The table analyzes the relative economic importance of various cost inputs in the publishing industry from 1960 to 1966. These are the things that publishers must spend money *on,* in order to attract an audience and deliver advertising messages to that audience. An examination of this table provides several useful insights. Among them:

*The publishing industry as a whole (as distinct from the printing industry) spends a much lower proportion of its revenues on outside goods and services than many other manufacturing industries. In general, the industry spends between 25 and 27 per cent of its total revenues on newsprint, ink, fuel, electricity and "etceteras," which include everything from buying paper-clips to chartering helicopters. It is thus correspondingly less dependent than many manufacturing industries on changes in external conditions – like, say, a hike in the price of newsprint. In fact, if the price of *everything* the industry buys from outside were to increase by five per cent, the industry's total costs would increase by only slightly more than one per cent. Again we stress that this observation applies to the industry as a whole, and that there can be glaring individual exceptions. (Some of the biggest newspapers, for instance, must spend more than half their total revenues on newsprint.)

*Wages and salaries constituted the largest proportion of total costs, but this ratio remained fairly constant between 1960 and 1966 when it fluctuated between 39.9 and 41.5 per cent. Capital's share increased slightly over the same period, from about 33.0 per cent in 1960 to 34.5 per cent in 1966. This figure is the gross capital return – which means whatever is left over from revenues after expenses and taxes are met – and this money can be devoted to new capital expenditures, such as printing presses and buildings, or taken as profit. As we shall see later on, profits in fact account for most of the increase. Despite frequent complaints by industry spokesmen about a "cost-price squeeze," the numbers suggest that just the opposite occurred; during the period studied, revenues advanced somewhat faster than costs – not the other way around.

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But these internal variables aren't nearly so significant, for the purposes of this study, as what happens to costs as circulation increases. To illustrate, we give you a graph (Chart 3) which plots the cost per column printed and distributed against the circulation of newspapers of various sizes.

That roller-coaster swoop does much to explain the relentless tendency in this or any country towards the one-newspaper town. *The bigger a newspaper's circulation, the lower its per-unit costs.* Average annual cost per 1,000 columns in 1968 for a newspaper with 10,000 circulation was about $1.60. The comparable cost for a newspaper with 250,000 circulation was about 45 cents. The implications are pretty obvious: to produce a product