

Why they sold the Gazette

By MARK STAROWICZ
The McGill Daily

MONTREAL (CUP) -- October 22, Charles Peters, president and publisher of The Gazette, called together the reporters working in the newsroom, and in a ten-minute speech announced he had just sold his paper to the Southam chain.

He apologized that he had no time to answer questions, urged the perplexed staff to "work harder" and departed.

Gazette management underlings were quick to assure all the staffers that "nothing will change, The Gazette will remain the same."

As rationale for the sale, Peters said it was difficult these days to sustain a newspaper as a one-family business.

Peters, ironically, was telling the truth. But only part of it.

The sale of The Gazette brings to light other facts:

Two powerful newspaper chains are eating up Canadian newspapers and now with The Gazette's purchase, are close to sewing up monopolies.

These two chains are locking into a newspaper war, scrambling for advertising.

These and other Canadian newspapers are struggling for their lives because American publications are sweeping the advertising market.

Fundamentally, the sale of The Gazette is a victory of powerful monopolistic interests over independent outlets (no matter how unpalatable The Gazette is, up to now it was independently unpalatable).

Southam is one of three very powerful newspaper-chains that account for about 35 percent of all newspaper circulation in Canada. The other two are Sifton-Bell papers and the Thomson chain.

Fighting for control of the metropolitan newspaper market are Southam and Sifton-Bell. Thomson's empire rests on smaller papers not in major urban concentrations. Let us therefore look closely at these two competing (and frequently co-operating) empires-on-the-make:

The Southam complex is still basically family-owned, although it is listed as a public company. Three Southams sit on the Board of Directors. Southam directors hold, or at some time held, three bank directorships, three directorships in insurance companies, and four other directorships in large corporations.

It is a somewhat schizophrenic empire. John Southam, the most powerful man in the operation, does his business out of Ottawa, while keeping an eye on The Ottawa Citizen, which Southam owns, and which is commonly known as a Liberal government mouthpiece.

There is a Tory side to The Southams, however, which operates through the Hamilton Spectator, and there is even a Social Credit side: The Edmonton Journal, virtually a party organ for Alberta Premier E.C. Manning.

The Southam Company, including Pacific Press Ltd., of which Southam owns 50 per cent, controls the following newspapers:

Wholly owned: Ottawa Citizen, Hamilton Spectator, North Bay Nugget, Winnipeg Tribune, Medicine Hat News, Calgary Herald, Edmonton Journal, Montreal Gazette; with total circulation between 800,000 and 1,000,000.

Partially owned: Vancouver Province (50 percent) Vancouver Sun (50 percent) — these two papers put on a mock show of competing brands put out by the same manufacturer -- London Free Press (25 percent), Kitchener-Waterloo Record (47 percent).

Beyond this, Southam controls 21 business and professional magazines, and has large interests in at least seven television and radio stations.

Every newspaper in the Southam chain can be

written off as a rag, with the possible exception of The Hamilton Spectator, which has relatively competent news pages. The addition of The Gazette to the chain sustains Southam's general level of quality.

Southam has strong links with Great West Life, as does the second chain, Sifton-Bell (F.P. Publications Ltd. and Sifton Group). Sifton-Bell is also linked with oil interest in the West.

Victor Sifton operates out of Toronto and is in partnership with Max Bell, best known as a race-horse owner. Bell has myriad interlocking corporate interests in the West, and negotiates many of the major oil sales to the United States.

The Sifton-Bell empire outrightly owns the Winnipeg Free Press, Ottawa Journal, Calgary Albertan, Lethbridge Herald, Victoria Daily Colonist, Victoria Daily Times, Regina Leader-Post and Saskatoon Star-Phoenix.

It owns Canada's most "respectable" paper, The Toronto Globe and Mail, but in circuitous way. Here we get into an interesting and relevant analogy with Southam's purchase of The Gazette.

(Webster, incidentally, is representative of the people who control our media; he owns the Dominion Square complex and the Windsor Hotel here, and is one of the top men in the Canadian Imperial Bank of Commerce. During the Depression, he controlled all the coal on the Montreal waterfront. While people were literally starving, he raised prices twice. The federal government fined him for the illegal aspects of this, so he raised the price of coal a third time to pay the fine.

Having just built a 100-storey complex in Chicago, it is said he is getting bored with newspapers, and will give up The Globe and Mail to Sifton to do more interesting things. Like join up with Samuel Bronfman in Montreal to set up the baseball team).

Obviously the technique of buying a newspaper and leaving its control to the past owners is simply a holding tactic. Webster would do everyone a favor by leaving Sifton's way clear at The Globe, and Southam has a very decent sort of obituary already typed up for Charles Peters.

The Southam and Sifton chains had been unable to get a foothold in the major cities until Sifton got The Globe and Mail. Southam has now grabbed The Gazette after wooing it for a long time, and thus the two empires have broken through on a country-wide scale.

Why this desire to get a Montreal paper and to break into the large eastern urban market?

One of the most desperate battles in Canada is being waged against Time and Reader's Digest, who threaten the very lives of these newspapers.

There are two levels of advertising in the newspaper racket: regional and national. Dow, Chrysler, Canadian National, Coke -- all these products span the country and constitute "national advertising", which is the most lucrative. Simpson's, Steinberg's, Dupuis and Mr. Muffler are regional, and less lucrative.

Time and Reader's Digest are both nationally-circulated magazines, with a combined monthly circulation reaching three million.

By simple arithmetic, they can reach more people faster. So they attract the national advertising to the extent that any independent newspaper has to try to survive mostly on regional advertising.

Star Weekly magazine folded this year because it could not get the national advertising.

Both Southam, with published The Canadian magazine supplement, and Sifton, which publishes Weekend, are pouring vast sums into their respective magazines to try to outstrip the two American giants. A Canadian-Weekend circulation war is already brewing.

Another corollary of this infringement by Time and Reader's Digest and the need to attract national

advertising, is the expansion of newspaper chains. That is why Southam ogled The Gazette for years. That's why Sifton went for The Globe and Mail.

A newspaper chain has an infinitely better chance of attracting national advertising (offering the advertiser a nation-wide package) if it can become national itself. Hence the development of a Hearst Scripps-Howard style dual monopoly that will spawn a stiff advertising war.

The purchase of The Gazette by Southam signals the intensification of that Southam-Sifton war, and also the war of both against Time and Reader's Digest.

But any hopes that this change in ownership in The Gazette will lead to an improvement in the paper's content are probably groundless. The Gazette's will be the same story as The Globe's -- no basic change, since it remains in the hands of the ex-owner.

Besides, there is a very good reason why there will probably never be a fundamentally improved Gazette.

Only a rotten morning newspaper can make a profit in Montreal. Economics dictate this.

The Montreal Star is so financially powerful that should the morning paper make any noises about raising its circulation by improving its coverage and content, The Star would crush it. The Star, it should be remembered, gobbled up the Montreal Herald.

It is well known in the journalistic community here that The Gazette is allowed to exist only because a "gentleman's agreement" exists between the two papers that The Gazette will never try to challenge The Star's circulation.

Besides, it is possible to make a comfortable profit publishing a sixth-rate morning newspaper in Montreal, one which subsists on leftover advertising scraps from the Star. That's the only explanation for Peters' operating The Gazette on a ridiculously tiny budget.

The cost of producing a better paper is simply not justified by the profit that can be expected. The public never did count for much when it came to adding up the balance sheet, so it does not matter that they obtain inferior news coverage.

The way magazines like Times and Reader's Digest are allowed to choke Canadian journalism is another example of how the public comes second. This excerpt from John Porter's The Vertical Mosaic brings out the point.

Anyone familiar with the reading habits of Canadians knows that the handful of magazines and periodicals published in Canada does not represent the ideological exposure of the general population. Publications from the United States circulate far more widely than do those of Canadian origin. The consumption of American periodicals in Canada is an ideological counterpart of the external control of the economic system.

Yet the Canadian government, which has frequently debated taxing Time and Reader's Digest as it does other foreign publications, has allowed this cultural imperialism to flourish by accepting the absurd proposition that Time and Reader's Digest can be considered Canadian because of their throwaway "Canadian Content".

As for The Gazette itself, it is insignificant what happens to it. Whether Charles Peters owns it, or whether Southam owns it, the public is only a consideration on the balance sheet.

Anywhere in Canada, to produce an independent and outspoken press is an uneconomical proposition, based on poor business logic.

It requires a courage, and a dedication to the ideals of journalism that few Canadian publishers possess, and that certainly do not encumber Charles Peters.

So tomorrow -- business as usual on St. Antoine Street.

To The Editor:

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The Dalhousie Gazette has been the object of much criticism in the past few weeks, particularly for serving a minority interest. I wonder if any of your 'accomplished critics' have considered the following: The quality and representivity of any campus newspaper is a reflection of the interests, creativity, and concerns of students on this somewhat ivy beleaguered campus, how can we expect our paper to be anything more than it is? A newspaper cannot represent a vacuum.

It is more comfortable to lay the responsibility for a bad newspaper solely upon its editors and staff, but this is to pretend that "they" are the real source of inadequacy, and not ourselves.

Yours,
Dave Gooding
Arts IV

The Dalhousie Gazette

CANADA'S OLDEST COLLEGE NEWSPAPER

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