

# The newspaper racket and Canadian monopolies

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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 per cent 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 Hamil-

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

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 interests 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.

A couple of years ago, the Sifton group purchased all shares of The Globe and Mail, owned then by Charles Webster. Webster simply exchanged the Globe shares for Sifton shares, and thus passed ownership while retaining "control" of the newspaper.

Southam did the same thing with the Gazette. Charles Peters exchanged all Gazette shares he held for Southam shares, on condition that he be allowed to operate the paper "independently".

The Globe and Mail did not change when it switched hands, and, most likely, neither will 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.

Both Southam, which publishes 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 ex-

pansion 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 advertisers 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.

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.

## By Brian Campbell: let's discuss two languages

Having two languages seems to be more of a chore than a blessing in this country.

Our schools prepare us for a Grade 12 examination which prepares us for heaven knows what. There seems to be little use for French after we leave school here in the west and so there is little pressure to establish it as a necessity. In my case French has become crucial to getting a graduate degree, and I'll probably wind up taking a cram reading course everyone forgets three weeks after the exam.

But consider the advantages of having a linguistically divided country with two cultures and two traditions.

It is something we should exploit rather than bemoan. This is the age of international strife and international misunderstanding. It is an age where nations are unable to see another's point of view. It is an age where understanding is the first step to survival.

If Canada, within its own borders, can establish an environment where both cultures are understood by all its citizens we will be on the right track.

Although Quebec is a long way away, it would seem that we will have to have bi-lingualism or we will have to start thinking about a new Canada.

But there is more to being bi-lingual than that. English poetry in the 20th century leans strongly on the French tradition, as it has done in the past. The history of this country, as well, is only accessible to those who read French. No Englishman can hope to understand what is going on in Quebec unless he reads French.

The truth is any Canadian without a second language is a castrated Canadian. And this goes for our business community who are trying to push French out of our schools for reasons of utility (i.e. money) as much as anyone else.

Because Albertans are Canadians and because Canadians need French there is a problem. There just isn't a strong French community in this province to force the government to do something, and there isn't enough French spoken on the streets to keep the language alive in our minds.

The key to this problem would seem to be our schools, and there

we can do something. It will cost money, but it will be money well spent.

First, we should increase French instruction in the lower grades and set a French proficiency exam as one requirement for the high school university preparation pattern.

The program would be implemented year by year, starting with the grade 1 class of the year of its inception. After 10 years this crop would reach high school.

Now during the time the quality of French instruction was being improved in the lower grades, the high school teachers in English and Social Studies would be encouraged to learn French, both as an oral and written language. They would be encouraged by a salary bonus, for the teachers already in the schools, and government requirements for those still in training. The plan would work, for money is the way to a teacher's heart.

After this is done the schools would be ready for the second phase of this plan.

When the group reached high school, they would find that the distinctions between courses in French, Language, Literature, and Social

Studies had been wiped out and replaced by a single course in Humanities.

The course would be taught in both English and French. The text books would be in both English and French. The exams would be written in both English and French. The essays would be written in both English and French. In literature, students would be asked to compare both English and French literature.

In this way we would produce graduates with a multiple view point on the problems of Canada. The new graduate would at last be equipped to handle the complexity that is Canada.

And anyway we wouldn't want John Diefenbaker to be the last Canadian prime minister from the west. Think of all the mother's dreams we will destroy if we don't

The language problem is something like the integration problem in the states. They started doing something in 1954 with the Supreme Court decision, and as a CORE worker remarked recently, if they had integrated at the rate of one grade a year the job would be finished.

But look where they are now.