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**From Politics to Profit: The Commercialization of  
Canadian English-language Daily Newspapers  
1890 to 1920**

**Minko Michael Sotiron**

**A Thesis  
in  
The Department  
of  
History**

**Presented in Partial Fulfillment of the Requirements  
for the Degree of Doctor of Philosophy at  
Concordia University  
Montreal, Quebec, Canada**

**16 November 1990**

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## ABSTRACT

From Politics to Profit: The Commercialization of Canadian English-language Daily Newspapers, 1890 to 1920

Minko Michael Sotiron, Ph.D.  
Concordia University, 1990

This dissertation describes the transformation of the Canadian newspaper world into an industry between 1890 and 1920. The publishers changed daily newspapers from serving primarily as partisan adjuncts into independent corporate entities. They became businessmen more than politicians as they introduced the newest business and administrative techniques to run their publications.

The industrialization of the press increased capital requirements. Advertising rather than patronage became the major source of revenue. To attract the greater circulation for more advertising, the publishers expanded their audience by supplanting the press's political and educative function with entertainment. The editorial office became subservient to the business office.

Increasing competition and market saturation forced the publisher, like other businessmen, to compete, collude, and amalgamate to secure a living profit. The result was an industry which changed from a highly competitive one in the 1890s to a concentrated, monopolistic one in the 1920s.

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## TABLE OF CONTENTS

INTRODUCTION .....	1
Chapter 1 PUBLIC MYTH AND PRIVATE REALITY .....	30
Chapter 2 BIG BUSINESS .....	60
Chapter 3 PUBLISHER POWER AND THE RISE OF THE BUSINESS MANAGER .....	99
Chapter 4 IT PAYS TO ADVERTISE .....	129
Chapter 5 COMPETITION AND COLLUSION .....	178
Chapter 6 CONCENTRATION .....	233
Chapter 7 PATRONAGE AND INDEPENDENCE .....	267
Chapter 8 JOINING THE ELITE .....	311
Chapter 9 INTEREST POLITICS .....	337
CONCLUSION .....	383
BIBLIOGRAPHY .....	394

## INTRODUCTION

In 1970 and 1980, two federal commissions -- the Special Senate Committee on the Mass Media (hereafter Davey Committee) and the Royal Commission on Newspapers (hereafter Kent Commission) -- warned of the danger that "undue" concentration of the press posed to the people's right to freedom of expression. The Kent Commission stated that "freedom of the press is not a property right of owners. It is a right of the people. It is part of their right to inform themselves."<sup>1</sup>

Underlying this statement is the belief that the role of the press is to be a kind of public utility dispensing information on behalf of the common weal, and that the commercial needs of publishers should not interfere with this function. Although this view is popular among journalists and the public at large, the problem, as Herbert Altschull suggests, is that "newspaper owners have never acted as if they were producing a public utility."<sup>2</sup> Instead they operated their publications as any other business.

Thus, rather than the press turning into a "Fourth Estate" protecting the public against tyranny, the historical development of the Canadian press paralleled that of the general rise of private enterprise and entrepreneurship during the late 19th and early 20th centuries. The commercialization of the press meant that newspaper publishers gradually stripped the publications of their political role which presented news as information and

adopted one which sold news and information as a commodity. Like other businessmen, they adopted the latest business methods and tactics, such as: internally, administrative reforms -- scientific management and double-entry accounting -- and externally, predatory expansionism. This process resulted in concentration and monopoly and the eventual integration of the newspaper enterprise into the larger world of Canadian business during the 20th century. The persistence of the newspaper as public utility concept is due in part to a lack of study about the newspaper as business.

In its 1970 report, the Davey Committee observed that newspapers were a "natural monopoly" which experienced an "apparently irresistible tendency" to merge into larger and larger economic units.<sup>3</sup> Ten years later, the Kent Commission underlined Davey's observation by concluding that "concentration engulfs Canadian daily newspaper publishing" and there is no reason to think that the "increasing concentration" trend of ownership has ended.<sup>4</sup> Furthermore,<sup>5</sup> the Kent Commission observed that:

One result of the market limitation which confronts daily newspapers is that the industry has tended to follow a pattern of rationalization in each market, one at a time. The competition between and among newspapers in Canadian cities over the last 100 years shows that this rationalization leads to the establishment of one-newspaper markets. Once a single-newspaper town has been established, events have shown that only in a few instances, and those only in recent years, have new competing daily newspapers been able to establish themselves.

Newspapers, like other industries, began to show signs of this almost a hundred years ago. Economic thinkers have



described the shift from a 19th century competitive, entrepreneurial stage, to the 20th century one of monopoly or oligarchical market control. <sup>6</sup> George Warskett described this development as characterized by the "tremendous concentration of capital ... and the penchant for private and public planning." The outstanding features were "high capital-labor ratio, changing products and production techniques, durability of leading firms in industry, (and <sup>7</sup> the) absence of price competition..." Furthermore,

These large, capital-intensive plants entail heavy investments and tremendous risks, and the unpredictability and short average business life characteristic of competition is no longer consistent with capital formation under monopoly capitalism. Markets must be secured and sustained over the relatively long life of fixed working capital required to justify the initial heavy investment. Entry into the industry by potential competitors must be discouraged by high barriers so that established businesses are enabled to protect their expensive investments. Novel demands arise for instruments of risk avoidance and its sharing.

Carlton McNaught observed that the newspaper trend during the 20th century in Canada, similar to that in other industrial countries, was towards a narrowing of control through the elimination of weaker units, and a <sup>8</sup> standardization of methods and product. The Canadian experience reflected the findings of a 1928 International Labour Organization report which noted the "drift towards concentration of control to which this new corporate and competitive character of the press almost inevitably <sup>9</sup> leads." Indeed, according to Paul Rutherford and others, the "rationalization" of the press occurred by the 1920s and

"signalled the close of the heyday of entrepreneurship."<sup>10</sup>

The "industrialization" of the press, as McNaught called it, was already apparent in the 1890s, as the publishers fought to dominate their local markets.<sup>11</sup> Their attempts to rationalize their situation involved both predatory and collusive methods, all with the paramount aim to eliminate competition. Michael Bliss described how intensified competition through price-cutting in the late 19th century led to attempts by weaker rivals to restrain competition through combination. But the bigger entrepreneurs ignored their lesser competitors in their relentless drive towards ever-increasing economic growth. "Free enterprise was ruthlessly destructive," Bliss observed, concluding that "in the long run only the fittest survived."<sup>12</sup>

Between 1890 and 1920, the newspaper industry underwent such a competitive shake-out. From the 1890s to World War I, the drive towards monopoly at first involved mostly price-cutting, then increasingly during the war, the purchase and amalgamation of competitors to reduce commercial rivalry. Publishers waged aggressive campaigns to rid their communities of rival papers. Although tactics towards their competitors varied according to the local situation, the end result was the same, significantly fewer daily newspapers in every city in Canada by 1921.

There are two overall approaches to understanding the historical development of the modern newspaper in the English-speaking world. Although both agree that the

newspaper changed from a small enterprise of political expression to a large profit-oriented commercial corporation, the approaches differ on the social consequences of this development.

The first is a Whiggish interpretation which emphasizes the successful 19th century struggle towards the creation of a "free" press, which became independent of government and political control. The growth of advertising revenue was the single most important factor in allowing the newspaper to emancipate itself economically from such control. Financial independence then allowed the paper to assume its consequent "Fourth Estate" role as the voice of public opinion against government tyranny.

13

Fred Siebert's view, probably the most pervasive, divides the development of the British newspaper press (the world's first) into three periods. The first, which began with the introduction of the newsbooks in the 17th century, was characterized by state monopoly and censorship over press expression. In the second period, beginning in 1688, state control decreased as the commercialization of the press progressively made it more accountable to the public through the market mechanism. During the third period, which began at the turn of the 20th century, newspapers became less partisan and more socially responsible as publishers and journalists became more committed to the professional goals of objectivity, balance and accuracy.

14

The second approach, which this dissertation shares,

differs from the first in that it regards the social consequences of the newspaper's economic transformation as repressive rather than liberating. It sees the significance of the newspaper's development, not in expanding political freedom, but rather in how the newspaper increasingly adopted business methods to turn its contents into a commodity; thus, in the process, turning the press into a business similar to other commercial enterprises. Harold  
15  
Innis succinctly summed up the process:

The low prices of newspapers incidental to the need for circulation demanded by advertisers assumed an emphasis on the content of the newspaper which would attract the largest number of purchasers, The newspaper was made responsive to the market. The business office occupied a dominant position. News became a commodity and was sold in competition like any other commodity.

Louis Dudek in 1960 saw this development as malign, costing the newspapers their former intellectual and literary content: "The newspaper was to become not a source of real information or forum but a cultural leveller and a source of  
16  
entertainment." Furthermore, he found that as newspapers turned into businesses, they "began to speak for large  
17  
capital interests."

In the 1960s, a more radical school of commentators studied the transformation of the newspaper into an industrial enterprise and concluded that the press functioned primarily as an instrument of social control. Ralph Miliband, for example, considered the press to be part of the structure that legitimized bourgeois (the owners of the means of production) control of capitalist society, and

the owners of the press as part of the dominant social,  
18  
political and economic elite.

More specifically, George Boyce characterized the "Fourth Estate" concept of the press as a myth, and contended that it was belied by evidence of the incorporation of the press into the political and economic structure governing society during the 19th and 20th centuries; the political commitments of newspapermen that made them actors rather than neutral spectators in the political process; and the development of the press as an  
19  
entertainment industry.

It is clear from the historical evidence that Boyce's characterization applies to Canada, where, as elsewhere, economic reality has persistently clashed with idealistic notions of the press's social function. Indeed, the Davey and Kent attempts to resolve the conundrum of private ownership versus the right of free expression through the press are evidence of the persistence of the "Fourth Estate" concept and also of the continuing "ambivalence" between that and the reality of ownership for profit. For example, both Canadian inquiries employed arguments culled from the same U.S. Supreme Court ruling defending freedom of the press from "repression of that freedom by private interests." The Kent Commission was blunt in blaming "undue" concentration of ownership and control of the Canadian daily newspaper industry for threatening the right of the people  
20  
to inform themselves.

Neither inquiry resolved the problem nor did preceding

American and British press commissions, as is evident from the fact that press ownership is more concentrated than ever.<sup>21</sup> Yet, if this is a generally recognized danger, as the existence of these national commissions of inquiry attests, why has nothing been done to rectify a situation that still continues to this day? Herbert Altschull explains<sup>22</sup> why:

If the newspaper was a commodity, it was widely assumed to be a form of public utility, supplying the needs of the public for information about political issues and goods for sale, just as the barge and the train supplied the public need for transportation... Whatever the readers may have thought, newspaper owners have never acted as if they were producing a public utility. The press has operated less in terms of what the reading public wanted of it than in terms of what the merchants who supplied the advertising revenue desired... Yet, even as writers and editors were surrendering financial control of their newspapers to business managers and advertising solicitors, they were insisting on their independence as servants of the public.

Altschull's last sentence applies to Canada, especially in light of the experience of the Davey and Kent inquiries -- headed by former journalists and researched for by active journalists -- in which publishers clashed bitterly with commission members over the question of the function of the press.

Thus, Canada has its own "Fourth Estate" myth, rooted in the partisan nature of the 19th century Canadian newspaper. "Responsible government" and what side to take on the question was the theme which concerned the 19th century editor.<sup>23</sup> Instructing the public on what side to take on political questions and using the newspaper as a

public record of legislative proceedings were factors which contributed to the perception of the press as a public utility or educator.<sup>24</sup> Howe's libel trial in which he successfully played the role of public defender against the depredations of Family Compact favoritism, and William Lyon Mackenzie's adoption of a similar role in Ontario, helped create the idea of the press as "Fourth Estate", that is, the defender of the public weal in Canada.<sup>25</sup>

Politics was the name of the game throughout the 19th century, and as G.M. Grant observed: "... at that time, it was almost impossible to be an editor without being a politician also."<sup>26</sup> The newspaper was then the only mass medium, so it is hardly surprising that W.S. Wallace found that there was some "justification" for the view that the journalist had exerted a profound influence in 19th century Canadian politics.<sup>27</sup> Politicians and editors, when they weren't the same person, had a symbiotic relationship. R.A. Hill described that relationship during the late 1850s and early 1860s, but it was still largely true at the end of the 19th century:<sup>28</sup>

The influence of these newspapers, owing partly to their position as the sole medium of mass communication and partly to the relatively greater emphasis given then to editorial opinion as opposed to the news headline, was such that their editors frequently found themselves catapulted into political careers while politicians often found it necessary to become proprietors or patrons of newspapers.

Patronage was the glue which held publishers and politicians together, and the editorial was the heart of the

paper, as Toronto Globe editor Stewart Lyon said in 1916:

The editorial was the original newspaper. The old journals had practically no news to them; they were papers of comment, papers of opinion, papers usually founded by someone with something to say that he could not say otherwise. There were no Parliaments where they had men to report the speeches, and the pulpits were decidedly unhealthy for a fellow who tried to express too novel opinions. And so there came about the foundation of newspapers as organs of the opinions of those who wanted to impress their views upon the people. For a long while this was the really important business of newspapers.

The proliferation of newspapers increased in leaps and bounds during the latter half of the 19th century. Most cities, and even some smaller centres, had several -- Halifax, with approximately 25,000 residents had eight papers in 1864, reflecting every political stripe of the day.<sup>30</sup> There were many newspapers because they were easy to start; all that was needed, according to J.W. Dafoe, was a "handful of type, a printer and a 'slashing' writer."<sup>31</sup> The last was essential because as the "backbone" of the newspaper, the editorial page commanded the best writing ability of the times, much of it the work of lawyers, who "invariably combined politics with their professional ambitions."<sup>32</sup>

The plant involved no large capital expenditures, and the news gathering services, apart from a few men to record the activities of the favoured party, were rudimentary. For most of the 19th century, newspapers were not much different from the four-page Toronto Globe of 1844. Page one generally presented lengthy non-political articles lifted from the British and American press and, during Parliamentary



sittings, dense, almost verbatim reports of the Canadian and British debates. Page two, the most important page, contained the editorials. Page three had commercial intelligence, snippets of local news and pieces lifted from the foreign press. Page four contained advertisements. Not much had changed 21 years later in 1865, according to P.B. Waite, except that there may have been more advertisements. Circulation ranged in the few hundreds to a few thousand with the exception of the Toronto Globe, which was the only Canadian daily of some size and complexity with a circulation of 20,200 in 1872.

As late as the 1870s and 1880s, newspaper operations were generally small even in the biggest cities. One account claimed that in 1884 it took only one-quarter of the staff to produce a daily paper in Montreal as ten years later. Likewise in Vancouver, newspapers in 1892 had not yet become complex and varied publications, according to D.A. McGregor:

There was a lack of balance about them, a lack of variety and a lack of the features that are considered necessary to-day to attract and maintain reader interest. There was little world news in either of them, and the local news ran quite largely to politics with apallingly long reports of political meetings and sessions of the legislature and quite often of court proceedings, and City Council sessions.

During the 19th and early 20th centuries, even up to World War I, most Canadian newspapers were tied to one of the political parties. Indeed, in 1890, "nothing could more closely reveal the relationship which existed between

parties and journals," according to J.W. Dafoe, "than the fact that the appointment of Willison as editor of the Globe was submitted to the party leader for approval."<sup>38</sup> Editors were subject to party discipline, and occasionally had to submit to the authority of the party caucus, as J.S. Willison recalled. Often, an editor who had taken an independent direction would be forced to tack about on the issue. As one editor admitted, "it was a d--- hard curve,<sup>39</sup> but he could take it."

Given the existence of lively, competitive newspaper marketplaces all over Canada in the early 1890s, what happened during the next three decades to produce a smaller number of large, business-oriented depoliticized newspapers in monopolistic markets? This question has never been adequately explored in the Canadian context, but the British experience suggests a framework in which to conduct such an investigation.

The tremendous growth of advertising revenues is the key to understanding the transformation of newspapers from partisan organs to profitable businesses. The significance of advertising, according to James Curran, is not that it facilitated press independence of government, but rather that it gave wealth and power to those who controlled the press. Vastly increased advertising revenues helped finance the industrial revolution in the press, the speedier and bigger presses, linotypes, photoengraving plants, etc., which allowed newspaper publishers to reach the mass audience to sell the goods of their advertisers. The result

was that the capital needed to establish and maintain plants<sup>40</sup> and machinery for newspaper publishing rose enormously. This mechanization, according to Raymond Williams, meant that "leadership in the press from this period was inherently associated with access to ever-rising amounts of capital." Moreover, the trend towards high capitalization, combine-ownership and the dependence on display-advertising revenue followed very closely much more general tendencies<sup>41</sup> in the economy as described earlier.

In early 20th century Britain, the publishers, increasingly "men of capital," began to assert their newly-gained wealth and influence. The reality of the press, according to Boyce, was that it served as an extension of the political system, not a check or balance to Parliament and executive, but inextricably mixed up with these<sup>42</sup> institutions. Newspapers, according to Boyce,

... served as vehicles of political influence and power. And influence and power were achieved, not by their newspapers acting as a check or restraint on politicians, but on the contrary, by their papers gaining for them access to the political elite whose decisions they intended to shape.

While concurring with this assessment, Curran, though, adds that this behaviour by the "press barons" was not an exceptional element in the evolution of the press since their predecessors also used the press for political purposes. Rather, the distinctive contribution of these publishers was that they sacrificed political content in their papers for entertainment. "The press barons were not unusual in meddling with the editorial policies of their

papers," Curran observes. Indeed, they merely extended their personal control beyond the political control gained in the Victorian era to all areas of the newspaper. In the process, they became business managers as much as political entrepreneurs. Indeed, it was their complete control which allowed the publishers eventually to reduce political involvement in the 20th century by substituting entertainment for political content.<sup>43</sup>

In his study of the origins of the British popular press, Alan Lee concentrates on the consequences of the commercialization of the press to conclude that as in other industrializing nations of the late 19th century, "the press had become a business, not only first, but increasingly a business almost entirely." Indeed, by the turn of the 20th century, the views of those theorists who believed the press's social and political role of national educator, public voice and political democrat should be paramount, were increasingly at odds with the practice of those who ran newspapers first and foremost as businesses.<sup>44</sup>

In Canada, a similar process occurred. Yet, in light of the fact that newspapers provided the foundation for the fortune of a Canadian, Kenneth Thomson, who is ranked among the top ten richest persons in the world, and that their concentration has sparked two government inquiries in the last 20 years, it is surprising that so little research has been done on the economic transformation of the Canadian press. Until recently, most of the literature has consisted

of anecdotal, "those were the days," self-serving  
reminiscences of prominent newsmen.<sup>45</sup> The remaining works,  
comprising a general account and several biographies, lack  
systematic research and cited sources, not surprisingly  
since they were written by journalists and not by  
historians.<sup>46</sup> A handful of master's and doctoral studies  
focussed more on the political ideas of prominent newsmen  
rather than on the journalist and newspaper in an integrated  
socio-economic and political framework.<sup>47</sup>

This situation has been somewhat rectified of late with  
the pioneering work of Paul Rutherford, Thomas Walkom's  
study of the industrialization of the Toronto and Ottawa  
press from 1871 to 1911 and Jean de Bonville's detailed  
description of the Quebec popular press from 1884 to 1914.<sup>48</sup>

Despite their efforts, however, much still remains to  
be done. Neither Walkom's nor de Bonville's work covers  
Canada as a whole, and Rutherford's, which does, does not  
cover the transforming early 20th century period. Moreover,  
as Brian Beaven observes, while Rutherford does study the  
business side of the press, his main study, A Victorian  
Authority, was preoccupied with applying the Canadian  
experience to general theories of mass communication.  
Indeed, Beaven asserts that the scholarly treatment of the  
business aspects of journalism has been far too "limited."<sup>49</sup>

Unlike Rutherford, who implies that the major  
transformation of the press took place well before 1900,  
this dissertation clearly shows that the period of  
significant transformation began in the 1890s and then

became fully realized by 1920, when the newspaper had largely turned into the product we see today. As even Rutherford had observed elsewhere: "... by the 1920s, the daily newspaper had taken on essentially a modern appearance."<sup>50</sup>

Furthermore, in noting the soaring rise of circulation from 1900 to 1911, the Kent Commission noted that the "combination of the linotype, high-speed presses, and a decade of rapid population growth, gave newspaper proprietors the opportunity to work the newspaper revolution in this country."<sup>51</sup>

Gregory Kealey also characterized the period after the early 1890s as distinct; for that was when capitalists, including the newspaper publishers, began to "mass their forces in city-wide and national associations," a development which this dissertation will study in detail.<sup>52</sup>

Many important changes occurred during the early 20th century, such as: the formation of Canada's first newspaper chain, the predominance of the business office, the different nature of press partisanship and its gradual disappearance, the increased commercial bias in news columns, and the growth of local and then industry-wide collusion to restrict competition.

The greatest difference between this study and the existing literature, however, is that for the first time this dissertation recognizes the publisher's fundamental role in transforming the newspaper from a political party adjunct to a modern profit-oriented corporation.

Consequently, the characters and actions of the key publishers are examined in detail within the context of Canadian society at that time.

The independent-minded new popular press publishers, who founded papers from 1869 on, were an integral part of the wave of entrepreneurs who industrialized Canada in the latter 19th century. Douglas McCalla suggests that the key point to understanding Canadian economic development and change in this period is the rise of entrepreneurship, a quality which caused some individuals, who were independent, risk-taking profit-seeking economic agents, to innovate by combining economic resources in new ways.<sup>53</sup> Earlier publishers like the Globe's George Brown and the Montreal Witness's John Dougal certainly fit this pattern. But because of their preoccupation with non-business activities -- Brown with politics and Dougal with moral-religious proselytization -- these men do not fit the later model of publisher-entrepreneur, who came to regard profit and business as the primary *raison d'etre* of owning a newspaper. Men like Hugh Graham, John Ross Robertson, W.F. Maclean, P.D. Ross, the Southams, Clifford Sifton, Joseph Atkinson and Walter Nichol were part of the new breed of entrepreneurs, as described by Michael Bliss, John Weaver and Alan Artibise, who believed in the superiority of business and business methods not only in dealing with economic affairs but for overall socio-political problems in general.<sup>54</sup> This attitude also encompassed a reaction against politics and politicians, who were deemed to be too

concerned with personal gain and advantage, or what was characterized as "partyism", to be able to solve society's problems.<sup>55</sup>

How did publishers become successful businessmen and transform their publications into profitable corporations? Again, the British experience suggests categories of investigation. Newspapers, according to Lee, became an increasingly popular field of investment in the latter 19th century. Technical advances, improved communications, and urbanization, with its concomitant market opportunities, went even further to make the newspaper a profitable venture. As the industry grew in size, complexity followed, resulting in specialized tasks. A distinction occurred between proprietor, manager and editor. Joint-stock companies emerged which accelerated this process, which in turn led to an improvement in status for the large proprietors and leading journalists who were gradually<sup>56</sup> accorded a social recognition previously denied them.

Did this process also occur in Canada? In his 1965 sociological analysis of Canadian society, John Porter<sup>57</sup> characterized Canadian publishers:

The Southams, the Bassetts, the Whites, the McConnells, the Atkinsons and Hindmarshes, the Siftons, the Cromies, the Hunters are all newspaper and publishing families well established in the Canadian upper class. A large proportion of the men who control the major newspapers belong to upper class institutions. They are graduates of private schools and belong to the same exclusive metropolitan clubs as do members of the economic elite.

Yet, in 1870, and even in the 1880s, this was certainly not



the case. Newspaper publishers, on the whole, did not belong to the Canadian elite and were not wealthy. In 1883, for example, the Gazette's Thomas White said that "no man has made a fortune of newspaper enterprise in this country, while a great deal of money has been sunk in the attempt to maintain it."<sup>58</sup> Publishers tended to be editors first, and entrepreneurs second, running mostly small, financially unstable, enterprises on behalf of, and largely dependent on, the political parties.

By the 20th century, however, according to Carlton McNaught, the publisher had become a businessman, who had shed the editor's role of his 1870 predecessor:<sup>59</sup>

Since newspaper publishing has become such a complex business, it is natural that a publisher should be first and foremost a business man. There has come about a separation of business and professional elements in newspaper production, with both business and editorial functions largely delegated by the publishers but with the latter giving his principal attention to the business side.

This study will examine the process by which publishers created family dynasties and "operated as big business" newspaper organizations which ranked with the most powerful firms in Canada. It will also show how the actions and characters of the men who owned and controlled the daily press, especially from the later 19th and to the early 20th centuries, transformed the nature of the press.

As he turned his newspaper into a big business, the publisher became more and more a businessman, resembling the businessmen as described by historical literature. For

example, he participated in Alfred Chandler's managerial  
revolution.<sup>60</sup> The publisher attempted to restrict  
competition to gain Michael Bliss's "living profit."<sup>61</sup>  
Alongside other businessmen, he took part in the "civic  
populism" movement, struggling for publicly-owned utilities,  
hydro and transportation; indeed, the most powerful  
publishers were among the movement's leaders.<sup>62</sup> And  
publishers acted for large "capital interests" as they did  
in Dudek's Britain.

During their transformation into businesses, Canadian  
newspapers underwent a dramatic change in appearance and  
content similar to what Michael Schudson described about  
American newspapers. Sensationalistic and more strikingly  
designed newspapers signalled a significant change in the  
relationship between advertisers and the newspapers in the  
1880s, according to Schudson. Content and appearance changes  
linked to the growth of the department stores and the  
development of brand names and national trademarks, all of  
which accelerated the demand for newspaper space.  
Advertising, and the related drive towards circulation  
growth and self-promotion, became the chief determinant of  
the newspaper's development.<sup>63</sup> This study describes these  
changes in detail and their significance in the evolution of  
Canadian newspapers.

This dissertation limits its survey to English-language  
Canadian newspapers for two reasons: First, francophone  
Quebec is a distinct society. Thus, while the development of  
the francophone press had some similarities to its

anglophone counterpart, there were also distinct differences. (For example, nothing like Henri Bourassa's Le Devoir existed in anglophone Canada). Including the francophone press would require social comparative research which is beyond this study's scope. Secondly, Jean de Bonville's excellent and comprehensive La Presse Québécoise adequately covers the ground.

Some of this work's research suggests that the publishers turned the press into an agent of social control. <sup>64</sup> While I believe this to be the case, proving it is another matter and is subject enough for another study. It is enough here to show how the consequences of the publishers' transformation into businessmen led eventually to the necessity for the formation of the Davey Committee and the Kent Commission.

This dissertation deals with the interrelated political and commercial changes in the newspaper's development. First, it examines the public's and the publishers' differing concepts of the press's function. The next three chapters explore the ways and means by which publishers turned the dailies into big businesses. Chapters five and six describe how competition led to collusion and concentration. The last three chapters show how commercialization changed the political purpose of the press, and what role the publishers played in this process. The nature and background of the publishers is described and how they came to be part of the Canadian political and

economic elite.

## INTRODUCTION ENDNOTES

1. Canada, Royal Commission on Newspapers, Report, by Chairman Tom Kent et al, (Ottawa: Minister of Supply and Services, 1981) 1.
2. Herbert Altschull, Agents of Power: The Role of the News Media in Human Affairs (New York: London, 1984), 64.
3. Canada, Special Committee on Mass Media, The Uncertain Mirror: Report, by Chairman Keith Davey et al, (Ottawa: Information Canada, 1970) 3.
4. Canada, Royal Commission on Newspapers, Report, by Chairman Tom Kent et al, (Ottawa: Minister of Supply and Services, 1981) 1.
5. Canada, Royal Commission on Newspapers, Eugene Hallman, "The Business Concept," The Newspaper as Business, v.4, (Ottawa: Minister of Supply and Services 1981) 4.
6. For general accounts, see J.K. Galbraith, The New Industrial State (London: Deutsch, 1969); Ernest Mandel, Late Capitalism (London: New Left Books, 1975); and Paul Baran and Paul Sweezy, Monopoly Capital: An Essay on the American Economic and Social Order (New York: Monthly Review Press, 1966). For a study on Canadian concentration, see Jorge Niosi, The Economy of Canada: A Study of Ownership and Control, (Montreal: Black Rose Books, 1978).
7. George Warksett, "The Information Economy in late Capitalism," in Communication Studies in Canada, edited by Liora Salter, (Toronto: Butterworth's, 1981) 184-185.
8. Carlton McNaught, Canada Gets the News (Toronto: Ryerson, 1940) 16-17. The key phrase here is "purchase and amalgamation." In 1978, the Royal Commission on Corporate Concentration described the historical process of Canadian concentration in terms similar to that of Warksett: "With the industrial revolution, the size of the firms in most industries increased dramatically as entrepreneurs invested ever larger amounts of capital equipment to exploit new technologies and the economies of scale available to them. However, the large capital investment made these large firms more vulnerable to periodic shifts in the demand for their products over the business cycle and exacerbated these swings. To insulate them from these often catastrophic cyclical changes in sales and profits, firms often increased their size by buying out competitors to control the market and to reduce what they considered to be 'ruinous competition.' In this way, the real increase in

investment and output brought about by the industrial revolution ... brought with it large firms and concentrated, oligopolistic industries," in Canada, Royal Commission on Concentration, Report, by Robert W.V. Dickerson and Pierre A. Nadeau (Ottawa: Supply and Services Canada, 1978) 1.

9. International Labour Office, Conditions of Work and Life of Journalists. Studies and Reports. Series I (Professional Workers), no. 2 (Geneva, 1928). Quoted in McNaught, 16-17.
10. Paul Rutherford, The Making of the Canadian Media, (Toronto: McGraw-Hill Ryerson, 1978) 52; Brian Beaven, "Partisanship, Patronage and the Press in Ontario, 1880-1914," Canadian Historical Review 44 (September 1983), 349; and W.H. Kesterton, History of Journalism in Canada, (Toronto: McClelland & Stewart, 1978) 73.
11. McNaught, 16.
12. Michael Bliss, Northern Enterprise: Five Centuries of Canadian Business (Toronto: McClelland & Stewart) 1987) 362.
13. This traditional or "orthodox" view, over a century old, is the basis for most works on the development of the press on either side of the Atlantic. Good examples of Whig interpretations are: Francis Williams, Dangerous Estate: The Anatomy of Newspapers (London: Longmans, 1957); G.A. Cranfeld, The Press and Society: From Caxton to Northcliffe (London: Longman, 1978); Alfred Lee, The Daily Newspaper in America (New York: Macmillan, 1937); Willard G. Bleyer, Main Currents in the History of American Journalism (New York: Da Capo Press, 1973); This view even forms the basis of other works where the press plays a big part, including such radical works as Raymond Williams, The Long Revolution (London: Pelican, 1965) and E.P. Thompson, The Making of the English Working Class (London: Victor Gollancz, 1963). For a Canadian version, see Kesterton, 19-23.
14. Fred S. Siebert, Theodore Peterson, and Wilbur Schramm, Four Theories of the Press (Urbana, Ill.: University of Illinois Press, 1956). James Curran argues that this interpretation forms the basis for most, if not all, press histories until recently. See his "Capitalism and Control of the Press 1800-1975", in Mass Communication and Society (London: Edward Arnold Ltd., 1977), edited by James Curran, Michael Gurevitch and Janet Woolcott, 195-230.
15. Harold Innis, The Press. A Neglected Factor in the Economic History of the Twentieth Century (London:

Oxford University Press, 1949) 12.

16. Louis Dudek, Literature and the Press: A History of Printing Media, and Their Relation to Literature (Toronto: Ryerson & Contact, 1960) 78-79.
17. Dudek, 132. Other press commentators deplored the effects of the commercialization of the press. See George Boyce, "The Fourth Estate: The Reappraisal of a Concept," in Newspaper History: From the 17th Century to the Present Day, edited by George Boyce, James Curran and Pauline Wingate (London: Constable, 1978) 35-40.
18. See especially 203-211, Ralph Miliband, The State in Capitalist Society: The Analysis of the Western System of Power (London: Quartet Books, 1973).
19. Boyce, 79.
20. Associated Press et al v. United States (1945); Kent, Report, 1.
21. Fear that President Franklin Roosevelt's reforms might include ownership of the printed media led powerful publishers, such as Henry Luce, to sponsor a commission of inquiry on the state of the American press, the Hutchins Commission, in 1946. The Commission found that freedom of the press was threatened by a sensational, irresponsible press. It condemned the concentration of press ownership in the hands of a few representatives of "big business" and spokes of "exaggerated drives for power and profit" as leading towards monopoly and "a common bias" of the large investors and employers. If the press did not reform itself, the commission said, then the government would: Freedom of the press is "essential to political liberty," and that freedom is in danger unless it become "an accountable freedom." Out of this came the theory of "social responsibility" explored at length in Wilbur Schramm, "The Social Responsibility Theory" in Four Theories of the Press, chapter 3. For a discussion of the significance of the Commission in American press history, see Altschull, especially 179-183. For a brief summary of the three British commissions, held in 1947-49, 1961-62 and 1975, see Boyce 39-40.
22. Altschull, 64.
23. Kesterton, 12.
24. J. Murray Beck, Joseph Howe: Conservative Reformer 1804-1848 (Kingston: McGill-Queen's UP, 1974) 194-195.
25. Beck, chap. 9; William Kilbourn, The Firebrand: William

Lyon Mackenzie and the Rebellion in Upper Canada  
(Toronto: Clarke, Irwin, 1977) 43-46.

26. Quoted in P.B. Waite, The Life and Times of Confederation 1864-1867: Politics, Newspapers, and the Union of British North America (Toronto: Toronto UP, 1967) 8.
27. W.S. Wallace, "The Journalist in Canadian Politics: A Retrospective," The Canadian Historical Review, 22 (March 1941) 14.
28. R.A. Hill, "A Note on Newspaper Patronage in Canada during the Late 1850's and Early 1860's," The Canadian Historical Review, 49 (March 1968) 44.
29. Stewart Lyon, "Shall the Editor or the Business Manager Reign?" The Canadian Printer and Publisher (July 1916) 17, hereafter CPP.
30. Paul Rutherford, A Victorian Authority: The Daily Press in Late Nineteenth Century-Canada (Toronto: Toronto UP, 1982) 42.
31. J.W. Dafoe, "Early Winnipeg Newspapers," Historical and Scientific Society of Manitoba, 3 (1947) 17.
32. J.W. Dafoe, "Review: Press, Politics and People," The Canadian Historical Review 17 (March 1936) 59.
33. J.M.S. Careless, Brown of the Globe: The Voice of Upper Canada 1818-1859. v 1, (Toronto: Macmillan, 1959) 43.
34. Waite, 6.
35. Rutherford, Victorian, 49. In descending order the circulation of the leading papers after the Globe in 1872 was 10,500 for the Montreal Witness, 7,000 for the Toronto Mail and 5,600 for the Montreal Star.
36. "Cheaper Newspapers," CPP (November 1894) 11-12.
37. D.A. MacGregor, "Adventures of Vancouver Newspapers: 1892-1926," British Columbia Historical Quarterly 10 (April 1946) 89.
38. Dafoe, "Review," 60.
39. J.S. Willison, Reminiscences Personal and Political (Toronto: McClelland & Stewart, 1919) 61.
40. James Curran and Jean Seaton, Power Without Responsibility: The Press and Broadcasting in Britain (Glasgow: Fontana, 1981) 51. Curran admits that the view that advertising was the midwife of press freedom



contains an element of truth, but its validity is undermined by the fact that the newspapers maintained political and financial links with the political parties well until the 20th century, 19.

41. Raymond Williams, "The Press and Popular Culture: An Historical Perspective," Newspaper History ..., 47.
42. Boyce, 29.
43. Curran and Seaton, p. 63.
44. Alan Lee, The Origins of the Popular Press 1855-1914 (London: Croom Helm, 1980) 76. Lee notes further that "there was an underlying ambivalence in the Victorian attitude towards the newspaper press, an ambivalence which commercialization and the emergence of a new sort of politics towards the end of the century, made more difficult either to conceal or to resolve.", 76.
45. Typical examples are the following: Paul Bilkey, Persons, Papers and Things: Being the Casual Recollections of a Journalist with Some Floundering in Philosophy (Toronto: The Ryerson Press, 1974); Hector Charlesworth Candid Chronicles: Leaves from the Notebook of a Canadian Journalist (Toronto: Macmillan of Canada, 1956); and J.H. Cranston Ink on My Fingers (Toronto: Ryerson Press, 1953).
46. Fitting into this category are Kesterton's History of Journalism in Canada, Ross Harkness, J.E. Atkinson of the Star (Toronto: University of Toronto Press, 1963), and Ron Poulton. The Paper Tyrant: John Ross Robertson of the Toronto Telegram (Toronto: Clarke, Irwin and Co., 1971).
47. For example, David B. Rhodes, "The Star and the New Radicalism," (MA: thesis: University of Toronto, 1955); G.L. Spalding "The Toronto Daily Star as a Liberal advocate, 1899-1911," (MA: University of Toronto: 1954); and Richard T. Clippingford, "J.S. Willison, Political Journalist: from liberalism to independence," PhD: University of Toronto, 1970.
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d'un média de mass (Québec: Les presses de l'Université Laval, 1988).

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50. Rutherford, Media, 61.
51. Kent, Report, 64.
52. Gregory S. Kealey, "Work Control, the Labour Process, and Nineteenth-Century Canadian Printers," in On the Job: Confronting the Labour Process in Canada, edited by Craig Heron and Robert Storey (Kingston: McGill-Queen's UP, 1986) 76.
53. Douglas McCalla, "An Introduction to the Nineteenth-Century Business World," in Essays in Canadian Business History, edited by Tom Traves, (Toronto: McClelland & Stewart, 1984) 16.
54. See Michael Bliss, A Canadian Millionaire: The Life and Business Times of Sir Joseph Flavelle, Bart. 1858-1939, (Toronto: Macmillan, 1978) especially 157; John Weaver, "Elitism and the Corporate Ideal: Businessmen and Boosters in Canadian Civic Reform, 1890-1920," in The Consolidation of Capitalism 1896-1926, edited by Michael S. Cross and Gregory S. Kealey (Toronto: McClelland & Stewart, 1983) 143-166; and Alan F.J. Artibise, Winnipeg: A Social History of Urban Growth, 1874-1914 (Montreal: McGill's and Queen's UP, 1978). 23, 57.
55. For a discussion of the reaction against "partyism," see John English, The Decline of Politics: The Conservatives and the Party System 1901-1920 (Toronto: Toronto UP, 1977) 10.
56. Lee, 78.
57. John Porter, The Vertical Mosaic: An Analysis of Social Class and Power in Canada (Toronto: Toronto UP, 1965) 483.
58. De Bonville, 139.
59. McNaught, 20.
60. Alfred D. Chandler Jr., The Visible Hand: The Managerial Revolution in American Business (Cambridge, MA: Harvard University Press, 1977).

61. Michael Bliss, A Living Profit: Studies in the Social History of Canadian Business, 1883-1911 (Toronto: McClelland & Stewart, 1974).
62. Christopher Armstrong and H.V. Nelles. "The rise of civic populism in Toronto 1870-1920," in Forging a Consensus: Historical Essays on Toronto, edited by Victor L. Russel (Toronto: University of Toronto Press, 1984) and Monopoly's Moment: The Organization and Regulation of Canadian Utilities, 1830-1930 Philadelphia: Temple University Press, 1986. Paul Rutherford's "Tomorrow's Metropolis: The Urban Reform Movement in Canada, 1880-1920," in The Canadian City" Essays in Urban History, edited by Paul Rutherford (Toronto: McClelland & Stewart, 1977) is also pertinent.
63. Michael Schudson, Discovering the News: A Social History of American Newspapers (New York: Basic Books, 1978) chapter 3.
64. "The press provided its readers with ideological as well as market information. In a complex interaction between reader and publisher, the newspaper emphasized through its very structure of presentation -- broad themes which served both the marketing needs of the press and the stability 'requirements' of society. Economic reproduction of the firm reinforced the reproduction of class and social order." Walkom, pp. iii-iv. See also 12. See James Curran, "The Press as an Agent of Social Control: An Historical Perspective in Newspaper History ..., chapter 3.

## CHAPTER ONE -- PUBLIC MYTH AND PRIVATE REALITY

By the end of the 19th century, it was evident that the commercialization of Canada's press was spreading from its Montreal and Toronto origins to other cities, thus causing a growing contradiction between the thinking public's perception of the newspaper's primary purpose and that of its owners, the publishers. The former believed that the press's role was to be a public educator and guardian of society's freedom while the latter thought that the prime purpose of the newspaper was to make money by attracting more readers and more advertisers. Publishers attracted both of them by increasing sensationalism and adding sports, women's, and entertainment features to their papers. This resulted in a dilution of the press's educative function and led to the differing concepts of the role of the press held by the publishers and the public. Thus, a perceptual time lag grew between the 19th century reality of the press as political advocate and moral proselytizer for a more ideal society and the 20th century reality of the newspaper operated primarily as a business.

Aware that the press as they knew it was threatened, contemporary observers were concerned that the mounting stress on circulation and increasing dependence on advertising signalled the rise of sensationalization, trivial news and entertainment at the expense of editorial opinion, social analysis and serious commentary. Others felt that the decline of the editorial side indicated that the

paper was losing its moral force for doing good and its social purpose of educating the public. Several rephrased the famous dictum of celebrated Manchester Guardian editor C.P. Scott that commercialism should not cause newsmen to lose sight of the newspaper's social purpose of educating and informing the public at the peril of its soul. Mindful of this danger, Toronto Globe business manager J.F. Mackay noted in 1903 that the "press as presently constituted is a commercial venture" which meant it was "weakening in its social role" as the public's watchdog. Its increasing dependence on advertising, he warned, was leading to a fear of taking "strong stands" which in turn would cause its influence to lessen in society: "... and so soon as the newspaper has become entirely commercialized so soon will the press have fallen from its high estate."<sup>1</sup>

Indeed, there was a growing fear that the newspaper industry was falling under the sway of the huge trusts and corporations which were dominating other industries. A.H.U. Colquhoun warned in 1902 that the "danger is not imaginary" of a "newspaper trust which might be organized by persons with large selfish ends to serve in gaining the ear of the public."<sup>2</sup> Echoing these fears in 1905, Goldwin Smith questioned the nature of the press: "Is it succumbing to the omnipotence of wealth? is (sic) the Tribune of the people becoming the slave of the millionaire?"<sup>3</sup>

The mass press itself dealt with the issue, as the August 26, 1905, Toronto Star showed in a story headlined "Does Capital Threaten Liberty of the Press?" The article

acknowledged widespread public criticism of the commercialization of newspapers and divided it up into two parts: that newspapers were falling under the influence of corporations and of interests representing businessmen who held public franchises and monopolies thus leading to conflicts of interest; and that newspapers now were being run like any other commercial enterprise with the "sole object of making money for the proprietors" who were subservient to the advertisers who contributed the great proportion of their revenue. Although the Star dismissed public fears of a corporative threat to press freedom as a "boogaboo," it admitted that there were grounds for suspicion, especially since the newspaper had become an asset of immense value. If a newspaper came on market, the Star concluded, "it is impossible on account of the magnitude of the enterprise for anyone but a millionaire or a company of men with large means to become the purchaser." Furthermore, it pronounced that

...the day of the editor-proprietor, running a paper solely for the opportunity of expressing his own opinions, is past, as far as daily journalism is concerned. A man may be willing sometimes to pay a lot to see his composition in print, but he is not likely to pay two to three hundred thousand dollars for it.

The Star put its finger on the dramatic transformation of the newspaper from a small undertaking, founded more for political influence than commercial gain, to a valuable property, operated for profit. As newspapers everywhere grew in size and value during the period from the 1890s to 1920,

it was inevitable that business methods and purposes would progressively predominate, first to encourage the newspaper's growth and to protect the successful paper's competitive edge and then to sustain the owner's increasingly valuable financial interest in the enterprise.

An 1898 parliamentary exchange between Sir Charles Tupper and John Ross Robertson, the Toronto Telegram founder and a pioneer of the new popular, commercial press, illustrated the significant gap between public and publisher perception as to the press's primary purpose. Tupper argued against Postmaster-General William Mulock's attempt to remove subsidies which substantially reduced newspaper postal rates because of the press's role of public educator.

<sup>4</sup>  
He observed that

... that as an indication of the great advance the people of Canada have made in intelligence, and the thorough knowledge which the mass of the people here have in respect to the political issues and all other questions of that kind, as well as general information, rests largely on the fact that newspapers have so largely increased in circulation until they now reach almost every individual in the country... Looking upon that as a great means of education in the country, and for the dissemination of the most valuable in information, I do not concur ... that it is a wise act to impose any obstruction to that great means of disseminating popular information which is furnished by and must depend upon the newspaper press of the country.

Speaking against the subsidy, Robertson dismissed the idea of the newspaper as public educator and pointed out its present reality:

The primary object of a newspaper is not educational, but commercial. A newspaper is published to make money, and its educational influence is merely an incident in the business of making money.

Newsman Robson Black described the 20th century reality of  
6  
newspapers in even more blunt terms in 1909:

Once upon a time a notion was held that the newspaper came into being by the connivance of some editor of Final Good, and was carried on as an educational force in the community. That has long ago been exploded. A newspaper is a commercial enterprise, pure and simply, to make money, or help some man or party to political or other preferment. This is borne out by the fact that the greatest newspapers on the continent claim to be nothing else than large corporations to give the public something they desire in return for the dear public's money.

The concept of the press serving the public interest began to appear in Canada beginning in the 1860s and blossomed during the "civic populism" movement of the late Victorian era. During this time, newsmen and members of the public increasingly assigned the newspaper several altruistic roles, all benefitting the public weal. Indeed, the formation of the Canadian Publishers' Association (CPA) in 1859, it was claimed, was "to promote the influence of the press as a factor in the welfare of the State."<sup>7</sup>

The idea of the newspaper as public educator grew in Canada during the latter part of the 19th century. In 1876, the London Advertiser's William Cameron talked to a CPA<sup>8</sup> convention about the newspaper's "power to educate." Moreover, the newspaper as teacher concept became intertwined with the Fourth Estate notion of the press as public defender. For example in 1880, A.J. Matheson of the Perth Expositor made the following observations after the<sup>9</sup> assassination of George Brown:

Like all good journalists, he loved his profession,



and he believed in the newspaper as a public educator and as a power to defend the rights and privileges of the people. By his death the press of Canada has lost one of its ablest conductors and most fearless defenders of its freedom.

By the 20th century, such views became extremely commonplace. Several contributors to Journalism and the University, a 1901 book devoted to exploring the role of the press, stressed the newspaper's educational function. 10

Joseph Flavelle bought the Toronto News in 1902 because he 11  
believed in the

service which can be rendered by the NEWS and what it will mean for the enterprise of the country to have a journal instinct with all that makes for high-mindedness in the administration of public affairs...

The newly purchased News proclaimed its "province" was to educate the public. 12  
For this act, said the Canadian Printer and Publisher (CPP), Flavelle should be considered a 13  
public benefactor because:

Mr. Flavelle has made a great deal of money, far more than a man of his quiet but liberal tastes can ever use. He might have endowed universities or established free libraries, but he has adopted the far more practical policy of educating the people. He endows newspapers; good newspapers are the universities of the people

The two most prominent editors of their time, J.W. Dafoe and J.S. Willison, certainly believed in their role as educators and also as instruments to promote public betterment. Willison considered the press "necessarily and legitimately an agitator, very often a voice crying in the wilderness always, if it performs its true functions, seeking to better social and material conditions." Furthermore, he argued, "it is the business of the

journalist to develop public opinion, to liberalize and energize the social and industrial forces, to utter the voice of the people..."<sup>14</sup>

Non-journalists also shared this view. Addressing the Toronto Press Club in 1904, Canon Cody said that the pulpit and the press "were co-workers for the good of man."<sup>15</sup> Truro's mayor in 1910 called newspapermen "gladiatorial educators, in whose hands rest largely the responsibility of the making of good or bad governments ..."<sup>16</sup>

The press's view of itself as a kind of public utility persisted after World War I. In 1922, P.D. Ross described the newspaper's function as "to correct, to guide and mould public opinion" and "to support all good causes ... and fight wrongs or rank injustice."<sup>17</sup> Celebrating its 90th anniversary in 1934, the Toronto Globe trumpeted the continuance of its tradition of championing public rights and "honesty in administration" and waging "war against privilege and corruption."<sup>18</sup>

Rhetoric aside, however, by the turn of the 20th century, Canadian press commentators began to see problems in what Alan Lee described as the "ambivalence" between public perceptions of the newspaper's social role and the private reality of its economic function.<sup>19</sup> This came to the fore as commentators began to refer to the "two sides" nature of the newspaper, made famous by Manchester Guardian editor C.P. Scott.<sup>20</sup>

A newspaper has two sides to it. It is a business like any other, and has to pay in the material

sense in order to live. But it is more than a business; it is an institution; it reflects and influences the whole community ... its primary office is the gathering of news. At the peril of its soul, it must see that the supply is not tainted.

Already in 1896, J.S. Brierley, the Montreal Herald  
21  
publisher, acknowledged the problem:

It may be said, sense of responsibility ... implies special sacrifices. Special efforts and special and exceptional rules of conduct in fact change the status of newspaper publisher from that of a controller of a commercial enterprise, governed by the law of supply and demand, to that of a guardian of the public peace, of a moral policeman, governed by the Sermon of the Mount. Why should men who invest money in the newspaper business be expected to fill any such office? What right has the public to demand that these men's ideals shall be high, and that their business shall be conducted with a view to the interests of the state?

It is significant that the men who recognized the inevitable contradiction between public and owner perception of the press's function were those who either owned the press or were involved with the management of newspapers. The Star's Atkinson was one who astutely pointed out this  
22  
discrepancy:

Journalism has two sides -- commercial and educational. The side most prominent in the general mind is the educational. Indeed, by some very excellent people who occasionally propose to reform the press, the commercial is left entirely out of sight, as though there were nothing to be done but for the editors to write instructive articles which would straightway be eagerly bought by the public. The news-vending part of the business and the commercial side generally escape their notice ...

It took Atkinson also to point out the economic reality on which a newspaper was based, and in so doing inadvertently to show how similar newspapers were becoming to other  
23  
businesses:

It is a blunt saying that an army marches on its belly, and this everlasting question of subsistence lies no less at the root of journalism ... True, it is that a newspaper may be so far governed by the question of profits that it may become a trading concern without other aims than dividends. Or a newspaper may make mere circulation its god, sacrificing everything to boast of figures. It is possible in journalism as elsewhere to exaggerate financial results into a standard of success. It is not a point peculiar to any business or profession.

Atkinson's managing editor, John R. Bone, considered that "commercialism" was the greatest danger to the freedom of the press, and advertising was the spearhead of this danger. The advertiser's threat, according to Bone, was based on pulling his custom if the editor didn't advocate a policy to the advertiser's liking. "'I will take my advertisement out' is a threat which confronts the editor almost every day he picks up his pen. The threat does not need to be spoken, the editor knows it is there, It takes courage to disregard it."<sup>24</sup>

J.S. Willison likewise warned of the "growing power of corporations and the influence of great aggregations of capital in a few hands" which presented a "real danger" to the press which had no "mission in the world except as the articulate voice of the plain unorganized and unsubsidized people."<sup>25</sup>

These fears of the growing commercialization of the press were not illusory. From the 1890s, publishers and their business managers were decreasing the amount of political coverage and downgrading the importance of the editorial page and political opinion and social commentary

in favour of increased news coverage, sensationalism, entertainment and trivial "human interest" items. Already in the early 20th century, this trend was disturbingly obvious  
26  
to Manitoba Free Press editor John Dafoe, who noted that

... publishers had dropped into the notion that editorial opinion was a sort of luxury, perhaps a useless luxury in the paper. They looked doubtfully at the editorial page, begrudging the space given to mere opinion, and figuring out how many comic features or other "real" circulation builders they could accommodate in that space.

The decline of the editorial pages in the more popular big city dailies like the Montreal Star and the Toronto Telegram, News and World in the 1880s presaged their industry-wide diminution of importance in the 20th century. By 1898, it was noticeable that many papers had abandoned the practice of printing verbatim accounts of parliamentary debates, and were leaving that to Hansard, in itself a sign of the shift away from public service to entertainment and profitability. In 1905, the Toronto Star commented on the change in news values, noting that "... the debates of the House -- have become a comparatively unimportant news  
27  
feature."

The decreasing value of the editorial is perhaps why Hugh Graham at one time toyed with the idea of dropping  
28  
entirely the editorial page from his Montreal Star. Indeed, F.A. Acland, the Globe's business manager until 1902, figured that the paper could have doubled its profits  
29  
without its editorial columns. In 1909, an eastern daily dropped its editorial page because its management believed that the public was more interested in a "straight,

unvarnished news service than in the opinion of the editors  
on the issues of the day." <sup>30</sup> At the CPA's convention during  
the same year, it was telling that the association took up  
the question of whether the editorial page was necessary. <sup>31</sup>

Even such resolutely partisan papers as the Manitoba Free Press began to de-emphasize the editorial page in favour of increased news coverage. In 1904, for example, editor Dafoe began to broaden his editorial pages from their customary political partisanship and anti-imperial rhetoric to include comment on international events. When Clifford Sifton resigned from the cabinet during the next year, this informative, <sup>32</sup> less polemical, trend of the paper accelerated.

Stewart Lyon, the Globe's managing editor, noticed the shift from the emphasis on political opinion and political news to non-political news and miscellaneous items. He compared a week of editorial pages in 1889 and 1916 in the Globe and the Mail (and Empire). In 1889, he counted 21 political and public affairs articles as compared to eight in 1916, and six on religious subjects and one on miscellaneous affairs. In 1916, the Globe ran 10 articles on the war, and 12 on miscellaneous subjects. The trend at the Mail was roughly similar. In 1889, it had 15 political articles, one on a religious subject and four miscellaneous ones. In 1916, the Globe had 10 articles on the war, and 12 which were miscellaneous. Lyon concluded that the "opinion-making side had lessened" in favour of special informative

articles because the readers were no longer interested in  
33  
them. It was no longer an elite audience reading the paper  
for political guidance and opinion, but a mass audience more  
interested in features and snappy, sensational news items.

The decline of the editorial page was the product of  
publishers being forced by rising operational costs to adopt  
more effective news and promotional methods and tactics  
during the depressions in the late 1880s and early 1890s to  
increase readership. In the process, the use value of news  
changed. Before the 1890s (with perhaps the exceptions of  
such popular pioneers as Toronto's Telegram and World and  
the Montreal Star), most newspapers used news in an  
informational fashion. The content may have been politically  
biased but its main purpose was either to inform or  
convince. The appearance of a paper was not important --  
generally, the news was set in a small crabbed typeface and  
crammed onto the pages with little or no graphic  
organization. It was meant to be read and studied, not to  
attract readers.

By the 1890s, however, the newspapers' use of news as  
information was changing to news used as a commodity sold to  
readers who in turn were sold to advertisers. A contemporary  
observer, Saturday Night's E.E. Shepherd, noticed the  
change; in 1893, he observed that the publisher's main role  
was not to be a "moulder of public opinion" but rather "to  
make the paper pay and to mould it in such a way as to make  
34  
the most money out of it." More and more this meant the  
news had to be enticingly written and attractively

presented. As Michael Schudson observed, the newspapers increasingly had to advertise their wares, the news, and this led to self-promotion and sensationalism. Newspaper self-advertisement, according to Schudson, comprised all newspaper layout and policy (outside of basic news gathering) which was designed to attract the eye and small change of readers.<sup>35</sup> Sensationalism included the systematic promotion of the newspaper's content and attributes in order to attract readers. The newspapers accomplished this by: spectacular and extensive news coverage of local news, crime, scandal, disasters and war; active touting of the newspaper's circulation status, advertising gains and news gathering prowess; self-advertisement of special and exclusive features and correspondence; banishment of front-page advertising; greater use of illustrations and white space; the addition of bolder, blacker, multi-column headlines; and adoption of the pyramid news copy style replacing the story model.

The news had to be attractively displayed and played up to sell newspapers, so successful newspapers increasingly employed photographs and changes in format to make the news more "readable," thus more saleable. The latter led to a packaging of information, similar to display cases in a department store, with local news occupying a separate package or section as a distinct from provincial, national and international news, while sports news was separate from business or women's news. Speed became crucial. Newspaper



stories less and less connected and related events and information; the news emphasis turned to presenting the spectacular and unusual more often than explaining the significant.<sup>36</sup>

Looking at a number of papers randomly in 1890, 1895, 1898, 1899, 1900, 1902, 1904, and 1905, it is clear that the years from 1895 to 1905 were when Canadian newspapers, on the whole, made the graphic and content changes that effectively transformed them into the modern 20th century omnibus papers. For example, in 1890, most papers sampled did not have regular sections or departments. News was not organized, and was presented in a haphazard fashion. If they had sports coverage, it was no more than a column, and that appearing irregularly. The papers were dense in type, organized into strictly ruled columns, broken only by short nondescriptive heads. Rarely, if ever, were they enlivened by illustrations. With the exceptions of the Toronto Telegram and World and the Montreal Star the papers were filled with political news, verbatim parliamentary accounts,<sup>37</sup> dry commercial news, and foreign news.

By 1905, the newspapers had changed significantly. Their front pages were mostly ad-free; they employed streamer, cross-column stacked, descriptive headlines and were filled with illustrations. The papers were organized into departments, including women's, sports, drama, literature and entertainment, and financial sections.

The newspapers now resembled those south of the border. Indeed, by the 1890s, Canadian publishers had only to look

across the border to see that visually exciting newspapers paid off. They were aware of how Joseph Pulitzer's innovative journalistic methods in the 1880s and how his later circulation war with William Randolph Hearst had led to spectacular circulation gains. Despite their occasional denunciation of sensationalism and "yellow journalism," Canadian publishers and editors were influenced by developments in American journalism. Their trade journals regularly reprinted articles from the American trade publications, like Editor and Publisher or Newspaperdom. Moreover, Canadians attended American conventions and were members of American newspaper-related organizations. In the 20th century, according to Orlo Miller,

more and more American methods were adopted, both in the writing of news and its display ... with more Canadian newspapers breaking away from the English tradition and following the lead of the big New York dailies.

A typical piece of American advice was one set of recommendations that circulated in 1902 among publishers on methods necessary to "make a paying paper." It suggested the inclusion of an index and news summaries, the publication of bulletins, the subdivision of the paper into departments, and the summation of all advertised bargains.

With readership, rather than partisanship, becoming progressively more important, the first step for newspapers to attract more customers was in making the paper more "reader friendly." As a result, newspapers began to emphasize the news on the front page more dramatically, and

focus the news content more on local events. The importance of the front page as an advertising window for the newspaper became known. As well, news placement became important, as John Dafoe revealed in his 1895 advice on "where the best news should be." He criticized the old-fashioned habit of putting the abbreviated telegraph news on the front page and relegating sensational but local news to the inside pages,<sup>41</sup> and advised:

First page for the best news, and the best news is that which will interest the greatest proportion of readers. That is the modern, sensible plan. Four times out of five the best news, under this rule, will be local news.

More and more papers dropped ads on the front page. This signified the awareness that the presentation of news on the front page was the lure to attract customers, a concept which the editor of the Gaven, Saskatchewan Prairie News<sup>42</sup> aptly summarized:

The front page, the display window of his store of news, must be well filled with good samples. To use a crude illustration, apt none the less, the front page of a local newspaper is the parade to the circus. Interest is created. Those who have the money follow, place their money on the ticket counter, and pass inside.

The Toronto Globe's business manager J.F. Mackay certainly made the connection between the front page and circulation when he pressed for "better make-up on the front page so as to better promote circulation."<sup>43</sup>

Despite some protestations that sensationalism did not exist in Canada, however, sensationalistic, exaggerated "yellow" journalism was widespread, because it was clear it paid. The Montreal Herald's new evening edition in 1894 was

criticized with that in mind:

Perhaps the only drawback it has is the strong tendency towards sensationalism. No doubt the people at the head say they are running a paper to make money, and that this is the kind of news that takes with the masses.

John Cameron, who edited the Toronto Globe from 1882 to 1890, argued that there was yellow journalism in Canada. He pointed out the existence of "flaring headlines, out of proportion of the matter following." He cited the "coarse caricatures" and the "too large space given to murders and other crimes, often with details that simply pointed out to everybody how crime could be committed." Other aspects included "the tearing open of private wounds of families for sensational ends, and the unfair appeals to mere demagogic  
45  
prejudice."

For some papers, especially those facing strong competition, the temptation to sensationalize must have been irresistible. If they were in a strong position like the quality press, the Montreal Gazette or the Toronto Globe, they remained aloof from sensationalism. But papers in a more desperate position, like the Montreal Herald in the mid-1890s, and the Toronto Star, whose new ownership at the end of the century faced a crowded and extremely competitive  
46  
market, had no choice but to sensationalize the news. The Halifax Herald was a good case in point. Locked in a circulation standoff with its rival, the Chronicle, it lost the financial edge of federal patronage after the 1896 Laurier victory. To boost circulation, publisher William

Dennis adopted modern business methods and shifted the news focus to emphasizing local news, especially crime, scandal and fires.<sup>47</sup>

Sensationalism increased. In 1894, the Toronto Grand Jury denounced the Toronto press' extensive and descriptive coverage of several trials involving assaults on women and girls.<sup>48</sup> The Montreal papers' coverage of the murder of a young girl was deemed so graphic in 1906 that the "the dailies were hardly fit to be picked up with a pair of tongs."<sup>49</sup> Though the Vancouver Province denied its rival the World's charge that it was "yellow", lurid, vivid, highly sensationalistic stories concerning murders and other mayhem were quite common, and the paper did not mince words especially concerning the depredations of "wily Mongolians" or "slit-eyed Chinks."<sup>50</sup>

Sensationalism was commonplace and clearly a problem,<sup>51</sup> according to journalist Joe Clark.

There is in almost every city a daily newspaper of which (the) ... business man has no enterprise that rises above the level of blackmail. Its editor is alert for stories of crime and sleepless in quest of scandal. The hanging of a criminal could call forth a special edition, while a Pentecost would be noted in a paragraph. The news of the paper is unclean, and its views purchaseable. It keys its news to the tone of a vulgarian, who delights to read of lust and murder, and its views are determined by bargains made and cheques received in little rooms at the rear of saloons...

It took the Boer War however to bring to flower all the eye-grabbing, attention-getting tactics of yellow journalism, the exaggerated and fabricated news stories, the bold, black "streamer" headlines, and lots of self-

advertisement of special war coverage and correspondence.

Critics realized that sensationalism weakened the public utility function of the newspaper. The Canadian Printer and Publisher ran an editorial on the difficulties of running a paper "like a Methodist prayer meeting" when sensationalism sold. But, it argued, that the tendency had to be resisted if newspapers were to retain their role as public educators.

53

Fear that newspapers were retreating from their educational role prompted concerned citizens -- educational reformers, women's groups and the clergy -- to protest the introduction of such entertainment features as the comics. The London Free Press's innovations of weekly coloured comics starring "The Yellow Kid" drew a barrage of public criticism. The paper was called a "corrupter of the young" and the furor reached such heights that the paper was forced to suspend the feature. It was some years before the Free Press reintroduced the comics, and this time with the much more innocuous "Buster Brown."

54

In Ottawa, the Women Teachers Association asked the city papers to exercise much care in choosing comics because they did not teach accuracy, politeness or deportment. But the Journal's P.D. Ross was not moved; the comics would stay the way they were.

Despite the protests, no publisher could ignore the importance of the comic strip in attracting readership. The Gazette's R.S. White certainly revealed this when he complained about how "degrading" it was to have to attract circulation through those "frightful

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monstrosities." W.J. Darby, the Toronto Mail and Empire's  
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circulation manager, summed it up:

So long as advertisers make the circulation of a paper, the sole standard of newspaper's merit as an advertising medium the comic supplement will be valuable ...

All these features weakened the 19th century character and purpose of the Canadian newspaper as a public educator and political advocate. The Vancouver Province's Walter Nichol certainly realized this when he penned an editorial to  
58  
explain the paper's success:

It is believed that there is room in Vancouver and British Columbia for a paper of this character -- for a paper that will always endeavor to print the news brightly and attractively; that will try to take the world philosophically and good naturedly as it find it and seek to get the best out of life that life affords.

Joseph Atkinson understood Nichol's message, according  
59  
to one of his long time journalists:

Atkinson shrewdly perceived that what the average Canadian wanted in his newspaper was not instruction in the more serious aspects of the news, but entertainment and amusement. And since his objective was a large circulation, he must seek the tastes and preference of this wider audience. He must win favor in every section of the community large enough to provide a sizeable body of readers.

In conjunction with the transformation of the newspaper's appearance and contents, a change occurred in the language of newspapers reflecting the commercial needs rather than those of advocacy or information. Newspapers discarded the old style story model with a chronological beginning and a punch line ending and adopted one which led off with the "most important" aspect of the event. Some

credited the wire services for the new inverted pyramid style, because the expense and constraints of the telegraph demanded brevity. But the reason really lay in the overriding needs of advertising, according to the Toronto Star's sports editor, W.A.Hewitt, who first used the modern inverted pyramid copy style in Canada around the turn of the century.<sup>60</sup>

And right from the start I never knew how much space the revenue-producing advertising might require. So I adopted this rule and had my staff follow it: Tell the result of the contest in your first paragraph, then if your report has to be cut for an advertisement, the readers will at least know who played, where and who won and the score.

The Star in the early 1900s was the first to change its style of writing to something more akin to today's spare, objective-appearing and fact-based one than to the florid, embroidered style of the 19th century cluttered with impressions, adjectives, opinions and editorial bias. The Star's advice to its reporters was concisely expressed in three words: "Boil it down."<sup>61</sup>

The new style of news copy is described by London Free Press's historian, Orlo Miller:<sup>62</sup>

In typographical make-up, in news coverage methods and in writing style it (the London Free Press) had departed completely from the old English influence. It was practically indistinguishable from any metropolitan Canadian or American daily. The pyramid style of news writing, with its lead paragraph and eye-catching headline came into its own. Gone forever was the old, leisurely style where the reporter saved the punch line, O. Henry fashion, for the last paragraph of rambling account and then capped it all with a big dollop of homespun moral philosophy. Gone, too, were the monumental, multiple-decked heads which told the whole story. The new method was to catch the reader's eye by a carefully constructed, terse



headline and thus lead him into the first paragraph containing the meat of the story (told with plenty of "action verbs") and so on through progressively less striking angles of the story to its tame conclusion.

This process of making the news more presentable, thus more "readable," which occurred in the late 19th century and accelerated during the onset of the 20th century, also transformed the newspaper's content -- the type of news and how it was written. The partisan shrillness, the heavy dosages of political news including the interminable accounts of verbatim parliamentary proceedings, gradually gave way to the mounting emphasis on "human interest" news stories and the systematic addition of features designed to make every member of the family a devoted newspaper reader.

In the 20th century, it became plain that newspaper success rested on the ability of publishers to shift the paper's emphasis from political advocacy and information to entertainment. The contrasting turn-of-the-century fortunes of the Toronto Star and its rival the News certainly showed this. While both were taken over by new interests at roughly the same time (the Star in 1899 and the News in 1902), the differences between their respective development couldn't have been more glaring. While the Star became the Canadian newspaper success story of the 20th century, the News, despite massive infusions of cash first from Joseph Flavelle and then politician-businessman Frank Cochrane, systematically lost money until it was put out of its misery after World War I. One critic, Charles Clark, an ex-Toronto Telegram newsman working for Hearst's New York Journal, in

1906 pinpointed the reasons for the News's failure and suggested solutions patterned after Hearst's journalistic methods. <sup>63</sup> First, he categorized editor John Willison as "helplessly a pupil of the old Toronto school" whose editorials were "picayune, hair-splitting, temporizing" and "replete with classical allusions comprehensible to no one but a university man."

What was needed, he advised, was to give readers ...

something in short sentences, and short words, with a bunch of ideas, instead of a hazy idea spread out to fill so much space with no regard to the value of space. It is far better to bring out an edition of your paper without an editorial than to inflict a fixed quantity of drivel on your readers every week ...

Clark also suggested focussing on Toronto news rather than English stories since "Toronto is big enough to furnish the story that leads the paper every edition, except in case of very important outside happenings." He concluded that Willison did not have a modern news sense.

The comparative value of news is a sealed book to him. He goes on the old fashioned English plan that a good editorial column (in his eyes) is all that is needed, and is ignorant of the fact that proper display of proper news attracts the people, and that circulation comes from giving the news, first, last and all the time.

(Interestingly, all his suggestions regarding short prose and news were aspects in which the Star excelled.) Flavelle's response made an interesting contrast between the new journalism of profit and the old journalism of political advocacy: <sup>64</sup>

I am afraid I am one of the old-fashioned kind and that I am guilty of the heresy of preferring it

with their moderate financial success or failure if need be, in the newspaper with which I am identified, directed generally on its present lines, to winning an abundant financial success on the lines laid down by Mr. Hurst (sic). I am old-fashioned enough to believe that a newspaper proprietor has some other duty to the public than to make money, and some other responsibility to society than seeking to inflame prejudice and passion.

Carlton McNaught pointed out why Flavelle's attitude  
65

was dated:

An important consequence of the industrialization of the press and its dependence upon advertising is a constant reaching out for more readers, not primarily to enlarge a newspaper's influence upon the minds of its public, but to enhance the value of its space to advertisers so that the ever-increasing costs of production may be met.

The rise of sensationalism and the steady addition of features in the newspapers diluted the educational and informative character of the press. This development produced a growing difference between the public and the publishers as to the press's function -- information versus profit. It is a difference that persists today, as evidenced by the ideology behind the formation of the Davey and Kent inquiries. Sensationalism and features also signified the transformation of the newspapers into businesses, which, in turn, heralded the predominance of commercial problems in the newspaper world. Henceforth, publishers had to act more like businessmen to cope with such business-related problems as raising capital and coping with competition and saturated markets.

CHAPTER ONE -- ENDNOTES

1. J.F. Mackay, "Journalism", CPP (April 1903) 4.
2. A.H.U. Colquhoun, "Canadian Universities and the Press," Journalism and the University, (Toronto: Copp Clark, 1903), 23.
3. CPP (February 1905) 27.
4. Debates of the House of Commons, May 13, 1898, 5543. This view echoed the Vancouver Province's W.C Nichols in his first issue (March 26, 1898) as a daily that "whatever its merit and demerits be, there is this to be said for the paper, and that it is a first and last a business enterprise."
5. Debates ... 5550.
6. Robson Black, "Canadian Journalism," The Canadian Magazine 32 (March 1909) 434-435.
7. John R. Bone, Joseph T. Clark, A.H.U. Colquhoun, and John F. Mackay, A History of Canadian Journalism in the Several Portions of the Dominion with a Sketch of the Canadian Press Association 1859-1908, (New York: AMS Press, 1976) 4.
8. Bone, 83.
9. Bone, 92.
10. See Journalism and the University, (Toronto: Copp Clark, 1903) a book of essays compiled from a prize essay competition sponsored by Queen's University on the question: "How can Canadian Universities best benefit the profession of Journalism, as a means of moulding and elevating public opinion?"
11. J.W. Flavelle Papers, case 1, 8 April 1903, J.W. Flavelle to J.S. Willison.
12. The News. Toronto, Canada. Progress Under New Management. (Toronto: n.p, n.d. probably 1903) 4.
13. "The News and Its Promoters, " CPP (January 1903) 5.
14. J.S. Willison, "A Lecture on Journalism," CPP (January 1900) 4.
15. M.O. Hammond Papers, M.O. Hammond Diary, (hereafter HD) 25 October 1904.

16. CPP (September 1910) 27.
17. I. Norman Smith, The Journal Men: P.D. Ross, E. Norman Smith and Grattan O'Leary of The Ottawa Journal: Three Great Canadian Newspapermen and the Tradition They Created (Toronto: McClelland and Stewart, 1974) 60-61.
18. C.H.J. Snider Papers, "The Globe's 90th Anniversary," poster commemorating the Globe's anniversary on March 5, 1934.
19. Lee, 76.
20. J.C. Hammond, "C.P. Scott, 1846-1932," in C.P. Scott 1846-1932: The Making of the Manchester Guardian (London: Frederick Muller, 1946) 69-70.
21. CPP (July 1896) 2.
22. Quoted in J. Macdonald Oxley, "What the University can do for the Journalist," Journalism and the University 90-91.
23. Oxley, 91.
24. J.R. Bone, "University Teaching of Journalism," Journalism and the University 293.
25. Richard Clippingdale, "J.S. Willison, Political Journalist: From Liberalism to Independence," (PhD: University of Toronto, 1970) 408.
26. J.W. Dafoe, "The Press Blamed for National Paralysis," CPP (July 1917) 39.
27. De Bonville, 220; CPP (April 1898) 8; "City Edition ...," Toronto Star 26 August 1905, 11.
28. National Archives, J.W. Dafoe Papers, reel M-74, 22 December 1924, George Iles to J.W. Dafoe.
29. F.A. Acland, "Beacon of Light for Stormy Days," Toronto Globe 5 March 1919, 5.
30. "The Relation of the Press to National Life," CPP (December 1909) 42.
31. "Is the Editorial Page Necessary?" CPP (May 1909) 32.
32. Murray Donnelly, Dafoe of the Free Press (Toronto: Macmillan of Canada, 1968) 50.
33. Stewart Lyon, "Shall the Editor or the Business Manager Reign?" CPP (July 1916) 17-18. The same diminution of the political content had occurred in La Presse, which

had begun as a political organ under William Blumhart in 1884, then changed to a popular, sensationalistic operation under Treffle Berthiaume, according to Jean de Bonville, 231. He found that while political news and opinion had fallen from 14% of news content in 1885 to 3.4% in 1914, sports and leisure content had risen from 5% in 1885 to 15.4% in 1914. Both Lyon and de Bonville also noticed that for both papers, ad content had risen at the expense of information, at the Globe from 33% to 46% (wartime restrictions kept this below the Calgary Herald's rule of 60% ads) while at La Presse information was down by 24.3% and ads up by 22% from 1885 to 1914.

34. CPP (March 1893) 7.
35. Schudson, 95.
36. Altschull, 66.
37. The Montreal Star, Ottawa Journal, Manitoba Free Press, the Toronto Globe, World, Telegraph, Mail, Empire, after 1892, the Star and News, after 1897, the Vancouver Province. Regina's leading paper, the Leader was also examined.
38. As in other aspects, American influence on Canadian journalism was great. Canadian journalists went to the U.S. to work on newspapers and often returned, bringing back American techniques. Others, like P.D. Ross, attended such events as the Eighth Annual Convention of the National Editorial Association as a CPA delegate from Canada, CPP (May 1892) 11. At CPA conventions, delegates delivered talks on the latest American methods, as J.S. Brierley did when he read tips on office techniques from the January issue of Newspaperdom. The CPP often reprinted articles from the American trade journals, see July 1897, 10; and October 1898, 6. Canadian publishers belonged to the American Newspaper Publishers' Association and attended their conventions, as six did in 1910, "Annual Meeting of the American Newspaper Publishers' Association," CPP (May 1910) 29.
39. Orlo Miller, A Century of Western Ontario: The Story of London, "The Free Press," and Western Ontario (Westport, CT: Greenwood Press, 1949) 244.
40. CPP (December 1902) 6.
41. J.W. Dafoe, "Where the Best News Should Be," CPP (December 1895) 10.
42. Sam J. Latta, "A Clean Front Page," CPP (February 1910) 23.

43. HD, October 9, 1907. One small daily publisher stated that he had built up his circulation by "making the paper more newsy and attractive... No advertisements were permitted on the front page, and news of local importance was given first place," Robb Sutherland, "How Our Circulation Was Doubled in Twelve Months," CPP (February 1910) 33.
44. CPP (July 1894) 7. The editor of the Collingwood Bulletin asserted that "yellow journalism in this country is practically an unknown quantity," CPP (April 1909) 2. Agnes Laut speaking on "The Newspaper of the Present Day" at the Literature section of the Women's Congress in Toronto in 1909 claimed that yellow or sensational journalism did not exist in Canada, HD, 29 June 1909. See also CPP (May 2, 1898) 2. The term "yellow journalism" originated from the unrestrained circulation battles between Hearst's New York Journal and Pulitzer's World in the late 1890s where both men employed highly sensationalistic journalistic techniques including publishing wildly exaggerated, irresponsible and even fabricated material to increase readership. See Schudson, chap. 3.
45. John Cameron, "University Chairs of Journalism," Journalism and the University 214.
46. G.L. Spalding, "The Toronto Daily Star as a Liberal advocate, 1899-1911," (MA thesis: University of Toronto, 1954) 15, cites the Star's hypocritical justification for its weeks-long, detailed coverage of New York's lurid Thaw murder trial. The trial, said the Star, was "illustrative of the morbid morality of a prominent section of American society," (26 June 1906).
47. March, 68. Innis, Press, 21-22, noted that in an 1899 study of American newspaper content, the percentage of space that crime and vice news, illustrations, and want and medicinal advertisements, occupied showed an almost steady increase, while conversely, political news, editorials, letters and exchanges and political advertisements showed the reverse.
48. CPP (November 1894) 20.
49. CPP (April 1906) 26.
50. The Vancouver Province (28 February 1897) 2; (11 March 1900) 1
51. Joe T. Clark, "The Daily Newspaper," The Canadian Magazine 7 (June 1896) 102.
52. Similar to the New York Journal and World

sensationalistic news during the Spanish-American War, the Boer war brought out the worst in the Canadian press. At the war's outbreak, the Toronto and Montreal English-language press played a major role in whipping up patriotic and imperial war hysteria and in forcing a reluctant Laurier Government to send troops to South Africa, Paul D. Stevens, "Laurier and the Liberal Party in Ontario, 1887-1911" (MA thesis: University of Toronto, 1966) 205-207; Robert J.D. Page, "The Impact of the Boer War on the Canadian General Election, 1964) 43-44. The press played up inflammatory, exaggerated and sometimes fabricated stories. For example, the Toronto Globe (21 September 1899) resorted to rumour-mongering in its headline which screamed "Poisoning Streams -- Incredible Story that the Boers are planning a Peculiarly Dastardly Campaign," In another example, the Hamilton Spectator (October 13, 1899) reported that the Boers had dynamited a train killing 300 Uitlander women and children, an incident that never occurred, Robert J.D. Page, "The Canadian Response to the 'Imperial Idea' during the Boer War Years," In Canadian History Since Confederation: Essays and Interpretations, edited by Bruce Hodgins and Robert Page (Georgetown, Ont.: Irwin-Dorsey, 1972) 312. The Montreal Star (13 October 1899), which broke the story, used the incident to denounce the Laurier Government for not sending troops, yet, on page 9, it admitted that the incident had never occurred. Inflammatory accusations in the English press and counter-charges in the French press led to three days of rioting in Montreal, which the Ottawa Free Press (3 March 1899) termed the "War in Montreal." See also Page, "Response," 312.

53. CPP (July 1894) 7.
54. Miller, 248. For discussion on the morality and economics of comics at the time, see "Is the Coloured Comic Supplement a Desirable Feature for Canadian Newspapers?" CPP (July 1913) 4; Poulton, 183;
55. P.D. Ross Papers, v. 1/1, undated editorial, (1910?). Cranston, 77, observed that the "importance of the comic strip in attracting readership had assumed proportions that no publisher could ignore."
56. R.S. White, "Newspapers of the Past and Present," CPP (April 1905) 10.
57. W.J. Darby, "The Comic Supplement," CPP (June 1906) 20.
58. Editorial, Vancouver Province 26 March 1898.
59. Cranston, 61.



60. Hewitt, 37.
61. "City Edition Net for News," Toronto Star 26 August 1905, 11.
62. Miller, 247.
63. Joseph Flavelle Papers, case 1, 21 June 1906, Chas. B. Clarke to Joseph Flavelle.
64. Joseph Flavelle Papers, case 1, 25 June 1906, Joseph Flavelle to Chas. B. Clarke.
65. McNaught, 19.

## CHAPTER TWO -- BIG BUSINESS

The growing independence of publishers and their quest for wider audiences during the 1890s signalled the changing reality of newspaper publishing. In particular, rising market saturation and rising costs for presses, typesetting equipment, and expanded staffs for the rapidly expanding dailies in Canada's largest cities dramatically increased the start-up and operating costs of newspaper operations. Because the political world could no longer provide adequate financial support, the more entrepreneurial publishers turned to the business world for assistance. At the same time, an increasing number of businessmen entered the newspaper world by buying or investing in newspapers as part of their larger entrepreneurial activities.

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J.W. Dafoe described these late 19th century changes:

... the widening minds of their readers and the business necessities of their clients were forcing the newspapers into steadily mounting expenditures with the result that the old-fashioned party organ began to find itself in difficulties. The purse of the political proprietor was no longer adequate to the demands upon it. The widening of the functions of the newspaper called for larger staffs with directing minds that had to think of something more than the interests of the politician.

Market saturation played a large part in causing newspaper proprietors to look towards the business world for financial assistance. It began to be evident in English Montreal and Toronto in the late 1880s, and later in the smaller cities in the 1890s. By 1900, market saturation meant that there was no room for new dailies in "cluttered"

Halifax, Quebec City, English Montreal, Ottawa, Toronto,  
Hamilton, London and Winnipeg.<sup>2</sup> Indeed, what Thomas Walkom  
termed "supersaturation" occurred in some cities where more  
than two newspapers were bought per family by that time.<sup>3</sup>

Market saturation occurred when the "maximum" number of dailies was reached per individual and city. While it is difficult to determine a precise figure for all circumstances, an examination of several cities suggests that two or more dailies purchased per family represented the supersaturation level. The market limit for the number of different dailies seemed to be three for the middle-sized and smaller cities before the war and two after the war. Only the largest cities -- Montreal, Toronto, Vancouver and briefly St. John -- were able to support more than three dailies for a decade or more. From 1869 to 1917, Montreal supported four English-language dailies while Toronto from 1882 to 1921 supported six (the seven in the early 1890s quickly proved to be one too many). Once Vancouver reached big city status by 1911 it increased the number of daily publications to four from the three it had enjoyed since the late 1890s. Such cities as Hamilton, Ottawa, Calgary, Winnipeg, Edmonton, London, and Halifax never went beyond the threshold of three, and even before World War I, economic conditions caused a reduction to two titles in several cities -- London, Kingston and Brantford, for example -- and even one in Windsor. World War I's economic constraints and the weakening of political affiliation caused the number of papers to decrease everywhere so that

in the war's aftermath, most cities had lost a masthead -- Toronto and Montreal lost two, Calgary, Vancouver and Winnipeg one each.<sup>4</sup>

The high point both for daily consumption per capita and the number of daily publications occurred between 1899 and 1911. Overall Canadian daily consumption rose both numerically and per capita, so that comparing circulation from 1899 to 1911, it can be said that at the latter date<sup>5</sup> almost every potential reader was buying a newspaper. The ratio between circulation and population rose from .106 in 1899 to .186 in 1911 as circulation rose 233% over 1899. The next decade witnessed a drop in the circulation-population ratio to .183 as circulation increased only 18% which was slower than the population increase. The number of dailies also rose and fell during the two decades, up to 143 in 1911 from 119 in 1899, then down to 113 in 1921. These figures show that newspapers were still expanding numerically and per capita until 1911 (though mainly in the burgeoning cities of the west), when the saturated conditions of the biggest cities became general for all of Canada.<sup>6</sup>

Newsmen of the time were aware of the situation. The merger of the Toronto Mail and Empire in 1895 came about largely because three morning dailies were regarded as one too many for the market.<sup>7</sup> Four years later, J.H. Cranston<sup>8</sup> described Toronto as "oversupplied" with newspapers. The tight situation in Montreal, where only the Star enjoyed significant circulation growth from 1880 to 1900, forced

Herald publisher James Brierley to switch to afternoon publication. The switch was a desperate attempt, not only to escape the constrictions of the "too limited" morning market, but also to take advantage of the hinterland market which only the afternoon publication and better railway connections could supply.<sup>9</sup>

Indeed, the "dollar daily" phenomenon of the 1890s and especially during the pre-War 20th century, which saw big city dailies systematically expanding beyond their local markets into the smaller city markets, was a response to market saturation. Such big city dailies as the the Toronto Star and Globe, the Manitoba Free Press and especially the Montreal Star increasingly relied on external expansion for the growth necessary for their prosperity. For example, by 1913, the Montreal Star, then the largest and most prosperous English-language daily, had 40% of its circulation out of Montreal reaching as far as the Maritimes. About 38% of the Toronto Star's circulation in 1908 was out of the city proper.<sup>10</sup>

By the 1890s, the so-called "cheap" paper had come into being because per unit costs had dropped significantly. This development was observed by journalist Joe T. Clark who contrasted the difference between 1886 and 1896:<sup>11</sup>

The papers are cheaper because raw paper is cheaper, because type is set by machinery, and because perfected presses now print twenty thousand copies in the time that the presses of ten years ago printed half the number.

Paper had gone down substantially in price, from a high of \$250 per ton in the 1870s and \$138 in the 1880s, to \$68 in

the 1890s. By 1913, it was \$45. Thus, less expensive paper and more productive and speedier presses meant that the bigger the volume of operation, the cheaper each individual unit cost.<sup>12</sup>

At the same time, though, the initial costs for purchasing labour- and money-saving equipment grew enormously, confirming the adage that it takes money to make money. In Britain, according to Curran and Seaton, the growing demand for cheap papers during the latter half of the 19th century led to the development of expensive new print and typesetting technology, and numerous innovations in graphic reproduction.<sup>13</sup> In Canada, the same process occurred with the corresponding growth of massive investment needed for machinery and wider news gathering, especially in the 1890s.<sup>14</sup> For example, the cost of printing the bigger papers had clearly risen in the 1880s, notably for the several popular newspapers aimed at the growing mass market of Montreal and Toronto. But it was after the widespread introduction of the linotype in 1892, the increased use of illustrations, and the establishment of stereotyping plants that costs really exploded. The steadily climbing number of readers attracted by the variety of features in the more popular papers forced publishers to upgrade their printing presses for faster, bigger and more expensive models. For instance, the Toronto News in 1892 excited comment by its purchase of an \$18,000 press capable of running the 12- page editions that rising readership and advertising caused the

paper to publish more frequently. <sup>15</sup> A few years later in 1898 even a medium-sized daily like the Gazette felt obliged to purchase a \$30,000 press. <sup>16</sup> And in the early 20th century, it became commonplace for newspapers to buy presses costing as much as \$40,000. <sup>17</sup> Sometimes, such a purchase necessitated a move to bigger, better quarters just to house it, as happened to the Manitoba Free Press. <sup>18</sup>

The introduction of the linotype added significantly to the cost spiral. Canadian publishers adopted the invention wholesale when they learned that papers like the Toronto News were saving \$100 a week on composing room costs in 1893. <sup>19</sup> The fact that one machine could replace five hand operators was very tempting for publishers who wished to cut labour costs and increase production at the same time. <sup>20</sup> Yet, the capital outlay was daunting, as P.D. Ross, the publisher of the small and struggling Ottawa Journal, discovered in 1892. He opted for six Typographs at \$1500 each, only to have to change them for the \$3000 Linotype several months later, because the typographs just didn't work out. <sup>21</sup> Press and linotype purchases were paid on time, so increased business, circulation and advertising had to be drummed up to pay the monthly instalments. <sup>22</sup> Saving money could be expensive in the short term as The Montreal Star <sup>23</sup> showed when it spent \$42,000 for 14 linotypes in 1898. The enormity of such expenditures is apparent in the context of the Star's <sup>24</sup> estimated 1895 worth of \$250,000.

Other technical and graphic innovations, required to attract wider readership, further raised capital costs.

Canadian publishers, like Joseph Pulitzer before them, discovered that the "cuts sold papers." Before the 1890s, they rarely used illustrations on the front page, but the obvious popularity of the cartoons of J.W. Bengough and Sam Hunter on the front pages of the Toronto News and the World soon showed other publishers that illustrations played a key role to circulation success. Even the visually conservative Telegram was forced to introduce its own daily cartoon in 1893.<sup>25</sup>

The widespread use of illustrations in the 1890s and colour and photographs in the early 20th century proved their circulation-boosting prowess, but their introduction was also expensive as sophisticated machinery and skilled staff were required to provide them. For example, the rising importance of illustrations was evident in the growth of the Montreal Star's illustration department to five full-time artists in 1900.<sup>26</sup> Although colour strengthened the visual attractiveness of newspapers and the technology for its employment had existed since the early 1890s, it was expensive enough that the dailies only used colour in their Christmas and other special illustrated issues. It was not until the turn of the century that the dailies used it in their weekday editions, and then mainly to showcase advertising. Indeed, Joseph Atkinson was forced to buy a colour attachment for his new printing press, because Timothy Eaton, even though he owned 10% of the Star, otherwise refused to advertise unless the paper was capable



of a red line above a proposed full-page ad like the Wanamaker store ad in the Philadelphia North American. Photographs were used in the 1890s, but could only be used in the coated-paper special illustration sections of the Saturday editions, first in the Toronto Globe in 1892, followed by the Mail in 1893.<sup>27</sup> By 1910, the benefits of photographs were obvious, according to the Dunnville Chronicle's W.A. Fry, who noted their power to "increase circulation," but also the necessity of installing engraving plants.<sup>28</sup>

Even more than machinery, paper and labour required large financial outlays. Jean de Bonville figured that salaries and paper represented 70% to 80% of the expenses of a newspaper generally. For example, the expense breakdown at the Montreal Witness in 1905 was approximately 47% salaries and 25% paper,<sup>29</sup> a percentage which roughly matched that of other papers. Although paper costs dropped significantly, the larger papers of the 1890s and early 20th century required more paper.

Dailies in the 1890s began to grow systematically in size from an average four pages at the beginning of the decade to eight, 12 and more in the 20th century. This meant that publishers were spending significantly larger sums for paper. For example, the introduction of the linotype allowed the Toronto dailies to expand their average size from 5.5 pages to 10 pages between 1892 and 1898; from 1891 to 1905 the average paper's size in Canada increased by five times.<sup>30</sup> Thus, the Montreal Star spent \$40,000 in 1900 for

its paper. Even a small paper like the Calgary Herald managed to spend roughly \$23,000 on paper in 1909 out of yearly expenditures of \$82,000 for a circulation of 6500.<sup>32</sup>

More aggressive and extensive news gathering, necessary for survival in times of intense competition, also escalated the cost of newspaper operations. One contemporary account held that it took only one-quarter as many workers to produce a daily newspaper in the 1870s and 80s as it did in 1894.<sup>33</sup>

To-day, instead of an editor and two or three other men, there are five or six departments, which each require that many or nearly so. The editor-in-chief has to have two assistants at least as well as leader writer, there is a finance and trade department, a city department, a sporting department, and a telegraph and outside news department. The city editor has to have a large staff of reporters who cover the entire city systematically; the sporting editor sees that all events of that nature are covered, not only in the city proper but anywhere else where there are happenings likely to be of interest to the readers, while the financial and market reports have to be full and comprehensive. The regular telegraph services supplied by the new association has to be supplemented by special correspondence from every point of the compass; in a word, the news supplied has more than quadrupled in volume, and to gather up and arrange the vast amount of matter, means a vast amount of money...

The extended news range of the leading Canadian dailies and the growing expenditures required to finance the extra coverage of news in order to increase circulation became evident especially during the Boer War. By November 1899, the Canadian dailies had sent six correspondents to cover the war, and the number increased as the war dragged on. Spectacular first-hand war news sold papers as the

Toronto Mail and Globe discovered, when they were the first Canadian papers ever to send war correspondents to cover the Spanish-American War. But the war proved costly to cover. Some papers, like the Montreal Herald and Star, financed their own correspondents, other papers formed syndicates to defray correspondent expenses.<sup>34</sup> Chequebook journalism was practised with a liberal hand to induce soldiers to become correspondents, especially by Joseph Atkinson, who was eager to use the excitement of the war to build up his paper's anaemic circulation. Some soldiers were offered as much as \$7 a column by Atkinson and others.<sup>35</sup>

Thus, the Toronto Globe estimated that it spent \$12,000 to cover the war, while other dailies spent approximately \$10,000 each.<sup>36</sup> Indeed, the Boer War example drove up capital costs because the publishers realized that expanded coverage of spectacular events, which meant additional staff, resulted in more circulation, and hence higher advertising rates.<sup>37</sup>

Larger papers containing more features and increased circulation and advertising copy required also more staff which in turn pushed up the capital costs necessary to run a paper. For example, the Toronto News, which was the fourth largest paper in Toronto in 1902, had a payroll of 78 costing \$1200 a week, a yearly \$62,000 outlay for labour alone.<sup>38</sup> In 1905, the Toronto Star more than doubled its staff from the 52 it had in 1899.<sup>39</sup> The expansion of the Toronto Telegram's staff was equally dramatic: its 79 employees in 1891 grew to 100 in 1901 and to 156 in 1908.<sup>40</sup>

The growth of news staffs and greater editorial expenditures was understandable in light of the greater emphasis on local news and the addition of such features as sports, women's and entertainment sections. As these features expanded in the unceasing quest for wider readership and greater circulation, more syndicated material was required to fill these pages. The growth of syndicated material in all papers is evident from the example of a medium-sized daily like the Ottawa Citizen. In the week of July 12, 1907, its list of special features numbered seven at a cost of \$19.50. Five years later, during one week in October, 1912, there were 18 features at a total of \$77.04.<sup>41</sup>

The Citizen also learned firsthand how these features affected circulation. On November 1, 1914, Wilson and Harry Southam discontinued all their features in order to save the considerable money that these features cost. They figured that the "war news was sufficiently absorbing to hold such of our clientele as took the Citizen for these particular features." They were wrong. At the same time, their rival the Journal spent "prodigiously" to beef up these features. A year later, the Citizen had dropped 3,000 subscribers while the Journal gained 3,000, a significant figure given their respective circulations of 18,00 and 12,000. Moreover, advertisers told the brothers that they preferred the sort of audience which was attracted by the features to the one now reading the slimmer Citizen. Not surprisingly, the

Southams restored the women's, children's and comic page  
42  
features.

Other publishers also discovered what a difference these features could make. When Atkinson introduced a weekend paper, the Star Weekly, in 1910 to compete with the Sunday World, the idea was to produce an inexpensive, unpretentious journal printed on newsprint and without coloured comics and lavish picture displays. Public response was poor; readers just wouldn't buy a poorly illustrated weekend paper without a comic section. Atkinson poured money into adding a four-page picture section, using fine-screen halftones on coated stock, which helped somewhat, but the addition of comic strips in 1913 turned the trick. The quick circulation jump from 4,000 to 26,000 was credited to their addition. Further rises in circulation were attributed to the change of emphasis on more entertaining and humorous  
43  
material and higher quality pictorial reproduction.

Promoting and advertising the newspaper was another factor which caused capital costs to rise. The Star's Graham and the Telegram's John Ross Robertson pioneered these attention-getting gimmicks in the late 19th century. They all cost money. Graham paid for small-pox inoculation and built the statue to John A. Macdonald in Montreal's Dominion Square. Robertson became famous for his well-publicized campaigns such as importing an ambulance from London and donating it to a hospital. He introduced other forms of self-promotion, such as providing a 50 foot screen and  
44  
oxyhydrogen lights to illuminate election results.

After the turn of the century, the schemes of self-promotion multiplied, as newspapers clearly needed advertising to distinguish themselves from their competitors. The Calgary Herald's W.H. Woods admitted that the paper's sponsorship of a 1914 aviation exhibition was

45

... an advertising stunt as far as the Herald is concerned and we have had to commit ourselves rather steeply in expenses to do it, but I do not think there will be any doubt of our working out even and it will of course be a big advertising stunt for the paper, as we are sending it to Edmonton and other places, and the Herald takes credit of being the first to show people of this country what real flying is.

In addition to the stunts and gimmicks, the papers promoted themselves on billboards, streetcar sides and hustings. The Calgary Herald even made a movie of its operations, called The Making of a Metropolitan Newspaper which it showed in 52 movie houses. The Star copied this tactic in 1919 with its film The Making of a Great Newspaper which showed the entire operation from the bulletin machine until the newsboys rushed out onto the streets with their arms full of the paper.

46

Fixed costs also rose due to escalating wages brought about by the systematic unionization of the mechanical workers of the newspaper operations. By the 1890s all the Toronto newspapers were unionized, and by the 20th century, most big city newspaper press, stereo and typesetting rooms would be unionized. The successful 8-hour day movement in the early 20th century also raised costs. Management's frustration at rising labour costs can be seen in the

47

following Toronto News lament:

During the year we have been forced to accept increased scales of wages from three of our mechanical departments: Typographical, stereo and pressmen. This we estimate will cause us an increased expenditure of between \$5200 and \$5500 in 12 months. I presume that little will be gained by our discussing the feature of the situation, as unfortunately it is not in our power to do other than pay these wages which, as far as I can see, are not based on any known standards recognized outside of unionization.

With these developments, it is not surprising that operational expenditures for newspapers grew to a substantial size, approaching those of other large businesses. For example, in 1903 the Manitoba Free Press, then a medium-sized paper with a circulation of 20,000, had expenditures exceeding \$200,000.<sup>49</sup> And clearly, the Montreal Star, which cost more than \$1 million a year to run in 1913,<sup>50</sup> was a big business.

The large sums required to start and more importantly, run a newspaper were rising beyond the means of most people. Veteran newsman Avern Pardoe summed up the difference<sup>51</sup> between 1874 and 1904:

Thirty years ago, anyone with a sufficient fund of native brass and credit for a week's rent, paper and composition could start a daily paper. Now a new competitor has to challenge comparison at once and at all points with existing papers. It must spring into life Minerva-like, full grown and with hundreds and thousands of capital behind to sustain it while it makes a business for itself... (Today) the daily press of Toronto is apparently as well established as the banking or any other branch of business.

Crowded saturated markets and increased fixed capital costs raised barriers to entry for newcomers first in the biggest cities, then in the smaller ones in the early 20th

century. In addition, the increased demand for cheaper newspapers led to much larger print runs and lower unit costs, which fueled a large increase in editorial expenditures. Rising advertising support also financed higher spending on editorial outlay. The net effect of these changes was to attract the circulation which newspapers needed to break even, but they also prolonged the initial period of loss-making.<sup>52</sup> The average costs for quality items (features, press agency fees, correspondents) tripled in Canada between 1892 and 1906.<sup>53</sup> The days when Hugh Graham was able to enter the Montreal market with \$1,000 in 1869, and John Ross Robertson and W.F. Maclean the Toronto market in 1876 and 1880 respectively with \$10,000 were long over.<sup>54</sup> By the 1890s, starting a newspaper was extremely difficult without the backing of substantial amounts of capital. In fact, it was extremely rare for a new newspaper to begin publication because of crowded market conditions. Would-be publishers had to buy an existing property.

In the 1890s, there were still some city dailies available for a reasonable price. The Montreal Herald sold for \$11,250 in 1892, the Ottawa Citizen for \$15,000 in 1898 and the Toronto Star for \$32,000 in 1899.<sup>55</sup> These were not bargains, however, since the papers had the weakest circulation in their markets. They were also encumbered with debt, and they needed substantial outlays of capital to stay afloat. The Herald, for example, used up its initial \$90,000 stock infusion and another \$50,000 advance over the



1892-1895 period, and still lost \$10,000 in 1895.<sup>56</sup> It took the Southam family's deep pockets to keep the Citizen alive by spending \$50,000 on capital equipment. The principal owners foreswore salaries for the first year and a half, and dividends were not declared until 1905.<sup>57</sup> It took almost six years and a \$68,000 capital pool before the Toronto Star<sup>58</sup> showed a profit in 1905. It is noteworthy as evidence of the previously mentioned prolongation factor that, despite the healthy infusions of capital, it still took more than five years for the Citizen and Star to become profitable. The Herald never did and required the largest patronage support given by the Laurier Government to maintain operations.<sup>59</sup>

It was in the 20th century, however, that the value of newspapers really soared. The Toronto Star in 1905 was right in noting that it would cost hundreds of thousands of dollars for someone to see his or her opinion in print.<sup>60</sup> Meat tycoon Joseph Flavelle found this out when he shelled out \$150,000 at the end of 1902 for a second-rate obviously floundering Toronto News.<sup>61</sup> And it cost him a further \$250,000, for a total of \$400,000, to see his opinions in print for the next five years until 1908, when the News's unceasing financial hemorrhaging forced him out.<sup>62</sup> Moreover, the News was a bargain compared to the reputed \$500,000 that the Toronto Mail and Empire was worth in 1905.<sup>63</sup> In 1913, the prices had inflated even further. Toronto News editor John Willison claimed that in 1883 it cost from \$75,000 to \$100,000 to publish a paper in a large city; in 1913, he

estimated the cost at between \$750,000 to \$1 million.<sup>64</sup> The Toronto Star itself exemplified this trend: in 1896, its market value was \$20,750; by 1905, it figured its plant and building was valued at \$400,000.<sup>65</sup> In 1918, the official value of the Telegraph was set at \$1,750,000, while W.C. Nichol sold the Vancouver Province to the Southams for \$2.5 million in 1923.<sup>66</sup> All this was truly a sign of the newspaper's arrival, not only as a business, but as big business.

The high price for a daily was not confined to Toronto and Montreal, but also affected the smaller urban centres. In the Calgary of 1909, a city of 30,000, estimates ranged from \$35,000 to \$50,000 just to start a newspaper, and in the same year, investors wanting to start new papers in Halifax and Waterloo believed it necessary to raise at least \$100,000 for their respective ventures.<sup>67</sup> The \$15,000 price that Wilson and Harry Southam paid for the Ottawa Citizen in 1897 grew to almost \$200,000 twenty years later.<sup>68</sup> The Vancouver World was not the biggest paper in the city, yet it was valued at \$400,000 in 1912.<sup>69</sup>

Often, the value of a newspaper was augmented by the increasingly large and fancy buildings newspaper proprietors were erecting to house their organizations. Located for the most part in the most desirable business centres of their cities, the buildings were valuable commodities in themselves, often being in part rented to other businesses. The worth of the properties soared as business districts

grew around them and the cities expanded during the Laurier "boom." Expansion was a continuous process with new premises required frequently to handle the increased machinery and greater number of employees. The Manitoba Free Press's business manager expressed the paper's quandary to owner Sifton in 1903:<sup>70</sup>

We need larger quarters and we need them badly. Every day our wants in this direction grow more and more pressing, but a new press is an even more urgent need ... you mentioned something about not caring to have the new press go into an old building.

A new building also showed the worth and growth potential of the newspaper as a business proposition. For example, the Ottawa Free Press, long the weakest sister of the Ottawa dailies, bought three houses in 1907, altered their interiors, put on a new front, and built a four-storey reinforced building in the rear. "It was," recalled its publisher, "I think the second reinforced building erected in Ottawa. We had to bring in a Montreal contractor to put it up. The excitement of a new building helped us and we convinced merchants and readers that we were on the go."<sup>71</sup>

The economic expansion at the end of the century caused the leading and wealthiest papers to move to larger and more lavish quarters. In 1895, the Globe, which had been gaining ground in circulation since the disappearances of the Empire,<sup>72</sup> acquired a new building for \$21,000. Hugh Graham in the same year bought a property for the Star costing \$50,000 on St. James Street, the "principal street of the city,<sup>73</sup> the only English daily possessing this advantage."

The Telegram's new building, valued at \$35,000, was described two years later in terms of awe -- "the most massive in the city", and no newspaper building in the Dominion was "so handsome" and possessed "so complete an office."<sup>74</sup> Even smaller papers like the Brantford Expositor and the Hamilton Spectator were building four- and six-<sup>75</sup> storey buildings to house their bustling concerns.

But it was in the 20th century that the newspapers' property and land values really skyrocketed. In 1902, the Southams spent \$120,000 for their new premises in Ottawa, and in 1905, the Toronto Star, finally turning good profits and paying dividends, invested more than \$150,000 in a new building.<sup>76</sup> A few years later, the Vancouver News-Telegram topped that with a building investment of \$225,000, a figure more than quadrupling the largest amounts spent barely a decade past.<sup>77</sup>

The buildings also grew larger and were often built to be more than merely newspaper premises. Indeed, in 1912, it was noted that the Vancouver News-Advertiser had converted part of its building to business quarters "to take advantage of high rents."<sup>78</sup> The edifices increasingly represented a substantial financial investment cashing in on the early 20th century real estate boom. It was for that reason the Southams invested \$327,000 in 1911 in Calgary and later built an eight-storey building to house the Herald, a development which the paper headlined: "BIG REAL ESTATE DEAL MEANS THAT THE HERALD WILL HAVE SPLENDID NEW HOME IN BUSINESS HEART OF CALGARY."<sup>79</sup> The Montreal Herald built a

\$350,000 eight-storey building and the Vancouver World built an 18-storey highrise, billed as "Canada's first newspaper skyscraper."<sup>80</sup>

It was the Southams who consistently began to use their newspaper buildings for investments and money making. They, too, built their buildings beyond the needs of the newspapers and rented what was left over. For example, they rented four of the Citizen's six storeys and earned more<sup>81</sup> than \$14,000 in revenue in 1905 for a profit of \$5,000. The Calgary Herald's business manager complained that "most of my time is being taken up in showing people desirable<sup>82</sup> offices" in the new building. The practice paid off for them; in 1909, their buildings amounted to less than half of their assets of \$1,678,000 while by 1913, they accounted for<sup>83</sup> more than two-thirds of the \$3 million total.

For publisher E.J.B Pense writing in 1899, the proliferation of increasingly grand newspaper edifices showed that the press had finally arrived in the world of<sup>84</sup> business and finance and was truly a 'pillar of society': In Canada, the press is truly the fourth estate of the realm in terms of credit and influence. Fine buildings are growing in number; newspaper houses are as valuable and as imposing as the best of other mercantile and professional houses, and taste is supreme where once it was a stranger.

Increased newspaper profit from the 1890s on also enhanced the value of newspapers. While exact information is sketchy, there is enough anecdotal evidence to suggest that

newspaper profits generally rose for a greater number of newspapers, coinciding with the national economic upswing in the "Laurier boom" that began in 1896. For example, Thomas Walkom did not find significant profit in any of the Toronto dailies of 1883. In 1885, only the Telegram and the World showed a profit which was between 5% and one-third of gross revenue. By 1898, however, four papers were showing a profit, which in these cases even exceeded one third gross revenue. In 1902 and 1906, there were always at least three papers in Toronto which showed a profit.

Although the Province's Walter Nichol understated the case by claiming that only a "baker's dozen" of papers were making money, it is evident that the dominant papers in their local markets were consistently making profits during the first part of the 20th century. The exceptions were during times of business downturn, such as 1909-1910 and 1913, when either losses or a drop in profits reflected national business conditions, and during the first years of World War I, when a quite extraordinary economic situation prevailed.

A look at several Canadian cities during the 20th century's first decade shows the beginning of a pattern that has certain papers winning the competition for circulation and advertising and being consistently profitable. Most of these papers are also the ones which still dominate their local market in the 1980s.

In Ottawa, the Citizen and the Journal generally showed profits, while the Free Press lost money. The Manitoba

Free Press consistently made money in Winnipeg, while the Telegram and the Tribune more often than not lost money.<sup>89</sup>

In Toronto, the Telegram, the Globe, the Mail and Empire, and the Star made money, while the World and the News were perpetually in financial trouble.<sup>90</sup> In Montreal, the Star was, by all accounts, the wealthiest paper in Canada, having made Hugh Graham one of Canada's wealthiest men.<sup>91</sup> The Gazette probably made money given its morning monopoly in the business market after the Herald moved to afternoon publication in 1896.<sup>92</sup> The Herald and the Witness were hurting financially.<sup>93</sup> The London Free Press was making it, while the News failed, and the Advertiser probably went up and down.<sup>94</sup> The Hamilton Spectator made a profit from 1877 to 1924.<sup>95</sup> The Halifax Herald and Mail consistently "made good" in the early 20th century.<sup>96</sup> In 1908, the Vancouver Province claimed to be making \$30,000 a year on a circulation of 10,000 to 12,000.<sup>97</sup> In Calgary, the Herald flourished once the Southams took over to the detriment of the competing News and Albertan. The same applied to the Edmonton Journal.<sup>98</sup> In 1911 alone, publisher W.A. Buchanan reportedly made \$7,000 on an initial capital investment of \$30,000 at his Lethbridge Herald while the competing News consistently lost money for the Southams.<sup>99</sup>

Even for the profitable papers, however, it took money to make money. During the late 19th century, financial pressure on the publishers was heightened by the sharp rise of fixed capital costs engendered by the previously

described upward spiral of expenses related to acquiring the latest print and typesetting technology. Evidence of the high cost of capital can be seen in J.S. Brierley's cautious advice in 1903 to Montreal Liberals about to launch a new French language daily that they should watch out for "heavy fixed charges."<sup>100</sup> As their financial needs were satisfied less and less by patronage, party subsidies, and party backers, these mounting capitalization needs meant publishers had to turn increasingly to the financial institutions of the business world.

Indeed, the very survival of many papers depended on the publisher's access to capital. P.D. Ross was on the brink of insolvency in 1891-92, but was rescued by timely loans from the Bank of Ottawa and another investor.<sup>101</sup> In the early 20th century, E. N. Smith's Ottawa Free Press<sup>102</sup> almost collapsed:

The collapse of the Sovereign Bank where we had a line of credit, and the difficulty of getting accounts transferred to another bank until ... the Bank of Commerce took us in, had given some of us the treacherous spots that awaited concerns without adequate resources ...

The Halifax Herald would not have survived a disastrous fire if a friendly banker hadn't made a substantial loan in 1912.<sup>103</sup> More and more, what counted was the paper's bottom line and how the publishers were going to pay off the loans or maintain the credit line.

Financial considerations thus forced the publishers to act like businessmen. Their behaviour now fit the definition of an entrepreneur.<sup>104</sup> Lewis Fischer, for example, set six



criteria for entrepreneurial behaviour, all revolving around risk-taking, though with "some probability of success." Risk should be accompanied by innovative ways of doing business and organization skills. Thus, publishers had to be risk-taking entrepreneurs to gamble that the costs involved in financing machinery and plant expansion would be recouped through the growth of additional business made possible by expansion. It could be risky because the feedback effects on revenue caused by shifts in circulation were uncertain and there was often a time lag between spending on plant improvement and reaping the rewards from such expenditures.

Yet, the publisher often had no choice. Business conditions and his competitors made sure that he spent money in order to stay in the race. The Lethbridge Herald's Buchanan in 1907 bought expensive printing presses ahead of his immediate requirements because he anticipated "many years of growth." He further announced his intention of acquiring new stereotyping equipment to keep ahead of his competitors.<sup>105</sup> The Calgary Herald's Woods summed up the problem. In 1908, his printing press was too small to handle the business, but he was reluctant to "incur the expense and liability involved in the installation of a stereotyping press." The trouble, he noted, was "that our circulation may force us to it before our earning capacity warrants it."

<sup>106</sup>  
Furthermore,

I do not like coming up against this press problem as we cannot afford the extra expense until business conditions improve. At the same time the Albertan has a stereotyping press, and the News is advertising that it is going to get one in the next

fall. Of course, our present duplex is better than anything they have had in the past, but we will not be able to maintain the circulation of 7,000 on our present facility.

The foundation of the success of their enterprises was like that of other businessmen. It rested on the publishers' ability to predict and anticipate economic trends, how conditions would affect circulation and advertising growth.

Also, like other businessmen, success for the publishers depended on access to capital. P.D. Ross's experience shows the importance of the financial connection. In 1891, Ross was able to meet his debt to his former partner A.S. Washburn and thereby take a significant step in buying him out only through a timely loan from the Banque Nationale of \$4,000, co-signed by Charles Magee, president of the Bank of Ottawa. The following year he survived a bad business year because of a \$1,000 loan by businessman N.S. Sparks, and in 1893, was able to put the Journal and himself on a sounder financial basis through the establishment of the paper as a joint-stock company -- capitalized at a declared \$30,000; Magee and saw-mill owner George Perley put in \$15,000 (a little later, Sparks bought \$3,000 of Perley's stock) while Ross was allowed \$15,000 stock for himself. His investors allowed Ross to pay off his share as he could afford it, an arrangement he called "extremely generous." He also had first call on his investors' shares. In 1895, Ross still owed George Perley \$3,000 on Journal stock and the Bank of Ottawa \$5,000, and it was only in 1904 that he had paid off his shares and debts to assume complete control of

the Journal. Without such significant backing including \$3,000 from his brother and several thousand dollars from his mother, one wonders if by himself Ross could have ever managed to establish the Journal as a going concern. <sup>107</sup>

The transformation of newspapers into expensive businesses meant, as John Willison observed in 1913, that ownership or control of newspapers had gone beyond the reach of working journalists. <sup>108</sup> Interestingly, those working

journalists, P.D. Ross, Walter Nichol, Joseph Atkinson, and William Dennis, who did acquire control of their newspapers had one thing in common -- access to capital on extremely favourable terms. For example, in P.D. Ross's case, he was able to take control of the paper in part because his financial backers forgave his debt on the stock allocated to him. <sup>109</sup>

Walter Nichol acquired control over the Vancouver Province at the end of the century from owner Hewitt Bostock, who agreed to give his editor a reduced special purchase deal which the Canadian Pacific Railway financed. <sup>110</sup> Atkinson received an annual salary of \$5,000,

\$2,000 of which was paid in stock. He was also given first purchase rights for any stocks sold by the other shareholders. <sup>111</sup>

The Halifax Herald and Mail's Dennis was allowed to purchase shares in the company on installment as a reporter in the 1870s, and in 1897 was given an advantageous deal to purchase control of the company from its principal owner. <sup>112</sup>

Expansion and plant improvements to meet and beat the competition also required capital in the form of loans, as

the Manitoba Free Press's E.H. Macklin in 1900 revealed in his plea to his publisher. "It would relieve me greatly if I had the assurance from you the Banking arrangements would be completed in time to meet the Hoe draft which falls due December 26." <sup>113</sup> Its competitor, the Winnipeg Telegram, had to raise an additional \$27,000 over what it had estimated in <sup>114</sup> order to buy the equipment to remain competitive.

The banker had replaced the politician as the most important benefactor of the enterprise. For example, the Southams, especially the Ottawa branch, who were becoming quite independent of politicians, were not quite so independent of bankers. In 1913, because of possible worsening business conditions, they considered selling their Alberta properties since the Bank of Nova Scotia "may ... insist upon considerable reduction in our loan. If this contingency should arise, conditions would be so adverse <sup>115</sup> that we would be up against it with a vengeance."

The newspaper's shift from political advocate to industrial entity was helped along by the increased entry of businessmen into the newspaper world. The paper-making Riordon family's ownership of the Toronto Mail and the News and businessman Robert Jaffray's and financier George Cox's takeover of the Toronto Globe in 1882 represented the thin edge of the wedge of the business world's involvement with <sup>116</sup> newspapers. Canadian General Electric founder Frederic Nicholl's purchase of the Toronto Star in 1896, investment-rich Clifford Sifton's takeover of the Manitoba Free Press

in 1898, pork baron Joseph Flavelle's 1902 purchase of the Toronto News, promoter B.F. Pearson's acquisition of five Maritime newspapers in 1906, and financier T.H. Purdom's control of the London Advertiser in 1908 underlined the business world's increasing intersection with newspapers. It is also a sign of the rising capitalization costs of newspapers that only wealthy businessmen were able to purchase newspapers.

Another indication of the changing nature of newspaper ownership was that syndicates of businessmen and wealthy politicians buying control of newspapers became more and more common from the 1890s on. Often, they financed their purchases through newspaper joint-stock ventures. One project which showed the way of the future -- indeed the later purchases of the Toronto Star and News mirrored it -- involved a syndicate of Conservative party businessmen-politicians, who banded together to purchase all the 200,000 common shares and thereby take control of the Toronto Empire in 1894.<sup>117</sup> Syndication became a popular form of control as newspaper costs rose, even in the smaller population centres, and also in order to reduce financial risk. A partial list of newspapers taken over by businessmen between the 1890s and World War I includes: Toronto Star, Montreal Herald, Kingston News, Sherbrooke Pioneer, Fort William Journal, Alberta Tribune, Halifax Morning Chronicle, Halifax Evening Echo, St. John Sun, Times, Telegraph, Prince Rupert Optimist, Chatham Banner and so on.<sup>118</sup>

To be sure, newspapers always were businesses; from the

beginning, they had to make money to survive. But in Canada for most of the 19th century, this characteristic was offset by the newspaper's important informational and political functions. Moreover, patronage and political subsidies shielded what were mostly small businesses from the full reality of the commercial marketplace. Thus, journalists and politicians (who were often one and the same person) dominated the newspaper world. By the 1890s, however, the political purse was no longer sufficient to deflect the economic pressures from the increasingly crowded and saturated marketplace. To compete with their commercial rivals and, at the same time, cope with mounting capital costs arising from the expensive machinery, paper and additional staff necessary to attract the new mass Canadian audience, newspaper publishers had to act more and more like businessmen. The successful publisher more than ever was the one who had access to sufficient amounts of capital. Those publishers who had risen from journalistic ranks now based their success as much on their entrepreneurial skills as on their journalistic and political ones. The newspaper's transformation into a valuable property and big business accelerated during the 20th century. This factor, and the consequent crowding of most markets, effectively prohibited the founding of new newspapers. Thus, unlike before, working journalists found it impossible to either start or own city newspapers unless they had significant credit or capital backing. With the exception of a few entrepreneurial

journalists, who had the right financial connections, only well-heeled businessmen had access to newspaper ownership. As a consequence, newspaper publishing took on a greater business character.

ENDNOTES 2

1. Dafoe, "Review," 60.
2. Rutherford, Victorian 74, 230.
3. Walkom, 26. He figured that by 1906, there were 2.6 newspapers per English language family in Ottawa, 309. In Toronto the figure was 2.53 in 1898, 2.55 in 1902 and 2.21 in 1906, 24. De Bonville, 271, estimated that in 1891, there were 1.2 papers per Montreal English family, a figure that rose to 1.9 in 1901 and 2.6 in 1911.
4. McKim's Canadian Newspaper Directory, 1892-1921.
5. Walkom, 26.
6. 1899: 567,892 total circulation for 119 dailies;  
5,371,315 " population.  
1911: 1,324,909 " circulation for 143 dailies;  
7,206,643 " population.  
1921: 1,609,317 " " " 113 " ;  
8,787,949 " population.  
McNaught, 18. In 1915, CPP, (September 1915) 30, figured that a "very considerable percentage" of Canadian families were taking at least two dailies. It figured that the national rate was 1.34 dailies per family (five persons). The readership ranged from a high of 1.62 dailies per family in the more urbanized provinces to a low of .72 for the rural ones with their greater weekly readership.  
The Kent Commission, Report, 64, also suggested that saturation had taken place by 1911. "Daily circulation per capita almost doubled between 1901 and 1911, going from 0.105 to 0.192. In general content and reach into urban markets, the modern Canadian newspaper had reached its age of maturity by the time of World War I. Future circulation growth was to depend on keeping pace with changing tastes and changing distribution of audiences during the rural-to-urban shift and the evolution of the cities.
7. CPP (January 1895) 15.
8. Cranston, 47. The situation did not get any better. In 1911, the Globe discontinued its morning edition following the Mail and Empire's step several months earlier. This meant there was now three straight evening and three straight morning papers, CPP (June 1911) 58. Willison and Flavelle's takeover of the News in 1903 never had a chance of success, because the "field was already crowded" and there was not much "demand" for their elite type of newspaper, according to



Ontario Archives, J.S. Willison Papers, C.O. Knowles, "Inside Political History Told in Willison's Letter," (undated clipping (probably 1936) Toronto Telegram.

9. WP, v. 5, 17 December 1896, J.S. Brierley to J.S. Willison.
10. "A Snare and a Delusion," CPP (May 1913) 68.
11. Joe T. Clark, "The Daily Newspaper," The Canadian Magazine, 7 (June 1896) 101.
12. V.W. Bladen, An Introduction to Political Economy, (Toronto: University of Toronto Press, 1956), 178; A.H.U. Colquhoun, "Changed Conditions in Canadian Publishing," CPP (December 1898) 7.
13. Curran and Seaton, 46.
14. Rutherford, A Victorian Authority, 81. A turn of the century CPP symposium elicited numerous publisher comments on "heavier expenses" and "increased machinery costs," CPP, 9 (April 1900), 1, 4.
15. CPP (September 1892) 20.
16. CPP (October 1898) 10.
17. CPP (September 1906) 26; and February 1910, 56.
18. SP, 145, 16 November 1903, E.H. Macklin to Clifford Sifton.
19. CPP (May 1893) 10.
20. "Machines Which Take the Place of Forty Men -- But They Cost Almost \$30,000," The Toronto Star, 26 August 1905, 6.
21. P.D. Ross, Retrospects of a Newspaper Person, (Toronto: Oxford University Press, 1931), chap. 21.
22. The letters of W.H. Woods to W.J. Southam are filled with pleas, especially during the early days of the Herald, for extra money to meet payments. In SA, v. 105, 23 December 1911, O.L. Spence to W.J. Southam, the following is typical: "Principal creditors included in statement (of the Herald) -- Toronto Type Foundary, payable Jan. \$680, Apr. \$526, July \$533, Oct. \$541 ... Balance yet to be arranged. \$2,000 is overdue; Canadian Linotype, \$150 is overdue and \$150 due Jan. 16th, remainder payable \$150 every 3 months, Stovel Co., \$400 overdue, remainder \$150 dur Jan 16th, remainder payable \$150 every 3 months ... and Imperial Bank, notes at 2 and 3 months ... \$1500.00."

23. De Bonville, 105.
24. Colquhoun, CPP, 4 (January 1895) 7.
25. Schudson, 95; CPP (November 1894) 14.
26. "Profile of R.C. Matthews," CPP (July 1900) 1; CPP (June 1900) 12, also observed that that the illustrated portfolios had a great effect boosting circulation during the Boer Wars.
27. Walkom, 45; The Mail and Empire in 1897 was the first paper to use half-tone photographs on the ordinary newsprint of its weekday editions, CPP (June 1897) 7; in 1909, CPP (January 1909) 34, observed that the Toronto Star had solved the seeming "failure" of photographs "when used upon common news stock." The Toronto World 10 December 1909, 10, observed that in 1899, it was rare to see many illustrations beyond the occasional cartoon and sketch illustration because it was "impossible to produce a half-tone cut from which a satisfactory stereotype could be case for use on the modern cylinder press." In 1907, according to Craick, 17, M.O. Hammond, the features editor of the Globe and an enthusiastic photographer, predicted that it would not be too long before every daily in the country would include a camera of some sort in its necessary equipment. He further amazed the CPA convention by showing how an event had occurred at noon and a photograph of it had appeared in the 3 p.m. edition of the Globe. The practice at the Star and Globe was to contract professional photographers to cover important events like Laurier's meeting at Niagara Falls in 1908, thus showing "the importance that photography plays during the present time in the treatment and featuring of big news events." CPP (September 1908) 32. The Montreal Star, similar to other big dailies, introduced photographers to its staff between 1910-1913, Dusy Vineberg, "One More Please," One Hundred, 26.
28. W.A. Fry, "Half-tone Cuts for Newspapers," CPP (June 1910)
29. De Bonville 113.
30. Walkom, 248; CPP, 14 (February 1905) 15.
31. De Bonville, 113.
32. The calculation is based on one month and extrapolated over 12 months, SA, reel 105, Herald Publishing Co. Ltd. Statement for Month of July 1909.
33. "Cheaper Papers," CPP 3 (November 1894) 11-12.

34. John E. Ewan, "War Correspondence," CPP (March 1901) 10.
35. WP, v. 18, 11 November 1899, C.F. Hamilton to J.S. Willison.
36. CPP (September 1900) 8.
37. At the beginning of hostilities, the Globe's circulation was 36, 975. The war caused the Globe to adopt spectacular headlines on a daily basis. The drama of Canada's first overseas military adventure carried daily editors away in a rush of enthusiasm, and the public responded by buying newspapers to find out what was happening to the boys at the front. From an average circulation of 36, 975 during October 1899, it hit highs of 63,600 and 71,200 during scoops and spectacular news, Clippingdale, 319. Other papers enjoyed similar gains. The Mail and Empire soared from an average 23,167 copies to 41,181 over the same period, the Mail and Empire (26 January 1898 and 2 January 1900) 1.
38. Joseph Flavelle Papers, 23 December 1902, case 1, Clarkson and Cross Chartered Accountants to Joseph Flavelle.
39. The Toronto Star, 26 August 1905, 9.
40. C.H.J. Snider Papers, the Toronto Telegram Employment Lists, May 18, 1891, November 1, 1901, April 13, 1908,.
41. SA, reel 116, List of Special Features, 12 July 1907; Special and Saturday Features, October 1912.
42. SA, reel 116, 22 December 1915, W.M. Southam to F.N. Southam.
43. Cranston, 76.
44. Rutherford, Victorian, 53; Poulton, 74.
45. SA, reel 105, 17 October 1911, W.H. Woods to W.J. Southam.
46. CPP (April 1904) 8; CPP (November 1914) 46; CPP (September 1919) 28.
47. See Gregory Kealey, "Work Control, the Labour Process, and Nineteenth Century Canadian Printers," in On the Job: Confronting the Labour Process in Canada, edited by Craig Heron and Robert Storey, (Kingston and Montreal: McGill-Queen's University Press, 1986), 75-101.

48. Joseph Flavelle Papers, case 51, 20 January 1908, Report of the News Publishing Company, Flavelle Papers, Vancouver Province publisher Walter Nichol cited the growing costs of labour, especially the machinists running the Mergenthalers, as the reason why the "majority of papers barely keep their heads above water," Vancouver Province (November 18, 1898) 4.
49. SP, v. 165, 10 May 1904, E.H. Macklin to Clifford Sifton.
50. "A Snare and a Delusion," CPP 22 (May 1913) 67.
51. The Toronto Globe (2 July 1904) 4.
52. Curran and Seaton's description, 47, fits the Canadian scene in the 19th century and after.
53. Walkom, 89.
54. The Montreal Star: One Hundred Years of growth, turmoil and change, 1869-1969 (Montreal: Montreal Star, 16 January 1969) 4. Hugh Graham actually propagated a myth that he started the paper with a mere \$100, but reportedly he had financial backing from relatives; Poulton, 70-71; in addition, Robertson held a \$10,000 cheque from Goldwin Smith, which he never cashed, but surely showed to creditors and suppliers who may have hesitated supplying him without assurances of his creditworthiness. Walkom, 248. Exceptions after the 1880s only occurred in the new, burgeoning cities of the west. For example, R.L. Richardson and Duncan McIntyre founded the Winnipeg Tribune on \$7,000 in 1890, Bruce, 148.
55. P.D. Ross Papers, v. 2/2, 22 February 1892, P.S. Ross to P.D. Ross; SA, Reel 128, 17 September 1952, Memorandum, "The Hamilton Spectator Story," W.J. Southam, 4; G.L. Spalding, "The Toronto Daily Star as a Liberal Advocate, 1899-1911," (MA thesis: University of Toronto, 1954), 5.
56. P.D. Ross Papers, P.D. Ross Diary, 10 December 1895.
57. Walkom, 308.
58. Spalding, 5. Harkness, 63.
59. CPP (February 1902) 9.
60. "Does Capital Threaten Liberty of the Press," The Toronto Star (August 26, 1905) 9.
61. Joseph Flavelle Papers, case 1, 3 December 1902, Joseph

Flavelle to J.S. Willison.

62. Bliss, A Canadian Millionaire, 183.
63. Joseph Flavelle Papers, case 1, 1 December 1902, Flavelle to J.S. Willison, December 1, 1902, Flavelle Papers. Initial inquiries by Flavelle showed that the Mail's price was \$1 million, but he thought it could be had for \$500,000. The latter price was regarded as too high by half, according to WP, v. 17, 18 December 1902, C.A. Gregg to J.S. Willison. Walkom, 106, noted that Flavelle was rumored to have offered \$350,000 for the Toronto World, yet he estimated that the real value of the paper was about \$50,000, the rest constituting "good will." Be that as it may, the point remains that profitable big city dailies were expensive big business propositions at the beginning of the 20th century.
64. HD, 1 April 1913. Willison's figures may have been exaggerated, but another estimate figured that it required at least \$500,000 to start a new daily in Montreal, Dougall Family Papers, v.3/3, 3 February 1913, G. Gordonsmith to Sydney Fisher.
65. "Origins of the Star," Toronto Star (26 August 1905) 4.
66. Poulton, 176.
67. SA, reel 107, 22 December 1909, J.H. Woods to William Southam; CPP (September 1909) 36 and (March 1909) 36.
68. Bruce, 181; SA, reel 133, 7 April 1914, W.S. Southam to W.J. Southam.
69. SA, reel 133, 15 May 1912, J.H. Woods to W.M. Southam.
70. Clifford Sifton Papers, v. 145, 16 November 1903, E.H. Macklin to Clifford Sifton.
71. I.N. Smith, 90.
72. CPP (April 1895) 8.
73. Colquhoun, "The Man Who Made the Montreal Star," CPP (January 1895) 7.
74. Poulton, 87.
75. CPP, (October 1895) 1; CPP (March 1897) 4.
76. SA, reel 133, 21 February 1906 "The Citizen Building," typewritten memorandum; Harkness, 62.
77. CPP (January 1909) 39.

78. CPP (March 1912), 90.
79. Bruce, 152.
80. CPP (February 1913) 38; CPP (April 1913) 48.
81. SA, reel 133, 21 December 1906, "The Citizen Building," typewritten memorandum, December 21, 1906, SA, reel 133.
82. SA, reel 105, 11 June 1914, W.J. Watson to W.J. Southam.
83. Bruce, 66.
84. Pense, 192.
85. Walkom, 61
86. The Vancouver Province (18 November 1898) 4.
87. For example, Southam Ltd. suffered from bad business conditions caused by the "pre-war depression" and the beginning of World War I when business activity dropped and credit became tighter, Bruce 33. M.O. Hammond commented on cutbacks at the Toronto Globe because of the "business depression" in 1913-14, HD, 9 August 1914. Senator Jaffray, its owner, commented, "if we were paying our way, it would not be so bad, but we are running behind," HD, 9 September 1914.
88. Walkom, 328.
89. David Hall, Clifford Sifton: A Lonely Eminence, 1902-1929, II (Vancouver: University of British Columbia Press, 1981), 146.
90. Walkom, 61; C.L. Burton, A Sense of Urgency: Memoirs of a Canadian Merchant, (Toronto: Clarke, Irwin & Co., 1952), 70; The losses suffered by Flavelle did not stop under the News's new ownership, a Tory consortium led by provincial and later federal cabinet minister Francis Cochrane. The "heavy losses" mentioned in WP, v. 9, 11 May 1915, J.S. Willison to Francis Cochrane, is typical of their correspondence.
91. See Jason Rogers, Newspaper Building: Application to Efficiency to Editing, to Mechanical Production, to Circulation and Advertising With Cost Finding Methods, Office Forms and Systems, (New York: Harper & Brothers, 1918), chap. 6.
92. Dougall Family Papers, 16 July 1909, v. 3, R.C. Smith to J.R. Dougall.

93. By the 1890s, the Witness ceased to be profitable, a circumstance that was worsened by the Herald's switch to afternoon publication and the Laurier government's massive patronage. Only J.R. Dougall's independent means kept the paper alive, Dougall Family Papers, v. 3/2, (1912?) Unsigned (probably F.R. Dougall) to Wilfrid Laurier. The Herald chronically ran a loss. That is why publisher Brierley persistently proposed a "fusion" between the two papers, see J.S. Brierley to J.R. Dougall, June 29, 1897 and July 15, 1908, Dougall Papers.
94. See Orlo Miller, A Century of Western Ontario: The Story of London, 'The Free Press' and Western Ontario, 1849-1949, Westport, CT: Greenwood Press, 1949), 75.
95. Bruce, 226.
96. March, 79.
97. SA, reel 107, 12 May 1908, J.H. Woods to W.J. Southam.
98. The Calgary Herald made its first profit in 1910 and thereafter remained profitable, SA, reel 107, 25 September 1910, J.H. Woods to William Southam; The Journal started to turn profitable in 1911, SA, reel 107, 13 December 1911, J.H. Woods to W.J. Southam.
99. In 1911, the paper lost \$2,500; and 1912 lost \$10,000, SA, reel 107, J.H. Woods to W.J. Southam, 30 December 1912, and was shut down in 1913.
100. Wilfrid Laurier Papers, v. 250, 28 January 1908, J.S. Brierley to Wilfrid Laurier.
101. Ross, Retrospects, 34-37.
102. I.N. Smith, 96.
103. March, 96. The Hamilton Post went bankrupt in 1901 after six months because "... the longer the paper lived, the tougher it was to get money. After the first six weeks, the Post had no bank credit," according to Cranston, 23-24.
104. Lewis Fischer, "'An Engine, yet Moderate': James Peake, Entrepreneurial Behaviour and the Shipping Industry of Nineteenth Century Prince Edward Island," in The Enterprising Canadians: Entrepreneurs and Economic Development in Eastern Canada, 1820-1914, edited by Lewis R. Fischer and Eric W. Sager, (St. John's, NFLD: Memorial University, 1979) 103. For American literature on entrepreneurship, see Arthur H. Cole, Business Enterprise in its Social Setting (Cambridge, Mass.: Harvard U P, 1959); Hugh G.J.

- Aitkin, ed., Explorations in Enterprise (Cambridge, Mass.: Harvard U P, 1965); and Israel M. Kirzner Perception, Opportunity and Profit: Studies in the Theory of Entrepreneurship (Chicago: Chicago U P, 1979).
105. C. Frank Steele, Prairie Editor: The Life and Times of Buchanon of Lethbridge, (Toronto: The Ryerson Press, 1961), 53.
  106. SA, reel 105, 22 February 1908, J.H. Woods to W.J. Southam.
  107. P.D. Ross Papers, Ross Diary: 28 October 1891; 28 December 1891; 1 January 1893; 23 February 1894; 23 September 1895; Ross, Retrospects, 34-37.
  108. HD, 1 April 1913.
  109. P.D. Ross Papers, v.9/9, 30 January 1904, William Ross to P.D. Ross.
  110. D.A. McGregor, "Adventures of Vancouver Newspapers: 1892-1926," British Columbia Historical Quarterly 10 (April 1946) 102.
  111. Cranston, 52.
  112. March, 104.
  113. SP, v. 83, 27 December 1900, E.H. Macklin to John Mather.
  114. "This plant is imperatively demanded if we are to publish the newspaper required by competitive conditions," W. Sanford Evans Papers, internal memorandum, (no date, probably 1903), box 13/23.
  115. SA, reel 133, 30 December 1913, H.N. Southam to W.J. Southam.
  116. The Globe passed out of the hand of the Pown family because it was starved of capital, Walkom, 37.
  117. CPP (February 1895) 7. See chapter 8.
  118. The December 1899 issue of CPP, 30, contained six mentions of outside groups of financiers taking over newspapers.



## CHAPTER THREE -- PUBLISHER POWER AND THE RISE OF THE BUSINESS MANAGER

As newspapers everywhere grew in size and value from the 1890s to 1920, publishers adopted the new administrative practices sweeping the North American business world. Many newspapers were turning into such large and complex organizations that publishers no longer were able to oversee all the details of newspaper operations. Increasingly, they hired professionals to handle special tasks within the organization. Consequently, the status of employees changed from the 19th century political hierarchy to the more business-oriented one of the next century.

By the late 19th century, a revolution of sorts had occurred in business methods and organization throughout North America in response to intense competitive and crowded market conditions and rising capital and labour costs. According to Harry Braverman, the purpose of such business philosophies as "scientific management" was to promote efficiency and reduce fixed costs, especially the rising expenditures for labour.<sup>1</sup> Michael Bliss noted that "Taylorism" (as the movement became known after its best known practitioner, Frederick Taylor) entered Canada in the early 20th century through branch-plant managers and "brainstorming" advocates.<sup>2</sup> The latest and most effective methods of accounting and organization, such as cost and double-entry accounting, and what Bliss termed the "departmentalization" of business enterprises also made

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their appearance in Canada at this time.

To carry out these practices, according to Alfred Chandler, a key employee, the "visible hand" or professional middle manager, was created.<sup>4</sup> Graham Lowe described how this administrative revolution developed in Canada. He noted that the transition from 19th century small-scale entrepreneurial capitalism to 20th century corporate capitalism involved fundamental organizational changes, particularly the growing predominance of bureaucracy. Accompanying bureaucratic growth was the emergence of a new occupational group, the expert salaried manager. The growing size and complexity of enterprises compelled owners to delegate daily operational responsibility to the managers. Administration thus became a specialized activity after 1900 as managers sought to rationalize organization. They developed rigid hierarchies with clear lines of authority and implemented new accounting procedures to control production and labour.<sup>5</sup>

This new business philosophy and its methods did not escape the notice of Canada's newspaper world. The publishers' organization, the Canadian Publishers' Association (CPA), became noticeably more business-conscious. Formed in 1859 to lobby for lower or subsidized postal rates and more favorable libel laws, at first it mainly served as a social club for members. "Members came from coast to coast," one observer noted, "to discuss mutual interests and problems, but mainly for the purpose of social intercourse."<sup>6</sup> Particularly popular were the yearly

excursions, often underwritten by the railways.

However, hard times in the late 1880s, exacerbated by greater competition (price-cutting in newspaper subscriptions and job-printing bids), and the increased operational costs, changed the CPA's focus. Business matters became more pressing, causing the publishers' organization to "introduce practical discussions as an impetus to success in business."<sup>7</sup> Lofty questions of morality and the higher calling of journalism were heard less and less in favour of nuts-and-bolts lectures and workshops encouraging more scientific business management. A participant at the 1894 CPA convention no doubt echoed the sentiment of many when he declared that "business must be prime."<sup>8</sup> By the late 1890s, the publishers were attending convention sessions devoted to such business concerns as the exact cost of advertising space, the economic aspects and effects of linotypes, the latest bookkeeping methods, the right equipment for the business office, the most efficient office organization, and so on.<sup>9</sup>

Reflecting the changing reality of newspaperdom, the industry's organ, The Canadian Printer and Publisher (hereafter CPP), was especially tireless in advocating modern business methods. In a typical article in 1895 it<sup>10</sup> advised publishers to "study business details" because:

... business management is too often the weakest part of a newspaper office ... little if any attention is devoted to the details of the cost of every department at work. The publisher is apt to be blissfully in the dark as to what his space is worth, how the cost of each issue of the paper compares to its selling price, and exactly what

margin there is between cost and profit on the various revenue producing departments.

The article mentioned approvingly several papers which had their office management organized by a "competent accountant, who can lay out the whole programme, (and where) track is kept of the details of cost in all directions."

The trade journal was relentless in pushing ideas of greater efficiency. Its editor, John Imrie, was a persistent proselytizer of the benefits of "cost accounting" and proper bookkeeping methods in the early 20th century. Indeed, he shocked the membership by charging that most publishers didn't really know whether they were making or losing money. He followed up the criticism by organizing an exhaustive "cost education campaign" which saw him personally spread the "cost accounting gospel" to scores of Canadian newspaper establishments.

The success of these ideas in reaching newspapers even in the remote hinterland was apparent when D. Smith of the Fort William Times-Journal presented to the 1911 CPA convention a paper entitled "Business Management-- Subscription Prices, Collections, Credits, Other Systems".<sup>11</sup> It summarized the lesson of departmental cost accounting:

The business management of a newspaper seems to me to be much the same as the management of any other business, and starts in the front office, where all the machinery of keeping track of the inflow and outflow of the concern should be closely checked ... that the concern should make profit on the transaction. In order to do this there should be an efficient bookkeeping staff and the books should be so kept that at the end of each month the manager should know the gross earnings of the newspaper, job department and circulations separately; the wages paid out and the paper and material consumed,

the footing of the different columns showing at a glance how much was earned or lost in each department.

Not adopting the new methods could prove fatal. Veteran Toronto Star newsman J.H. Cranston recalled the haphazard business practices of Jim Livingstone, the business manager of the short-lived Hamilton Post, who belonged to the "old school of journalism." Livingstone was a "keen sportsman" and an "assiduous follower of the ponies" who believed that the best way to run a newspaper was to hire some good men and let them do it while he scurried around to collect enough money for their wages. He worked only when "absolutely necessary" -- that is, on Thursdays and Fridays when he collected accounts and sold advance advertising at a discount for cash. The men in the plant always got their money first, but if Livingstone was short, not a wheel was turned in the press room until he came up with the pay packets. The editorial staff often had to accept postdated cheques. Needless to say, after the first few months, the Post had exhausted its bank credit, and soon after, in 1901,  
13  
the paper folded.

In the increasingly fierce competitive newspaper world after the turn of the century, such slip-shod business practices could not be countenanced if a newspaper was to be commercially successful. The Southams certainly proved this in their purchase and reorganization of the Edmonton Journal in 1911. Immediately, they brought in a management consultation expert, Albert Haynes (in itself a sign of the changing times), who discovered that the paper was "losing

money ... and lacked system and organization throughout." To rectify this situation, Haynes proposed sweeping changes, beginning with the overall restructuring of the Southam's western properties (the Journal, the Calgary Herald and Lethbridge News) into a new joint stock company so that the papers could be operated on a "more scientific basis."<sup>14</sup>

As for the Journal specifically, Haynes recommended the professionalization of many of the paper's business staff because:<sup>15</sup>

The work would be more efficiently done by a much smaller staff; there are too many amateurs in every department; Departments are not clearly enough defined and inter-related; the records are inaccurate and badly kept; and valuable assets lost sight of altogether.

Too little care is given to credits, and collections are woefully in arrears ...

Haynes recommended that "in accordance with the established policy of all well-conducted newspapers," the administration of the paper should be divided into two distinct departments, under the control respectively of a managing editor and a business manager, the former to have charge of the editorial and mechanical department and the latter to direct the circulation and advertising departments. He also called for specific changes such as having a distinct cashier and accountant, who would independently audit collection figures (rather than having the collection agents doing it).<sup>16</sup> Haynes' reorganization worked, and the Journal soon was providing a healthy profit for the Southams.<sup>17</sup>

The new methods helped to alleviate "heavy and uncontrollable overhead", as the Calgary Herald's J.H. Woods

attested in 1915:

By our cost system which has now been in effect for more than a year, we are able to keep track of our business every day, so that on any one day we can tell practically up to the night before whether or not we are making money in that month... that it is by economies and careful watching of details (and not only by extraordinary advertising situations) that money in the newspaper business is to be made.

Papers like the Montreal Star were clearly run on those lines as recommended by Haynes, and much of the later success of the Toronto Star could be attributed to Joseph Atkinson adopting these business methods. <sup>1°</sup> Department store magnate Timothy Eaton and financier George Cox, both Star stockholders, encouraged Atkinson to keep separate budgets for each department of the paper so that the profits of one did not hide the losses of another. Cost departmentalization was not just to produce a clear sense of where each department was going, but to allow use of the accounts as tools to unleash the energies of manager and employees, whose responsibilities could be traced and measured. "Put each department on such a close budget that it will be next to impossible to keep within it," further advised Cox, as an effective method to keep employees on their toes. Atkinson proved an able student and also adopted Eaton's daily comparison of figures. If one department had too much expense in relation to income, the head was instructed to promptly reduce his costs, or face the consequences. <sup>20</sup>

Many publishers, especially the most successful like John Ross Robertson, Joseph Atkinson, Hugh Graham, William Dennis, Walter Nichol, and P.D. Ross, adopted these methods

and concentrated more and more on the business side of publishing. The Montreal Star's Hugh Graham was always primarily involved in the business side, starting as a bookkeeper at the Montreal Gazette, then concentrating on the business aspect of the Star while a succession of journalists, beginning with partner George Lanigan in 1869,<sup>21</sup> ran the editorial side.

William Dennis, the proprietor of the Halifax Herald, became a practitioner of these methods in 1897. He abandoned the editorial room and moved to the floor where the business office was located. He reorganized the paper on the principles of "economy and efficiency" and "survival of the fittest". For him, "sentiment was a thing of the past" and the Herald was a "pure business".<sup>22</sup>

Joseph Atkinson exemplified even more this trend. He began on the editorial side as a reporter on the Port Hope Times, moved to the Toronto Globe and then became an assistant editor at the Montreal Herald.<sup>23</sup> When he became publisher of the Toronto Evening Star in 1899, he insisted that the paper would be run primarily as a business, not as a party organ.<sup>24</sup> In the beginning, he ran both the business and editorial sides of the paper. But by 1907, running both sides of the newspaper proved too much, so he hired University of Toronto graduate John Bone to become managing editor so he could devote all his energies to the business side.<sup>25</sup>

But it remained for John Nelson, the manager of the Vancouver News-Advertiser, to spell out exactly what the



newspaper had turned into by 1911. He advised more Canadian publishers to follow the example of their advanced colleagues who had adopted "scientific management" to run their papers.

The fact is that the daily newspaper in the minds of too many publishers has not yet emerged from the purely literary excursion in which it used to be regarded into the commercial enterprise which it is today.

The modern newspaper is a manufacturing plant whose salable commodity ... is an inch of white space, a line of agate type. The half tone illustration, the feature story, the expensive editorial, are mere cogs in a machine the purpose of which is to render more valuable the paper's sale unit -- an inch of white space.

Those publishers who did not devote most of their attention to the newspaper's business operations certainly paid the price. The 20th century ills of the Toronto World are a case in point. In the 1880s and 1890s, its publisher, W.J. "Billy" Maclean, ran the most innovative and one of the most popular papers in Canada. However, its persistent financial crisis after 1900 was attributed to Maclean's penchant for spreading himself too thin, trying to be a full-time politician and part-time land speculator while running the paper. Hector Charlesworth summed up the reason for the World's failure in 1921:

Had Mr. Maclean stuck to that calling alone (publishing the paper), I am satisfied the World would have survived. The Canadian community is unquestionably the poorer without it; and the main cause of its downfall was the divided ambitions of its chief. Certainly, it didn't help the paper's future that Maclean robbed the World's till to pay off the debts of other investments rather than reinvesting the money to improve the paper.

In their description of the transformation of the

British newspaper in the late 19th and early 20th centuries, Curran and Seaton note that in eliminating external political control over their publications, the publishers then took control of every aspect of the operation.<sup>29</sup> The same development took place in Canada. Less and less during the 20th century, the management of partisan organs sought the permission of the Liberal or Tory party leadership for appointments as the Toronto Globe did with Willison in 1890 and with James Brierley in 1894.<sup>30</sup> Many of the influential publishers were essentially self-made men, including the middle-class ones like Ross, Robertson, Maclean and Sifton, and adhered to the belief of rugged individualism and individual effort as the way to success. Fiercely independent, they jealously guarded the prerogatives of their position and allowed for no interference in the running of their newspapers. Montreal Witness publisher J.R. Dougall worried about the consequences of accepting five free shares of Sun Life Insurance, and categorically stated that if he had thought it would cause him to be beholden to someone, he would have returned then.<sup>31</sup>

P. D. Ross reflected this characteristic, too, when he turned down a local Liberal scheme to turn the Journal into a government "organ" and amalgamate it with the Free Press in 1903:<sup>32</sup>

I guess it would be a good thing financially for me, but I continue possessed with that inclination to be purely my own boss which has hitherto given me more satisfaction in life than making money. As a government organ, and with a partial responsibility for the money of Liberal

shareholders, my editorial wings would be clipped to a considerable extent, morally if not by contract.

Being "my own boss" was a sentiment shared by the other publishers. In the newspaper operations, they became the final authority. As the newspapers grew larger and more complex, they could no longer oversee everything. More and more, they set policy and delegated daily operations to specialized professionals. The biographers of Sifton, Atkinson, Robertson, Buchanan, all make this point. For example, although J.W. Dafoe achieved national prominence as editor of the Free Press and insisted in his biography of Sifton that the latter exercised some sort of "self-denial" in running the paper, it is clear, however, that Sifton remained the final authority over what appeared in the paper. In fact, despite Dafoe's claim, Sifton was quite vigorous in directing it. When he was hired, Dafoe underwent several long sessions in Ottawa as Sifton laid down the ground rules, and until 1905, when Sifton retired from politics, Dafoe was bombarded with instructions on almost a daily basis. Even afterwards their correspondence occasionally contained admonishments, instructions and direct commands to Dafoe. <sup>33</sup> P.D. Ross's 1906 memorandum spelling out policy -- who should be interviewed, the contractual obligations of advertising, copying from the Citizen etc. -- to his editors set out policy typical of other publishers. <sup>34</sup> Joseph Atkinson personally had to <sup>35</sup> approve every editorial in his paper. Gregory Clark remembered overhearing one Star editor on the telephone

murmuring "yes, yes, yes for 10 minutes while through the receiver I could hear old Joe's voice laying down the law." And as John Ross Robertson's biographer noted, "while Robertson lived, everyone at The Telegram walked softly too."<sup>36</sup>

Another factor in causing the publishers to give up control over daily operations was that in the 20th century, publishers expanded their business activities beyond their newspapers, thus it became impossible for them to devote themselves completely to the myriad details of newspaper operations. Many dealt with their properties in the manner ascribed to long-term Vancouver mayor L.D. Taylor, who was "not connected to the literary end of the paper, but has control and dictates the policy and passes on all doubtful points."<sup>37</sup>

Those owners and employers who couldn't avoid "divided ambitions", especially the growing number of businessmen who were buying newspapers, solved the problem by hiring business managers to handle the paper's commercial operation. For example, financier and Liberal backroom boy Robert Jaffray delegated the business aspects to his business manager, F.A. Acland, in the 1890s.

Clifford Sifton's administration of the Manitoba Free Press illustrated this trend. During Sifton's early days as Free Press owner, he was too distant and busy in Ottawa as Laurier's Interior Minister to bother about its daily operation. Accordingly, he hired Arnott J. Magurn, an 18-

year newspaper veteran, as managing editor and assigned William Somerset to be business manager. Magurn, like other 19th century editors used to having complete financial and editorial control, unleashed an expensive circulation campaign by publishing special editions and larger issues more frequently. Sifton, alarmed at the rising costs, had Magurn instructed to reduce the expenses of the paper, and thereafter, to consult with the business manager regarding all expenditures. Moreover, for the moment, he was to curtail the publication of all extra editions, large editions and illustrated papers. Magurn bridled at this, protesting that it was in the managing editor's purview to decide the paper's size and the dictates of news, not business, should determine this. Accepting the new policy, he argued, would remove the "managing" from his title. An exasperated Sifton soon had the law laid down on this matter, but Magurn remained unconvinced. He protested that ad copy should not drive out news copy, which would be the case if he was limited to 12 pages on Saturday. Soon after, Sifton fired Magurn and hired a more cooperative editor, John Dafoe, and also an astute business manager, E.H. Macklin.

The growing importance of the business manager was also highlighted in some advice given by Clifford Sifton to John Willison in 1908 relating to Willison's idea of taking financial control of his money-losing Toronto News.

I doubt very much the wisdom of you loading yourself with the financial responsibility of such an enterprise. Unless you had a peerless manager,

such as Macklin, who could take the whole load off your shoulders and who has the business genius for making money, the load on you would be intolerable and would seriously interfere with your health and editorial efficiency.

Good advice which unfortunately Willison didn't take, and the consequences kept the News in a perpetual financial crisis until its demise in 1920.

The advent of the business manager brought on the increased bureaucratization of the newspaper similar to that described by Lowe. This development was especially apparent in the expansion of the newspaper's business office. For example, changes in the Toronto Telegram's business office from 1891 to 1901 revealed the increased professionalization and departmentalization of its functions. In 1891, for example, there were nine employees in the business office; among those identified are one cashier, one collector and one advertising agent, which, added to the 14 in the circulation department, point to the increased importance of the newspaper's business component. In contrast, the editorial office numbered 15 (an editor, a news editor, nine reporters, two proofreaders and two stenographers). The circulation department numbered 14.

Ten years later, however, the business office's growth was even more dramatic. It increased by eight to 17, including the addition of a business manager, a book-keeper, an assistant book-keeper, an additional advertising agent, a secretary and a couple of clerks. In contrast, the editorial office increased by only three (a couple of reporters, and a man in charge of the telephone) to 18. <sup>40</sup> Similarly, the

Toronto Star's editorial staff doubled from 11 in 1899 to 23 in 1905, while its business office quadrupled from three to 12. Its circulation staff went from none to 12.<sup>41</sup>

As the newspapers' circulation grew, their staffs increased accordingly, and their structures became more complex. For small papers like the Ottawa Journal in 1884, a simple organizational structure divided into business, editorial and press-composing offices was sufficient.<sup>42</sup> But as it and other papers grew into operations printing several thousand copies and more of 8-, 12-, and 16-page editions a day, bureaucratization blossomed. The Journal's administrative organization expanded to six in 1899 -- editorial, proof-room, composing, press, circulation and business.<sup>43</sup> This was a typical structure, as similar ones at the Toronto News, the Telegram and the Calgary Herald showed. By 1915, the administration of circulation and advertising necessitated expanding to 10 departments at a medium-sized daily like the Calgary Herald, which added administrative, accounting, advertising, and collections to the aforementioned six.<sup>44</sup>

Presiding over the daily handling of the commercial operation of the paper was the business manager, who, by the 20th century had become the most important employee in the paper, eclipsing the status of the 19th century star, the editor. The change of status was reflected by the most important yardstick of success, salaries. Already in 1903 it was apparent that members of the business staff were more

prized and consequently earned more than their editorial colleagues. This rankled the newsmen, and even the Globe's<sup>45</sup> business manager J.F. Mackay noted the injustice of it:

I have known men connected with the business office of large dailies who had never got through an entrance examination and who could not write two sentences correctly, drawing two, three, and four times as much salary as university graduates working on the reportorial and editorial staffs of the same paper. Men who can turn in advertising contracts can command their own price; men who can write classical essays are a drug on the market.

A comparison of salaries at the Ottawa Journal between 1884 and 1899 showed the shift of importance from the editorial to the business side of newspapers. In 1884, the business manager received \$12 a week and the advertising solicitor received \$10, while the editor received \$20; in 1899, the business manager received \$24 a week and the advertising agent received \$20 a week plus commission, while the managing editor received \$20.<sup>46</sup> The Calgary Herald's salary structure in 1913 confirmed the latter reality. The advertising manager received \$294 a month while the city editor, the editorial staff's highest paid member, earned \$216.<sup>47</sup>

It was apparent by 1918 that the men who set the standards of values in the newspaper world "almost always sat in their swivel chairs in the business department," according to R.S. Somerville, the Vancouver World's managing editor.<sup>48</sup>

Taking the Canadian newspapers as a whole they appear to have only two aims which are absolutely in common -- making a profit and avoiding libel... And it may be pointed out, the reporter is not directly involved in either. The proprietor looks



to his business department for the first and for his editorial desk men for the second.

This explains a good deal. It explains, for instance, why a second class advertising solicitor usually draws more pay than a first class reporter. It also explains why copy readers as a rule draw as much salary as the highest reporter, and frequently more.

This apparent power shift to the business manager was acknowledged by Toronto newsman C.F. Hamilton, who, when he got a tentative offer in 1911 to be editor of the Winnipeg Tribune, gave his conditions that "... I should want control, eg. as against the business manager."<sup>49</sup>

The Sifton-Magurn example of business-editorial conflict became more commonplace with the newspaper world's increasing commercialization after the 1890s. Like the Manitoba Free Press, business and profit needs at other newspapers would triumph over editorial considerations. An example of this occurred at the Toronto Globe where the editorial office struggled in vain to ward off the increasing pre-eminence of the business office. In 1908, the more business-oriented members of its board of governors wanted to end the illustrated section of the Saturday Globe because it was not profitable. Business manager J.F. Mackay talked them out of it, arguing that the directors could not expect a profit from all parts of the paper. For example, he cautioned, they could not look to the advertisements on the editorial page to pay the salaries of the four editorial<sup>50</sup> writers.

The directors, however, ordered other "curtailments," including a reduction in the magazine section. Editor

Stewart Lyon was pessimistic about the policy. Literary and magazine editor M.O. Hammond observed that Lyon "... hates the domination and curtailment policy of the business office. He wants the editor to be editor and have more say, but apparently the money changers are to rule."<sup>51</sup>

In 1913, the profit orientation of the Globe was quite clear. The board of directors wanted to discontinue the three sections -- the special Christmas issue, the weekly, and the illustrated section -- which chairman Robert Jaffray observed were "not paying their way." Despite Lyon's arguments that the Globe should encourage Canadian literature, the board axed the Christmas issue, and responded similarly to Lyon's sentiment that the weekly should be kept because "it would seem a retreat from the legacy of George Brown." During all this, Hammond, who edited all three sections, told a colleague that when he started at the Globe in the 1890s, he felt he had a "career" and now it was reduced to a mere "job."<sup>52</sup>

Hammond's reaction reflected a growing perception among the editorial staff, especially the reporters, that their interests were diverging from those of the publishers. Formerly, in the 19th century, reporters and publishers were engaged in unison in the political struggles of the day. Journalists also had some hopes of moving up the ladder in the small operations of the day, but with the growth of the newspaper business, this became less likely.<sup>53</sup> Journalists began to feel like mere employees, and not very well-treated ones at that. This sentiment expressed itself

in the increasing attempts to found journalists' unions. In 1900, there was a failed attempt in Montreal to form a news-writers union, made up of editors and reporters and allied with the International Typographers' Union (ITU). A similar effort fell through in Toronto two years later. Other attempts failed, probably because of what Carlton McNaught described as the journalists' "certain distaste for organization along union lines as being a supposed negation of the professional status to which they aspire." Nonetheless, after World War I, Toronto and Montreal daily reporters clearly showed their changed perception of status as employees by organizing news-writers unions affiliated with the ITU. Clearly, the publisher had become a boss in the classic sense of the word.

Stewart Lyon was right to be pessimistic about the increasing weight of the business office. In 1910, the Globe reorganized its affairs so that overall policy and final decisions would be vested in the board of directors, but the management of the Globe, apart from departmental details, was carried out by an executive council, meeting every week. Significantly, the chairman of the council was the business manager and not the editor-in-chief.

Another sign of the diminished status of editors was evident in the way business prerogatives encroached upon their formerly sacrosanct domain, the news pages. Montreal Gazette general manager E.F. Slack noted how the

demands of advertisers for preferred positions frequently made it difficult for the editorial

management to turn out a typographically attractive paper. They prevented the real news of the day from being properly displayed.

The Free Press's Dafoe also complained about preferred  
61  
positions:

Heretofore our sporting page has been disfigured & ruined by advertisements strung across the top of the page -- preventing any effective grouping of news. Indeed all our inside pages have been spoiled by our advertising manager selling space at the top left-hand corner -- the Free Press is the most cut-up paper in Canada; but I have been going into the matter with Macklin and hope to have the nuisance abated. I need many open pages to properly display and classify news.

The Globe's Hammond fought a similar battle in 1907 over the placement of advertising because he believed there was "an  
62  
important principle at stake." He was right; the struggle was over whether editorial or commercial principles would govern the conduct of the paper. But business considerations appeared to be ascendant, as E.H. Macklin, the Manitoba Free Press's business manager, indicated when he complained to Dafoe that the latter's copious reporting of legislature  
63  
proceedings was "ruining" the paper.

There is a myth in newspaper circles that editors and reporters are fairly independent and there is little direct instruction from the publisher. Hamilton Spectator city editor John Wodell recalled that in the conduct of the paper  
64  
he had never received a direct order from William Southam. That's missing the point, as Warren Breed pointed out in his classic study, Southam didn't have to give direct orders, because Wodell was a subordinate who was chosen precisely  
65  
because he saw things "eye to eye" with the publisher. The

same held for other editors. For example, Flavelle once gushed to his editor Willison how he could not "help being impressed by agreement on broad lines upon practically every subject you have discussed." Indeed, trusted editors were so in tune with their bosses that they didn't need instructions. For example, Flavelle once thanked Willison for having "killed", without being asked, two items prepared by News reporters for which he would have had a "bad time" if published.<sup>66</sup> With rare exceptions, John Dafoe, too, was generally in complete agreement with Sifton's views.<sup>67</sup>

When editors didn't agree, however, it was clear who was boss. Dafoe's predecessor, A.J. Magurn, was jealous of his editorial prerogatives and was fired for insisting on them. M.O. Hammond recalled a telling incident where the Globe's fiercely independent editor Stewart Lyon waved the banner of editorial independence. Lyon was given a poem read by J.W. Bengough at a luncheon sponsored by publisher Robert Jaffray, who was "struck" by it and wanted it published the next day. "It won't go in tomorrow. We're running the Globe," Lyon replied, "Mr. Jaffray can run the luncheon." But revealingly, despite the bravado, Lyon in the end published it.<sup>68</sup> Even such a prominent editor as Willison occasionally got his marching orders. In 1907, Willison privately opposed the Ontario Government's light and power policy in a letter to the News chief owner, provincial Minister of Lands, Forests and Mines Frank Cochrane, who coldly answered: "(I) ... need scarcely assure you that I would not like to see the News against the Government in

this matter." Indeed, Hugh Graham used his editors as personal political servants to spy and gather information and run other political errands for him.

Contemporaries were aware of the reduced role of the editor in the 20th century. In 1905, CPP bemoaned the absence of the great editorial voices and noted that there had been no great Canadian editor since George Brown. Editors, it concluded, no longer had great influence because of the "power of the purse." Moreover:

This power is wielded by men, who without anything like the individual brilliancy of the great Junius, have yet an instinct for business, amounting almost to genius. In short, the smart businessman has driven out the conscientious exponent of great principles, the apostle of forlorn causes, the artist in prose, the daily ... newspaper is in danger of degenerating into a mere trade, worked in the same way, and by much the same methods, as a department store.

Echoing in part these sentiments, The Gazette's R.S. White in 1905 also summarized the consequences of the transformation of the newspaper into a business:

The character of a newspaper has undergone in the last half century a revolution. Time was ... when the newspaper was owned and directed by one or two gentlemen for the primary purpose of moulding public opinion to a certain cause or causes. The editorial mind was the controlling influence. The business office was of minor consideration, important doubtless on one day of the week -- pay day -- but a sordid, rather contemptible sort of place for the other five. We have changed all that. To-day the business office dominates seven days in the week, and the editorial mind must be subservient to its necessities. In other words, the newspaper has become a mere commercial enterprise like any other business having as its main purpose the accumulation of wealth.

During the first two decades of the 20th century

transformation of Canadian newspapers into large, profit-oriented enterprises was completed. The survival of these complex newspaper enterprises increasingly depended on the publisher devoting his attention almost exclusively to the financial side, like Atkinson, or more commonly, finding a business specialist, like Sifton's E.H. Macklin, to handle the business details.

The entrepreneurially-minded publishers and business managers introduced the new business methods and practices sweeping the Canadian business world. Scientific management, cost accounting, and the idea of breaking a big organization into components of an accountable size were introduced to the newspaper office. The newspaper, in terms of administration and bureaucracy, resembled the structures of other large businesses.

In the process, the publisher became the absolute boss, and everyone else an employee subject to his bidding. In turn, the power and influence of the business manager grew at the expense of the managing editor to become the key employee in the newspaper world.

ENDNOTES 3

1. Harry Braverman, Labor and Monopoly Capital: The Degradation of Work in the Twentieth Century, (New York: Monthly Review Press, 1974), chap. 4. For the American interest in systematic business management, see Joseph A. Litterer, "Systematic Management: The Search for Order and Integration," Business History Review 35 (1961) 461-476; Daniel Nelson, Managers and Workers: Origins of the New Factory System in the United States 1880-1920 (Madison, Wisc., 1975) 48-54.
2. Bliss, Northern, 354. For a discussion of Taylorism and scientific management in Canada, see Craig Heron, "The Crisis of the Craftsman: Hamilton's Metal Workers in the Early Twentieth Century," in The Consolidation of Capitalism: 1896-1929, edited by Michael S. Cross and Gregory S. Kealey (Toronto: McClelland & Stewart, 1983) 74-13; Bryan Palmer, "Class, Conception and Conflict: The Thrust for Efficiency, Managerial Views of Labor and the Working Class Rebellion, 1903-1922," Review of Radical Political Economics 7 (1975) 31-49.
3. Bliss, Flavelle, 119-120.
4. Chandler, 230-231.
5. Graham S. Lowe, "The Administrative Revolution in the Canadian Office: An Overview," in Essays in Canadian Business History, edited by Tom Traves, (Toronto: McClelland and Stewart, 1984), 122-123.
6. Cranston, 60.
7. John R. Bone et al, A History of Canadian Journalism in the Several Portions of the Dominion with a Sketch of the Canadian Press Association 1859-1908, (New York: AMS Press, 1976), 116. According to the CPA's official history, many publishers were hurt financially because of "the competition begotten of many journals issued in a limited field brought on a condition which may fairly be termed acute. The growth of advertising agencies in Canada involved payment of commissions on advertising, and the lowering of subscription rates in many cases below the profit point, added to the distress. These problems, moreover, were compounded by a "time of national commercial depression," 115.
8. CPP, 3 (December 1894), 2.
9. Bone, History, 118. For example, the 1900 CPA convention had sessions involving cost of space, delivery systems,



how to sell advertising, efficient typesetting, etc.,  
CPP, 9 (January 1900),3.

10. CPP, 4 (July 1895), 2. For a while, CPP ran a regular business advice column entitled "The Business Department." Typical was the column in the issue, 7 (December 1898), 8, which advised publishers how to keep orderly books.
11. Cranston, 60. Imrie's message was that " a cost system will conduce to greater efficiency by showing up the leaks in the various departments, for showing through a comparative record of the output and cost of each man and machine that are more suited for the work which they are expected to perform: and by compelling the proprietor to adequately equip his plant through showing him the increased cost of doing business with inadequate business." He also said that "the knowledge that a record of every hour for which they are paid has a good moral effect on the employees. It leads to punctuality in commencing work, and to system and speed in performing it," CPP, 20 (July 1911), 56. See also CPP: 19 (July 1910), 28-39; 20 (June 1911), 55.
12. "The Business Management of a Newspaper," CPP, 20 (September 1911), 56.
13. Cranston, 23-24.
14. SA, reel 107, September 16, 1911, Report submitted by Allan Haynes Ltd. Organizations on the re-organization of the Edmonton Journal, 2.
15. SA, reel 107, September 16, 1911, Report submitted by Allan Haynes Ltd. Organizations on the re-organization of the Edmonton Journal, 6.
16. SA, reel 107, September 16, 1911, Report submitted by Allan Haynes Ltd. Organizations on the re-organization of the Edmonton Journal, 7.
17. Bruce, 138.
18. SA, reel 105, January 25, 1915, J.H. Woods to W.M. Southam.
19. Rogers, 305; W.A. Hewitt, Down the Stretch: Recollections of a Pioneer Sportsman and Journalist, (Toronto: The Ryerson Press, 1958),35.
20. Bliss, Flavelle, 120; Cranston, 47; Harkness, 51.
21. Rutherford, 51.

22. CPP, 6 (April 1897), 4. According to March, 59, loss of patronage because of Laurier's election forced these moves. By 1900, the success of the paper made the loss a "blessing in disguise" because it forced Dennis to rely on himself for financial success.
23. Cranston, 52.
24. Wilfrid Laurier Papers, 29 November 1899, v. 132, J.E. Atkinson to Wilfrid Laurier.
25. Cranston, 57. Business concerns gradually took up more and more of Wilson and Harry Southam's time at the Ottawa Citizen, so much so that by 1910, they were barely able to write an editorial a month, Bruce, 120.
26. John Nelson, "The Tomb of the Profits," CPP, 20 (July 1911), 29.
27. Rutherford, 54.
28. Hector Charlesworth, Candid Chronicles: Leaves from the Notebook of a Canadian Journalist, (Toronto: The Ryerson Press, 1940), 131-132.
29. Curran and Seaton, 63.
30. Dafoe, "Review," 60, wrote: "Nothing could more clearly reveal the relationship which existed between parties and party journals than the fact that the appointment of Willison as editor was submitted to the party leader for approval."
31. Douga' Family Papers, v.2, January 30, 1896, J.R. Dougail to J.E.B. McCauley.
32. P.D. Ross Papers, v.2/2, April 19, Illegible date (1903), P.D. Ross to P.S. Ross.
33. J.W. Dafoe, Clifford Sifton in Relation to His Times, (Toronto: Macmillan of Canada, 1931), xxiii. Dafoe claimed that Sifton practiced a "self-denying ordinance" in which he had committed himself to a "voluntary renouncement of power." The evidence suggests otherwise. Other historians have commented on Sifton's active and forceful direction of the paper, see Hall, I, 248; Hall, II, 23; Donnelly, 123, quotes Sifton stating to Dafoe that "I positively will not allow the Free Press to lead such a movement." In J.W. Dafoe Papers, 15 October 1917, box 4/4, Sifton clearly showed who was the boss: "I wish to have a very serious talk with you about the policy of the paper ... think you therefore make arrangements to come down here so that we can get settled on the points I have

in mind. It is quite impossible for me to say on paper what I wish to say, but there is the possibility of the F.P. being put in a false position I want to make sure we understand each other.

"I think it would be just as well for you to come at once and then take two weeks holiday wherever you prefer to go. In fact, it would be well for both of you and the paper to have a sort of interregnum."

34. Reporters wishing to interview merchants on business matters had to clear it with Ross: P.D. Ross Papers, v.1/6, "Instructions for City Editor and Telegraph Editor for 1906."
35. David B. Rhodes, "The Star and the New Radicalism" (M.A. thesis: University of Toronto, 1955) vi. Rhodes, 3, also described Atkinson as a "staunch individualist" who "brooked no interference with the policies of his paper."
36. Poulton, 215.
37. CPP, 19 (February 1910), 57.
38. SP, v. 65, 3 June, 9 June, 5 July, and 18 July 1899, A.J. Magurn to Clifford Sifton.
39. WP. v. 37, 21 February 1908, Clifford Sifton to J.S. Willison. An astute and energetic business manager did make a difference, as Macklin showed. In December 1901, advertising totalled \$8,114 for a circulation of 14,400; in December 1902, it was \$10,332 for 16,500; while in 1903 it was \$15,000 for 20,400. Advertising income was rising faster than circulation. While improving business conditions may have contributed somewhat, Macklin's innovative and modern business methods clearly helped, SP v. 83, 16 July 1900; v. 145, "Circulation Statement," January 1903; v. 145, 14 December 1903, E.H. Macklin to Clifford Sifton.
40. C.H.J. Snider Papers, Telegram employment list, May, 18, 1891, 1 November 1901, and 13 April 1908. The 1908 Telegram had one additional department, Art, which had two employees.
41. Toronto Star, August 26, 1905, 9.
42. P.D. Ross Papers, Salaries Expenditures, v.1/1, 1884.
43. P.D. Ross Papers, Salaries Expenditures, v.1/1, 1899.
44. Joseph Flavelle Papers, case 1, 23 December 1902, Report on the Toronto News, Clarkson & Cross Chartered Accountants; C.H.J. Snider Papers, Telegram employment

list, 13 April 1908; SA, reel 105, The Herald Publishing Company Ltd., Revenue and Expenses for three months ending 30th April 1908; SA, reel 105, The Herald Publishing Company Limited, Profit and Loss Account as at 30th June 1915.

45. J.F. Mackay, "Journalism," CPP, 12 (April 1903), 4.
46. P.D. Ross Papers, Salary Expenditures, v.1/1, 1884, 1899.
47. SA, reel 105, The Herald Publishing Company Limited, Profit and Loss Account as at December 1913.
48. R.S. Somerville, "The Future of the Reporter," CPP, 27 (May 1918), 17.
49. WP, v. 19, March 31, 1911, C.F. Hamilton to J.S. Willison.
50. HD, 7 December 1908.
51. HD, 30 September 1908.
52. HD, 3 March, 13 March, 15 July, 22 October 1913.
53. Brian Beaven, "'Anxious, Vexed or Harassed': Philip Dansken Ross 'Making It' as a Working Journalist in the 1880's," CHA conference, University of Windsor, June 7, 1988, 14.
54. CPP (December 1900) 9.
55. CPP (July 1902) 4.
56. McNaught, 235.
57. HD, 13 August 1919; CPP (February 1919) 43.
58. It is interesting that Atkinson, whose Star was the most pro-union daily in Canada, didn't extend that sympathy to his own editorial staff. He fought bitterly to prevent the unionization of his reporters, see W.L. Archer, Joe Atkinson's Toronto Star: The Genius of Crooked Lane Montreal: n.p., 1949. To prevent the unionization of his news staff in 1919, like other Toronto dailies, is probably why he agreed to an eight-hour day for reporters, "An Eight-Hour Day for The Star's Reporters," CPP (June 1919) 26.
59. HD, 3 August 1910.
60. "E.F. Slack's Views on Newspaper Publishing," CPP (February 1915) 50. In his instructions to his editors,

P.D. Ross insisted on honouring preferred positions. He also stipulated that no alcohol ads be on the same page as a temperance article, see P.D. Ross Papers, v.1/6 "Instructions for City Editor and Telegraph Editor for 1907."

61. SP, v.193, 4 January 1910, J.W. Dafoe to Clifford Sifton.
62. HD, 23 May 1907.
63. SP, v.913, 9 March 1910, J.W. Dafoe to Clifford Sifton.
64. Bruce, 24.
65. Warren Breed, "Social Control in the Newsroom: A Functional Analysis," Social Forces 33 (1955) 326-335, describes the overt and subtle ways in which publishers direct their newspapers' policies.
66. Joseph Flavelle Papers, Case 1, 25 November 1903, 6 February 1906, J.W. Flavelle to J.S. Willison.
67. Hall, II, 23, concluded that a man like Sifton would not have stood for Dafoe's so-called "self-denying ordinance" had he and his editor not seen eye-to-eye on most major policy issues.
68. HD, 5 February 1908.
69. WP, v.8, 3 December 1907, Francis Cochrane to J.S. Willison.
70. This was true especially of Brenton A. Macnab. See R.L. Borden Papers, v. 327, 9 July 1907, B.A. Macnab to Hugh Graham, 18 September 1907, B.A. Macnab to Robert Borden.
71. CPP (September 1905) 17.
72. R.S. White, "Newspapers of the Past and Present," CPP (April 1905) 9.

## CHAPTER FOUR -- IT PAYS TO ADVERTISE

Advertising revenue became the key to the commercial success of the modern newspaper. Its growth dictated changes in the internal power structure of the newspaper, symbolized by the publisher's dominance over the editor and the triumph of the business office over the editorial one in the daily operations of the paper. Thus, attracting circulation to gain more advertising became the main focus of Canada's leading daily newspaper publishers in the 20th century and supplanted their 19th century preoccupation with politics. Circulation growth became the yardstick for a newspaper's success and advertising became the means of its financial survival.

Many changes had taken place in advertising, as the Toronto Star (26 August 1905) noted in a comparison between advertising in 1896 and 1905. In addition to the trebling of advertising, it found that the quality of advertising had improved. In 1896, most ads did not vary from the "fire ... retiring ... or moving sales" variety. And businesses, on the whole, could rely solely on the strength of their name or reputation. That wouldn't be enough in 1905, the Star observed, because increased business competition required systematic advertising, and more factual information than formerly. Moreover, advertisers had to cater to "a generation that have (sic) learned to look for advertising as they have their daily food."

1

Joseph Atkinson realized the key importance of circulation in gaining advertising in Tory Toronto. As one observer wrote:<sup>2</sup>

Circulation was the essence of publishing; circulation was all he (Atkinson) cared for. He went out to get it in every direction, conscious that once he had the biggest circulation in Toronto no advertiser could afford to stay out of his paper no matter how much he disliked it.

And if you had the largest circulation in town, flaunt it. That was the message in 1901 of a popular manual on how to build a successful newspaper: "As an aid to securing advertising, the paper should ... always endeavour to convey the impression that it is growing continuously and rapidly."<sup>3</sup>

Continuous and rapid growth is what the innovative Hugh Graham advertised in 1884 when he began publishing daily circulation figures prominently on his editorial page. Four years later, the advertisements turned into boasts and challenges as the Star offered \$5,000 cash and a six-month subscription to anyone who could disprove the paper's circulation claims.<sup>4</sup>

Promoting circulation figures, however, did not become common until the mid 1890s, when papers in Toronto and elsewhere copied the Star's practice. By the turn of the century, the leading dailies were publishing their circulation on the front page (in one "ear" of the paper, that is, one of the spaces on the two sides of the masthead). By the turn of the century, most papers were publishing circulation figures, with the circulation leaders

often taunting their rivals with their superiority. The Vancouver Province in 1901 went even further, boasting everyday on its front page not only that it had the largest circulation in Vancouver, but that its circulation was greater than its two rivals combined. And if anyone proved otherwise, the Province offered to donate \$1000 to the Vancouver General Hospital.<sup>5</sup> Another tactic was to note that the figure was a sworn deposition, as the Montreal Star did in 1892. Also typical was the Toronto Telegram's 1902 boast that its "circulation books (were) always open for inspection" in 1902.<sup>6</sup>

The importance of advertising circulation is evident from the increasingly contorted claims exemplified by the Brantford Expositor which proclaimed in 1905 that it had "the largest circulation of any Canadian daily published in a city of 35,000 or less." The St. Thomas Evening Journal boasted that it had the "largest circulation published in the smaller cities of Ontario" while the Chatham Evening Banner had the "largest circulation of any daily published west of London."<sup>7</sup>

The circulation competition reached absurd levels when the Vancouver World sued the Province in 1906 for libel because of the latter's front-page circulation claim of twice the circulation of its evening rival. Although the judge dismissed the action, he still found the Province's assertion to be erroneous.<sup>8</sup> If nothing else, the World's action, which was designed to force the Province to prove



its figures, underscored the vital importance of circulation. This sort of behavior was not unusual, as the competitiveness between the Montreal Star and Herald showed in 1911, when the latter contested the former's claim that it had five times the local circulation of any competitor. Amounts of \$5,000 and \$25,000 were put up to challenge the claims, but nothing came of it, as both sides seemingly "dodged" the issue.

That the Province boasted a higher circulation than it had wouldn't have surprised anyone in the newspaper industry. Only extremely successful papers like the Montreal Star enjoyed a reputation for honest circulation declarations in the 19th century. Most other declared figures were largely fiction, as new owners found to their dismay. E.N. Smith discovered in 1903 that the newly-purchased Ottawa Free Press's circulation was "padded to an absurd degree." When Atkinson took over the Star in 1899 he discovered that the claimed 14,000 circulation was in reality 7,000. The News's circulation in 1902 was also half of what the books showed. Unlike Atkinson, however, Flavelle and Willison decided to stand by the inflated figures.

The rise of advertising agencies such as A. McKim Ltd. in the 1890s in combination with the spread of national brand advertisers eventually put pressure on the newspaper industry to stop cooking circulation figures and reveal the real ones. A U.S. movement, begun in 1899, which encouraged newspapers to publish audited circulation

statements and which culminated in the 1913 establishment of the Audit Bureau of Circulation (ABC), slopped over the border during the early 20th century.<sup>12</sup> In Canada, CPP began to fulminate against circulation figure "abuse" and call for an official circulation auditor, which the CPA in 1906<sup>13</sup> officially endorsed. Although some papers began to publish sworn statements, circulation fabrication continued, and many Canadian publishers resisted revealing real figures. In 1908, the Southams estimated that only 10,000 to 12,000 of the Province's claimed circulation of 15,000<sup>14</sup> existed. The hyper-competitive Toronto newspapers were among the last in Canada to join ABC. Indeed, as late as 1915, Willison privately claimed that "no paper in Toronto issues anything like an honest statement of circulation," and estimated that a total of 50,000 to 70,000 papers claimed were never<sup>15</sup> sold.

Understandably, many publishers resisted the reform, especially those whose papers were not local leaders. In some cases, the biggest ones, like the Manitoba Free Press and the Calgary Herald, hired professional poll-takers to conduct intensive house-by-house surveys to determine exactly who subscribed to what. Needless to say, these papers were not shy about publicizing the results. Moreover, in the case of the Free Press, it used its survey to show that advertisers didn't need to advertise in the other papers because their subscribers also took the FP, and only<sup>16</sup> it had exclusive circulation.

By 1914, the formation of the Association of Canadian Advertisers with its avowed purpose of investigating newspaper circulation and standardizing declared circulation figures persuaded many reluctant publishers that they could no longer carry on the fiction of before. At the 1914 CPA convention, they sought to regulate the process by establishing a commonly-agreed upon formula which called for the following:

1. Verification of circulation statements;
2. Publication of an official directory; and
3. Adoption of a standard circulation blank.

The last was especially important for it prevented the "juggling of figures and the presentation of them in such a way as to give a wrong impression." The publishers admitted bowing to advertiser pressure for "bona fide" circulation and other information regarding quality and distribution. Advertisers increasingly wanted to know not only how many read the papers, but exactly who -- that is, in what income range -- read them.

17

Sharper economic and competitive pressures engendered by World War I meant that not joining ABC and giving accurate circulation figures increasingly was risky business, as the Southams discovered with their Hamilton Spectator in 1916. Apparently, the Canadian Manufacturer's Association (CMA) was "taking circulation audits seriously," and contacted ABC for Hamilton newspaper figures, which the Spectator previously had refused to divulge. That caused the

CMA to become "suspicious and think that Toronto newspaper circulation in Hamilton was greater than suspected and could cover the Hamilton market through Toronto."<sup>18</sup>

This type of CMA pressure explains in part why 27 of the larger Canadian dailies had joined the ABC by 1917, and two years later, the largest 53 Canadian dailies (out of 125) were members, representing a circulation of 1,525,000<sup>19</sup> out of a total of 1,950,000.

The audit movement must also be seen as part of the general adoption of the "scientific" business methods described previously. As newspapers transformed themselves into profit-based "bottom-line" businesses, the old haphazard trusting to luck and lack of methodical procedures no longer sufficed. Obviously, the harsher business conditions and more intense competition caused by World War I further underlined this sentiment. Advertisers wanted to know exactly what kind of an advertising bang they got from their buck, and this meant increasingly more precise and objective evaluation of who read the papers.

Like other occupations within the newspaper world, circulation personnel specialized and thus professionalized their vocation. CPP recognized this by starting a new regular section titled appropriately enough "The Circulation Manager" in 1904. Canadian circulation managers joined the American National Association of Managers of Newspaper Circulation; indeed, the Mail & Empire's W.J. Darby was even elected as its second vice-president in 1904. They attended

the annual conventions, one of which was held in Montreal in 1910. Moreover, Canadian managers read papers there with such titles as "Circulation Value of Serial Stories" and "Are Sporting and other Extra Editions Conducive to Permanent Circulation Gains?" As is evident from these titles, managers increasingly wanted more precise information in order to measure the effect of various features in attracting more circulation.<sup>20</sup>

In 1917, the Canadian circulation managers went the next logical step by forming their own national association. At the association's first convention, the chief speaker noted how the circulation manager had changed from a "necessary evil" into a real "producer," and how he was key to publishers gaining "freedom" from all political and corporate affiliation thus leading to a "free and untrammelled press." And that was only possible through additional revenues, and those, he declared<sup>21</sup>

could not be raised quickly through advertising, because in most cases contracts for long terms had been entered into with the advertisers, therefore, through the Circulation Department revenue could be raised much more quickly.

The advent of the circulation manager was a major step in the transformation of the newspaper into a business. His rise signalled the introduction of systematic business methods designed to attract new subscribers. No longer was circulation growth left to chance, rather it was actively pursued through aggressive marketing strategies.

One favourite strategy was to institute promotional

schemes to bribe readers to buy the paper. In the 1890s, such schemes became widespread. The Montreal papers had a "premium war" giving away illustrated books in 1894. In Toronto, even the Toronto Globe climbed down from its "elevated plane" and joined the Empire, Star, News and Mail to sell packages of flower seed or art works for subscriptions and reduced prices.

The turn-of-the-century tactics of E.H. Macklin, who in 1900 became the Manitoba Free Press's business manager, exemplified these new marketing strategies. New subscribers were offered the weekly Free Press for 50 cents, and in addition, a patriotic painting depicting the Boer General Botha's surrender to the Canadian forces. To those who didn't respond, he sent an even more enticing letter pointing out such Free Press attributes as the latest and most extensive local news, special features, mechanical improvements, and Sam Hunter's cartoons ("alone ... worth the price of subscription"). These tactics contrasted sharply with those of his predecessor W.J. Somerset who did little more than send threats of cancellation unless subscriptions were renewed. Moreover, Macklin advertised his offers in 85 other western papers. He paid commissions to local agents for new subscriptions, and sent letters to postmasters across the west asking them to promote the paper among their clients.

Joseph Atkinson also was a believer in an activist circulation campaign. Within a month of ownership in 1899,

he was offering a 15-colour picture of Boer war hero Lord Roberts suitable for framing for six cents and a coupon from the Star. Then came a picture of Queen Victoria and the Prince of Wales, followed by a book about the controversy over whether Shakespeare or Bacon really wrote the plays. Such inducements were the beginning of a flood of premiums. Other papers commented sarcastically about the cascade, but Atkinson saw them merely as a means to introducing readers to the paper. "This is a promotion scheme," the Star admitted when it offered a \$1,000 accident insurance policy in 1901. "The Star has no apology to offer ... the object is to place the paper in the homes of 30,000 people within the next year."<sup>24</sup>

Part of the strategy included finding out what the subscribers thought of the paper and what sections they disliked or liked. For example the Ottawa Journal distributed a questionnaire to their subscribers, a tactic<sup>25</sup> the competing Citizen Southams thought effective:

It looks like a very good way to find out what your subscribers like and dislike in your paper. It also ought to flatter them, and make them more friendly towards the paper by consulting them. We imagine they are suspicious that our women's pages and full page story is increasing our circulation at their expense. We use the method of having our collectors ask subscribers for perhaps two or three weeks at a time whenever we are trying to find out whether one feature is good or bad, and they report to us each the consensus of their subscribers opinion.

It is evident that the Southams and the Journal's P.D. Ross were using rudimentary marketing concepts to expand their

market share. Similarly, newspapers were beginning to use professional canvassers to single out new subscribers, as was done by the Toronto Globe in 1910 and the Manitoba Free Press and Calgary Herald in 1914.<sup>26</sup>

As knowledge of the circulation-boosting powers of the contests spread, their use became an "epidemic" in the 20th century. In 1911, the CPP began to run an occasional "Circulation Contest" column which usually described ten to a dozen such stunts, and the number of such contests increased even further during World War I.<sup>27</sup>

The type of contests began to stretch the imagination. There were count-the-circles, the most freckles, the ugliest man, the biggest fish, the prettiest girl, and the most successful businessman contests. Some schemes involved the "Mysterious Millionaire" who gave prizes to anyone in Montreal or Toronto carrying the Star (on Prince Edward Island he was called "the brown man.")<sup>28</sup>

The schemes grew more elaborate, too, as local merchants were tied into contests, offering reductions on goods when coupons were presented from the paper, and the participating merchants were paid off in advertising. The Calgary Herald in 1913 even arranged with the CPR to give reduced fares for anyone with that paper's coupons which also were good for price reductions and prizes in retail stores.<sup>29</sup>

As the 20th century wore on, the gifts became more lavish and expensive, including ponies, boats, automobiles,



100 acres of farm land, and a new home. One Montreal Herald promotion in 1912 offered everyone who got 25 paid-in-advance subscriptions a trip to the seaside. Other prizes were a trip to Europe, a player piano and an automobile for a total value of \$35,000 in prizes. Moreover, these campaigns became more expensive, some costing the papers \$2,000 or more to run in the early 1900s. And their costs rose steadily, so much indeed, that in 1919 the Winnipeg Telegram spent \$78,000 in "highly intensive circulation promotion."<sup>30</sup>

When the campaigns worked, they did wonders for circulation, and usually the costs were defrayed by additional revenue from subscriptions and increased advertising. For example, the Ottawa Citizen's "trashy inducements" helped it pull away from its competitors in 1900 with a circulation of about 9,000.<sup>31</sup> The on-going Manitoba Free Press campaigns, coupled with an aggressive and extensive advertising campaign, helped the paper, despite massive investments in a new Meikle printing press and new premises, to break even in 1901 and consistently run a profit after that.

Of course, the whole point was that successful contests, which increased circulation, meant that advertising rates<sup>32</sup> could be raised, as the Calgary Herald did in 1908:

Circulation is going quite strong this month, partly on account of the fact that we have started a voting contest which looks as though it would be quite a success. I hope by the end of June to be able to report a circulation of 5,000 or over, and we will then be able to figure on an increase in

our advertising rate.

Retail merchant tie-ins with the circulation schemes became increasingly popular as a means to defray the expenses of subscriber canvassing, which the Ottawa Citizen's Wilson Southam figured at about 80 cents per subscriber. The beauty of the arrangement was the participating newspaper really couldn't lose, since the "plan" as Southam noted in 1909 meant that:

... it would cost you practically nothing but your space because during the year they (the merchant) would certainly sell to each subscriber that sent them in a coupon at least \$3.00 worth of goods. If they sold more than \$3.00 worth of goods they would make a profit on the extra sales, but up to \$3.00 worth neither the paper nor they make any profit on the extra sales, but you would get a very fine circulation proposal without cost and then get into a great number of homes that they (sic) would not otherwise get into.

The campaigns could backfire, however, and cost money and embarrassment as the Toronto News discovered in 1903 with its "Newsman" character who made the rounds of neighbourhoods giving away gifts in return for subscriptions. This was discontinued "owing to failure of advertising staff to procure necessary advertising to cover the expense of the gifts." In 1908, its voting contest for the most popular commercial traveller flopped because the travellers were trying to fix the contest. The aforementioned lavish 1912 Montreal Herald contest did not bring in the extra business hoped for and seriously weakened the company financially.

The intensifying battle for circulation pointed to the

key importance of advertising; indeed, it is almost a truism to observe that advertising has always been important to the newspaper business. From the earliest 18th century Canadian newspapers to present day ones, advertising has consistently helped pay the bills for newspapers. Indeed, advertising revenues have been a constant factor in the growth of the industry. Not only did advertising monies rise steadily in numerical amounts, but their percentage of overall newspaper revenue also rose consistently over the decades, with the latter rising most dramatically in the 1890s. In the period from 1870 to 1890, the average varied from 40% to, occasionally, more than 50%. Advertising in the 1874 Toronto Globe, then the largest paper in Canada, for example, accounted for 47% of total revenue. In 1885, the advertising proportion of total revenue was still the same at 45% for five Toronto dailies. But by 1898, advertising's share of revenue had risen significantly to 73% for the five dailies. During the early 20th century, advertising consistently made up more than 70% of the total, with the percentage often rising to 80% and above during and after World War I. <sup>35</sup> The overall average percentage of advertising to total revenue was calculated to be 75% in 1918. <sup>36</sup> The Ottawa Journal illustrated this general trend. In 1891 and 1892, advertising accounted for 62% and 61% respectively of a total revenue of approximately \$35,000, while 25 years later in 1920, advertising accounted for approximately 83% <sup>37</sup> of a total revenue of \$574,910.

PAGINATION ERROR.

TEXT COMPLETE.

NATIONAL LIBRARY OF CANADA.

CANADIAN THESES SERVICE.

ERREUR DE PAGINATION.

LE TEXTE EST COMPLET.

BIBLIOTHEQUE NATIONALE DU CANADA.

SERVICE DES THESES CANADIENNES.

The Journal's total advertising revenue, calculated at \$491,000, shows how advertising became the financial motor in turning the newspaper into big business. But it was only in the 1890s that advertising revenues started to reach big business proportions. Only once before 1890 did a Canadian newspaper take in more than \$100,000 in advertising, and that was the Toronto Globe, which received \$115,000 in 1874. But, in 1877, its advertising revenues had dropped to \$76,000, and in 1883 even further to \$64,000. It is only in the latter 1890s that revenue began to climb significantly. In Toronto for example, the Mail's ad income rose from \$73,000 in 1892 to \$155,000, and for the same period, the Telegram's climbed from \$55,000 to \$116,000, the News's from \$34,000 to \$76,000, the World's from \$40,000 to \$106,000 and the Globe's from \$83,000 to a whopping \$309,000. By 1906, advertising revenue was over \$150,000 for four of the six  
38  
Toronto dailies.

It is clear that the 1890s were the breakthrough years in which advertising became the most important aspect in newspaper publishing. A number of socio-economic and technological factors converged to make advertising spur the structural transformation of the newspaper and cause the newspaper to be an integral part of the economic system. The aforementioned rise of advertising revenue came about because of the increased business activity of the "Laurier boom," during which Canada  
39  
experienced rapid industrialization and urbanization. At the same time,

Canada's infant industries were beginning to produce consumer goods for which they needed a market. Formerly, basic consumer goods, such as clothes and household items, were either produced in the home or sold generically in the general store; in the 1890s, manufacturers began to produce these goods on a large scale. At the same time, they distinguished their products from other similar ones through packaging and promoted them through advertising. Improvements in transportation and the postal service permitted the manufacturers to reach a growing national market.

Advances in newspaper technology and content allowed the dailies to become the main vehicle through which the manufacturers sold their goods to the new consuming public. Their attractiveness as an advertising medium rose because growing mass circulation in the 1890s offered a new consumer market and also because ad rates fell. Cheaper rates came about in response to lower per page costs resulting in turn from the drop in newsprint prices and the introduction of linotypes, which speeded production and reduced labour costs. The linotype's versatility and speed also enabled more publishers to reduce the daily price of their papers to one cent, so that practically anyone could afford one, thus expanding the mass audience. The possibility of changes in advertising copy and formats on a daily basis, again facilitated by the linotype, further encouraged retailers and manufacturers to advertise in newspapers.

The consumer-good manufacturers such as Salada Tea and Pear's Soap rapidly discovered that the cheapest and most effective vehicle with which to sell their goods was the newspaper. In 1895, it was estimated that the cost of distributing flyers was \$6 per 1,000 as compared to one cent per 1,000 for a four-inch newspaper ad.<sup>42</sup>

Salada Tea's Peter Larkin, for example, had tried advertising through signs in stores, on billboards and streetcars, programme advertising and demonstrations at grocery stores and exhibitions. But, he asserted, none were as "effective as the trade journals and the daily newspapers." Larkin placed a different ad daily in more than 500 papers, thus, in effect, making the advertisements part of the news, as Harold Innis pointed out.<sup>43</sup>

As the cities expanded in the 1890s, women became a significant consumer force, a factor which the newspapers recognized by adding features catering to them -- women's sections, advice columns, romantic serials, and so on. Indeed, by 1913, newspaper business managers certainly were aware of the buying power of women:<sup>44</sup>

The newspaper is essentially a home institution and the one sure medium of reaching women ... women are primarily the consumers to appeal to in all forms of publicity. Almost everything produced is consumed by women; they even frequently direct the expenditure of money where men's attire, etc. are involved.

In addition to dramatic growth, advertising also changed significantly in type and style from the 1890s on. Before 1890, advertising consisted largely of single-column

insertions selling generic goods and services (through business cards). Display advertisements, using white space spread over two columns or more, often with illustrations, were rare as was content which went beyond the functionally descriptive to the conceptual (i.e. "life-style" advertising). Indeed, illustrations seemed to consist of a few line drawings, some "smudgy" pictures produced from woodcuts, and little more than the name of a firm or product.<sup>45</sup>

That changed by the 1890s, because lower advertising rates meant that advertisers could buy more space to promote their goods. In 1890, white space was still a rarity, but as the decade progressed ads of a quarter-, half-, and then full-page became more common. In Toronto, the average size of display advertisements more than doubled from 3.1 columns inches in 1883 to 7.1 inches in 1906.<sup>46</sup>

Dry-goods and retail merchants, such as Eaton's in Toronto and Morgan's in Montreal, led the way in display advertising. At the beginning of the 1890s, the department stores began to use larger space and on a daily basis. Their ads were broken up in sections (like the stores themselves) in which sale items were described. As engraving processes improved, the descriptions were accompanied by drawings of the goods. Other retail stores followed, some introducing attention-getting devices, such as weather reports on the top of their ads. Simpson's adopted a "cut" of the British ensign with R. Simpson super-imposed over it. In 1891, 12



stores were advertising regularly in the Montreal press and by 1894, Morgan's was using as much as four columns of space. By the 20th century, full-page ads (usually the back page) for the giant department stores, Eaton's and Simpson's, became commonplace in the large city dailies. <sup>47</sup>

Conventional wisdom dictated that the most effective way to advertise was to have large ads, as the vice-president of the Montreal Herald attested: <sup>48</sup>

My judgment is that big space should always be used. One big, bold advertisement is worth many small ones. Every eye will catch the big advertisement, only those who study the newspaper carefully the small ones (sic). The latter need constant repetition to be effective. By big space I mean at least one-quarter or one-third of a newspaper page, or even a full page. Another advantage of the big advertisement is that once the eye is arrested, the mind is at once placed in a receptive mood.

The growth of display advertising led to a change of billing procedures and a shift of influence in newspaper advertising. In the 1870s, the newspapers began to practice volume discounting, that is, charging less by reducing the milline rate as contracted frequency of placement rose. At first, this applied to the same advertisement, usually a business card, which could be run unaltered over time (thus not needing new typesetting). But as display ads began to change on a daily basis, and innovations like the linotype facilitated daily changes, the volume discount passed to all display advertising. <sup>49</sup>

The department stores and other high-turnover businesses, like the national brand-name manufacturers,

profitted from this situation, which also encouraged concentration. The bigger concerns had an advantage as their advertising rates grew correspondingly cheaper than they were for lesser competitors. For example, P.D. Ross charged E.B. Eddy \$180 a year for 100 lines in 1893 in the Ottawa Journal while another company, P. O'Reilly, paid \$200 for the same space. The ad rate structure of the Calgary Herald in 1913 showed just how wide the price differentiation could be between large and small advertisers. The rate ranged from a high of 75 cents an inch to a low of 45 cents an inch to its highest volume advertiser, the Hudson's Bay Company, a 50 66% difference in price.

The department stores clearly were in the driver's seat in relation to the newspapers, especially after the turn of the century. Timothy Eaton, forced Atkinson to initiate costly innovations on the Toronto Star's presses so that the ads could run with a red banner. The Globe's business manager altered the news to suit John Eaton in his campaign to induce him to advertise. The opening of Eaton's new store in Winnipeg in 1905 caused the Free Press to expand its features, especially those catering to women, to attract new advertising. Newspaper administrators had learned that the department stores attracted readers just as much as the news, as a dispute between Eaton's and the Free Press showed. During the six-week battle over advertising costs, the paper lost 8,000 subscribers. Many of those who switched 51 told the paper, according to E.H. Macklin:

We are sorry to discontinue the old Free Press. We have taken it in our family for years, and always liked it, but the 'Missus' wants to see the Eaton advertisement and as the Eaton advertisement is only carried in the Tribune, we have to take that paper and cannot afford to subscribe for two.

Interestingly, in another rate dispute during which the Hudson's Bay temporarily pulled its Edmonton Journal advertising in 1915, the Journal's "Apology to Edmonton Housewives" referred to the missing advertising as a "news service" and the "Hudson's Bay News" thus again affirming Innis' assertion that advertising increasingly was the news in the 20th century newspaper. In a sense, it was news, especially since advertising in the 1890s began to change its copy daily and impart new and different information, sales, prices, etc. to readers.

With the department stores spending some 3% to 5% of their yearly income on advertising, their advertising dollars loomed large in any newspaper's annual revenue. For example, Calgary's new Hudson's Bay store's yearly contract for the Herald's back page paid \$25,000 in 1913; and that single account amounted to almost 14% of the paper's local advertising revenue. Moreover, even more advertising was gained because competition with the new store compelled other retailers to increase their advertising.

Not surprisingly, advertising considerations began to outweigh all others in newspaper operations. Newspaper administrations catered to advertisers, despite protestations to the contrary about the independence, freedom and public responsibility of the press. The bottom

line was that newspaper space was for sale, and this concept overrode all others as can be seen by how the newspapers dealt with the question of fraudulent advertising. <sup>55</sup> The issue of "fake" and "objectionable" advertising had long plagued the industry since the 19th century. The largest single type of advertisement then carried by the dailies was for patent medicines. Some like "Dr. William's Pink Pills for Pale People" were harmless concoctions, but others, such as some tuberculosis nostrums, could give rise to cruel illusions and were even harmful to desperate sufferers. The rise of business activities also saw a rapid increase of advertisements for "fake" mining company shares, and pre-paid clothing and furniture. The newspapers wrestled with the issue of determining the degree of responsibility they shared in running such ads. In 1896, the CPA called for the banning of certain kinds of objectional advertising such as for alcohol and quack medicines. Yet, little if anything, happened, as can be seen by a 1913 CPP editorial which admitted that:

It is a lamentable reflection upon the good name of the modern newspapers ... that it is also the agency through which much that is deceitful and sordid and even criminal is propagated and exploited.

... the newspapers have been slow to realize the fact that they have virtually been acting as accomplices by publishing the ads.

The simple reason why newspapers dragged their feet in cleaning up such advertising was financial, since even in the 20th century, too much of a newspaper's income rested on

patent medicine advertising. This certainly was made clear by Harry Southam's defence of such advertising in the Ottawa Citizen to a medical doctor who had complained about it in 1906.<sup>57</sup>

I pointed out that we were adverse to carrying any patent medicine advertising, but if we threw it all out, we would have to go out of business, as it amounts to about 20% of our business.

Similarly, in 1911, the Toronto Globe's governing council sought to get rid of "unpure fake advertisements," but hesitated when informed that the cost would be \$16,000 a year if done immediately. Prudently, it decided to do it gradually.<sup>58</sup>

Given the case of the Montreal Witness, however, newspaper managers were no doubt wise to be cautious in shedding questionable ads. From the beginning, the Witness approached advertising from a moral standpoint, censoring questionable amusement ads and banning liquor and patent medicines outright. Although it was founded and maintained as a proselytizing Protestant newspaper, it also became an innovative mass, popular daily in the 1870s. It was one of the first penny papers and also the first to use newsboys for home delivery.<sup>59</sup> But its policy of excluding patent medicine, liquor, theatre and similar advertising cost it dearly. By 1900, it estimated that it was rejecting \$10,000 worth of advertising a year.<sup>60</sup> Its advertising morality was a major cause for its eventual failure when unsustainable losses forced the company to sell its daily newspaper operations to outside interests in 1913.

It was common practice to write advertisements as news copy. At the Canadian National Exhibitions of 1893 and 1898, there were complaints of the "nefarious" practices of certain "harpies and blackmailers" of the Toronto press who were conning manufacturers exhibiting their wares to pay them so much per line for write-ups.<sup>61</sup>

Some papers of the period did not distinguish graphically between news and advertising copy. An initial look at the front page of the September 25, 1905 World showed no display ads, but a closer examination of the page revealed about 20 small ads, including paid marriage and death notices in the same type and headlines as news stories scattered over the bottom of the page. A genuine news story like "New York Civic Election" was followed by "Dineen's Hat Opening," an ad looking the same as the article above. Harry Southam noted that the family's Spectator often set regular news heads over an ad "so the reader cannot distinguish it from regular news."<sup>62</sup>

Some of these practices were not considered bad either. The Canadian Printer and Publisher noted approvingly of the Petrolia Advertiser's practice of publishing several columns in the form of a commercial directory containing short news stories on various firms:<sup>63</sup>

... If the weekly publisher will keep his eye on the largest dailies in the country, he will find that day to day they do in their reading columns an extraordinary amount of the missionary work for their best advertisers. Often they successfully conceal the reading notice under the guise of trade news, which, after all, is often more interesting

than a lot of trash which newspapers publish nowadays.

Toronto World publisher W.J. "Billy" Maclean was shameless in this practice. Often the deals would involve a quid pro quo, as in 1909, when Maclean wrote puffs for real estate in return for \$1500 worth of ads.<sup>64</sup> Sometimes, favourable coverage was given in the hope of getting paid advertising in return. For example, in 1905, when Bell Telephone started its "Telephone Talks" advertising, Maclean wrote to the company demanding ads because the World had given the company positive coverage during the 1905 Royal Commission investigation of the company's activities. When the company<sup>65</sup> did not comply, the paper severely criticized Bell.

Maclean was not alone in initiating these arrangements. W.J. Watson, the Calgary Herald's business manager, described how on a holiday trip to Exshaw, Alberta, he managed to sell "a full page write-up of the cement plant and got \$300 for the write-up and 500 copies of the paper containing same. If we could do that once a week<sup>66</sup> it would help the profits along."

In his 1916 indictment of the business office, Edward Beck gave several examples of malfeasance. As a cub reporter, he was assigned to look at a man's mouth at a dentist's office. He noted the poor teeth and then weeks later was told to return there. He duly noted the improved dental set, and then was required to turn in a "before and after" description. Later, he realized he had been employed on a "business office" assignment.

Equally serious in terms of editorial ethics was the practice of suppressing or censoring unfavorable news concerning major advertisers. Beck cites the case of the death of a well-known merchant, the announcement of which was delayed at the request of the business manager because "the firm doesn't want it to appear this afternoon because if it does they have to close the store to-night and lose the benefit of their half-page advertisement." And he cites the case of a fire in a well-known hotel; one paper had no mention of the fire and the other had a half-dozen lines buried in an inconspicuous corner.<sup>67</sup>

No paper seemed to be immune from these practices. The Globe's M.O. Hammond was preparing to devote the front page to J.G. Eaton as part of his series on great Canadians, when the business manager, J.F. Mackay, told him to scrap Eaton because he was "acting meanly" with the paper in reducing his advertising. Mackay found this too much, especially given his four-year effort to "nurse that business and his obligations of Eaton's, time after time to suppress news that J.G. fancied would hurt him."<sup>68</sup>

News suppression was also the norm in the Southam chain, especially when it touched on their job printing business. At various times, Fred Southam, who was in charge of job printing, admonished his brothers at the Ottawa Citizen, and the Hamilton Spectator and the Calgary Herald for negative articles about his customers. J.H. Woods' apology to William Southam in 1909 made clear that they all



complied with such requests:

I can assure you that in all matters of controversy since the time that both the Spectator and the Herald got into Fred's bad books, owing to the publication of an item about the Grand Trunk Pacific, this paper has endeavored as far as possible to avoid such subjects as might be matter for discussion between him and his customers in Montreal.

Interestingly enough, newspapers themselves acted like other businesses in wanting advertising to be disguised as news copy. Not even the Canadian Printer and Publisher was immune from this practice, as was revealed by Walter Nichol's offer to pay by the line and to purchase 1,000 copies of the journal if it published a favourable news story on the Vancouver Province.

Another change, the Star noted, was that the types of advertisers had expanded to include banks, insurance companies and manufacturers.<sup>71</sup> The wider range of companies which advertised was no accident since the transformation of newspapers into businesses inevitably forced them to actively solicit new advertising prospects. The growth of the business office in itself signalled the end of the 19th century practice of proprietors waiting for advertisements to come in.

The 20th century newspaper became much more aggressive in securing advertising and in creating a market for it. Increasingly, the newspaper began to advertise itself as an effective retail medium as shown in the combined 1912 CPA and Association of Canadian Advertising Agencies campaign

promoting the merits of newspaper advertising.

The aggressive approach to self-promotion extended to attracting advertising. Indeed, after 1910, newspapers were so involved in promoting their advertised goods that the next logical step would have meant actually selling them. For example, the Regina Leader furnished special reports on any product or article on sale in the city to any manufacturer, while it investigated any article not yet stocked. In this way, the Leader successfully stimulated the sale of the products of its advertisers.<sup>73</sup> Other papers like the St. Catharine's Standard organized special "dollar day" shopping festivals for the town's merchants.<sup>74</sup> The Calgary Herald took this popular proposition one step further by organizing a week-long shopping scheme involving the city's hinterland for as far as 300 miles. The paper initiated a "refund-your-fare" offer, in conjunction with reduced fares from the C.P.R., which out-of-town shoppers could have refunded at the Herald's office by proving through receipts a certain percentage of purchases from advertising merchants. The merchants gained \$150,000 in sales and the paper induced them to invest \$5,000 in special advertising.<sup>75</sup>

This activist approach to securing advertising often led to the creation of newspaper promotion departments. The Ottawa Journal's promotion department, for example, was quite explicit in describing the lengths to which it would go to attract advertisers. Its "cooperation" with

advertisers in 1914 consisted of:

1. Advising local merchants of new advertising campaigns;
2. Assisting a manufacturer's sales department in having his goods placed on sale;
3. Having local dealers give window and counter display to lines being advertised;
4. Inducing the sales staffs of Ottawa stores to show a special interest in selling advertised articles.
5. Checking up on sales and assisting the salesmen of the advertiser in securing proper distribution of their lines in Ottawa stores;
6. Publishing educational matter in the Journal to increase the interest of readers in responding to advertisers.

The last item was important as it reflected a major change in the nature of what constituted news. As has already been described, the rise of newspaper "independence" led to the eventual separation of opinion from news copy resulting in distinct editorial pages and news columns, as has been made much of by modern press mythmakers.<sup>77</sup> But what has not been trumpeted at all by these apologists of freedom of the press was that at the same time, with the growth of the newspaper as a "pure business", the line between news copy and business promotion was becoming increasingly blurred.

The introduction of fashion sections, replete with illustrations of the latest female modes, occurred at roughly the same time as the appearance of the large

illustrated department store ads during the early 1890s. The Manitoba Free Press in 1890 published a fashion page, entitled "What Shall We Wear?" on 1 April 1890 complete with illustrations while the Montreal Star first contained a fashion section in 1892, a development copied by other dailies, of which the Province's weekly spreads in 1898 of "Hints for the Ladies" and "Ideas for the Season" (featuring slightly titillating illustrations of women's swim attire) were typical. The Province's steady enlargement of its fashion coverage coincided with the publication of its first full-page illustrated department store ad. Similarly, it was no coincidence that the broadening of the Manitoba Free Press's content paralleled Eaton's opening its new store in 1905 and immediately placing full page ads.<sup>78</sup>

The rising commercial bias in the news columns was encouraged by the enormous expansion of syndicate material in Canadian newspapers after the turn of the century. Most of the features originated in the United States, and agencies like Jacob Epstein's Canadian Newspaper Syndicate were set up to represent McClure's Newspaper Syndicate of New York and the International Syndicate of Baltimore. Toronto Star managing editor John Bone in 1908 became one of the first Canadian directors of the North American Newspaper Alliance, an international news and feature syndicate. And Canadian newspapers like the Toronto Star and Montreal Star set up their own feature syndicates in the early 20th century. Much of it contained material appealing to women --

recipes, romantic fiction, and household hints -- and again  
79  
was introduced for consumer-advertising purposes.

The commercialization of the news columns advanced in leaps and bounds as the publishers jumped onto the civic booster bandwagon of their respective communities. Since growth and progress, usually synonymous in their minds, figured so largely in their financial success, it is understandable that the publishers took on a self-appointed role of spokesman and booster for the economic growth, progress and well-being of their communities. Most publishers used their newspapers to "boom" unashamedly their communities. Not illogically, they reasoned, their community's prosperous growth would redound to their newspaper's prosperity and growth. Many of the special editions of newspapers, called variously "proclamation" or "progress" or "industrial" numbers headlined with the slogan "Watch ----- Grow!", were little more than publicity  
80  
mouthpieces for their communities.

The publishers saw their newspapers' civic boosterism as a question of mutual benefit. At a 1899 CPA convention, Canadian Printer and Publisher publisher J.S. Maclean articulated this sentiment of mutual backscratching. Instead of having the listed title of "How newspapers can increase their revenue," his address, he said, should really have been titled "Newspapers and the development of Canadian resources" because "if our resources are developed newspapers will increase their revenue." He explained his

reasoning:

Newspapers are prosperous when the communities in which they are published are prosperous. Communities prosper when money is being made and spent freely. Money is being made steadily by the fullest development of the industries and resources of the locality. The fullest development is brought about by public sentiment and interest. Sentiment and interest can best be created by the newspapers.

The Lethbridge Herald's W.A. Buchanan took this lesson to heart. From the first number, this paper headlined the front page slogan "Watch Lethbridge Grow". Issue after issue boosted Lethbridge and Alberta industries, and gloried in the industrial, farming and population growth. When the Herald turned daily in 1907, Buchanan announced that: "Our policy will be, as it has been in the past, to advocate the best interests of this city, this district and the province. We believe that Lethbridge has a bright future, if not brighter than any other city in Alberta." But he cautioned <sup>82</sup> that he could not do it alone, he needed support:

Just a word to our businessmen. We want you to support our advertising columns as much as you can. Advertising pays pretty nearly any place, but a good deal better in a bright clean, newsy paper, and that is what the Herald is going to be. It costs money to operate a daily in a city the size of Lethbridge, and we are depending on the loyalty of the citizens to local institutions to assist us in keeping the Herald up the very highest standard. We will do our utmost to help the city advance, and that ought to mean something directly and indirectly to every individual in the city.

This "booster" sentiment and commitment to community economic development was shared by other publishers. Buchanan was also the chairman of the city's Board of Trade publicity committee, as other publishers were in their

communities (ten of the 86 publishers surveyed were members  
83  
of the Board).

There is evidence of newspaper boosterism in the 1890s,  
but the symptom took on gigantic proportions in the early  
20th century. At first only the largest dailies in the  
biggest cities issued such editions -- the Montreal Herald  
published a special issue devoted to the "commercial growth  
84  
of Montreal" in 1892. But after the turn of the century,  
other papers like the Winnipeg Tribune took up the practice  
with its 32-page hymn of praise to the city's industrial  
85  
growth. The specials grew larger too. To celebrate its  
move to a new building in 1905, the Toronto Star (21 August  
1905) produced a massive and lavish 64-page issue  
celebrating the industrial development of Ontario. A year  
later, the Winnipeg Tribune produced an 84-page special,  
highlighting the productive efforts of that city's  
86  
citizenry. A 1909 Toronto World issue numbered 112 pages  
of advertising and descriptions of Toronto, and in 1912, the  
Vancouver World's 148 pages "brought up to date Vancouver's  
87  
progress." Although slightly outdone by the World, the  
Calgary News-Telegram published in 1913 a 130-page  
"Prosperity" edition, of which it was said, "every page  
indicates Prosperity in good, solid advertising and faith  
88  
and enthusiasm in well-written forceful write-ups."

Not only the big cities published these editions,  
smaller ones did too, like the Medicine Hat News or the  
89  
Vernon News. Indeed, Canadian Printer and Publisher

introduced a column listing "Special Editions" which by 1910 regularly contained a dozen or more entries a month, the majority of which were local promotional editions.

The convergence of news reporting and advertising promotion was nowhere more evident than in the steadily rising popularity of these special editions. Publishers seemed to initiate them at the drop of a hat, which was not surprising, since advertising departments had an excuse to solicit ads not only from regular advertisers, but also from concerns which did not normally advertise. More importantly, the special editions made money, lots of it. The 1905 Toronto Star's lavish special industrial edition made one-half of the year's profits. In 1908, the Toronto Globe's pulp and paper number made a profit of \$4500, and its special editions apparently provided its chief source of profits.

The newspaper used any excuse to publish a special edition. The Toronto Star ran a special on Toronto's Rotary Clubs as an excuse to solicit ads from businessmen who were Rotarians. Although there were special numbers covering a variety of subjects ranging from fashion, finance, tourism, automobiles to crop surveys, the perennial favourites featured publication anniversaries, local industries and moving to a new building. The following Calgary Herald business manager's justification was typical:

We are starting on a special edition ... from which we expect to derive considerable revenue. The big event of moving from the old quarter to the new is sufficient excuse for this, and we are sparing no



effort to make it a big one.

The news content of these special editions most often was little more than advertisements disguised as news articles. The Globe in 1904 celebrated its 60th anniversary with a 44-page special devoted to heralding the growth of Canadian industry. On page 23, there was a large article extolling the Crow's Nest Pass Coal Company, but there was no mention that publisher Jaffray was its major shareholder.<sup>92</sup>

By World War I, this concept was developed even further. For example, the 56-page "Prosperity Edition" of the Kingston British Whig toasted the allies in colour and depicted local industries, city and surrounding communities, and local social activities. The issue was the climax of the newspaper's year-long "Community Building." For its efforts, the paper was rewarded with "the special advertising carried" which was on a "scale commensurate with its size and importance. Page advertisements were many, and unusual advertisers were generous buyers of space." More significantly, however, the issue was turned out in its entirety -- "the compilation of facts and figures, the writing of editorials, the selection of articles, the make-up etc." -- by the business office, and the editorial office had nothing to do with it.<sup>93</sup>

By the decade's end, the boosterism was confined neither to locales nor to special editions. Western Ontario publishers in 1910 organized a campaign to boost the region

under the slogan of "Stay in Ontario", designed, in part, to meet the aggressive promotion of the west's papers. In the same year, the New Brunswick publishers met to inaugurate a similar campaign for their province, "How to make New Brunswick prosperous."<sup>94</sup>

Under Dafoe, the Manitoba Free Press took for its constituency the entire west. Regular reports were published of affairs in smaller centres from the Lakehead to the Rockies. Feature articles on various towns and industries appeared frequently. Any sign of progress or growth was noted, and articles appeared on forestry and treeplanting, mining, ranching, hydroelectric power, railways, and any industrial development. The paper also became much more friendly to farming developments.<sup>95</sup> Other papers like the Calgary Herald did not limit its "booming" to special editions. As its publisher explained to Wilson Southam:<sup>96</sup>

You might have seen by the Herald that we have sent a man out through the unoccupied portions of Alberta to write up the resources and opportunities of the country. This move, as well as our recent enterprise in sending a man through the wheat fields to stimulate the crop, will be very popular, and will, I think, improve our position.

Again, here is evidence of how commercialism was creeping into the news columns of the paper. Indeed, a Canadian Printer and Publisher editorial admonished non-advertising merchants to examine the benefits accrued to them by the local paper's efforts towards stimulating growth and development.<sup>97</sup>

The optimism of the editorial columns, the faithful reporting of signs of industrial progress in the

community, and the clear, forcible exposition of the community's commercial and social advantages make the local paper one of the best forms of municipal publicity.

The newspaper's transition from political vehicle to a commercial one is clear here. J.W. Dafoe described the evolution in 1912:

98  
The function and power of the newspaper had changed greatly. Formerly the editor of a newspaper was primarily a local fighter for a political party. Now the newspaper is recognized as an essential adjunct to the business activities of a community ...the better the newspaper the better the city.

In a telling and revealing example of how business considerations influenced the news, in 1911, the Calgary newspapers faced a dilemma, "not wholly unfamiliar to others," of whether or not to publish the news that several hundred unemployed men were seeking municipal relief. The one which published the information was criticized by the others, who argued that the publication of such information is "calculated to do harm to the community by driving off capital and furnishing other parts of the country with arguments for use against the West."  
99

Thus, business promotion was often an element in the news columns of the paper. The Winnipeg Tribune published a weekly insurance page which included feature articles which buttressed the advertising. Indeed, some advertising specialists advised that such special features, disguised as news articles, were a very effective method of attracting ads and promoting the ads therein. As has already been shown, the rise of the business office increasingly led to

its determining, editing or censoring the content of the news columns. <sup>100</sup> In a 1909 editorial, CPP was ambivalent on the question of whether "editorial influence should be thrown into the balance to sway the purchasing power of paper's readers in the direction of its advertisers." Significantly, it did not roundly condemn using the news columns to push goods, rather it coyly admitted that there was "no doubt that the paper which will undertake to educate its readers to read and answer advertisements will prosper surprisingly." It left to the individual paper the decision of whether the work of education be "conducted from the editorial or advertising departments." <sup>101</sup>

The commercialization of the news columns was abetted by the rise of the national advertisers which in turn led to the formation of advertising agencies. The first such agency, Anson McKim & Co. developed out of the Toronto Mail's sending its agent A. McKim to Montreal in 1878 to drum up out-of-town or "foreign" advertising. Some advertisers, however, wanted to advertise in other Ontario newspapers, so the Mail gradually facilitated them by providing Ontario newspaper rates and circulation. But many of these newspapers didn't want to be represented by a potential rival, so in 1889 McKim saw his chance and severed his connection with the Mail to form Canada's first general advertising agency. Fittingly, McKim is credited with conceiving of the business of advertising as similar to the selling of dry goods or any other retail product. By the

turn of the century, six Canadian agencies and some American  
102  
ones were launching national campaigns.

The formation of the ad agencies in the 1890s led to the professionalization of the advertising field. Increasingly, they took over copy writing and lay-out from the newspapers or advertisers themselves, and the ads became more persuasive and effective. It is the ad agencies which deserve much of the credit for transforming advertising content from the functional -- i.e. bare description, a "sale" with price for instance -- to the conceptual, tying sexual, psychological and life-style connotations to the products. A good example are the turn-of-the-century soap ads which mixed concepts based on the housewife's sense of guilt and duty, i.e. preventing disease through cleanliness and saving money, time and effort. Advertising man J.R. McConnell made it clear that the notion of "concept"  
103  
advertising was understood even in 1899:

... it must not be forgotten that many new things have been introduced and a demand created for them by advertising -- things which the public never knew they wanted until they heard of them through advertising.

The entry of the ad agencies and the professionalization of advertising also influenced the placement of news. The complaints of J.W. Dafoe about how advertising requirements were disfiguring his placement of the news have already been mentioned. Preferential placement for advertising became more common in the 20th century as is clear from P.D. Ross's 1906 instructions to his editors:

Instruction number 2 -- "The weather must always go on page 10 as it is governed by advertising contract arrangements. The serial must always go on the same page ..."; and instruction number 18 -- "W.C.T.U. and other temperance matters must be kept off the pages where liquor advertisements are inserted."<sup>104</sup>

Advertising volume also determined the size of the newspaper; formerly, political considerations determined the size, as patronage and political subsidies underwrote lengthier than usual accounts of parliamentary debates or political messages. For example, in 1910, the Calgary Herald administration instructed their printing foreman that the "paper must never have a lower advertising average than 60%."<sup>105</sup>

From the 1890s on, the number of papers using promotional stunts, premium campaigns and prize contests to boost circulation increased steadily so that by World War I such tactics had become standard business practices for newspapers to increase their market share. In addition, the rise of syndication and the introduction en masse of common format changes led to the greater standardization of Canadian newspapers. This in turn led to a further reduction in competitive opportunities, and explains why these circulation schemes escalated to the point of being "wars" or "epidemics" among 20th century Canadian newspapers. It also explains in part why the overall number of newspapers began to decline in Canada during World War I. With rival

newspapers resembling each other more and more, it was no surprise that readers and advertisers, increasingly lacking any reason for brand loyalty, abandoned the weaker ones for the bigger ones.

The intensification of the focus on circulation revealed the extent to which advertising had become the dominant force in the Canadian newspaper industry. After the 1890s, advertising needs supplanted the 19th century political goals of the newspapers and increasingly of the news in the paper. Thus, the gradual removal of political bias from the 20th century news columns often was a hollow triumph for the ideal of news "objectivity" especially in those instances when commercial bias threatened to replace the political one.

ENDNOTES 4

1. "Vast Improvement in Advertising," Toronto Star (26 August 1905) 5.
2. Sandwell, 11.
3. Altschull, 66.
4. John Yorston, "One Copper and the world was yours to read about," Hundred, 21.
5. See the issue of 13 June 1898, 2. Virtually every issue contained circulation promotion. On November 11, 1899, it boasted that its circulation of 6,000 was larger than the combined circulation of its competitors.
6. The Star took out a two page advertisement in McKim's 1892 directory, 243-244, to boast of its sworn circulation.
7. See the "ears" on the following publishers' letterheads: WP, v.34, 30 September 1905, T.H. Preston to J.S. Willison; WP, v. 5, 22 February 1896, J.S. Brierley to J.S. Willison; WP, v. 6, 27 February 1902, John Cameron to J.S. Willison.
8. CPP (December 1906) 22; CPP (August 1907) 36.
9. CPP (May 1911) 54.
10. E.N. Smith Papers, f.1, "The Ottawa Newspaper Field," typewritten manuscript, 23 March 1923.
11. Harkness, 41-42.
12. For a description of the ABC movement, see Frank Presbrey, The History and Development of Advertising (Garden City, New Jersey: Dobuleday, 1929) 549-550.
13. CPP (November 1906) 17. In an editorial, CPP (April 1910) 35, called for compulsory sworn circulation statements.
14. SA, reel 107, 11 May 1908, J.H. Woods to W.J. Southam.
15. WP, v. 9, 15 April 1915, J.S. Willison to Francis Cochrane.
16. "A Unique Statement of City Circulation," CPP (July 1914) 66-67; "Circulation Statement War in Winnipeg," CPP (May 1908) 36.



17. "Standardizing Circulation Records," CPP (July 1914) 61.
18. SA, reel 116, 6 March 1916, W.J. Southam to William Southam.
19. "A.B.C. in Canada," CPP (July 1917) 32.
20. "The Circulation Manager," CPP (July 1904) 15; "Circulation Managers Gather in Montreal," CPP (June 1910) 59.
21. "Canada Has Now a Circulation Managers" Assn.," CPP (November 1917) 21.
22. CPP (March 1894) 18.
23. Hall, I, 288.
24. Harkness, 57.
25. SA, reel 133, 6 February 1906, W.J. Southam to W.M. Southam.
26. HD, 15 September 1910; "A Unique Statement of City Circulation," CPP (July 1914) 66-67; See also Robb Sutherland, "How Our Circulation Doubled in Twelve Months," CPP (February 1910) 33.
27. "Circulation Contests," CPP (April 1911) 59; CPP (December 1911) 40. In Britain, Curran and Seaton, 51, attribute heavy promotion to the growth of advertising. Advertising also contributed to the large drop in price of a daily copy.
28. CPP (October 1908) 33; HD, 12 December 1908. Cranston, 154, observed that "every type of promotion scheme has been tried by the Star in its bid for circulation -- guessing games, quizzes, puzzles, beautiful child contest, animal-training competitions and so on ad infinitum." At the Halifax Herald, between 1900 and 1914, there were "contests without number, appeals on behalf of worthy causes," all "tentative efforts to appeal to readers beyond the Conservative pale," March, 65.
29. SA, reel 105, 21 October 1913, J.H. Woods to W.J. Southam.
30. CPP (June 1911) 58; Ross, Retrospects, 137; CPP (June 1912) 58; CPP (July 1912) 68. WP, v. 23, 27 December 1919, Vernon Knowles to J.S. Willison.
31. Walkom, 297.

32. SA, reel 107, 25 May 1908, J.H. Woods to W.J. Southam.
33. SA, reel 133, 23 February 1906, W.M. Southam to W.J. Southam.
34. Flavelle Papers, "Report of the News Publishing Company," case 1, January 20, 1908, 3, 5; Dougall Family Papers, v.3/3, 3 March 1913, F.E. Dougall to Sidney Fisher.
35. The figures are from Walkom, 375. This is an average, the rates varied in 1885 from a low of 32.1% (Mail) to a high of 57.8% (Telegram). In 1898, the range varied from 65% to 80%. In 1906, the six dailies individual percentages of ad revenue of total income went from 65% to 73%.
36. W.J. Taylor, "Advertising the Real Backbone of the Business," CPP (June 1918) 22.
37. The percentage for 1891 and 1892 figured on the ratio between advertisement and subscription-sales revenues, P.D. Ross Papers, v.1/7, "Statement of assets and liabilities of P.D. Ross ... 1891," and "... 1892." Five month averages in 1895 and 1896 have the same approximately 60% figure, P.D. Ross Diary, v.9, f.9. For the 1920 figures, P.D. Ross Papers, v.1/7, "Ottawa Journal Balance Sheet dated December 31, 1920.
38. Walkom, 375.
39. Although there is some dispute as to the exact contours of Canadian economic development between 1870 and 1915, there appears to be some agreement that the period between 1896 and 1914 was "decisive for successful Canadian growth into an industrial economy," Gordon W. Bertram, "Economic Growth in Canadian Industry, 1870-1915: The Staple Model and the Take-off Hypothesis," Canadian Journal of Economics and Political Science 29 (1963) 161. See also, Duncan McDougall, "Canadian Manufactured Commodity Output, 1870-1915" Canadian Journal of Economics, 4 (1971) 36.
40. Walkom, 344, concludes that "the revenue basis of the newspaper shifted decisively toward advertising ... during the 1890s." Bliss, Northern, 290, described the departmentalization of dry and other consumer goods during the 1890s as the "retailing revolution." The revolution's principles of high volume, low prices, cash payment and compartmentalization also applied to newspaper developments. Bliss also states that the success of such branded items as Pear's Soap, Pinkham's Compound and Salada Tea was based on saturated advertising and catchy slogans. For descriptions of the campaign, and its effects, of advertising agencies and

consumer good retailers and manufacturers to convince American housewives and other consumers to buy their goods instead of producing them in the home, see Stuart Ewen, Captains of Consciousness: Advertising and the Social Roots of the Consumer Culture (New York: McGraw-Hill, 1976); Ruth Schwartz Cowan, More Work for Mother: The Ironies of Household Technology from the Open Hearth to the Microwave (New York: Basic Books, 1983), chaps. 3-4; and Susan Strasser, Satisfaction Guaranteed: The Making of the American Mass Market (New York: Pantheon Books, 1989).

41. Walkom, 356.
42. CPP (April 1895) 5.
43. CPP (October 1902) 16. Stephenson, 67, points out that the "week-in week-out Salada campaign of name display which resulted in mounting Salada sales effectively convinced formerly sceptical retailers and producers of the effectiveness of newspaper advertising.
44. "F. Murray Abraham Puts Newspaper Advertising First," CPP (May 1913) 56. Innis, Press, 21, noted that "women were the object of attention in the features because of their influence on the purchase of commodities."
45. Stephenson, 15-16.
46. Walkom, 359.
47. Stephenson, 45-46.
48. "F. Murray Abraham Puts Newspaper Advertising First," CPP (May 1913) 56.
49. Walkom, 357.
50. P.D. Ross Diary, 24 January 1893; SA, reel 105, 16 August 1913, J.H. Woods to W.J. Southam.
51. Hall, II, 323.
52. "The Journal's Apology to Edmonton Housewives," Edmonton Journal 2 February 1915. "With the linotype, advertisements could be changed daily and became part of the news," Harold Innis, "Technology and Public Opinion in the United States," The Bias of Communication (Toronto: University of Toronto Press, 1973) 174.
53. SA, reel 105, 16 August 1913, J.H. Woods to W.J. Southam; the 14% figure was arrived at from compiling local advertising revenues in SA, reel 105, "The Herald Publishing Co. Ltd. Profit and Loss Account. Feb. to

- Dec. 1913" and "Profit and Loss Account as at 31st: December, 1913" and adding one month. Walkom, 348, found that by 1906, three or four department stores accounted, for on average, 31.8% of the display advertising space of three Toronto dailies.
54. Walkom, 373, observed that "the development of publishers increased the susceptibility of publishers to individual advertisers. The importance of toadyism in the economics of newspapers should never be underestimated."
  55. Already in 1862, the CPA attempted to control the publication of "low quack medicine advertising," Hamilton Spectator 27 September 1862.
  56. CPP (February 1896) 9; "To What Extent is a Newspaper Responsible for the Publication of Fraudulent and Objectionable Advertising?" CPP (August 1913) 64-65.
  57. SA, reel 133, 9 November 1906, H.S. Southam to William Southam.
  58. HD, 2 February 1911.
  59. Rutherford, Victorian, 49.
  60. L.S. Channell, "The Moral Tone and Ideas of Newspapers," CPP (April 1901) 6.
  61. CPP (October 1893) 4; CPP (September 1898) 3.
  62. SA, reel 133, 9 November 1906, H.S. Southam to William Southam.
  63. CPP (November 1900) 6.
  64. W.S. Dimock Papers, 3 June 1903, W.F. Maclean to W.S. Dimock.
  65. WP, v. 18, 12 September 1905, C.F. Hamilton to J.S. Willison. On December 22, 1904, the World, 3, contained a quarter-page story entitled "Christmas at the St. Lawrence Market, Display Reflects Credit on Dealers," which described in detail the bargains to be had at the various business stalls.
  66. SA, reel 105, 20 September 1908, W.J. Watson to W.J. Southam.
  67. Edward Beck, "Should the Business Office be Abolished?" CPP (November 1916) 30.
  68. HD, 16 October 1909.

69. SA, reel 105, 16 November 1908, W.H. Woods to W.J. Southam; W.J. Southam assured his father, William Southam that "of course, we take jolly good care not to offend any of Southam Ltd's customers in Toronto or Montreal." In 1915, Richard Southam protested the Citizen's editorial policies as being "against the interests of our printing business," SA, reel 115, 25 November 1915, W.M. Southam to W.J. Southam.
70. SA, reel 123, 4 August 1903, Walter Nichol to J.B. Maclean; 26 August 1903, J.B. Maclean to Walter Nichol.
71. "Vast Improvement in Advertising," Toronto Star (26 August 1905) 5.
72. "Let All Join Hands," CPP (July 1912) 60. The momentum for the "advertising advertising" campaign began in 1910 when a series of five advertisements to publishers were sent by a CPA executive, "Advertising Advertising," CPP (February 1910) 32; in 1912, each of the 131 dailies in Canada were asked to contribute 20,000 lines of space to the campaign and to give position a top of column and next to reading matter. Ninety-seven papers complied, "Advertising Advertising Throughout Canada," CPP (April 1912) 37.
73. CPP (March 1913) 38.
74. "Ways Canadian Publishers Use to Sell Space," CPP (September 1915) 33.
75. "A Shopping Festival that Proved Big Success," CPP (January 1914) 68.
76. "The Function of the Promotion Dept.," CPP (August 1914) 63.
77. See Siebert and Williams.
78. Zoe Bieler, "Star's Women's Pages Tell It Like It Is," Hundred 18; see the 23 June, 6, 8 August, and 1 October, 1899, Vancouver Province; Hall, II, 323.
79. Cranston, 57-58; WP, v. 6, 30 June 1905, Canadian Newspaper Syndicate, to J.E. Wilson. Note the predominance of women's subjects in the following list of features offered by the Syndicate: How to be Healthy and Beautiful; Marion Harland's page; For every Woman According to her Needs; Daily and weekly line and half-tone fashions; Pattern services; comic pages; comic cuts; Puzzles, daily and weekly; Children's Pages, Special Stories; Cable Service, etc. Innis, Press, 20, observed that "the problem of adapting news to the needs of increased circulation led to increasing dependence on feature material. The increasing

efficiency of press associations brought a decline in the number of scoops claimed by individual papers and led to increasing dependence on local news and on features. Advertising demanded space and larger newspapers, and to preserve a reasonable proportion of reading material it became necessary to depend on syndicates for the creation of feature material and for the creation of news." He, 21, also noted that women were the object of attention in the features and in the news because of their influence on the purchase of commodities.

80. See CPP (October 1906) 32, (October 1908) 33 and (September 1909) 38.
81. CPP (February 1899) 12.
82. Steele, 47-48.
83. See dissertation 325.
84. CPP (April 1892) 18.
85. Bruce, 150.
86. CPP (October 1906) 32.
87. CPP (October 1909) 35 and (February 1912) 59.
88. CPP (June 1913) 75.
89. CPP (November 1912) 77 and (December 1912) 63.
90. Harkness, 62; HD, 9 March 1908; HD, 1 May 1909.
91. Publishers East and West Gather in the Money," CPP (May 1916) 29; SA, reel 105, 29 June 1914, W.J. Watson to W.J. Southam. "This month's advertising is light, but our special will pull it up ..." SA, reel 105, 19 February 1908, J.H. Woods to W.J. Southam.
92. The Toronto Globe (2 July 1904).
93. "Publishers East and West Gather in the Money," CPP (May 1916) 29.
94. CPP (April 1912) 78.
95. Hall, II, 149.
96. SA, reel 105, 31 August 1908, W.H. Woods to William Southam.
97. "The Local Paper as a Factor in the Development of the Town," CPP (September 1909) 17.

98. "W.C.P.A. Holds Annual Meeting at Head of Great Lakes," CPP (September 1912) 49.
99. "All the News: or Only Some? A Newspaper Problem," CPP (January 1911) 56.
100. CPP (May 1916) 31. B.F. Parkinson, "Co-operation Between the Publisher and the Advertiser," CPP (February 1912) 37. Parkinson was the business manager of the Ottawa Journal.
101. "Increasing the Value of Advertising Space," CPP (January 1909) 12.
102. For a description of the development of the Canadian ad agency, see Stephenson, 18-35.
103. J.R. McConnell, "The Business of Advertising," McKim's 1899, 206. For several examples of early conceptual home product ads, see Stephenson, 50.
104. P.D. Ross Papers, v. 1/6, "Instructions to City-Editor and Telegraph Editor for 1906. "
105. SA, reel 105, 11 November 1910, W.J. Watson to W.J. Southam.

## CHAPTER FIVE -- COMPETITION AND COLLUSION

The emergence of the advertising agencies combined with the growth of national advertising and volume discounting intensified competition in the newspaper industry. Yet, at the same time, like other industries, newspapers also continually negotiated among themselves to reduce this often "ruinous" competition in order to ensure a "living profit."<sup>1</sup> Similarly, the alternating periods of competition and collusion led inevitably to increased concentration in the newspaper business.

Another aspect in decreasing competition and rising concentration in the 20th century was the increasingly high costs of market entry in the daily newspaper field. As has already been discussed, the costs of sustaining a city daily had risen dramatically and in the biggest cities were estimated to be in the hundreds of thousands of dollars.

There were four broadly-based, often overlapping, strategies publishers, as in all industries, employed to bring about reduced competition: invade other markets; spend your rivals into the ground; buy your rivals out; or alternately fight-collude with them.

It was the "dollar daily" phenomenon, beginning in the 1890s, which signalled the emergence of Bliss's "classically individualistic entrepreneurs who recognized no limits on their right to engage in any lawful business practice."<sup>2</sup> Several key publishers sought to dominate the industry, through predatory pricing tactics. They used their



superior local positions to invade other markets in order to increase their circulations to gain more advertising revenues, and thus win a bigger local market share. The national advertisers, especially the big department stores and mail order houses, further spurred the invasion of small-city and rural markets.

This mid-1890s invasion was carried out by the "dollar daily" -- so-called because big city publishers charged a minimal, almost giveaway, fee of one dollar to \$1.50 a year to out-of-town subscribers in contrast to normal charges of \$3 to \$5 a year. Low federally-subsidized postal rates on the railways abetted the invasion. In part, these papers expanded beyond city limits because of the intense competition for circulation and shrinking opportunities for growth, first in the saturated markets of Toronto and Montreal, then in other cities as well.

The dollar daily's significance was that publishers were able to distribute their paper at below cost to subscribers, in turn dramatically allowing an increase in advertising rates, made possible by the growth in circulation. During the 1890s, for example, one estimate had the dollar daily charging customers barely enough to cover the cost of the raw paper needed for 300 numbers, let alone meet editorial and production costs.<sup>3</sup> By the next century, as production costs rose and papers grew larger, the Toronto Globe's J.F. Mackay estimated that subscribers paying \$1.50 a year didn't even meet the cost of the white paper used, and the paper lost from 25 to 50 cents a

4  
subscriber. As the century wore on, the subscriber paid directly for less and less of the paper. By 1905, subscription fees only paid for half the paper used, and by 1912, the business manager of the Calgary Herald noted that the customer was receiving \$3.50 worth of white paper for 50 cents.<sup>5</sup> And even this figure was topped by Manitoba Free Press subscribers who received \$4 worth of free paper a year.<sup>6</sup>

Substantially lower paper prices, the widespread diffusion of the linotype, greater advertising volume and higher rates made possible this phenomenon. Perhaps it's no accident that the first dollar daily, appearing in 1894, was the Toronto News, especially since paper-making was the principal interest of its owners, the Riordon family. Contemporary critics certainly made the connection, charging that "it is known that Mr. Riordon is anxious to sell the product of his paper mill and that is all he cares about." Although newsmen called the Toronto Daily News an "abortion" because apart from a "few alterations" it was a morning version of the evening edition, the concept was an immediate success.<sup>7</sup> Initially, the reduced out-of-town price caused the News' circulation to soar past 42,000 in in 1898, though the total shrunk to 30,000 and lower in the next two years -- the shrinkage probably caused by its competitors jumping on the dollar daily bandwagon.<sup>8</sup>

As the decade wore on, the steady growth of railway links and the creation of a daily rural postal service

exacerbated the problem of dollar daily competition for the smaller publishers. Even in the last century, railway access had greatly benefitted the large metropolitan dailies in the hinterland. The Toronto Globe attributed its large circulation in the 1880s largely to its special leased train to London. The Hamilton Spectator abandoned the morning field in 1895 after years of difficulty competing with the Toronto morning dailies which were sent to Hamilton on the morning train.<sup>9</sup>

The dollar daily threat, however, became more acute after 1908 because the inauguration of the new postal service allowed country residents for the first time to receive the daily news "fresh and crisp" in the morning. And that's how western Ontario received it, when the Toronto morning dailies in 1911 successfully arranged for the Grand Trunk to begin a fast early morning service to London. The "Flying Post" left Toronto at 2:55 a.m. and arrived at 5:55 a.m. in London where it made connections with the morning trains which radiated from the city. This enabled the morning dailies to reach subscribers in Western Ontario from three to nine hours earlier than before, or as the Toronto Globe put it, "to be on the breakfast table 125 miles from Toronto."<sup>10</sup>

The same rail expansion helped the Montreal dailies spread their influence. In 1898, for example, the CPR's short line between Montreal and Ottawa opened up the Upper Ottawa Valley, and the 1902 merger of the Ottawa, Arnprior and Parry Sound railway with the Canada Atlantic short line

and its consequent absorption in 1905 by the CPR, gave Montreal improved access to Ottawa's northern Ontario<sup>11</sup> hinterland.

Newspaper canvassers for the big dailies of both centres quickly took advantage of the improved post and rail and aggressively solicited rural subscribers. The publishers of the smaller cities and towns protested louder than ever against the "unfair competition" of the dollar dailies which now were seriously undermining the twin pillars of their livelihood, circulation and advertising. Their papers lost out because the early trains made the big city dailies available to rural subscribers before the 10- papers (which could not be produced before the 11 a.m. delivery deadline). Also, the dollar dailies were significantly cheaper and offered a wider variety and choice of advertising, and they contained mail order advertising which further lured country dwellers who, with free mail service, now didn't have to leave home to shop. The last factor depressed trade for small town and village merchants, who in turn, reduced their advertising in the local papers. No wonder, the small publishers viewed the dollar dailies<sup>12</sup> "with alarm."

Small-city and rural publishers felt threatened by the dollar daily, complaining that it was "an unscrupulous wrecking of legitimate newspaper interests." Admittedly, some of these smaller publishers had brought on the problem themselves through the practice called "clubbing". This

meant that a country weekly sold its own paper and either the News or the Star for \$1.50 a year, splitting the amount between the weekly and daily. Although it proved momentarily profitable for some, others rightly feared that a monster had been allowed to spawn in their midst and would soon devour them. One small publisher, B.J. Pettypiece, certainly realized this when he observed that clubbing reduced advertising in small towns because national manufacturers or patent medicines now didn't have to advertise in the local papers because locals read the ads in the big city dailies provided by the clubbing arrangement. Moreover, he found that this created a "centralization" of business with the result that trade was driven from the  
13  
villages and towns.

Indeed, the problem became so worrisome that it was raised in a session of the 1904 CPA. Many publishers roundly condemned such big city dailies as the Toronto News and Star and the Montreal Star for their "dumping" practices. Toronto Star publisher Joseph Atkinson admitted the practice but said it couldn't be helped. "Other papers have been forced by competition and other reasons to go into this losing game, a losing game that I am in, and not for a  
14  
longer time than I can help it."

The smaller publishers were clearly worried that business methods, such as ruthless price-cutting to drive out competitors, already so common in other industries and leading to increased monopolization, would do similar damage to the newspaper industry. Out of desperation, the Stratford

Herald's W.S. Dingman appealed to the editor of the Toronto News (then regarded as one "of the most aggressive" of the 15 dollar dailies) to "reform the abuse":

According to present prices of paper I estimate that the cost of the white paper alone that is used in one copy during one year is in the vicinity of \$1.50. That paper you sell outside of Toronto at \$1, less commission, so that you net from each such subscription but some 75 cents to 85 cents a year. The loss is of course expected to be recouped out of advertising gained by increased circulation so obtained. Thus, besides encouraging the public in the disposition to grasp after something for nothing, the News is degraded to the rank of an advertising sheet, a class which is not recognized as entitled to the use of the newspaper postage rate. The method of departmental stores have sometimes come in for severe criticism, and we are aware how unfavorably the reputation of John D. Rockefeller is regarded all over this continent at this hour, because of his Standard Oil methods, which are analogous to those of publishers who sell at \$1 a daily the white paper alone in which costs 50% more than the gross price, and who do this in order to overcome competition and gain exaggerated circulation. I submit to you that this policy is out of harmony with the admitted high ideals after which the News strives in its treatment of public matters, and selfish and unkind toward contemporaries whose fields are restricted and who cannot throw away on subscription revenue in the hope of recouping themselves by greater advertising charges.

The complaints and pleas had no effect, however; the big city publishers didn't budge. Newspapers were now clearly an industry, and the rules -- dog eat dog -- were those of the business world. Politics took a back seat to profits, for as critics pointed out, "there were offenders on both sides of politics."

At the 1906 CPA convention, the anti-dollar daily agitation continued. Several publishers protested that the dollar daily violated the postal regulations governing

second-class rates because of their heavy advertising and below-cost subscription rates.<sup>16</sup> After the convention, their agitation focussed on pressuring the federal government to alter those regulations of which the dollar dailies were taking advantage.

The question of postal subsidies went right back to the beginning of the C.P.A., which was formed in part to lobby for them. In 1862 a delegation was sent to convince the government to send newspapers free through the mails. Eventually they succeeded because the government bought their argument that newspapers were educational matter and "public educators."<sup>17</sup>

So the matter rested until the early 1890s when a dramatic increase in all-advertising circulars, proselytizing tracts and increasingly bulky newspapers began to clog the mails and cause an alarming rise in the post office deficit. For example, the weight of newspaper carried free was 9,428,498 pounds in 1889; in 1891 it rose to 11,108,835 pounds, an increase in 2 years of 17%; and in 1897, it reached 16,557,490, a whopping increase of 77%. These increases were considered to be the primary causes of post office deficits of \$800,000 in 1896 and \$580,000 in 1897.<sup>18</sup>

In 1898, Postmaster-General William Mulock moved to institute postal rates for the newspapers in order to reduce costs and end abuses of the privilege. Terrified that their costs would sky-rocket, the publishers raised a public

outcry among their parliamentary defenders. Sir Charles Tupper defended subsidized rates for the newspaper because of their educational value to the public. Another M.P. objected to higher rates as a "tax on knowledge". Mulock himself acknowledged that public opinion supported the cheap circulation of newspapers -- what he objected to were the all-advertising circulars, pushing liquor and hotels, and the proselytizing tracts (one promoting "agnosticism" he found particularly offensive) which posed as "bona fide" newspapers and abused the second-class privilege.

John Ross Robertson, the Toronto Telegram publisher and MP, scoffed at the notion of the newspaper as educator, and pointed to the real reason for the publishers' pleas. "There is good reason why some newspapers, having a large circulation, should agitate and plead for the free circulation of newspapers," he noted in Parliament in 1898.

The fact is that three newspapers in Montreal and three in Toronto get considerably over one-third of the advantage consequent on this free carriage of newspapers. The entire revenue expected from this source is about \$82,000, and of this amount these six papers will contribute about \$32,000. Last year ... the public carried 5,000,000 pounds weight of letters, and the state paid for the carriage of these letters about \$5,000,000. The newspaper proprietors of Canada had 16,500,000 pounds of newspapers carried for them, for which they did not pay one cent. Of this 16,500,000 pounds about one-half the entire weight, or 8,000,000 pounds, was carried for three newspapers in Montreal and three in Toronto. Why should the Dominion be called on to contribute to the revenue of these newspaper proprietors?

In the end, though, both sides agreed to a deal which eliminated the worst abuses but still preserved the second-



class rate -- a mere quarter of a penny a pound as opposed to 32 cents a pound for letter mail. An eligible publication had to be a "bona fide" newspaper which the post office defined as a vehicle for the dissemination of news, sold to its subscribers for its news value, and not distributed free or at a "nominal price."<sup>21</sup>

Unfortunately for the smaller publishers, the post office never gave an exact definition of a "nominal price," and that omission was the loophole through which the dollar dailies flourished. The problem of congested mails, which the amended post office regulations were supposed to address, never really was solved, largely because Canada's booming industries increasingly realized that newspapers were the best medium through which to sell their goods.

Indeed, the development of national brand names and the big department stores which sold those goods was said to have been the spur which induced the biggest newspapers to become dollar dailies. The industry's trade journal, CPP, which systematically took up the cudgels on behalf of the smaller dailies against the five or six largest ones, charged in 1902 that<sup>22</sup>

the big city department stores in a bid to get the country trade have urged big city papers to expand their country circulation -- often by reducing subscription rates in Toronto of 80 cents to \$1.00 a year!

In 1907, the CPR opposed the proposed new postal flat rate for newspapers on the grounds that the only "beneficiary would be a few big city dailies." It charged that some of

these papers were "practically owned by the mail order concerns" (which in turn were controlled by the department stores companies), and

23

some which are not so owned receive a great deal of advertising support from them. The ambition of these dailies is to please their mail order owners and advertisers who are urging them to work up a national circulation.

W.B. Burgoyne, the publisher of the St. Catharine's Standard, contrasted department store advertising in 1904 and 1914 to show how the department stores had pushed the dollar dailies. Whereas ten years ago, a company like Eatons' had advertised regularly in the 18 or so small southern Ontario dailies, now increasingly it was confining publicity to the biggest Toronto dailies. As further evidence of this development, he noted that during the same period the Toronto papers, which had little outside circulation, now enjoyed half and occasionally more of their

24

circulation outside of Toronto. Department store advertising was also credited as a factor in the eventual exit of the daily publishers from the CPA, which had many weekly and trade journal members, to form their own organization in 1916. CPP worried that having their own organization would help the bigger publishers to penetrate further and increase their distribution into the "territories which are the natural fields of the small city daily and the country weekly" on behalf of the great department stores who desired to see "the widest and largest possible circulation built up for the metropolitan dailies which carry their advertising."

25

The extent to which the Montreal and Toronto dollar dailies had extended their circulation was nowhere more evident than in Kingston. Its midway location was a battlefield in which the dollar dailies of the two centres met head on, as can be seen by Kingston's approximate out-<sup>26</sup> of-town circulation in 1914:

<u>Montreal Star</u>	580
<u>Gazette</u>	15
<u>Herald</u>	200
<u>Telegraph</u>	75
<u>Mail</u>	50
Toronto <u>Mail &amp; Empire</u>	250
<u>Globe</u>	220
<u>News</u>	200
<u>Star</u>	60
<u>Telegram</u>	20
<u>World</u>	17
Total	1,687

Considering that the Kingston British Whig and the Standard had only 4,232 and 4,017 circulations respectively in 1913, it is clear from these figures how threatening to small<sup>27</sup> local papers the big metropolitan dollar dailies could be. The figures also show the Montreal Star's status as the biggest dollar daily of all, a role it enjoyed in other markets as far away as the Maritimes.

The Star's pre-eminence was no surprise since already by the 1890s it was the largest and richest daily in Canada. Those Kingston figures were matched by its penetration of other markets, such as the Ottawa out-of-town circulation. The Citizen's Wilson Southam admitted that the Star, arriving at 7:10 p.m. daily, had by 1911 "some considerable circulation". The Star's circulation of 1,000 subscribers in

Ottawa proper was matched by another 1,000 readers in the rural area surrounding Ottawa.<sup>28</sup> By 1913, approximately 40,000 of the Star's 100,000 circulation was delivered by mail.<sup>29</sup> For national advertisers, it would make sense to advertise in the Star. It also meant that a large part of the paper's advertising rate was determined by non-Montreal circulation.

The Star's predatory tactics -- it was the only daily charging the rock-bottom price of \$1, as others charged from \$1.50 to \$2 -- alarmed many publishers at the 1904 CPA convention. The Star's Graham came under special censure,<sup>30</sup> and one critic charged that:

It was never intended that newspapers should be distributed through the whole of Canada at a low rate to facilitate one man's accumulating the whole business. (Hear! Hear!). And I think the post-office arrangements could be attacked on the ground that no daily newspaper has a right to charge \$3 to \$4 in Toronto and \$1 in Kingston. It is inequitably a fraud on the citizens of Toronto.

But another publisher, the Sherbrooke Record's L.S. Channell, defended Graham and put his finger on why the practice would continue. "I don't blame Mr. Graham. I think it is a straight question of dollars and cents to him. The extra circulation is all the better for his advertising end."<sup>31</sup>

Here the smaller Canadian publishers acted similarly to small businessmen in other industries at a time when the biggest entrepreneurs threatened to dominate industry after industry -- press the government to intervene on their behalf to regulate competition and thus ensure "fair

32  
play." In this case, they responded to the increased penetration of their markets by pressuring the federal government to amend the postal regulations in order to deny the dollar dailies second-class rate privileges. The largest dollar dailies, they contended, were no longer newspapers as defined by the 1898 regulations, because their content was now primarily advertising and non-news features (comics, women's pages etc.), thus making them less vehicles of "news dissemination" and more advertising circulars in character. Moreover, the \$1 or \$1.50 charge to out-of-town customers was arguably a "nominal price" -- all of which disqualified them from the second-class postal rate. 33

By 1911, the Star's invasion of the Maritimes was so marked that the region's publishers organized a petition asking the Post-Master General to raise the postal rates benefitting the dollar dailies, with the Star most in mind. They called for special zoning charges which would allow them to reach their immediate hinterland with the old cheap subsidized rate, but which would effectively deny the largest metropolitan interlopers access to their markets because of much higher, long-distance rates. The petition movement snowballed as the small publishers of Central Canada joined the campaign, eventually followed in turn by medium-sized publishers, like the London Free Press and the Ottawa Citizen Southams, the latter already having had a taste of the Star's undercutting methods in 1908. By 1913, over 100 out of 135 daily publishers had signed the petition. 34

The publishers' cause was also aided by the railways who pressed the government for more subsidies to cover the losses, which, they claimed, were incurred by the substantially larger editions they were forced to transport at the old rate. Yet, despite the furor, the Laurier Government did nothing and passed the buck to the Borden Government, which in turn sat on the problem. The government's inaction was attributed to the power of the big dailies, especially the Montreal Star. Post-Master General L.P. Pelletier admitted that he didn't act because he "could not afford to fight the leading dailies."<sup>35</sup>

The dollar daily situation only cleared up during the war when the Montreal Star and other papers voluntarily raised the out-of-town subscription rates to \$2 and more.<sup>36</sup> Other contributing factors to the phenomenon's demise lay most likely in such intertwined factors as wartime newsprint shortages, the general decline in advertising and the mounting rationalization of the newspaper industry.

Certainly, the rationalization in the Montreal English-language market had a great deal to do with the cessation of the Star as a dollar daily. The Montreal newspaper scene is worth examining between the late 19th and early 20th centuries, especially the contrasting fortunes of the Star, the Herald, the Witness, and the later Mail and News. Their battle for circulation represents a microcosm of the overall process of the rationalization of the Canadian newspaper industry. Furthermore, such an examination is doubly

rewarding because Hugh Graham was the epitome of the new breed of ruthless entrepreneur who stopped at nothing in his quest to control the market.

From the beginning, Graham ran the Star primarily to make money. He pioneered in the aforementioned tactics of spending money for massive coverage of local events, numerous features, special correspondents and investing heavily in the latest and fastest print technology so that he could outdo his opponents. As A.H.U. Colquhoun attested in 1896: "Mr. Graham spends freely on the paper and is willing at all times to pay well for the best that is going."<sup>37</sup>

The Star consistently had the best and most complete news services and correspondents. For example, it was the only paper, beside the Toronto Globe, to send two correspondents to cover the Boer War, and in 1902, it shared the cost with John Ross Robertson of the establishment of the Canadian Associated Press and its direct cable to Great Britain.<sup>38</sup>

Graham was the first to make circulation the yardstick of success in the public's and more importantly the advertiser's eye. Colquhoun noted how in the matter of circulation<sup>39</sup>

The Star has made its mark by unceasing efforts to keep the facts before the public. Before it had the circulation of the Witness, it used courageously to publish the figures. Then, as it gradually overhauled its contemporaries and passed them in the race, the public became familiar with the figures and now accept them as genuine without challenge.

Market saturation in Montreal in the 1890s exacerbated the competitive situation, and was the main reason for the strenuous dollar daily efforts of not only the Star but also of its competitors, the Herald and, in 1909 the Witness. As early as 1894, Montreal newspapers were feeling the pinch of the "limited English market constituency," and the need to compete forced them to add more features and extra editorial staff. One observer noted that "eight or nine years ago their circulation was nearly as large as now, and their rate for advertising as good, yet their expenditure was almost 50% less." <sup>40</sup> The problem was to increase advertising to make up the loss in the drop of the newspaper's price. The Herald's price of one cent meant that it lost one-and-a-half cents on each paper. This loss had to be made up out of increased advertising patronage at better rates, secured through large circulation gained by a reduction in daily price. As described earlier, the Herald was forced to move to afternoon publication in 1896 in order to utilize the trains to tap the hinterland markets. This created a veritable dog fight in the afternoon market, especially since the Herald also acquired the energetic services of the able publisher, James Brierley, and the largest subsidies in <sup>41</sup> the Dominion from the newly elected Laurier government.

To compete with the Star, the Herald aped it by adopting a sensationalistic style and pursuing a more aggressive circulation strategy of prizes, gifts and other inducements. <sup>42</sup> With regard to the Witness, Brierley sought a "fusion" of the two papers, proposing this a number of times



between 1897 and 1908. He argued that since the two papers were "moving in many respects along parallel courses," their union "would result in a journal far more successful in a pecuniary sense at least, than either can be under existing circumstances." The Witness's J.R. Dougall agreed with Brierley's logic:

I realize the truth of much that is set forth in your letter, particularly the duplication of expense and the competition at present involved. Increased circulation and still the conservation of energies now wasted on competition should immediately result in a more favourable comparison with the 'Star'.

But Dougall refused the merger, fearing that the distinctiveness of his paper would be lost, and that its moral mission of classic liberalism and proselytizing Protestantism, or as he put it, its "anti-rum, anti-Rome, anti-corsets, anti-tobacco, anti-gambling, anti-combines and anti-tariff" position would be lost to money-making pure and simple. In this, he represented the old "personal journalism" of the 19th century, when newspapers were used primarily as a pulpit or platform. According to Dougall, a newspaper's role was to "lead and voice the good people in their more important campaigns."

This approach worked for the Witness during the 19th century. During the early 1870s, it was Montreal's leading English-language daily. But the advent of the "purely money-making" newspaper, the Star, in 1869 eventually caused its downward slide. The Witness did not grow as fast as the brash, exciting sensational Star because it refused

to compromise for materialist gains its moral stance of refusing questionable advertising or sensationalistic news coverage. This meant no liquor or theatre advertisements or news coverage emphasizing murder, mayhem and sin. It also meant no extensive sporting news coverage, especially horseracing, prizefighting and other sporting events which encouraged gambling. While these strictures began to hinder the growth and prosperity of the Witness at the end of the century, they served to crush the paper's fortunes in the early 20th century. Unlike the Star and the other business-oriented "people's" dailies, its editorial side always remained dominant over the business office.<sup>46</sup>

The Herald's entry in the afternoon market marked the beginning of the end for the Witness. After 1896, the Herald's "killing competition" caused the paper to lose money every year, forcing its publisher to dig deeper and deeper into his pocket to make up the losses.<sup>47</sup>

By 1909, consistently dropping circulation and a yearly loss took their toll and finally forced the paper to change its 65-year tradition on commercialism and adopt the tactics of the successful business-like dailies. It embarked on self-promotion through a \$10,000 circulation contest. It bought expensive new printing and typographical equipment, spruced up its lay-out, beefed up its city and business reporting staff and opted for livelier and wider news coverage. And it dropped its out-of-town subscription price and became a dollar daily.<sup>48</sup>

Ironically, the paper could not capitalize on the

initial success of its dollar daily campaign which doubled its circulation. Indeed, it lost even more money because it could not offset its additional subscription losses by greater advertising since its 19th century "journal de combat" nature and moral strictures prevented this.

49

Moreover, as F.E. Dougall, observed:

The dollar daily ... has set a standard of value in the minds of the ordinary subscriber who goes so far as to say sometimes, and probably think, oftener, that it is a swindle to charge more than a dollar, little realizing that the white paper alone costs, in the case of the "Witness", about twice that, and that a paper that lives for its readers needs of them in return a sustaining rate of subscription... But we are afraid that people who get the paper at present this year would not make up for the immediate sacrifice involved in the dollar rate by giving us a sustaining subscription rate the next year, and yet, as we have pointed out it is absolutely necessary for a paper like the "Witness" to have such a rate, for that must necessarily be a larger element in its support than is the case for instance of its competitor ... renewing at a full rate the dollar rate would involve a loss we could not bear.

It didn't help either that its advocacy of temperance caused it not only to lose lucrative liquor ads, but also ads such as cocoa, which the distributors (who also dealt in liquor) denied the paper in order to punish it. The paper estimated its principled advertising stand was costing it an average of \$10,000 a year in lost advertising.<sup>50</sup>

The Witness's "independent" nature also hurt it with the party faithful since the Herald's advertising agents had no hesitation in using Laurier's "name continually in appealing to advertisers of a Liberal complexion" -- urging that it would please Laurier that "the organ should have the

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preference."

For the campaign to have worked, the Witness would had to be more of a business-oriented publication, that is, a sensationalistic, less moralistic, paper filled with the very advertising-attracting features it had traditionally shunned. Thus, the 1913 end of the Witness heralded the demise of the 19th century advocacy press in early 20th century Canada.

The Herald's revival after 1896 also threatened the Star. After Brierley's takeover, the Herald rapidly moved from fourth place to second place in 1901. In 1891, for example, its circulation was roughly one-tenth of the Star's (3,500 to 32,083) but by 1905, it had climbed to over 40% of the Star's (23,473 to 56,453).<sup>52</sup>

For Hugh Graham, however, meeting the competition did not stop at price-cutting and outspending his rivals. During the entire period, he was persistent in secret attempts to buy out his competition in order to gain a stranglehold on the Montreal market. M.E. Nichols characterized him:<sup>53</sup>

In the 80s under Graham's shrewd direction the Montreal Star became one of Canada's most successful papers. It acquired early domination of the afternoon English language field in Montreal and all efforts to break his grip proved unsuccessful. Graham was not only an able publisher, he was a finished strategist, and if he loved anything more than running the Star, it was in busying himself in the affairs of his competitors. When one of them appeared likely to become a dangerous rival, he raided its organization and took from it selected key men. He had something to do with the rise and the fall of nearly every evening paper that came into the field in his time. Sometimes the motive was political; more frequently it was to make the Star's domination of the field secure.

In 1884, for example, he attempted to pick up the shaky Montreal Herald on the cheap, hoping to have it declared bankrupt so that he could pick up the pieces. In the Star's columns, he called on creditors to initiate bankruptcy proceedings.<sup>54</sup>

During the economic slump of 1913, which slowed advertising and forced newspaper retrenchment throughout the country, Graham moved decisively against his two rivals. He secretly financed the takeover of the Witness by Charles Gordonsmith, a former Witness employee.<sup>55</sup> Several months later, Graham bought out financier D. Lorne McGibbon's controlling share of the Herald for \$110,000, and then forced the merger of the two papers into the Herald-Telegram. In order to prevent the establishment of a new strong Liberal competitor, Graham reversed McGibbon's earlier attempt to make the Herald Tory by allowing the paper to espouse a mild Liberal party line. Equally significantly, he took over the contract which paid former Herald publisher James Brierley \$40,000 not to publish a newspaper in Montreal for seven years.<sup>56</sup>

Graham kept the Herald operating but barely. It was part of his strategy designed to deny market share and thus make it difficult for a new competitor such as the Mail and News to become established between 1914 and 1917. Veteran newsman Leslie Roberts described the process in 1929:<sup>57</sup>

Consequently, when the Herald ... threatened the circulation domination of the Star, and more particularly of the Star's week-end offshoot, the Standard, Sir Hugh Graham, as he then was, forced

sale of the Herald to himself, slaughtered its Sunday edition and relegated its week-day issues to the backwoods of journalistic pauperdom, where it has remained for more than ten years, scarcely alive.

No true newspaperman would have felled the Herald, once he acquired it. But to the present day business journalist who regards his newspapers only as founts of revenue, the emasculation of a virile paper is simply part of the day's work on the road to the next million dollars. By these methods has he contrived to keep his field clear of competition in his latter years ...

In the operation of his newspaper he has throttled opposition in order that his papers might thrive more vastly, and, when opposition has been stifled, he has permitted his Star ... to slump into the doldrums of journalistic hodge podge.

Buy-out was still not the end of Graham's bag of tricks when it came to beating the competition. Indeed, the start-up of the Morning Mail in 1913 and its sister the evening News the next year never really had a chance in the face of Graham's determined opposition. When the News applied for the vital membership in Canadian Press (CP) in 1914, it was turned down because of Graham's veto.<sup>58</sup> Another weapon was Graham's reported control of Montreal's newsprint supply, and there were accusations that he starved his rivals of necessary supplies.<sup>59</sup>

In 1917, the Mail and the News finally succumbed, in part because of war time inflation, a drop in business, the high cost of labour and its scarcity, but also as CP observed, because they could not compete against Graham's capital. And this was despite investing a reported million dollars in the three-year attempt.<sup>60</sup>

The rationalization of Montreal's market, which reduced the number of effective competitors, during the war also

occurred in other Canadian cities. Market saturation, rising overhead costs, and the dollar daily phenomenon meant increasingly that after the 1890s only the fittest newspapers survived. Publishers in other cities employed competitive tactics similar to those of Graham, in that they spent money to drive their rivals out or when all else failed, purchased or amalgamated with their competitors.

Some cities experienced rationalization earlier than Montreal. London, for example, by 1895, had two established papers, the Free Press and the Advertiser, which seemingly had the market sewn up, each publishing morning and evening editions. Each possessed modern web presses and Mergenthaler linotypes, and each took press services -- the CPR day service, and the midnight Great North-Western for morning service. And they had successfully roused four recent attempts to start rival papers, whose tactics were to price-cut, by meeting the cuts. Their respective strengths were also enough to meet their most serious challenger, the well-financed News, which managed to last until the turn of the century. From then on, London became a two-paper town with  
61  
no new challengers.

In the smaller cities, the favored tactic to control the market was to spend your rival into the ground to reduce competition to one or even none. The Woodstock Sentinel-Review's Andrew Pattullo favoured this tactic in 1898 when faced with a new challenger, the Express, and a weekly turned daily, the Times. Determined to drive out his competitors at any cost, Pattullo hired a vastly expanded

and expensive staff, including some Toronto journalistic heavyweights and a talented business manager. Pattullo also sank money into a state-of-the-art Cox Duplex press and a new stereotyping plant, all of which set a pace which his competitors found "hard to keep." Circulation rose sharply, forcing the Times to collapse and eventually the same happened later to the Review. Pattullo then cut his expenses and reduced his all-star staff to normal size. The Dingman brothers did the same with the Stratford Herald: they brought in outside talent, new presses and machinery, and increased editions -- all of which brought about the end of the rival Times and Beacon, leaving them with a monopoly in the city in 1903.

62

In Winnipeg and Calgary, spending the opponent into the ground was also the tactic which helped to rationalize the market by the end of the war. In those markets, though, the dominant papers at first sought to secure advertising and subscription rate agreements with their competitors. Initially, the Calgary Herald and the Manitoba Free Press failed in these attempts because their competitors feared giving up their main tactic -- price-cutting -- to gain additional business. When the Manitoba Free Press was unable in 1915 to bring about a city-wide subscription price-hike to offset wartime inflation and extra costs, it unleashed an expensive circulation competition involving contests and the expansion of the paper's features and news coverage. By 1917, its campaign had forced its rivals, the Telegram and



Tribune, to capitulate and adopt the Free Press's price hikes. <sup>63</sup> The fierce competition also had the effect of weakening those papers so that both were serious money-losers at war's end, and consequently, one disappeared.

In a market where three competitors were roughly equal in 1908, the Calgary Herald used similar tactics to achieve domination by the end of World War I. When its rivals refused to collude, it had the capital (provided by the Southams) to buy additional popular features and staff to provide extra local coverage which attracted more readers, resources not available to its less well-endowed competitors. In 1909, publisher Woods requested more capital from the Southams in order to compete with his Calgary rivals: <sup>64</sup>

We also require to go to some expense on a strong circulation campaign this year, as I believe the next two or three years will decide permanently which paper is going to occupy the dominant position in this part of Canada, and I do not propose to lose it for the Herald.

The Herald clearly spent money in its campaign to dominate Calgary, as is evident in Woods' explanation why profits were lower in 1911 because of "considerable" expenses for extra features: <sup>65</sup>

We are taking the Montreal Star special cable, and it was heavy of course during the Coronation. Besides, we have been putting on some extra things both in advertising and editorial departments, which are costing us some money at present, though they will bear fruit in one season. We feel that we do not want the News-Telegram to even commence to get a grip on this field, and I thought it was time we made a little splurge and improved our paper, especially as we had the profit to do it with.

The Herald also used its superior circulation and

price-cutting to deny significant advertising to its main rival. In 1909, after "hopeless endeavours to get the papers to raise their subscription rates" from \$3 to match its \$5 rate, it cut its own to the rock-bottom rate of \$3 a year for an indefinite period. This had the effect of "cutting out a good many subscribers from the Calgary News and transferring them to us."<sup>66</sup> In 1915, for example, it resorted to the same tactic when it offered discounts for three days a week space, combined with an extra discount for cash with order. As Woods explained, "we offered this in order to cope with the cut rates that the other papers were giving for the purpose of securing business." The tactic worked, and Woods noted that "we get just now about 75% of the real money that is being spent by the half dozen largest retail advertisers in town." And this wasn't the end of the publisher's ploys either. In the same year, he offered the paper's biggest advertiser, the Hudson Bay Company, exclusively its lowest rate on condition it did not advertise in the News-Advertiser.<sup>67</sup> At war's end, it dictated price rates to the other papers. Not surprisingly, the money-losing News-Advertiser died in 1918, after a brief but futile change of name to the Canadian.<sup>68</sup>

Although collusion was used primarily to reduce competition, raise ad and subscription prices and make more profits, the Calgary and Winnipeg examples showed that it was also used as a weapon to gain market ascendancy. What should not be lost sight of here is that in the Herald's

case, its collusion tactics were actually competitive and ultimately predatory, aimed at profit-maximization for itself and eventually at securing a monopoly position. It was the dominant paper in Calgary, the only one that regularly made money; the others were fiscally hemorrhaging. It could and did command advertising revenues and rates that were twice those of its competitors combined. Still its management complained bitterly about "illegitimate" and "unscrupulous" competition of papers which offered free subscriptions in Herald territory or seriously undercut its advertising rates. <sup>69</sup> But what choice of tactics was left to the News-Telegram and Albertan if they were to break the increasing market dominance of the Herald? At one point during the period described, the Herald consciously invested a good portion of its profits to add new features and generally improve the paper, which further encouraged advertisers to do business with not only the largest circulation, but also increasingly the quality Calgary daily. <sup>70</sup> Adherence to the status quo, which the collusion agreements represented, only benefitted the Herald, especially in the long-run, since it preserved a situation where one made money and the others systematically lost it and also ruled out possibilities of change.

There was a growing belief among publishers in the 20th century that there were enough newspapers in Canada. Increasingly, they voiced their resentment of new entrants who started papers for political or polemical reasons, thus jeopardizing the investments of those publisher-businessmen

who claimed they were providing a necessary community "service". The CPP, the publishers' organ, reflected this sentiment throughout the early 20th century. For example, after its report of the 1901 demise of the Hamilton Post, it noted that there were "too many newspapers in Canada." It printed observations condemning the expansion of the number of dailies, of which the following remarks by the Morden, Manitoba, Chronicle's J.F. Galbraith was typical:

Coming new to competing newspapers, that is, newspaper competing in a constituency where there is only fair business for one -- it is very certain there are too many newspapers in Manitoba from a business standpoint. It would not be too difficult to name about a dozen such super-nummery (sic) publications. They not only demoralize business but they depreciate the real value of newspaper plants for, no matter what the real value of a newspaper plant may be, that value is destroyed when its earning power is not sufficient to pay interest and provide for wear and tear. Party politics is responsible for this decidedly discouraging feature of the newspaper business in Manitoba. Papers that have been established for political reasons that never would have been contemplated as business enterprises.

Some smaller city publishers were finding that their "natural" number of dailies was two or even one; three increasingly were too many. The Stratford Herald's Dingman family noted this trend and justified their monopolistic actions with the following statement in 1906:

In no small city in Canada, that we know of are there three dailies enjoying a decent measure of success. Even in London, the third paper scheme has failed repeatedly, fortunes being lost in the attempt. In Kingston, where there were three, there are now two, the same in Brantford. The condition suits the public also, who do not feel complimented by being represented by half-starved, scrappy, local sheets.

As the 20th century wore on, the problem of "too many papers" was more and more often solved through merger,<sup>74</sup> amalgamation or buy-out. In this, newspaper publishers reflected the widespread sentiment in Canadian business which manifested itself in the first great wave of mergers and amalgamations between 1909 and 1913, although the newspaper industry experienced this several years later<sup>75</sup> during World War I.

The successful 1895 merger of the Mail and Empire provided a good example of how "fusion" could eliminate<sup>76</sup> costly competition. Similarly, the merger of the St. Catharines Star-Journal in 1906 prompted the CPP to remark that the "St. Catharines field should be greatly<sup>76</sup> improved." Other examples followed, such as the dual amalgamation of the four Fort William and Port Arthur<sup>78</sup> dailies in 1910. Galt became a one-newspaper town in 1912 as the Reformer and Reporter merged because of the belief that Galt was "too small a place to support two daily papers." Moreover, it was "a move to turn two dead papers<sup>79</sup> into one lively one." After the 1913 economic slump, J.K.<sup>80</sup> McInnis sold his Regina Standard to the rival Province for

purely economic reasons and ... merely in accordance with the modern principle of conservation of both physical and monetary expenditure that is resulting in the amalgamation of all sorts of commercial and industrial enterprises.

The economic hardships of World War I -- declining business which led to less advertising; growing inflation, especially mounting newsprint prices from \$40 to \$109.40 a

ton; higher wages; and a labour shortage -- accelerated newspaper mergers and amalgamations and eventually led to a decrease in the number of competing dailies. Newspapers could not help but be affected by the decline in business which began in 1913 as a result of the faltering of the wheat economy, railway overexpansion, and the serious overextension of the manufacturing sector which drove many businesses to bankruptcy. During World War I, according to M.O. Hammond, "production costs rose" so much that "casualties occurred on every side, leaving many communities with one newspaper instead of two or three." Another observer described the near "panic" conditions at the outbreak of World War I where "contracts for many commodities, including advertising space, were cancelled in large numbers." To counteract this, the CPA asked its members to run a series of "Good Cheer" advertisements beginning August 17. W.H. Woods reported that at the beginning of the war, "business to date has been practically at a standstill owing to the war scare ... while the expenses of the war, extras etc., have been considerable." The Ottawa Free Press's 1913 financial recovery was halted by the war because "costs of newsprint, labor and equipment went up, and merchants stopped advertising." Indeed, according to Bruce, in Ottawa by 1916, "war costs finally convinced all hands there wasn't enough room for three." Until 1917, J.W. Daffoe said that business was bad for the Manitoba Free Press. Wartime inflation and the paper shortage were cited as the cause for

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the collapse of the Winnipeg Telegram in 1920. The editor  
of the Montreal Star said that while its revenues were  
reduced, its expenditures during the war increased by \$1,000  
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a day. M.E. Nicholls found that "the war aggravated a  
serious downswing in the economy," and connected that fact  
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with the eventual collapse of many dailies. The Lethbridge  
Herald suffered because "credit tightening" contributed to a  
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general business decline and stagnation. The Rossland  
Miner abandoned the daily field because of the "advance of  
paper costs, telegraph tolls, press reports because of the  
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war..."

At first, the publishers' trade journal, CPP, clearly  
applauded the trend towards concentration, arguing in 1914  
that "fewer papers" meant "better service" since there was  
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a

great deal of over-lapping and duplication, and we  
believe that the time will come when it will be  
absolutely necessary for economic reasons for  
publishers to consolidate their interests with  
those of other publishers.

Indeed, in the case of Toronto, it questioned the necessity  
of Toronto having six daily newspapers especially since  
"each newspaper duplicates the news and to a large extent  
95  
the advertising of advertisers."

By war's end, publishers were clearly heeding this sort  
of advice. In city after city, competing newspapers merged,  
all giving economic reasons for the act. Typical was the  
1918 amalgamation of the St. Thomas papers into the  
hyphenated Times-Journal. CPP cited the reasons for "two

such old and well-established newspapers" joining as "those which have been responsible for similar unions elsewhere -- scarcity of labour and the excessive cost of materials which go into the making of an up-to-date daily paper." Significantly, the new entity, which replaced the two former Liberal and Tory organs, now was to be "conducted on strictly independent lines."<sup>96</sup>

Local monopoly clearly was regarded as the panacea for financial woes caused by too much competition for too little business. The Windsor Record waxed euphoric in 1917 about the benefits of being the only paper in town:<sup>97</sup>

No more effective way of dealing with the white paper pinch and other problems pertaining to the increased cost of making a newspaper could be devised than by transforming two dailies published in smaller cities into one. There is abundant room in this province for such enterprise...

Look at the saving to the merchant who feels compelled to advertise in both!

Consider the immense saving in white paper and the duplicating of everything that goes to make a paper.

Many of these papers owing to competition are now just making a fair living. What is going to happen to some of them, with the cost of newsprint already advanced 69%, to say nothing of other increases in expenses?

Woodstock and Windsor are fair examples of one-paper towns. These two papers are considered among the best small city dailies in Canada. They are abundantly filling the wants of their constituencies, and are saving the reading public and merchant considerable money, at the same time making a comfortable living for the publishers.

The other papers should think the proposition over.

Other newspapers had already realized that. By 1910, Niagara Falls, Sarnia, and Stratford had become single-daily towns. After 1911, the trend became inexorable: of 17 towns which had two dailies then, only one had that many in 1921



(and of nine others which had two in 1921, only one had two  
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in 1931).

If merger was not possible, the favoured tactic was to buy out the competitor. The Niagara Falls Review explained  
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why it purchased its competitor, the Record, in 1918:

For some time the publishers of the two local papers have recognized that it was impossible for two papers to get decent returns on investment as production costs have have gone up so rapidly. Today it costs 50 per cent more to turn out The Evening Review than it did two years ago.

In the face of business-killing conditions the two papers have made every effort to keep above the current, but finally decided that the only business salvation was a getting together of some sort.

Purchasing your rivals to remove them was also used in the biggest cities in order to clear the way for monopoly in either the morning or evening field. Graham used that tactic in Montreal to eliminate the Witness and later the Herald. War costs forced P.D. Ross and the Southams to conclude that the Ottawa market could now sustain three dailies, and thereupon they forced the merger and disappearance of the  
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Free Press into the Journal in 1917. The same year saw the Vancouver Sun buy up the assets of the News-Advertiser  
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because there was "no room for two morning dailies."

Whether by merger, purchase or bankruptcy, the result was the same -- fewer and fewer dailies as the century progressed. Although the overall number of Canadian dailies continued to rise until World War I, the increases came mainly in the developing centres of the west, as growth was largely over in central and eastern Canada. In 1899, there were 119 dailies in Canada, by 1911 the number had risen to

143 with a high of 152 in 1915. But wartime proved to be the big rationalizer. The first year saw nine dailies collapse, one in the east and eight in the west. By 1917, 20 had disappeared, and by the war's end, 36 dailies had fallen. By 1921, there were only 113 (and the trend continued for in 1938 there were only 97 dailies). In addition to the collapse of some abortive attempts, the slaughter included some venerable and once mighty concerns, including some 30- and 40-year-old ventures, such as the Toronto World and its colleague the News, the Winnipeg Telegram, the Calgary News-Advertiser, the Brantford Courier, the Hamilton Times and the Ottawa Free Press.

102

In light of the prohibitively high capital costs necessary to operate a large urban daily -- the operating expenses of the Montreal Star were estimated to be \$1 million in 1913, and the Star claimed that the war caused its expenses to rise a further \$1,000 a day -- it is no wonder that most major cities, including Toronto, Ottawa, Winnipeg, Halifax, Edmonton, Calgary, Hamilton, London, had no new daily start-ups after the 1890s. And in those few cities which did have new daily attempts in the early 20th century, none survived.

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The St. John Star which opened and closed in 1910 was typical. Some like the Vancouver Times and Evening Journal didn't even come close to lasting a year, surviving only for 43 and 44 days respectively in 1915.

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Indeed, the Montreal Mail and News were unusual in that they managed to last 3 years.

Not even bucketfuls of money could stave off this decades-long trend as even the Southams discovered with their ill-fated venture, the Lethbridge News, which couldn't beat the well-established Herald.<sup>105</sup> Similarly, Joseph Atkinson learned this when he dropped in excess of \$500,000 between 1922 and 1926 in a vain attempt to supplant the Free Press in London and start a chain at the same time.<sup>106</sup> And the Mail backers dropped a million dollars trying to break into the Montreal market.<sup>107</sup>

In addition to the aforementioned economic causes of local market rationalization, other factors also contributed to newspaper attrition. Conscription and the Unionist government disrupted traditional party allegiances and severely reduced patronage, thus putting another nail in the coffin of the partisan press and boosting the economic aspect of newspaper publishing.<sup>108</sup>

The trend towards fewer papers and thus more monopolization and concentration was often abetted by advertisers. For example, a proposal to start a Berlin (Ontario) paper in 1912 was quashed after advertisers signalled their intention not to advertise. St. Thomas advertisers were pleased by the merger of the city's two dailies. The longterm failure of the Toronto News was firmly laid to the major department stores systematically reducing or removing their advertising in favour of the stronger Toronto dailies.<sup>109</sup>

As competition lessened and concentration increasingly became the rule in more newspaper markets across Canada in

the 20th century, this development began to expand on a national scale with the growth of the Southam newspapers, Canada's first corporatively linked chain of newspapers. The idea was not new, however, with the Scripps and Hearst chains in the U.S. showing the way. In Canada in 1894, J.S. Brierley issued a circular showing the value of his four papers (the daily and weekly St. Thomas Journal and Chatham Banner) and offering special rates of advertising to run in the four. This produced comment on how his papers resembled Wanamaker's or Eaton's department stores with branches in different cities. <sup>110</sup> Other newspaper chains made their appearance, most noteworthy, B.F. Pearson's six Nova Scotia dailies and J.S.H. Matson's Vancouver News-Advertiser, Victoria Colonist and Nanaimo Herald in 1910. And W.F. Herman briefly owned two Saskatchewan dailies in the latter <sup>111</sup> years of the war. Yet, these enterprises really did not constitute a chain of newspapers as is understood today -- a permanent, centrally managed corporation administering linked newspapers for a common purpose. Rather they amounted to little more than one entrepreneur temporarily owning several newspapers.

At first, the Southam family's early newspaper holdings did not constitute a chain either; indeed, their claims that the chain came about by accident ring true! The early purpose of their expansion from Hamilton to other cities was to assist in what they considered to be their main business, printing. After their western expansion in 1908, one son

said to family patriarch William Southam "... the moral effect of these two western papers would be a valuable adjunct to your general printing business." As late as 1915, another son could still observe that "the original idea in buying a chain of newspapers was that they should all work together for the common good of Southam Ltd. -- the common good now, as for years past, being the boosting of the printing business."<sup>112</sup> Moreover, there were occasional suggestions to sell the newspaper properties, some as late as 1914.<sup>113</sup>

Canada's first national chain of newspapers, nevertheless, started when William Southam, who controlled the Hamilton Spectator, sent his sons Wilson and Harry to purchase the Ottawa Citizen in 1897.<sup>114</sup> Using the Southam assets in the Spectator and printing companies in Montreal and Toronto, the brothers were able to make the Citizen profitable after absorbing \$78,000 in losses between 1898 and 1901.<sup>115</sup> Similar to modern-day practices of newspaper magnates like Rupert Murdoch, the Southams repeatedly used their properties' value as collateral to raise money to take over and bankroll other newspaper properties.<sup>116</sup> They were able to plunk down \$15,000 in cash for the Calgary Herald in 1907, plus promises to pay \$45,000 later based on their credit-worthy other properties. By now the pattern was clear, the Southams liked to spread the risk when absorbing other papers. When William Southam bought into the Spectator in 1878, he did so in partnership with William Carey.<sup>117</sup> The Calgary Herald was purchased with J.H. Woods who put in

\$3000 along with lesser amounts from other participants. The same occurred with the Edmonton Journal and the Lethbridge Herald in 1912.  
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With the western purchases, the Southams began to take on the appearance of a chain. William J. Southam reported that the family had met to discuss the desirability of a national chain in a letter to J.H. Woods in July, 1911.  
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... another idea was that we should work towards merging newspapers which would form a complete chain across the country taking in a property in Montreal, Ottawa, Toronto, Hamilton, Winnipeg, the three papers in Alberta and a Vancouver property. Also that we should separate our job printing businesses from our newspapers ...

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Woods' reply was enthusiastically supportive:

I note with great interest the suggestion made at your meeting about merging papers and forming a chain across the country. As you are aware, this had been the ultimate idea in my mind. I believe we could get the Winnipeg Tribune if I went after it right and a paper on the Coast would not be impossible. It would take time to work out such a plan, but it would be well worth the working, and a chain of papers such as you suggest would be the biggest power in the Dominion, besides being an immensely valuable property.

Indeed, the necessity of keeping the western papers adequately financed, because of intense competition in their locales, forced a corporate restructuring which enhanced the benefits of chain ownership. Accordingly in 1912, a central organization was created, Canadian Newspapers Ltd., to put the three dailies under one corporate structure. The aim was to spread the risks -- both the Journal and Herald needed immediate \$10,000 infusions of cash -- yet simplify them at the same time. The new structure's purpose was to

use the assets of the profitable Calgary Herald as the short-term guarantee for the liabilities of the other two, and the assets of Southam Ltd. as the long-term guarantee for Canadian Newspapers Ltd. overall.

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Some of the advantages of chain newspaper ownership had already become apparent to the Southams. In 1907, the Spectator and Citizen reduced editorial costs by often printing the same editorials and "clipping" syndicated features and stories from each other. When the Southams bought a minority interest in the London Free Press in 1907, they realized further advantages of multiple ownership. This included "the exchange of information regarding offers of new business" and perhaps the three papers joining "in having a Toronto office, or a Toronto representative for looking after new business." The Calgary Herald certainly benefitted immediately from Southam ownership as the Southams were able to arrange for it the much lower newsprint prices they paid for their papers.

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Canadian Newspapers Ltd., however, systematized the benefits by formalizing the arrangement in a permanent corporate structure. The three papers were run from a central Calgary office, thus dividing administration expenses and also saving by joint volume purchases of supplies and equipment. Personnel and equipment were shared and interchanged as the need arose avoiding duplication. The papers now could afford a full-time circulation manager who sold ads on a province-wide basis and organized joint promotions. The new structure also permitted editorial

savings and an increase in quality by hiring an expensive "crackerjack" editorial writer who would have been too expensive for one paper to support.<sup>125</sup>

The formation of Canadian Newspapers Ltd., furthermore, started a process by which Southam newspapers would be brought into one corporate structure whose purpose solely would be the development of its newspaper properties. At first, the Southams understood that the "principal objective" of putting the newspapers under one corporate roof was for the stronger Herald to keep "the other two afloat until they were in a better financial position."<sup>126</sup>

But the overall benefits of the restructuring influenced the Southams eventually to employ such means on the rest of their newspaper properties.

The Southams also came to realize the advantages of chain ownership, especially as the papers standardized their size and format. J.R. Booth, their paper supplier, told them in 1911 that he could give them a better quality of paper, in that there would be a longer run, and therefore, more time to set it properly. "Moreover, there would also be less danger of shortage, as if THE SPECTATOR were short they could send them some of our (the Citizen) paper and vice-versa. The standardization of the Spectator, Citizen and Herald meant that "the saving in the cost of paper as time goes on will far more than compensate them for the present expense (of standardization)."<sup>127</sup>

The Southams always communicated and consulted among



themselves through circular (and copied) letters to Hamilton, Ottawa, Montreal and Toronto. They compared the effectiveness of syndicate material, paper and equipment prices, administrative practices, editorials and so on. But in 1911, they began to compare more and more information as corporate standardization advanced. At first the information flow was only west to east, and it took until 1915 to fully implement effective standardization and bring in the western papers as equal partners. Then, all the Southam newspaper statements and accounting systems were "standardized as near as possible." Moreover, the copies of the information were exchanged between the papers so that the western papers "could compare their departmental costs with ours, as we do theirs with ours." Special meetings were also set up to "govern the newspaper ends of our business with the idea that all of us could perhaps gain something from a general talk on the newspaper situation."<sup>128</sup> The value of comparing standardized shared information quickly proved its worth as it allowed Wilson Southam to notice that the western papers had heavier expenses than the Citizen, western differences notwithstanding. He urged the Herald's business manager to come to the Citizen to take some "pointers" from a cost management expert the Citizen had hired to improve its<sup>129</sup> administrative methods:

Since the beginning of the year we have been sending the Western papers our monthly statement and monthly expenditure analysis, so that they have been able to get a comparative line on the different items as compared with the East and the West... I believe that Bill (Watson, the Herald's business manager) could pick up some information

from The Citizen system that would be extremely valuable to him in the West.

In addition to the price-cutting, predatory collusionary tactics, modern business methods and superior access to capital already described which the Southam papers utilized to dominate their respective markets, they also consolidated their position by purchasing competitors. In Ottawa, they decided to shut down E.N. Smith's Free Press, which they had secretly controlled with P.D. Ross. Luckily for Smith, P.D. Ross allowed him to merge with the Journal.<sup>130</sup> In Hamilton, they bought the Times in the hope of merging it with the Spectator, and when that proved unworkable they closed the paper in 1920.<sup>131</sup> In the same year, after they bought the Winnipeg Tribune, they immediately bought its rival, the Telegram, for \$100,000 and shut it down after absorbing its physical assets.<sup>132</sup>

The rise of the Southam chain fundamentally changed the dynamics of the Canadian newspaper scene. For example, the Free Press's dominance of Winnipeg was threatened by the invasion of the bankrolled Southams with their 1920 purchase of the Tribune.

After being rebuffed in a bid to remove competition, the Southams loaded up the Tribune with all the features and advantages which their chain could afford.<sup>133</sup> In the face of this competitive onslaught, the Sifton family had the choice to sell the property or fight fire with fire, and start its own chain. It chose the latter, beginning with the purchase of two Saskatchewan dailies in 1925.<sup>134</sup> The example of the

successful Southam chain may have been the reason why Joseph Atkinson bought the London Advertiser in 1923.

By 1919, the press situation had changed so dramatically from the pre-war condition of lively and competitive markets that the CPP, which had so loudly campaigned against the inefficiency of competition, now changed its tune. It did not like the post-war landscape of monopolies, and worried about the consequences in 1919 of cities like St. Thomas and Brantford which could support two dailies but did not. It feared that business considerations would sacrifice the public's need to know for the sake of profit:

One thing that is necessary above all else is a free press, a paper that can say that it thinks without counting the cost. Surely, perhaps slowly, we are moving toward the point where the mediums that should be vehicles for public expression are being stifled and laid away simply because they have not earned more than it cost to run them.

The whole tendency increases the business pressure on the editorial columns. It makes men more fearful of failure. It makes them more ready to consider business interests in the conduct of their news columns or the drift of their editorial pages. And all the time that this is going on the public is the poorer and the more endangered.

The foregoing comments are an indication of the deep changes in the newspaper industry which had occurred between 1890 and 1920 and how completely business had eclipsed the editorial side. The "industrialization" of the newspaper was now complete, as symbolized by the contrasting fates of the editorializing Toronto News and the Witness to that of their respective rivals, the money-making Stars. The intensely competitive markets of the 1890s had given way to the

rationalized ones of the 1920s, as the stronger publishers eliminated their weaker competitors through merger, amalgamation or purchase in order to gain higher earnings. The resulting fall in the number of competing dailies signified a structural transformation in the industry, in that significant concentration characterized the markets of many Canadian cities. Moreover, the steady expansion of the Southam chain showed national combinations, not local dominance, increasingly would be the key to future newspaper survival.

## ENDNOTES 5

1. See Michael Bliss, A Living Profit: Studies in the Social History of Canadian Business, 1883-1911 (Toronto: McClelland and Stewart, 1974) especially chapter 2, "The Flight from Competition."
2. Bliss, Northern, 361.
3. "Toronto's Evening Papers," CPP (December 1894) 14. The article attributed the drop in subscription prices outside of Toronto to the "cheapening of white paper."
4. J.F. Mackay, "Journalism," CPP (April 1903) 4.
5. WP, v. 12, 29 July 1905, W.S. Dingman to J.S. Willison; SA, reel 105, 25 January 1912, W.J. Watson to W.J. Southam.
6. "Winnipeg 'Free Press' Replies to 'Tell-Tale Figures' Editorial," CPP (April 1913) 57.
7. "A Farce the Toronto Daily News," CPP (November 1894) 7.
8. Rutherford, Victorian, 76.
9. Hammond, "Ninety," 169; CPP (September 1895) 5.
10. CPP (June 1911) 58; Toronto Globe "Great Growth in Circulation," 5 March 1919, 2.
11. Walkom, 339, ff.72.
12. CPP (October 1908) 33; CPP (July 1911) 57; "Survey of the Field," CPP (June 1913) 56.
13. CPP (November 1894) 7; CPP (September 1898) 9.
14. CPP (February 1904), 14.
15. WP, v. 12, 29 July 1905, W.S. Dingman to J.S. Willison.
16. CPP (March 1906) 33.
17. Hamilton Spectator, 27 September 1862. The CPA always had a permanent postal committee, which showed the importance of the postal rate to the publishers. For a survey on rates, newspapers charges and post office deficits, see A.W. Currie, "The Post Office since 1867," Canadian Journal of Economic and Political Science 24 (May 1958) 241-245. Free postage lasted until Confederation, when a nominal fee was imposed (a quarter cent a pound). But in 1882, the government

again allowed newspapers free through the mails.

18. Debates of the House of Commons ... 1898 5526.
19. Debates of the House of Commons ... 1898 5543.
20. Debates of the House of Commons ... 1898 5550.
21. "The Dollar Daily," CPP (January 1912) 63.
22. CPP (October 1902) 4.
23. CPP (May 1901) 41.
24. CPP (August 1914) 46.
25. "Split Developing in Canadian Press Association," CPP (July 1916) 31.
26. "Superiority of Local Papers Over Big City Dailies," CPP (March 1914) 63.
27. McKim's 1913, 41-43.
28. "The Zone System Alone Inadequate," CPP (May 1913) 67; Walkom, 300, ff.72.
29. "A Snare and a Delusion," CPP (May 1913) 66.
30. CPP (February 1904) 14.
31. CPP (February 1904) 14.
32. See Bliss, Northern, 362-363.
33. "The 'Dollar Dailies' are Seeking to Becloud the Real Issue," CPP, (December 1913) 58; "The Dollar Daily Contravenes the Postal Regulations," CPP (May 1913) 68.
34. "The Efficient Remedy for Dollar Daily Competition," CPP (May 1913) 67. For a detailed look at the CPA petition to the Postmaster-General, see W.A. Craick, A History of Canadian Journalism II, (Toronto: Ontario Publishing Company 1959) chap. 10.
35. "Postmaster-General Admits Post Office Department is Seriously Considering Increase in Rate on Newspapers," CPP (December 1912) 58; "Signs of Success of Campaign Against 'Dollar Dailies'," CPP (January 1916) 26. It is no wonder the few large dollar dailies fought so vigorously against any plan which would have raised their rates. For the example of the Montreal Star, an increase of three-quarters a cent a pound in the postal rate would have quadrupled its mailing costs from \$15,000 at the quarter cent rate to \$60,000 a year.

36. "Signs of Success of Campaign Against 'Dollar Dailies'," CPP (January 1916) 26.
37. A.H.U. Colquhoun, "The Man Who Made the Montreal Star," CPP (April 1895) 6.
38. "Canadian War Correspondents for the South African War," CPP (November 1899) 6; Cooper, 119.
39. A.H.U. Colquhoun, "The Man Who Made the Montreal Star," CPP (April 1895) 26.
40. "Cheaper Newspapers," CPP (November 1894) 11-12.
41. WP, v. 5, 17 December 1896, J.S. Brierley to J.S. Willison. In 1902, the Herald received almost \$53,000 out of \$342,277 disbursed. No other newspaper even came close to this figure, CPP (February 1902) 9.
42. CPP (October 1896) 1.
43. Dougall Family Papers, v. 3, 29 June 1897 and 15 July 1908, J.S. Brierley to J.R. Dougall; 2 July 1908, J.R. Dougall to J.S. Brierley.
44. Dougall Family Papers, v.5, undated, unsigned, typewritten manuscript.
45. Rutherford, Victorian, 49.
46. Apparently, the merger talks in 1908 between the Witness and Herald broke down over the question of editorial subordination to the business office concerning "objectionable" advertising, Dougall Family Papers, v.3, 16 July 1908, R.C. Smith to J.R. Dougall.
47. Dougall Family Papers, v. 3, Unsigned (most likely F.E. Dougall) undated (1912?) to Wilfrid Laurier.
48. CPP, (September 1909) 46.
49. Dougall Family Papers, v.3, 16 March 1911, F.E. Dougall to Sydney Fisher.
50. Dougall Family Papers, v. 3, F.E. Dougall to unknown, undated (1912?).
51. Dougall Family Papers, Unsigned (most likely F.E. Dougall) undated (1912?) to Wilfrid Laurier, v. 3.
52. McKim's 1891 14; McKim's 1905 153.
53. M.E. Nichols, (CP): The Story of the Canadian Press (Toronto: Ryerson, 1948) 285. Nicholls should know as

he was publisher of the ill-fated Montreal Mail and News which collapsed in 1917 because of Graham's ruthless competition.

54. Montreal Star (5 November 1884); Beaven "Ross," 40.
55. Dougall Family Papers, 23 April 1913, v. 3, J.R. Dougall & Son to Charles Gordonsmith. The agreement also stipulated that the Dougalls keep Graham's involvement secret.
56. D. Lorne McGibbon bought the Herald on June 26, 1913, CPP (June 1913) 75. On January 14, 1914, McGibbon sold his Herald shares for \$110,000 to Hugh Graham, whereupon the latter merged the Witness which had been renamed the Telegraph, with the Herald, dropping the former name, "Settlement Made in the Montreal Herald Case," CPP (February 1919), 31.
57. Roberts, 201.
58. "Montreal Newspaper War On Again," CPP (April 1914) 65; "Montreal Herald Reorganized -- 'News' Out," CPP (June 1914) 55.
59. Already in 1904, there were assertions that Graham was involved in the paper industry, and that he wanted to raise prices so that there would be fewer competitors, CPP (February 1904) 14. The Gazette accused Graham of hastening the end of the Witness and Herald by cornering the available newsprint supply, Cooper, 119.
60. "The Basis of a Newspaper's Life and Favor," CPP (November 1917) 24.
61. CPP (July 1895) 15; Miller, 26.
62. "Mr. Pattullo's Success," CPP (November 1898) 7; Cranston, 22.
63. SA, reel 105, 3 April 1909, J.H. Woods to W.J. Southam.
64. After his explanation, Woods wrote "on the above facts I think you will agree that we require some money," SA, reel 105, 3 April 1909, W.H. Woods to W.J. Southam.
65. SA, reel 107, 18 July 1911, J.H. Woods to W.J. Southam.
66. SA, reel 107, 4 August 1909, J.H. Woods to W.J. Southam.
67. SA, reel 105, 10 February 1915, J.H. Woods to W.J. Southam. SA, reel 105, 11 February 1915, W.H. Woods to W.J. Southam; the deal lasted till 1918, SA, reel 105, 8 March 1918, J.H. Woods to W.J. Southam; SA, reel 105,



5 May 1918, W.H. Woods to W.J. Southam.

68. Gloria Strathern, Alberta Newspapers 1880-1982: An Historical Survey (Edmonton: Alberta UP, 1988) 34.
69. SA, reel 105, 16 August 1909, W.H. Woods to W.J. Southam; SA, reel 105, 22 June 1909, W.H. Woods to W.J. Southam.
70. SA, reel 105, 25 January 1915, W.H. Woods to W.J. Southam; SA, reel 105, 10 August 1915, W.H. Woods to W.J. Southam.
71. CPP (October 1901) 8.
72. CPP (March 1901) 42.
73. CPP (January 1906) 3.
74. In 1914, the August CPP had an editorial entitled "No More Papers Needed," 61.
75. Bliss, Northern, 338, says that the "normal, almost haphazard, rhythm of public financings and mergers jelled about 1909 into a recognizeable merger movement." Between 1909 and 1913, some 275 individual firms were combined into 58 industrial firms. Stephenson, 78, noted that the "merger or amalgamation movement became pronounced in the years 1909-1911," and that some 49 industrial combinations absorbed 196 companies. Bladen, 224, cited the Report of the Royal Commission on Price Spreads (28, 331) to note that 244 firms consolidated into 54 amalgamations between 1909 and 1912 in the "merger movement"; by contrast, there had been only seven consolidations, involving 81 concerns the previous eight years (1900-1908).
76. CPP (June 1895) 2; quite clearly, the Mail took over the Empire to remove a competitor, see "The Growth of the Toronto Mail," CPP (November 1895) 6.
77. CPP (January 1906) 3.
78. "Amalgamation of Circulations of Twin City Dailies" CPP (April 1910) 31.
79. "Important Merger at Galt," CPP (August 1912) 54.
80. "McInnis Papers Bought by Regina 'Province'," CPP (January 1914) 53.
81. Hammond, "Ninety," 295.
82. Tom Traves, The State and Enterprise: Canadian Manufacturers and the Federal Government, 1917-1939

- (Toronto; Toronto UP, 1979) 7.
83. Hammond, "Ninety," 295.
  84. Craick, 105.
  85. SA, reel 105, 14 August 1914, W.H. Woods to W.J. Southam.
  86. I.N. Smith, 96.
  87. Bruce, 99.
  88. J.W. Dafoe Papers, National Archives, reel M-74, 27 February 1917, J.W. Dafoe to Clifford Sifton.
  89. Loveridge, 15.
  90. WP, v. 9, 11 May 1915, J.S. Willison to Francis Cochrane.
  91. Nicholls, 115.
  92. Steele, 160.,
  93. "Rossland Miner Says Farewell," CPP (December 1918) 27.
  94. "Fewer Papers -- Better Service," (February 1915) 37. See also, "No More Papers Needed," CPP (July 1914) 43.
  95. "Uneconomic Publishing," CPP (September 1916) 43. In 1920, the Halifax Herald applauded the process of newspaper amalgamation and concentration of ownership. Thus eliminated was "a criminal waste of material and duplication of labour," and the benefits were "superior" publications. The paper painted a picture of journalistic utopia in a one-newspaper town. The public interest would be better served and "higher wages for the producer" would be obtained. "The economic folly of unnecessary newspapers in being recognised alike by the owner, the public -- and especially the advertiser who is coaxed and cajoled into paying two or three times for a service which he should obtain from one medium and for which he should pay only once," Marsh, 109.
  96. "The Amalgamation in St. Thomas," CPP (July 1918) 31.
  97. "Newspaper Amalgamation," CPP (January 1917) 28.
  98. McNaught, 24-25. Beaven, Press, 349, cited six Ontario cities in 1909 with only one daily, this increased to 13 in 1919, and 25 in 1930-1931.
  99. "Niagara Falls Paper Explains Why Amalgamation Came

About," CPP (May 1918) 18. Similar reasons were advanced for the merger of the newly-formed Kitchener News-Record, in that "the amalgamation is deemed advisable in view of the increasing cost of producing a newspaper. It is expected to reduce the overhead expenses . . .," CPP (November 1919). Brantford became a one-newspaper town in 1919 when it was "decided that there was not room for two papers to live in Brantford and make money in the proposition," -- "The Brantford Courier Ceases Publication," CPP (January 1919) 21.

100. Bruce, 99.
101. "Closing of The Vancouver News-Advertiser," CPP (October 1917) 27.
102. McNaught, 23-24; Nicholls, 115; "N.W. Ayer & Son's Directory," CPP (June 1918) 30; "Niagara Falls Paper Explains Why Amalgamation Came About," CPP (May 1918) 18. The widespread closing and amalgamation of newspapers was a North American phenomenon, affecting record numbers of publications of all classes. "The Year 1918 in Review," CPP (March 1919) 31 cited 1,600 failures in 1918.
103. "A Snare and an Illusion," CPP (May 1913) 66; WP, v. 9, 11 May 1915, J.S. Willison to Francis Cochrane.
104. Edward Williams, "Review of Newspaper Changes in Vancouver," CPP (May 1915) 33.
105. The Southam chain lost about \$30,000 in two years on the News, Bruce, 137.
106. Harkness, 205.
107. "The Basis of a Newspaper's Life and Favor," CPP (November 1917) 24.
108. Nicholls, 195-196; Beaven, Prep., 349. "There are some publishers who contend that the political stripe of a paper is going to count less and less in Canada. They base their belief on the fact that during the war the Union Government in Canada brought members of the old parties very close together, and that they will have to take a very serious break to again bring about the strained feeling that used to exist," -- "The Brantford Courier Ceases Publication," CPP (January 1919) 21.
109. CPP (March 1912) 89; "The Amalgamation in St. Thomas," CPP (July 1912) 31; Colquhoun, 134, cited the News's failure as caused in part because the "great stores either lessened or withdrew their advertising."

110. CPP (December 1894) 7.
111. "Changes in Ownership," CPP (April 1910) 30; CPP (June 1915) 56; "B.F. Pearson, M.P.P.," CPP (March 1906) 34; B.F. Pearson also controlled the St. John Sun, see Marsh, 81, 85 ff. 100, and Morgan, 895; Bruce, 221, McNaught, 27, for an account of W.F. Herman's life, see "W.F. Herman -- Windsor Star owner dead," Toronto Globe and Mail, 7 January 1938, or Metro Toronto Scrapbook, v. 7, 636.
112. Bruce, 64-65.
113. Harry Southam proposed selling the Alberta dailies in 1913, SA, reel 133, 30 December 1913, H.N. Southam to W.J. Southam.
114. "My father sent me down to buy it," said Wilson Southam, SA, reel 128, "The Hamilton Spectator Story," 17 September 1952, 4.
115. Walkom, 308.
116. SA, reel 105, 3 April 1909, W.H. Woods to W.J. Southam.
117. When William Carey died in 1890, William Southam bought controlling shares from his share from the estate, SA, "The Hamilton Spectator Story," reel 128, 17 September 1952, 1. The Southams took total control in 1927, Bruce, 227.
118. SA, reel 105, 3 April 1909, J.H. Woods to W.J. Southam; The Southams took control of the Edmonton Journal and the Lethbridge Herald assuming some of the debts of the over-extended W.H. Woods, who had undertaken by himself to acquire control of the two papers, and translating those debts into stocks giving them overall control of the umbrella structure, which controlled all three Alberta dailies, Canadian Newspapers Ltd., SA, reel 133, 29 December 1911, W.M. Southam to William Southam.
119. SA, reel 107, 14 July 1911, W.J. Southam to J.H. Woods.
120. SA, reel 107, 19 July 1911, J.H. Woods to W.J. Southam.
121. SA, reel 133, 29 December 1911, W.J. Southam to William Southam.
122. SA, reel 133, 18 February 1908, H.S. Southam to W.J. Southam.

123. SA, reel 133, 16 May 1907, W.M. Southam to William Southam.
124. SA, reel 107, 28 May 1908, J.H. Woods to W.J. Southam.
125. SA, reel 107, 12 June 1911, J.H. Woods to W.J. Southam; SA, "Canadian Newspapers Limited," reel 107, 1 June 1, 1911, the proposal by Allan Haynes Ltd. Organizations was accepted and later incorporated, see 12, 14.
126. SA, reel 133, 26 June 1911, W.M. Southam to William Southam.
127. SA, reel 133, 9 June 1911, W.M. Southam to William Southam.
128. SA, reel 133, 20 April 1911, W.M. Southam to F.N. Southam; SA, reel 116, 1 February 1915, W.M. Southam to F.N. Southam; SA, reel 105, 25 January 1915, W.H. Woods to W.J. Southam.
129. SA, reel 116, 26 May 1915, W.M. Southam to W.J. Southam.
130. Bruce, 99. The Ottawa arrangements between the three papers showed how unimportant political differences between the publishers had become by World War I. The Ottawa Southam initially were Conservative party supporters, P.D. Ross started out as an independent Tory, and E.N. Smith was an ardent Liberal. By 1916, the Southams supported the Liberals as much as the Tories, prompting complaints from Fred Southam that the Citizen's editorial policies were hurting patronage from the Borden government. As for Ross and Smith, their political differences did not prevent the merger, indeed they liked each other.
131. Bruce 50-53; Bruce, 152-153.
132. Kesterton, 97.
133. Hall, II, 322, described how the Southams, after being initially rebuffed by the Free Press in a proposed scheme to eliminate competition and maximize profits, utilized for the Tribune all the advantages of a large chain of newspapers behind it; access to national news services formerly beyond the resources of the paper,, national promotions and features, syndicated columnists and so forth. It also lured Free Press staffers with higher salaries.  
As described earlier in the chapter, Southam resources were key to the eventual dominance of the Herald in Calgary. Between 1909 and 1913, there were numerous requests for additional capital: see SA, reel

105, 3 April 1909 and 3 October 1909, J.H. Woods to W.J. Southam; 3 February 1911, W.J. Watson to W.J. Southam; in 1913, Woods requested \$15,000 to cover machinery costs, reel 105, 10 November 1913, J.H. Woods to W.J. Southam.

134. Kesterton, 77.

135. "Enlargening the Journalistic Graveyard," CPP (January 1919) 29.

## CHAPTER SIX -- CONCENTRATION

The growing concentration of newspaper markets paralleled the same development in other industries. Certainly, the behaviour of the surviving newspapers fit V.W. Bladen's depiction of oligopoly in Canadian industry. He described two kinds of market-regulating behaviour among competing companies in the same industry: where the number of firms is relatively few then informal agreement is common, frequently under the leadership of the strongest company; but where the number of firms is large, more formal trade associations may develop. Newspapers displayed both characteristics: locally, the small number of players in each city amounted to an oligopoly (or monopoly), and they made informal agreements among themselves; nationally, the larger number of firms made informal agreements impossible, so they organized formal trade associations. The aims of these newspaper associations' concerns were similar to those of other industry associations, which Bladen characterized as being very preoccupied with "fair trade practices" or the elimination of "unfair" competition, with the understanding that "fair trade" and the restriction of competition were "equally synonymous." Of course, this included the "abandonment" of price competition.<sup>1</sup>

Newspaper publishers in the latter half of the 19th century were no different from other Canadian businessmen as they sought to reduce what they perceived to be ruinous and unrestrained competition in their field. By persuasion

and/or coercion, they set up "combinations to restrain trade" with their rivals to ensure what Bliss politely called a "living profit."<sup>2</sup>

Controlling price competition or, more bluntly, price-fixing, had occurred earlier in the 19th century; indeed, Montreal newspapers set up a cartel to fix advertising rates in 1854, and a prime concern of the CPA in 1862 was to sustain a yearly \$2 subscription floor among its members. But it was only in the 1890s that attempts to control and fix prices in order to reduce expenses, end price-cutting and raise profits became systematic. The success of the advertising agencies in allocating advertising and in poaching on what had been the newspapers' exclusive preserve, advertising revenues, led to systematic attempts to "restrain" advertising rate competition, through combinations, first locally, then regionally and nationally.<sup>3</sup>

Canada's first newspaper "combine," for example, originated in Ottawa in 1895 in response to the A. McKim agency's initial success in playing off the three Ottawa papers against each other. McKim's practice was to go to one competitor, the Free Press, claim that the Journal's rate was \$30 (when it actually was \$45) for an ad, and if the former accepted that rate, place the ad. Then, McKim returned to the Journal with the fait accompli in hand, thus compelling the Journal to lower its rate to meet the Free Press's. Moreover, the newspapers' rage and consternation



knew no bounds when they learned that McKim also offered advertising at about one-third the rate it was proposing to the advertiser, and he was still receiving his usual 25% commission from the newspapers' whittled-down rate.

Whereas before the Ottawa publishers didn't deign to speak to each other, once they learned of these tactics, they held weekly meetings to determine a mutually-agreed upon rate and to prevent McKim from playing them off against each other. Significantly, the publishers found "cooperation easy" because the papers already shared the same ad rate.<sup>4</sup> Although the agreement broke down when the Southams purchased the Ottawa Citizen in 1898 and unleashed a new round of intensive and expensive competition, nonetheless, cooperation in Ottawa set the precedent for later agreements which became increasingly formalized and comprehensive in the 20th century.<sup>5</sup>

By 1900, the publishers had enough of the costly competition which, they claimed, was exacerbated by mounting postage, paper and wage costs. They agreed to raise subscription prices by \$1, the daily price to dealers and carriers from six cents a dozen to eight cents, and advertising rates from 10% to 15% over the old ones. P.D.<sup>6</sup> Ross explained the situation:

The Journal is trying to cooperate with its neighbors on these points and upon some of them there is full agreement of views, and we hope there will be considerable agreement in practice ... Apart from any increase in newspaper costs, an increase in the stiffening of advertising rate is fully justified by the large increases in circulations here, due to the war.

The above statement is especially revealing because Ross made it during a special CPP-sponsored publishers' symposium on how to increase profits under heavier expenses, thus pointing to collusion as the most effective way to make money. At the symposium, Ross observed that the rewards of cooperation were immediate, as his Journal had gained from \$5,000 to \$10,000 because of the agreement.

Fellow publisher E.J.B. Pense of the Kingston Whig<sup>7</sup> showed that he had not missed Ross's point:

... but it will not be easy for most of the papers to increase their rates without an understanding with their fellow publishers. But this is not such a hard proposition if the approach is made in the right spirit. Already it is being accomplished at Ottawa satisfactorily.

The agreement, however, still was plagued by occasional outbreaks of competition and cheating on the arrangement. To prevent this, the Ottawa publishers in 1906 entered into a formal and secret combination which strictly regulated competition, as can be seen in its limitations on circulation competition as follows:<sup>8</sup>

Circulation figures are not to be published in the papers, nor is any written or printed claim direct or indirect to be made tending to show or to draw the inference that the circulation of any one paper is greater than the other. The "knocking" of any particular paper, thus discrediting advertising generally, is to be discountenanced. Detailed or sworn statements of circulation, either printed or written, may be given out to advertising agents, directories and out of town advertisers, but upon request only, and are not to be used in any shape in town. Bulk circulation may be given to foreign advertisers when soliciting specific business. Verbal claims may be made, but are not to be backed up with written or printed statements.

For the next ten years, the 1906 agreement generally

held, but it too occasionally was broken by one of the parties, and on the whole, it did not go far enough to ensure satisfactory incomes for the principals. This resulted in an agreement so comprehensive that all aspects of competition were completely controlled. It went so far as to provide financial compensation to one paper if the other experienced more advertising, circulation or profit than the former. The agreement also forced the merger, and eventual disappearance, of the evening Free Press into the evening Journal.

The Citizen's Harry Southam considered that the agreement was to "eliminate waste in the production and distribution of our newspapers" brought about "by the years of futile and senseless competition." His brother Wilson further justified the agreement by noting that until 1917 "none of us really made any money." By cutting out the Free Press's overhead and by jointly increasing the city subscription rate by 2 cents, the out-of-town rate by \$2 per copy and the advertising rate, though not "unduly," both papers were "enabled ... to make fair dividends." A new agreement in 1920 went so far as to stipulate that:

... if the city circulations of The Citizen and The Journal differ by more than 5 per cent of the paper of larger circulation, the two companies shall cooperate ... to promote the smaller circulation.

While the Ottawa situation came about through mutual agreement between roughly equal partners, the collusionary agreements in Calgary and Winnipeg resembled more Bladen's

example of the oligopoly's strongest member forcing the agreement. In Calgary, for example, making ad rate agreements and then adhering to them was not easy, as an examination of the Calgary press situation between 1908 and 1918 will reveal. Like Ottawa, the newspaper situation changed dramatically when the Southam-controlled group, led by J.H. Woods, took over the faltering Calgary Herald at the end of 1907. Already by September 1908, the Herald was forging ahead of its competitors, but despite its high volume of business, management felt that its receipts were not high enough nor would the dividends be adequate until "the rates of advertising are raised above the present level." It particularly rankled the management that the "keen" and oft-"unscrupulous" competition it faced was the cause of its display rate being 20% lower than the Edmonton Journal despite the Herald's 60% more circulation. The Herald was determined to redress this situation through price-fixing agreements:

11

We have made several attempts to get the papers to come together for the purpose of raising the rates, and drew up a schedule which we thought would be satisfactory to all, but the others turned it down figuring out, no doubt, that rates being comparatively equal the Herald would get the business. The Albertan, which is always in a state of insolvency, will take advertising at any figure. They are supposed to charge the same rate as ourselves but think nothing of cutting prices in half or even going lower than that. They don't know how they are hurting you financially and don't seem to care. They are the Liberal Organ here and pass the hat pretty regularly among the faithful (sic). In this way they keep just above water and drift along.

In the same year, the Herald raised its advertising rate,

"but not in proportion to circulation, and our unfortunate position here is that our competitors refuse to make any sort of combination on rates."<sup>12</sup>

Yet, the Herald persisted in attempting to reduce competition and raise prices. Harry Southam advised Woods in 1910 to continue his efforts to convince his Calgary rivals to "arrange for united action" in order "to keep up a stiff rate."<sup>13</sup> The Herald's persistence was understandable because it cost money to compete. Its publisher explained the difference between the "aggressive" competition of Calgary and the "normal" situation of Ottawa and Hamilton:<sup>14</sup>

The Herald is up against a very aggressive canvass by the Calgary News-Telegram, both in the city and outside. In both of our fields they have more people than we have, and are canvassing diligently in an effort to break down our position. We have to face that fact, however, unwillingly, and keep a staff in the field to meet it, Your memo shows that the Spectator has one canvasser in the city. We have three, and at that are undermanned compared with our competitor. You have one canvasser in the country and we have four, and even then we are undermanned in the country. In other words, both the Citizen and the Spectator are up against normal competition, with which they have been able to make reasonable arrangements as to circulation enterprise. With us, we are up against a competitor which is financed by outside capital, and which shows a deliberate and remarkably strong persistence in competition, and we have no possibility of making any deal with them, and from experience would not trust them anyhow.

Thus, the Herald's management tried again in 1912 to convince the News-Telegram and Albertan jointly to raise sub prices from \$3 to \$5, a move that the Herald figured would net it \$20,000 extra a year in circulation revenue. This time, the News-Telegram tentatively agreed subject to the

Albertan joining, but the latter demurred because it feared loss of circulation to the former. For the Herald and News-Telegram to go it alone would have given the Albertan "a<sup>15</sup> chance to grab our circulation."

Sometimes agreements once forged fell through because of greed and dirty tricks. For example, one time the three papers agreed to offer the same price on their tenders for municipal advertising, but at the last minute the News-Telegram offered a lower price than the agreed-upon one,<sup>16</sup> thus getting the whole contract.

The business downturn and reduced commercial opportunities engendered by the outbreak of World War I forced some collusion among the Calgary papers. In 1914, for<sup>17</sup> example, business for the Herald

has been practically at a standstill owing to the war scare, while the expense of war news, extras, etc., has been considerable. We have largely come to an agreement with our contemporaries here for the cutting out of unnecessary bulletin service, war extras etc., and also cutting out of practically all the special news services in connection with the war.

But price-cutting and expensive circulation competition persisted. It was only after the Herald in 1915 unleashed a costly circulation-boosting campaign, adding more features and greater news coverage, that it finally convinced its rivals of the wisdom of all raising their yearly<sup>18</sup> subscription rates to \$5.

By 1918, the Herald was clearly dominant in its market and was able to renew the three-year agreement with the

other two dailies and arrange a weekly subscription price increase of 10 cents a week to 15 cents and a yearly rate of \$5 to \$7.50. These raises alone netted the paper an extra \$21,000 for the year and are an indication of the profitability of collusion for the dominant paper.<sup>19</sup>

In the same year, the Herald was able to use its dominance to push through advertising rate increases. It raised the rate of its largest advertiser, the Hudson's Bay, from 33 and 1/2 cents to 42 and 1/2 cents, and that of its other advertisers "accordingly." Unlike its desperate negotiations with the company in 1915 when it took a loss on the advertising in order to arrange its denial to its competitor, in 1918 it was not worried about the possibility that the company might "hold up the News-Telegram" against it. Woods figured that "if we absolutely have to do without the Hudson's Bay we can manage for a while quite well." Furthermore, it unilaterally slashed the percentage charged by the advertising agencies from 15% to 10%. All these moves, helped by the strengthening of its position because of collusion, allowed Woods to expect more than than 7% profit for the year.<sup>20</sup>

The persistence of the Herald in pushing for price-fixing agreements is understandable since they were seen as insurance against economic vicissitudes. In a 1912 letter to Woods, Fred Southam explained the importance of a joint increase in the subscription rate:<sup>21</sup>

... it is absolutely essential that some such arrangement should be made between the city papers

in order to make them a financial success. At present things are on the boom and you are no doubt getting considerable revenue from special advertising. Should things slacken up at all you will have great difficulty in getting down expenses, while your advertising revenue would probably drop off considerably. It is altogether too much to expect the advertising to carry the very heavy subscription loss which you at present show.

In Winnipeg, too, the dominant paper was able to force its rival to collude and raise subscription prices. Similar to other Canadian newspapers during the war, the Free Press's profitability was curtailed owing to the wartime decline in advertising revenues and the rise in the price of newsprint and extra war costs. Because the subscription price was not covering newsprint and distribution expenses, as editor Dafoe believed it should, the Free Press raised its subscription rate to 10 cents a week in 1915. Its competitors, the Tribune and Telegram, refused to go along, resulting in a serious loss of circulation for the Free Press. Secondary dailies like the Tribune were afraid that substantial rate increases would encourage two-paper subscribers to cut back to one, and most often, it would be to the leading papers. (The Free Press's own readership canvassing bore this out). Beginning in October 1915, the Free Press cut its subscription rate and embarked on an aggressive and successful "newspaper war ... for the purpose of knocking a little sense into our friends." In 1917, the Tribune and Telegram finally must have seen sense, for they came to a "definite agreement ... as a result of which the subscription rates of all the evening Winnipeg newspapers



22  
have practically been doubled." The Free Press did well by these actions. The immediate effect on the smaller papers is unclear, but the long-range one is not, as one disappeared and the other was taken over. The Winnipeg situation is a clear example of how the dominant paper could use its strength to effect a colluding agreement that eventually worked to further its position.

There were other examples of newspaper collusion to force up or at least maintain advertising price rates. In Edmonton, for example, in 1915, the refusal of the Bulletin and the Journal to budge from their rates forced the Hudson Bay store there to forego newspaper advertising for a while and instead depend on circulars and window displays. Soon after, it caved in and resumed advertising at the papers' stipulated rates. 23 It was obvious to publishers that if they stuck together, they could dictate prices to the advertisers, rather than the other way around.

Even in Toronto, which was the most competitive market in Canada, there were attempts to control competition. In 1905, there were price-fixing suggestions between Atkinson's Star and Willison's News, both evening papers. In 1916, the Toronto Star's business manager H.H. Harris asked the World to join the standard advertising rate schedule agreed upon by the other publishers, and managing editor H.J. Maclean replied: "We are for all practical purposes already in accord with your suggestion." 24

The advent of the advertising agencies was a major

factor in encouraging newspaper collusion, first locally, then regionally and nationally. Their growth in the 1890s -- by 1900, there were six national agencies -- led publishers to form informal local associations and formal regional ones to "restrain" advertising rate competition and control the ad agencies. In Toronto, the four largest dailies had an agreement to refuse to pay percentage rates for local advertising until well into World War I. They only accepted national advertising from agencies, the kicker being that national advertising originating in Toronto was considered local.<sup>25</sup>

McKim's "divide-and-conquer" tactics described earlier were a prime cause of the formation of the Ottawa Valley Press Association in 1896. At their first convention, members complained about McKim's practices and low prices, and agreed to standardize prices. Similarly, the Eastern Townships Press Association formed the next year and set ad rates to raise perceived low rates.<sup>26</sup>

The 25% commission that the agencies had successfully instituted particularly incensed the publishers who felt it was too high. At their various regional association gatherings, they called often for a reduction to 15% or none at all -- why not have the advertiser pay, they asked? -- especially given the fact that the agents only received 5%-10% in England and 15% in the U.S.<sup>27</sup>

In addition to the Ottawa Valley and Eastern Townships Associations, other regional press associations -- in

Western Ontario, Nova Scotia, Quebec etc. -- formed in  
response to the growing influence of the ad agencies.<sup>28</sup>  
Often, the most pressing business of these associations was  
to prevent the common practice of advertising rate  
undercutting (going below the newspaper's rate card) and to  
encourage joint rate increases. As has been seen, already in  
the late 1890s there was growing movement towards joint  
action. By 1900 with increased machinery costs and a rise in  
the postal rate, there was additional pressure for joint  
action on rate increases to pay for these extra expenses.  
Pleas and calls for rate agreements were increasingly heard  
at the various press association gatherings, and gradually  
agreements were hammered out.<sup>29</sup> But the central problem  
remained, and that was to maintain common adherence to the  
agreement. For example, one publisher complained in 1907  
that for a couple of years he had endeavored to stick to  
association rates, but:<sup>30</sup>

I am still waiting for business. The agents say I  
am asking too much for my circulation ... Until we  
can get concerted action I don't see how we are  
going to make the agents come up to our rates.

In another example, the Western Canadian Publishers  
Association found to its embarrassment that its members  
quoted rates one-quarter to one-half lower than those in the  
agreement to a secretly-sponsored advertising agent.<sup>31</sup>

That sentiment was also evident in the address of the  
Western Canadian Press Association president to the 1907  
convention, when he noted that the rapid increase of new

publications was narrowing and limiting the constituencies of established newspapers. Because of this "increased competition," there was "the greater urgency to extend the usefulness and influence of our association, which is to prevent, as far as possible, ruinous price cutting." Furthermore, "the condition of all can be greatly enhanced by a union of interests, so far as rates and prices are concerned." The last sentence shows how in reality the publishers were looking to fix rates. For them, the higher rate was the "fair" price.<sup>32</sup>

Such sentiments were commonplace by the early 20th century. Indeed, a prime concern of the CPA was to organize a united front against the advertising agencies in order to discourage rate-cutting and thus effectively raise rates. In addition to dealing jointly with labour, the daily publishers formed their own section within the CPA in 1905 in order to "assert more group control" over advertising rates. For the first time, the "organized" papers met with the "organized agencies" to hammer out agreements.<sup>33</sup>

Despite the complaints that papers were breaking the agreements and calls for "adherence" to them, publishers were becoming aware of the beneficial aspects of ad rate "competition abandonment" through the "educational" efforts of the associations. One publisher observed that "this whole question of rates is one of education. As a result of these discussions the rates and position of the newspapermen have been steadily improving."<sup>34</sup>

From 1907 to 1914, the publishers negotiated among themselves and with the advertising agencies to come to terms on advertising rates. There were various agreements between sections of newspaper publishers -- class "C" or the smallest ones, were first, for example, in 1907 -- and the agents, but it was only in 1914 that there was a general agreement between the newspaper publishers and the "accredited" advertising agencies on a standard contract for recognized agents. The significance of the standard form was that it rendered impossible "disguised" price competition, which formerly often was possible because of the different contracts of the individual agencies (which made ad rate comparisons difficult). Negotiations began in 1912, but the objections of the 23 accredited agencies had to be met before the agreement was ratified.<sup>35</sup>

The agreement was possible because the publishers had finally overcome their own divisions by fashioning an agreement among themselves, which, in essence, abandoned competition. For example, they agreed to allow "no commission, discount, rebate or drawback of any kind from our published rate card." Furthermore, there were to be "no preferential rates or terms" to any advertiser or agency and no "short-rates." This agreement was signed by 14 publishers at the 1914 convention, some on condition that their local colleagues agreed to it also.<sup>36</sup>

The advent of the advertising agencies encouraged cooperation among publishers. The precedent was set, so it

was not hard to collude in other areas. Nowhere is this more evident than in the wholesale daily price hike movement of 1917-1918. Just as competition had forced the price of most dailies down to one cent in the late 19th century, so too would the converse, collusion, bring the price up to 2 cents with further agreements about local and outside yearly subscription prices. In 1917, the English papers of Quebec and Ontario agreed uniformly to raise their subscription prices. That this did not occur by accident was made clear

37

by P.D. Ross:

After leaving you (J.S. Willison of the News) I saw W.J. Douglas at the Mail office and found him apparently favorably disposed towards bringing the mail subscription rate of the Mail and Empire up to \$4.

I think I stated yesterday that we had all the evening English papers of Ontario and Quebec in line except the Montreal Herald. I find I was wrong about Hamilton where the papers have not absolutely committed themselves. We have, however, verbal assurances that two will come in and have little doubt of the third.

The same process occurred months later on the Prairies as the management of Southam papers in Calgary and Edmonton took it upon themselves to agitate for a regional

38

circulation price increase:

The question of circulation increase has spread from Calgary to Edmonton, thence to Saskatoon and Regina. When it come to outside circulation, these places are all dependent on one another or rather competitive with one another. Sutherland has visited them all and Bob Jennings also did missionary work in Saskatoon when we were there on Thursday and Friday last. I think it is lkely they will ultimately agree to putting their rate increases into effect... We will not be able to increase our outside rate until they do, as we would be running up against both Edmonton and Saskatchewan on a differential rate.

The Sutherland mentioned in the above statement was Robb Sutherland, the business agent of the dailies of western Canada. He was also given credit for the 1918 advertising and subscription rate agreements in Calgary.<sup>39</sup> His role shows the extent to which collusion had been institutionalized in the newspaper industry.

The war's effect of reducing local competition through attrition, merger and absorption which reduced the overall number of newspapers made it easier to effect regional and even national agreements to raise prices. Indeed, in 1918, the movement to raise all daily retail prices occurred on a continental basis as all the big Canadian and American papers, which charged one cent, advanced their price to two cents.<sup>40</sup>

The mounting cartelization of the newspaper industry became apparent as early as 1907 with the creation of the Western Associated Press (WAP) and its 1910 successor, the Canadian Press (CP). The WAP was organized by the three Winnipeg dailies to offset exorbitant rises in the charges of the news services, including the vital Associated Press, carried by the Canadian Pacific Railway Telegraph Company (CPR Tel). Tellingly, the three dailies agreed not to use against each other business information revealed during the talks to set up the WAP, which eventually included the majority of dailies from Manitoba to British Columbia.<sup>41</sup>

More significant, however, was a clause in the WAP agreement that membership could be denied to a new daily if

its existence threatened the livelihood of a member. CP, which was formed as a publishers' cooperative to take over the wire service and news gathering operations of CPR Tel after it abandoned them in 1910, also adopted this policy. No wonder that J.A. Cooper observed that, "the Canadian newspapers established their own combination -- decently disguised as a cooperative."<sup>42</sup>

The power of the publishers to restrict competition in their specific marketplaces was assisted by CP's power to restrict membership and therefore access to the vital AP wire service franchise and later Canada-wide news gathering services which were absolutely essential for a newspaper's survival. The key clause spelling this out was in the by-laws dealing with admission of new members. It stipulated that an applicant must be<sup>43</sup>

able to establish a newspaper as a self-sustaining business enterprise. No application shall be granted except under conditions which give reasonable assurance that the newspaper can be permanently established.

Not surprisingly, the CP Board of Directors, dominated by the big dailies, chose to interpret this clause quite strictly. Applications could be denied if the Board decided that "the population or local conditions in any city or town did not justify an increase in the number of papers receiving the service."<sup>44</sup> This meant in practice denying the franchise if the livelihoods of the existing papers were liable to be reduced.

Montreal in 1914 apparently was just such a city when



the newly established Evening News's application was refused (because of the Star's veto) on the grounds that a new evening paper was not desirable. (The News was finally admitted after a long, bitter and highly publicized fight).<sup>45</sup> The Vancouver Sun in 1911 was forced to wait for two months for its application to be approved, thus giving the morning News-Advertiser, which had enjoyed the morning field for itself for years, an additional competitive advantage since the Sun was forced to operate without the benefits of CP membership.<sup>46</sup>

Such practice was justified with the argument that:

... vigilance was ... exercised in the case of an applicant who sought membership for transitory political purposes or to invade a competitive field where the existing paper or papers had small, if any margin of profit, or to establish a nuisance value for his paper by reason of his membership in C.P.

Yet, a Liberal MP did precisely what CP said it wanted to avoid when he bought the Windsor Star franchise; he was able to sell his paper for an enormously enhanced price to publisher W.F. Herman, to whom CP refused a franchise in Windsor, even though there was only one newspaper in the city.<sup>47</sup>

The public became aware of the "combine" nature of CP after it rejected the application of a group wanting to start an Ottawa newspaper in 1923. Unfortunately for the cooperative, the group included Prime Minister Mackenzie King, and the rejection aroused criticism in the House of Commons, especially when the matter of the CP's annual

subsidy of \$50,000 came up for review. One member described it as a "kind of tyrannical organization" while another, Horatio Hocken (himself the publisher of the Orange Sentinel and former newsman), wondered if this action violated the Anti-Combines Act and declared that "a dozen men forming the executive committee of the daily newspaper organization can determine just where a newspaper shall be printed and where one can not be printed." The Toronto Telegram supported Hocken and wondered "why the associated newspapers should be privileged to suppress competition with themselves."<sup>48</sup> Thereafter, Parliament failed to renew the subsidy.

The question of government subsidies indirectly revealed the hidden agenda of the biggest publishers to dominate the industry, similar to the practices of dominant companies in other industries. In 1902, the biggest Montreal and Toronto publishers, the Telegram's Robertson and the Star's Graham, set up the Canadian Associated Press (CAP), a press agency in London, to send British news to Canada because of widespread dissatisfaction with the anti-British bias of AP wire service reports during the Boer War. The federal government gave CAP an initial start-up subsidy of \$15,000 and an annual smaller grant thereafter. CAP kept its rates high to maintain exclusivity for the biggest publishers.<sup>49</sup>

The biggest publishers' domineering ways became apparent in 1917 when they opposed the smaller publishers' plea for a federal grant to subsidize CP wartime costs and service

expansion. Although CP was established in 1910, it was little more than a publishers' holding company to handle the AP franchise; CP was not yet the familiar newsgathering service of today.<sup>50</sup> Because of newspaper attrition during World War I, and hence fewer papers to share the financial burden, costs became so prohibitive that smaller publishers, especially in the West, convinced the federal government to grant an annual \$50,000 subsidy in 1917 to pay for the increased expenses of transmitting news over the telegraphic holes between Fort William/Port Arthur and Winnipeg and Calgary and the B.C. coast, and also to establish CP as a news gathering operation.<sup>51</sup> Not seeing the hypocrisy inherent in their earlier acceptance of federal subsidies, the Toronto and Montreal press magnates announced their "principled" opposition to the "subsidy hunters." Similarly, in 1920 the same men opposed the smaller publishers' application for a federal subsidy for a direct cable link to Britain (thus negating CAP's usefulness), again, ostensibly on principled grounds. The real reason, however, for their opposition, according to J.W. Dafoe, was that the subsidies allowed the smaller papers to gain access to news stories which formerly only the largest dailies, with their superior resources, could afford; hence threatening their news "exclusivity."<sup>52</sup>

Despite the subsidies, however, it must be noted that the biggest dailies still benefitted more from CP because of the rate structure for its services. In each city,

newspapers were assessed a flat rate regardless of circulation, thus allowing the big dailies the advantage of spreading costs over larger circulation. (For example, this allowed the Star to invade Spectator territory in 1915). Equal rates were yet another example of the industry leadership practised by the biggest dailies.<sup>53</sup>

Newspaper publishers banded together in an association to exchange information and to protect their collective interests, as companies in other industries were doing all over Canada. Established in 1859, despite its name, the Canadian Publishers Association's membership was limited to the smaller Ontario dailies and weeklies. The association only began to live up to its name in the late 19th century when the formerly aloof Toronto dailies joined, and other regional associations affiliated with it. In addition, external threats to newspaper prosperity, such as the 1898 introduction of postage rates, the 1890s paper price hikes, high customs duties on printing and typesetting equipment, and mounting labour expenses accelerated the publishers' use of the CPA, and its successor the Canadian Daily Newspaper Association (CDNA), as a vehicle to promote newspaper profitability. The distinct needs of the daily publishers led to progressive moves to sever themselves from the CPA, first as a separate wing in 1905, then a separate organization, the CDNA, in 1919.<sup>54</sup>

The CPA's origins rested in part on the need of publishers to band together to protect their common

interests. For example, postage, paper and equipment duties were a constant threat to publisher pocketbooks. Changing the government's mind required lobbying, as CPA president H.P. Acton admitted in 1903, when he observed that although the association's aim was educational, "we can influence legitimate legislation in our interest."<sup>55</sup> As has been shown earlier, postage duties were a constant concern of the association, or as its official history admitted: "The grievance (postal charges) is as old as the Association itself."<sup>56</sup> Interestingly, when the publishers, who met Postmaster-General William Mulock in 1898, realized that he was not going to back down from the reintroduction of charges, they sought to have the government offset the rates with a reduction on printing materials.<sup>57</sup> Every time the government threatened postal rate increases, the CPA organized resistance; in 1912, the association sent a delegation to the postmaster-general, and in 1914, the CPA called on its members to protest by telegram to the government.<sup>58</sup>

Labour was another area in which publishers moved towards collective action. Although such action had occurred before, as in the Toronto nine-hour dispute of 1872 led by George Brown's Globe, this was an isolated incident; individual proprietors negotiated singly with the organized pressmen and compositors.<sup>59</sup> The expanding unionization of newspaper pressrooms during the 1890s led to most newspapers negotiating in city-wide units. In Toronto, the Telegram's

Robertson showed the future in 1892, when after several years of dispute with his compositors which resulted in his shop being declared unfair, he capitulated and paid the union initiation fees of all his compositors thus becoming again a union shop. Robertson's unilateral act angered the other publishers because it set a precedent which their workers asked them to match. To prevent such occurrences, the Toronto publishers negotiated jointly. In 1902, the Toronto dailies in negotiation with the Toronto Typographical Union "stood absolutely united, meeting together and adopting a common line of policy." From then on, Toronto publishers stood against the union in a common front, represented by the Star's Atkinson. Interestingly, to the unions' surprise, for one whose newspaper championed the cause of labour, he drove very hard, shrewd bargains, showing once again that the bottom line for the Canadian newspaper as business accounted for far more than political or social principle.

The unionization of most newspaper shops in Canada resulted in the publishers forming their own publishers' unions to negotiate with labour. In 1901, the Ottawa publishers formed a union which notified the Ottawa Typographical Union that no individual publisher was permitted to accept negotiations in any business that affected the OPU. In Hamilton in 1909, publishers were so aware of the necessity of taking a common stand against labour that the Spectator, although not threatened by strike

action, arranged strike breaking services for its two  
64  
rivals.

The publishers began to see the value of acting jointly on a regional and even national scale. For example in 1905, they dealt with the then pressing problem of the eight-hour day which printers were demanding by sending a delegation to meet with James M. Lynch, president of the International Union. They were successful in securing a compromise which  
65  
deferred the time reduction for another year and a half. In 1912, CPP reflected the mood of many publishers when it called on publishers to imitate the national strategy of the  
66  
unions. In 1915, when a number of labour agreements expired at the same time, western publishers undertook  
67  
"concerted action" in this connection.

Paper price hikes around the turn of the century, however, represented most likely the greatest external threat to the publishers' well-being and undoubtedly contributed most to their increased associational activity. Prices escalated rapidly in 1899 from \$1.70 to \$2.10 per hundred rolls to \$2.50 and \$2.75. Furthermore, these price rises occurred immediately after the formation of a papermakers' union, the occurrence of which caused the CPA to charge that a papermakers' "combine" existed. Spearheaded by colleagues who were parliamentary members, the publishers showed their clout by successfully pressuring the government to convene a special commission on paper prices. Named the Taschereau commission, it ruled that there was a combine and

that the price enhancements were "undue, unreasonable and  
68  
oppressive."

The rapid price hikes in paper during the war caused a repeat of this sort of activity, as the publishers convinced the Finance Minister Sir Thomas White to set up a R.A. Pringle, a one-man commission, to investigate the situation. Needless to say, it didn't hurt that the minister was a member of the family that owned the Montreal Gazette. The immediate effect of the commission was to freeze prices  
69  
through 1918.

The formation of the CPA and its expansion into a dominion-wide publishers' association show how the newspaper industry organized and developed similarly and for the same reasons as other Canadian trade associations. It too set up competition-restricting cartels, disguised as associations. Its official history cites the association's competition-reducing efforts, especially its wartime bulletins encouraging its members to raise daily and subscription prices in conformity with those colleagues who had already done so. Indeed, the CPA is given much credit for being the  
70  
motivating force behind the mass price hikes of 1917-1918. It also waged a successful battle reducing competitive and ultimately money-costing promotional devices such as premiums, special inducements and contests to secure  
71  
circulation.

The price-fixing nature of the association, however, was a bit embarrassing in light of general public opinion



against combination, which the newspapers themselves had been instrumental in fomenting with their constant editorial tirades against combination conspiracies and monopoly. Moreover, it was doubly embarrassing given their strident campaign against what they alleged was the papermakers' conspiracy to fix prices, as publisher E.J.B. Pense  
72  
acknowledged:

Of course, people will say that newspapers who are running down combines should not themselves enter into or counsel advertising agreements, but there is a vast difference between papermakers who bind men down by bond and make them declare by affidavit that they have not broken their agreement in any way and the making of an agreement by publishers as to fair rates and placing themselves on honour as to carrying it out. It is sometimes necessary to fight the devil with fire, there can be no impropriety in newspaper publishers holding together against paper manufacturers ...

The sensitivity of the issue was obvious as revealed in the CPP which, when lauding the increased strength of the press associations, demurred that, "not that these organizations  
73  
are formed merely for the sake of increasing prices."

Newsman Edward Beck realized the anomaly of the situation, when he contrasted CP's action in denying a franchise to W.F. Herman and its complaints of a  
74  
papermakers' combine.

(CP's) action in confining participation in its news service exclusively to those who are now participating therein seems to me to constitute a violation ... (and) an infringement of the guarantee of a free press, since it is manifestly impossible for anyone successfully to establish a daily newspaper in Canada if denied access to the Government-fostered news monopoly controlled by Canadian Press Limited. The question arises: has the Canadian Press Limited any moral or legal

right to take public money ... and use it for the creation of a newspaper monopoly?

Furthermore:

One of the chief grievances of the Canadian newspaper publishers made to the Government at Ottawa against the manufacturers of newsprint paper was that the manufacturers so it was alleged, had used their power to prevent competition against the paper mills. If this is an offence when alleged against the paper mills, what does it become when practised by the newspapers?

By the 1890s, market competition had become too intense and costly, and newspaper publishers sought to curb such money-losing practices by regulating the market through informal then increasingly formal agreements. This meant collusion, most often in the form of price-fixing. The successful intrusion of the advertising agencies into the newspapers' advertising revenues caused the publishers to protect their incomes by banding together in regional press associations. The aim of these associations was to raise rates, prevent undercutting and to reduce the agencies' contract percentage.

Ironically, the movement to standardize rates hurt those smaller publishers who initially started it in order to reduce competition and raise rates. Once standardized rates became commonplace, and circulation figures became more straightforward, the advertising agencies increasingly found it easier to favor the big dailies rather than a myriad smaller ones. This in turn further encouraged concentration and monopoly.

A characteristic of maturing industries, V.W. Bladen

observed, was that once the competition-restricting trade organizations or cartels were organized, they were dominated by the larger members, who often used the organizations to extend their domination of the industry.<sup>75</sup> The newspaper industry certainly fit this pattern, as both the CPA and CP were characterized by competition restriction and other practices which encouraged cartel domination by the largest members.

ENDNOTES 6

1. Bladen, 215-216.
2. Bliss, Northern, 338; see Bliss, Living, especially chapter 2.
3. Rutherford, Victorian; Hamilton Spectator (27 September 1862).
4. P.D. Ross, "Co-operation among Local Publishers," CPP (April 1895) 4.
5. Walkom, 306.
6. "The Newspaper Situation in Canada as Affected by Shortage of Paper, High Prices and Postage Rates," CPP (May 1900) 1-3; P.D. Ross, "Increasing Profits under Heavier Expenses," CPP (April 1900) 4. See also CPP (May 1900) 12.
7. CPP (April 1900) 2.
8. SA, reel 116, "Circulation," 26 October 1907.
9. SA, reel 116, 17 May 1934, H.S. Southam to P.D. Ross.
10. E.N. Smith Papers, f.2, "The Ottawa Newspaper Field," 26 March 1923; SA, reel 116, 14 May 1934, P.D. Ross to H.S. Southam. The arrangement lasted until 1947, Bruce 274, see also 96-100 for details on the Ottawa Newspaper Subscription Bureau.
11. SA, reel 105, 22 September 1908, W.J. Watson to W.J. Southam.
12. SA, reel 105, 4 August 1908, J.H. Woods to W.J. Southam.
13. SA, reel 116, 31 May 1914, H.S. Southam to W.J. Southam.
14. SA, reel 105, 14 January 1915, J.H. Woods to W.J. Southam.
15. SA, reel 105, 12 January 1912, W.J. Watson to W.J. Southam.
16. SA, reel 105, 16 August 1909, J.H. Woods to W.J. Southam.
17. SA, reel 105, 14 August 1914, J.H. Woods to W.J. Southam.

18. SA, reel 105, 3 May 1918, J.H. Woods to W.J. Southam.
19. SA, reel 105, 5 May and 8 March 1918, W.H. Woods to W.J. Southam.
20. SA, reel 105, 23 February 1918, W.H. Woods to W.J. Southam.
21. SA, reel 105, 5 August 1912, F.N. Southam to W.H. Woods.
22. J.W. Dafoe Papers, 12 February 1917, J.W. Dafoe to Clifford Sifton; Hall, II, 269.
23. SA, reel 105, 26 January 1915, W.H. Woods to W.J. Southam.
24. Harkness, 67; W.F. Maclean Papers, v. 1, 11 February 1916, H.J. Maclean to H.H. Harris.
25. Walkom, 372; "How Toronto Dailies Handle Agency Commissions," CPP (January 1913) 64; "Toronto Publishers and the A.C.A. War -- to a Finish," CPP (March 1917) 31.
26. CPP (July 1896) 8; CPP (April 1897) 4.
27. CPP (February 1907) 10.
28. CPP (September 1897) 4; CPP (January 1898) 4; CPP (February 1901) 5; CPP (April 1904) 5.
29. CPP (August 1898) 10; the smaller dailies agitated among themselves to lower the ad rate commission to 15% from 25% as the big dailies had done, CPP (February 1905) 20; one CPA delegate complained that the publishers were breaking the CPA agreement on "foreign" advertising (out-of-town) by going below the rate agreement, CPP (February 1906) 25.
30. CPP (February 1907) 10.
31. CPP (April 1907) 17.
32. CPP (March 1907) 17.
33. Craick, 8.
34. CPP (February 1907) 11.
35. "Daily Newspaper Advertising Regulation," CPP (April 1907) 12-13; "The Advertising Negotiations," CPP (April 1907) 37-38; "Standard Contracts for Recognized Agents," CPP (April 1914) 69. At the 1909 CPA

convention, the publishers set up a committee to draw up an advertising rate schedule, based on circulation, CPP (September 1909) 27. Bladen, 216, observed that standardized forms facilitated price maintenance agreements.

36. "Agreement Between Newspaper Publishers and the Canadian Press Association as Represented by Its Advertising Committee," CPP (August 1914) 43.
37. WP, v. 35, 13 May 1917, P.D. Ross to J.S. Willison. Similarly, Wilson Southam asked his brother, William J. Southam: "I hope you will take the matter of an increased subscription rate up with your contemporaries at the earliest possible moment. The London papers are selling at \$3.00, the Toronto papers seem willing to go to go to \$3.00 with the exception of the News, which I hope I can get in line, and the Montreal Star has written that if I get the Toronto papers in line they think they will come in line also," SA, reel 116, 11 May 1917.
38. SA, reel 105, 13 May 1918, J.H. Woods to W.J. Southam.
39. SA, reel 105, 3 May 1918, W.H. Woods to W.J. Southam.
40. "The Year 1918 in Review," CPP (March 1919) 31.
41. Nichols, 22.
42. Nichols, 96; Cooper, 119-120.
43. McNaught, 42.
44. Nichols, 96.
45. CPP (April 1917) 10.
46. CPP (September 1911) 65.
47. "W.F. Herman Buys Windsor 'Record'," CPP (August 1918) 25. See also Nichols, 174.
48. Nichols, 175-177.
49. Former Halifax Chronicle editor and now Finance Minister W.S. Fielding urged publishers to establish a Canadian-British cable service. He offered \$15,000 if publishers matched it, Dougall Family Papers, v. 2, 30 June 1903, J.S. Brierley to J.R. Dougall; CPP (September 1903) 6; CPP (March 1908) 47; a reduced subsidy lasted for at least five years, Craick, 21. See also Poulton, 194-196.
50. "A Canadian Associated Press Organized," CPP (November

- 1910) 39.
51. There were three "gaps" in news wire service in Canada, the aforementioned Calgary-Vancouver, Fort William-Winnipeg and also St. John, New Brunswick, to Montreal. Sparse population made the eastern publishers reluctant to subsidize their western and maritime colleagues, CPP "Canada's National News Service Inaugurated," CPP (September 1917) 25; "Why Western Canada Wants Better News Service," CPP (September 1917) 23-27; and CPP (October 1917) 29. See also Nichols, chap. 24.
  52. Nichols, 159.
  53. "What C.P. News Costs," CPP (April 1917) 10; Walkom, 103.
  54. History Canadian Journalism, 121-127; CPP (March 1894) 1; CPP (February 1898) 10; CPP (August 1914) 36; CPP (December 1919) 22-23; Kealey, "Work," 87.
  55. History Canadian Journalism, 121.
  56. History Canadian Journalism, 94.
  57. CPP (March 1894), 1; History Canadian Journalism, 100.
  58. Craick, 63; WP, v.6, "Canadian Press Association Bulletin," 6 June 1914. For the postal question of 1913-1914, see Craick, chap. 10
  59. Gregory Kealey, Toronto Workers Respond to Industrial Capitalism 1867-1892 (Toronto: Toronto UP, 1980) 129-131. See chap. 8 for a discussion of the nine-hour movement. Brown's common front of newspapers and job master printers was not complete, as Edward Beatty's Leader supported the printers, according to J.M.S. Careless, Brown of the Globe, v.2, Statesman of Confederation, 1860-1880, (Toronto: Macmillan, 1963) 292-293.
  60. CPP (December 1892) 11.
  61. CPP (May 1902) 1.
  62. J.H. Cranston, 161, one of Atkinson's longtime editors, concluded that Atkinson clearly used labour sympathy to boost circulation. His labour relations were awful, he crushed strikes, and fired people at Christmas. He recalled running a series of articles favorable to profit-sharing, but Atkinson was not favorable to one at the Star, 154. "When it came to dealings with labour unions, Atkinson was a shrewd negotiator. He knew all the ropes and could meet union leaders on their ground. Toronto's publishers recognized his ability in this

respect, an again and again he was asked to negotiate contracts with unions on their behalf. Generally he drove hard bargains, much harder than the unions generally expected from one who championed the cause of labour in his paper," 162.

63. "Value of a Publisher's Union," CPP (June 1901) 22.
64. Walkom, 65.
65. Craick, 7.
66. "Organization and the Labor Question," CPP (May 1912) 47.
67. SA, reel 105, 20 November 1915, W.H. Woods to W.J. Southam.
68. Among the parliamentary supporters were William Templeman of the Victoria Colonist and Joseph Tarte of La Patrie, History Canadian Journalism, 128; CPP (February 1902) 9. During the inquiry, it was revealed that the papermakers' association had a fixed schedule of price, no discounts, rebates or present to be given to customers. Members had to deposit \$500 and could be fined \$500 for infractions, CPP (June 1901) 11.
69. Craick, chap. 15 and 142-144.
70. Craick, 146-147.
71. Craick, 146.
72. CPP (April 1900) 2.
73. CPP (March 1905) 6.
74. Edward Beck, "Canadian Press and Franchise Rights," CPP (September 1918) 27.
75. Bladen, 216.



## CHAPTER SEVEN -- PATRONAGE AND INDEPENDENCE

Concentration in the newspaper industry had its origins in publishers asserting the independence of their papers from partisan control before World War I. Although the political parties retained strong links with the newspapers, especially through patronage, the 1890 to 1920 years represent a transitional period in which the publishers progressively stripped the traditional political function from their publications, and at the same time, took complete control of their papers. The same competitive pressure, which induced publishers to introduce graphic innovations, sensationalism and entertainment and reduce political comment, also caused them gradually to pull their papers from the orbit of the political parties in order to concentrate on commercial obligations which often conflicted with political needs. Thus, the first step in the process by which the publishers transformed their newspapers into profit-oriented business operations was to assert control by declaring the papers independent and blocking the politicians from interfering with the newspaper operations.

Before World War I, Canadians took their politics seriously, so much so that outside observers were struck by the bitterness of party rhetoric and the fury of electioneering. Gordon Stewart observes that the party system became important for national unity because it integrated regional groups into the trans-national institutions of the political parties. The glue that held the parties together was patronage, and because the

government was a major source of economic development and employment and the victorious party the dispenser of those contracts and jobs, the stakes were large and the bellicosity of elections understandable.<sup>1</sup>

The acquisition of political influence was often a crucial factor in achieving entrepreneurial success given the key role of the government in Canadian economic life. Unlike Great Britain, which systematically removed patronage in the 19th century, according to David E. Smith, the Canadian experience was opposite. Patronage was extended to administration, and as responsible government grew, it was used as a means to attract mass support for the parties. John A. Macdonald understood and practised the nation-binding and election-winning powers of patronage, something which a pre-incumbent Laurier deplored, but later came to expand even further.<sup>2</sup>

The French social scientist André Siegfried noted in 1904 that the two great Canadian political parties were not divided by ideas or doctrines, rather the differences between them were only "questions of material interest, collective or individual."<sup>3</sup> In sum, to the victor went the spoils. Newspapers were crucial to this political process, because as A.H.U. Colquhoun explained: "Journalism and party politics were ... intertwined. The belief was general that the supreme function of a newspaper was to assert political authority."<sup>4</sup> Colquhoun linked this reality with the observation that "ambition saw in politics the readiest path to fame and fortune." This was before the day when

"financial, industrial or commercial undertakings on a grand scale" absorbed Canada's "ablest brains."

Throughout the 19th century, newspapers were extremely useful in the fierce politics of the time, as the "fighting" partisan organs spread the message of their party and vehemently attacked the ideas of the opponent. Often, the first thing an aspiring politician did was to acquire his own newspaper to project himself into the limelight. Indeed, upon noting the large and extensive list of journalists who switched to parliamentary careers and others who went into the civil service, Norman Ward observed that "it suggests that journalism once vied with the practice of law as a stepping-stone to the assumption of power."<sup>5</sup>

The connection of newsmen to politics is well-known. Before 1920, many politicians, from federal prime ministers to municipal aldermen, started their careers as newsmen. Although the political involvement of journalists lessened as the 20th century wore on, politicians with press backgrounds were still a significant factor after the 1890s. Prime Ministers Mackenzie Bowell and Wilfrid Laurier had published newspapers. Prominent publishers and newsmen such as Clifford Sifton, Frank Oliver, W.S. Fielding, R.S. White, Frank Cochrane, Robert Rogers, G.P. Graham, W.L.M. King, and William Templeman, among others, served as cabinet ministers from 1900-1920, and such influential publishers as John Ross Robertson, W.F. Maclean, R.L. Richardson and W.A.<sup>6</sup> Buchanan sat in the House of Commons. In 1896, 12 MPs were

connected to newspapers (mostly publishers), a number which rose to 14 in 1908.<sup>7</sup> Newsman George Ross and publisher W.D. Scott were premiers of Ontario and Saskatchewan respectively, and in 1902, when 14 Ontario newsmen ran for the 98 positions in the provincial legislators,<sup>8</sup> nine won. The early 1900s also saw newsmen occupy the mayor's seat in several cities, including Toronto, Ottawa, Edmonton, Winnipeg and Vancouver, and scores elected to city councils.<sup>9</sup>

A newspaper was essential for political influence in the pre-war period, and it is for that reason that many non-journalists such as Clifford Sifton, Joseph Flavelle, Robert Jaffray, Frank Cochrane and B.F. Pearson bought newspapers. Even the journalists who founded or developed papers, and called them "independent", were still intimately connected to one or the other political party.

Patronage was key to the political connection. Indeed, Paul Rutherford suggests that prosperity and increasing government patronage helped bring the formerly maverick "people's journals" -- the papers like the Montreal Star, and the Toronto Telegram and the Ottawa Journal which were founded primarily as commercial ventures -- back into the fold of the political parties at the turn of the century.<sup>10</sup> Until World War I, although steadily weakening in importance in relation to a newspaper's survival and purpose, patronage still influenced and benefitted the press in five ways:<sup>11</sup>

1) the direct sponsorship of papers or journalists by party politicians. This could mean inducing party financiers to

- invest in faltering papers or create new ones;
- 2) the granting of public government advertising and printing contracts;
  - 3) the purchase of subscriptions and additional copies for propaganda purposes;
  - 4) information patronage, whereby favoured party papers get prior access to public announcements and information.
  - 5) the pensioning of journalists through civil service appointments.

The practice of these five types of patronage meant that the parties continued to be influential in the affairs of newspapers in the early 20th century. Well-heeled party backers were responsible for most of the newly created newspapers or takeovers of established ones from the 1890s on. The Globe takeover by Robert Jaffray and George Cox was a harbinger of this development, and further showed the intertwining of politics and journalism. After George Brown's death, Lord Strathcona sought to control the Globe to stop its criticism of the CPR. Jaffray and Cox took over the paper in part at the behest of the Liberal party. In 1896, both men were rewarded with Senate seats.<sup>12</sup>

Both political parties employed strategic takeovers just before elections to influence the vote. The 1899 purchase of the Toronto Star by such financial and political heavyweights as George Cox, tea king Peter Larkin, farm machinery baron Walter Massey, and Postmaster-General William Mulock, was undertaken to have another Toronto

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Liberal daily in time for the 1900 election. Similarly,  
the Liberal group which took over the weekly Sydney Reporter  
and changed it into a daily in 1899, did so in order to  
defeat Sir Charles Tupper in the forthcoming election. 14  
In 1908, mining magnate John McKane and other Tories bought the  
independent liberal St. John Telegram and Times to fight the  
Liberals in the election. 15 Similar groups started the St.  
John Standard for the election of 1908, and also refinanced  
the Edmonton Journal. Politics changed the ownership of the  
Dartmouth Patriot in 1910, the Saskatoon Phoenix in 1914,  
and caused the appearance of the Fredericton Daily Mail in  
1910, and the Vancouver Sun in 1911. 16

The creation of the Medicine Hat News in 1905 shows  
how intertwined the party still was with a newspaper, as  
this letter from an organizer to party leader Borden  
reveals: 17

I am requested by the Directors of the Medicine Hat  
Times Company Ltd., a joint stock company, just  
formed to issue a Conservative newspaper here, to  
inform you of what is being done so that if  
possible you can give us some assistance in the way  
of editing along the requirements of our party. We  
have stock enough subscribed. There are sixty  
members of the Company and can arrange for the  
management of the paper so as to make it pay as an  
investment, but want to get out something that will  
be of material benefit to the Liberal Conservative  
party and so require an editor who keeps up to date  
and be able to issue a paper that can take part in  
the political questions of the day.

The group which took control of the Toronto News from  
the very wealthy J.W. Flavelle (whose massive losses showed  
that not even wealthy individuals could absorb the red ink  
of a major newspaper) in 1907 made the ostensibly

independent News a party organ again. Its composition shows the general rule of the mixed politician businessman lawyer groups becoming so prevalent in newspaper ownership. Headed by Frank Cochrane, who was a businessman turned politician (at the time, Ontario minister for mines and forests), it also included industrialist A.E. Kemp, who was chief Ontario Conservative bagman, financier E.B. Osler and prominent distiller George Gooderham.

The second type of patronage, comprising public advertising and printing contracts, was a major factor in binding the party press to the party. Obviously, patronage was far more important before 1890 when newspaper circulations were small, as James Moylan, the editor of the Regina Leader, attested when he asked a cabinet minister for a printing contract in 1872: "A few thousand dollars worth of printing is a small thing in your department, but it will go far to assist me." In an 1888 memorandum to Prime Minister John A. Macdonald, the publishers of the Halifax Herald, St. John Sun and the Moncton Times requested more patronage since as

business ventures they (party papers) are not now and have never been profitable, in no case, yielding the proprietors as large a return as the same capital, if otherwise invested, might have reasonably been expected to do.

Often, government advertising or printing meant that the papermaker could be paid for many a 19th century newspaper.

Such patronage was still a major factor for key papers in the 20th century. The Laurier government's patronage increased dramatically from 1899 on. By the 1900 election,

expenditures increased 50% in one year to \$246,000. By 1904, it rose to \$386,000, then to \$644,000 four years later, a figure which the Conservatives had almost doubled to nearly \$1 million by 1912.<sup>21</sup> Patronage was key to the rise of the Manitoba Free Press as the ascendent paper in the west. Not only was the paper the beneficiary of its patron Clifford Sifton's official advertising largesse, but it was the major printer of the Interior and other department's written matter (over \$9,000 worth in 1903 alone).<sup>22</sup> Patronage also helped the Star finance its way to its eventual dominance of the Toronto market, and probably accounts for the reason why as late as 1908, the prosperous Star's publisher was still importuning Laurier directly about making sure that the government kept the Star on its handout lists.<sup>23</sup> Patronage was also the difference between survival and failure for the Ottawa Free Press and Montreal Herald during the early 20th century. The former received more than \$12,000 in job printing and advertising contracts in 1905, an amount which increased to \$16,000 the next year, representing more than one-fifth of its income.<sup>24</sup> Herald publisher J.S. Brierley admitted he couldn't survive if the government changed hands, a not surprising admission since he received a yearly \$25,000 subsidy from the Laurier Government at the turn of the century, an amount that increased to over \$51,000 (job printing and advertising) patronage in 1902.<sup>25</sup>

Provincial governments were factors in patronage too, as the Manitoba government consistently kept the money-



losing Telegram afloat, granting it \$26,000 in contracts in 1910 alone.<sup>26</sup> Between 1913-1914, B.C.'s McBride Government allocated \$87,191 worth of advertising and printing contracts; approximately 40% went to the government-supporting Victoria Colonist and Vancouver News-Advertiser.<sup>27</sup>

The federal and provincial governments also supported their press friends through large purchases of yearly subscriptions -- in the 19th century this already amounted to hundreds of dollars -- and buying extra editions for propaganda purposes. For example, the federal government bought 40,000 extra copies for distribution of the Manitoba Free Press edition containing a Laurier speech, and the Conservative Manitoba government bought 10,000 copies of the Winnipeg Telegram in 1900 to hand out free to immigrants every two weeks.<sup>28</sup>

Government patronage to the newspapers probably hit its height in the years around the turn of the century when the Laurier Government through Clifford Sifton spent hundreds of thousands of dollars to create a Liberal newspaper network across the Dominion. Sifton was a master propagandist, who created a "Press Bureau" in his Interior Office to dispense news items, often containing carefully slanted pro-Liberal party views, to dozens of dailies and weeklies. Often, this supply of articles was a hidden boon for many of the smaller publishers who could not afford to send correspondents to Ottawa or elsewhere to dig up stories, and represented a subsidy of sorts. The press bureau grew out of his

appointment of A.J. Magurn (later his Free Press editor) to be a "commissioner's secretary" to accompany an official expedition to the Yukon. Magurn, who was the Ottawa correspondent for the Globe, sent back reports to Toronto which became news fodder for the country's Liberal press. A little later, he created the "press bureau" in Ottawa. An added inducement to print even more Press Bureau articles was a bit of patronage in the form of printing ballot forms, government ballots or other official information which often followed a paper's publishing of the "news" item. So successful was this network that the Conservative party set up its own in 1902.

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Until well into the 20th century, government information was dispensed as a form of patronage. John Willison recalled how in the 1880s, it was "difficult" for an opposition correspondent to secure information from a public department.

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All appointments and statements of policy were reserved for the party organs. Very often the correspondents of friendly journals (had access) to blue books and returns before they were submitted to Parliament. Thus, their despatches would be in telegraph offices before less favoured rivals could examine the reports.

In 1891, Halifax Herald editor and provincial Conservative Party leader C.H. Cahan asked Prime Minister John Thompson for advance notice on a brewing Liberal scandal because "any news of this kind, when given to us exclusively, is of great assistance to the paper."

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Arthur Ford recalled that

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in those days government news was treated like patronage for the government papers. It was one way a grateful ministry paid newspapers for support. Opposition papers could obtain government news only through the kindness of friendly correspondents or through underground sources.

In this line, Clifford Sifton told J.S. Willison that "it is the desire of every one of the Members of the Government to give the Globe every possible advantage in the dissemination of news ..."<sup>33</sup> As late as 1912, Borden assured Willison that when it came to handing out government news his paper would be granted "most favoured nation treatment" and that "so far as you are personally concerned nothing that can properly be done will be left undone to assist you in keeping the 'News' in the forefront of such matters."<sup>34</sup>

Information patronage was no small matter either, not when considering the competitive marketplace of the day when "scoops" and exclusive information helped boost circulation. Certainly, this was revealed when the Globe's Hammond noted how Borden's new government affected his paper:<sup>35</sup>

This was the day of the big scoop. The Mail and The World had the list of the Borden Cabinet while the Globe did not. There was much surprise and indignation in the office... The Laurier Government had time and again handed out the best news to The Globe.

Another way patronage influenced newspapers was through rewarding publishers and newsmen who had served their party with knighthoods or appointing them to the Senate or civil service positions. Knighthoods, of course, were given to key party figures like Clifford Sifton and J.S. Willison. (Hugh Graham was the exception. Laurier had him awarded the knighthood to neutralize the Star in the 1908 election.)

Senatorships, also, were rewards, but were only awarded to publishers or newsmen who were also politicians in their own right, such as W.A. Buchanan, Mackenzie Bowell, or W.H. Preston or to those who were major party financiers or organizers like Robert Jaffray.

Those lower in the pecking order, mostly editors and the occasional reporter (mostly Ottawa correspondents), were named to a variety of public appointments. Often, the newsman-party hack or "slave" as W.C. Nichol called him, would gather signatures of party members to support a request for a public position, as Fredericton Herald editor L.C. MacNutt successfully did for his position as collector of customs in 1909. Another method was to be sponsored by an influential party figure, as A.J. Magurn, the former editor of the Manitoba Free Press, requested in a letter to Sifton:

The newspaperman is generally a politician and can expect nothing from the other side after he has compromised himself seriously year after year in hitting them whenever they raise their heads. I find it impossible to make any one believe that I can be either fair or impartial in the discussion of public affairs. I am labelled a Grit stalwart and cannot get away from it. I cannot regain the position I had here four years ago and it is nothing unusual or out of the way if I say to the party whose battles I fought in season or out of season for many years: 'I helped you when you needed it most, now I want you to help me.'

Willison helped his former Ottawa correspondent C.H. Hamilton by writing to Borden requesting an appointment. Although Borden admitted that "at the moment I am a little puzzled as to what we could offer", nonetheless, he

eventually appointed Hamilton assistant commissioner to the  
39  
RCMP.

Of the 55 or so appointments collected (mostly from announcements in the Canadian Printer and Publisher), the single most popular position was a temporary one, that is, appointing a newsman as secretary to a federal or provincial cabinet minister (16 positions). The next in popularity were customs appointments followed by ones in Marine and Fisheries. The rest included deputy ministers of labour and, provincially, education, the Dominion Statistician, postmasters, parliamentary librarians, commissioners of Milk Boards, land title inspector, registrar of patents, Superintendent of the Toronto Institute of the Arts, sessional clerks, the Gentleman Usher of the Black Rod, several editors of official department publications, a Dominion trade commissioner, public works inspectors, and so on.

Partisan journalistic practice meant, according to John Willison, that in a party paper like the Globe:

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...it was the fashion to ignore or give little attention to Conservative meetings. The Liberal meetings always had crowded houses. Their speeches excited tremendous enthusiasm. At Conservative meetings there were empty benches and perfunctory attention. I have known The Globe to give eight to ten columns at a Liberal meeting ... and less than a column to a Conservative meeting at least as well attended and addressed by speakers of equal attraction and distinction. Moreover, there was often deliberate misrepresentation of Conservative speeches and calculated suppression of passages which were regarded as damaging to the Liberal position.

This type of political division exhibited by the press

was still very much in evidence in the 20th century. Newsmen Paul Bilkey observed that the press galleries of Queen's Park and Ottawa were still divided along party lines in 1903.<sup>41</sup> The situation still had not changed much in 1911 as<sup>42</sup> journalist Arthur Ford recalled:

The Liberals were in power and sat on the right of the speaker. So the representatives of the Liberal press sat in the Press Gallery also on the right. The Toronto Globe, as the leading Liberal paper, had the seat of honour. On the other hand, the correspondent of the Toronto Mail and Empire was assigned the first seat to the left of the speaker as representative of what was regarded as the chief Conservative paper. When the Conservatives won in 1911 the Conservatives shifted to the right and the Liberals to the left. If there were any independent papers in those days they were assigned to the tail end of the Gallery. They did not count.

Politicians also still sought to direct the newspapers in the 20th century, as they had in the previous one. The correspondence of Laurier to the Manitoba Free Press's Dafoe<sup>43</sup> is full of instructions barely disguised as requests. A Conservative party committee was set up to review Montreal Star editorials in 1907 and consult with owner Hugh Graham.<sup>44</sup> And the Conservative party put enough pressure on the Southams to cause them to instruct their Calgary Herald publisher J.H. Woods to cooperate more closely with the party in 1910.<sup>45</sup>

Party influence still mattered. Reporters assigned to politicians often were little more than mouthpieces for them. The Globe's Ottawa correspondent W.H. Dickson's experience with Post-master General William Mulock and the Post Office report in 1901 was typical:<sup>46</sup>

I got into (sic) the fact that he had a copy in

his possession yesterday morning and went and saw him. I explained to him that I wanted a short summary in the Evening Globe and would go through the report myself for the morning edition. He asked me to return at one o'clock. On returning at that time I found he had dictated a synopsis of the report to his secretary ... Later in the day he asked me to let my report go in the shape in which he had prepared it. Not wishing to antagonize him I said 'certainly' and did so.

This kind of experience was true for both parties and continued well into World War I. In 1908, C.F. Hamilton, the Toronto News's Ottawa correspondent, admitted that "my disposition is to keep pretty close to Mr. Borden, so as to run no risk of upsetting his game." <sup>47</sup> Pretty close meant <sup>48</sup> allowing the Opposition Leader to edit his copy. In 1911, the Globe's M.O. Hammond asked Laurier, before an election <sup>49</sup> speech, what he wanted emphasized in the speech. Even John Willison, who had so bitterly complained of party control, was a willing accomplice of the Tory Government. In 1911, he wrote to Prime Minister R.L. Borden saying that he sought a <sup>50</sup> press gallery correspondent:

...someone who will keep the Conservative member in touch with his constituents, who will take care to say things about him that can be quoted by his local press and keep him good tempered both towards the Government and ... towards the News. I also want to have far more attention paid to the work of the Ministers and what it means to the Government ... If, as I expect, we get within the next few weeks certain support which will enable us to get the additional plant we require and to produce the newspaper I am anxious to produce we should be able to do much better work than The News has ever done both in our interest and in the interest of the Government, Indeed, I think the two interests are identical. (My emphasis)

Many of the earlier declared "independent" papers seemed to gravitate into the political orbit. As former Globe editor

John Cameron observed:

I see now that 'the baser sort' of papers, notably those posing as independent go now for the Globe on every opportunity. I knew it would come, and only wonder that it held off for so long. Of all the papers in Canada, the Montreal Star is now most vicious against the Liberals. It is in very close touch with Tupper ...

Many of the columns of the so-called independent papers were politically biased. When Joseph Flavelle and John Willison bought the Toronto News at the end of 1902, they claimed to have founded Canada's first significantly independent paper, which promised to be above party considerations and to support parties and individuals on the merit of current considerations. In practice, it behaved no differently from partisan papers. In no political contest from 1903 to 1917, provincial nor dominion, did Willison not come down strongly on behalf of the Conservatives. The supposedly independent Montreal Star did not hesitate to use its news to roast Laurier on his reciprocity stand; furthermore, its pages had been systematically filled since the 19th century with pro-Conservative news. The Toronto Star's declared independence did not prevent Atkinson writing to Laurier asking why the Star had mistakenly been taken off the patronage list for Liberal organs. Moreover, the Star mostly supported the Liberal party right up to 1917, (causing John Ross Robertson to twit the Star by constantly referring to it as an "organ not a newspaper"), until Atkinson's reluctant break with Laurier over conscription. Willison himself in 1913 doubted that there were six papers in Canada which quoted their opponents



fairly in their news columns. Thus, the independent label was a bit of a sham, used to win readers in response to a widespread public dislike of "partyism", excessive partisanship and machine politics. Newspapers were still embroiled in politics, perhaps not as violently as in the 19th century but partisan nonetheless.

Even as late as 1913, extreme journalistic partisanship still occurred. Veteran newsman Arthur Ford recalled how he telegraphed his editor, the St. John Globe's J.H. Crockett, an ardent ally of Tory minister Douglas Hazen, for instructions on how to cover a major speech by Wilfrid Laurier on the contentious Naval Bill and a relatively obscure one by Hazen. Crockett wired back, "ignore Laurier entirely. Send Hazen verbatim."<sup>57</sup>

Crockett, however, represented a throwback to the rough-and-tumble politics employed by the party organs in the 19th century. In 1900, the Manitoba Free Press's publisher Clifford Sifton described a more effective, and subtle, way of political advocacy:<sup>58</sup>

The Government is not injured by the opposition papers' editorials, nor is the Government much helped by the friendly newspapers' editorials ... What actually injures the Government is some carefully concocted piece of alleged news which is prepared for the purpose of informing the readers of the papers that the Government has done something very offensive to the reader. It is not given as an attack upon the Government, it is simply given as an item of news... I am quite convinced ... that the damage is done by the news columns and not by the editorial columns.

Sifton's statement shows the shift of emphasis to the news columns (albeit in his case to subtle manipulation) and is

also another sign of the lessening of the importance of the editorial to the publishers.

However, the movement towards press independence became inexorable in the 20th century. By 1900, according to Rutherford, 37 dailies with a combined circulation of 572,461 were declared independent papers while the avowed party press numbered 77 organs, with 660,699 readers.<sup>59</sup> This represented a significant change from the partisan 19th century newspaper world, according to Kingston Whig publisher E.J.B. Pense, who, in 1899, noted the "rapid growth"<sup>60</sup> of independent papers. Between 1914 and 1930 the partisan press rapidly declined, while independent papers became more numerous. Papers dropped their party affiliations, went out of business or sold out to chains. The Ontario trend was typical of Canada as a whole. In 1909, there were 45 partisan dailies, a number which was reduced to 29 in 1919, and to 11 in 1930. The independent press, however had risen from nine in 1909 to 14 in 1919 and 25 in 1930.<sup>61</sup>

"Independence", in today's sense, implies non-partisanship. But independence from 1860 to well into World War I meant neither the absence of political affiliation nor neutrality. In the larger sense, it signified the financial independence of the proprietors who increasingly could afford to shrug off direct party control, and who systematically sought to expand readership to ensure the financial success of their newspapers. The proprietors of the

more substantial papers became powerful participants within the parties, rather than mere mouthpieces or minions of the politicians like most of their 19th century predecessors were. One of the earliest independents, John Ross Robertson, in 1862 declared that "contrary to present practice, (the Telegraph will) ... give unswerving support to those who faithfully serve the interests of the city, irrespective of party and political leanings".<sup>62</sup> (This stance was premature as Macdonald withheld patronage and thus doomed the venture). Upon taking over the Hamilton Spectator in 1877, William Southam signalled the coming of the new independence when he reportedly said to the Conservative party: "I will buy this thing and support you people, but I am running the paper, and I am not your servant."<sup>63</sup> In the prospective for the establishment of the Winnipeg Tribune in 1892, R.L. Richardson said the paper would be independent, but by "independence, we don't mean neutrality."<sup>64</sup> The key here is that Robertson and Richardson would decide what to support or to condemn and not the party. Richardson certainly made this clear when he did not hesitate to criticize the Laurier Government. He also insisted on his right to do so. "The hope of the country," he wrote, was "in honest outspoken papers that have the fearlessness to frankly admonish its friends when they are, or appear to be, doing wrong." The<sup>65</sup> Laurier Government was good,

but it was not immaculate, and in frankness it must be confessed that certain phases of its policy which have brought adverse criticism, seem to have deserved it. The Tribune has not hesitated to acknowledge upon several occasions in the past,

that the government did not fully live up to its opportunities.

The publisher was also in control of editorial policy at the Toronto Telegram, as John Ross Robertson's instructions to his reporters covering city hall made clear. <sup>66</sup>

An index for the City Council will be provided so that week by week the votes of aldermen, or a particular act of aldermen for or against the public interest, may be recorded so that at the end of the year the value of each representative can be sized up (My emphasis).

Despite their stance of public independence, both Richardson and Robertson were Liberal and Conservative party stalwarts, each representing their respective party in the House of Commons.

The same political involvement applied to the publishers of those papers, like the Montreal Star, the Toronto World, and the Ottawa Journal which were founded purely as commercial ventures and which were classified by McKim's Newspaper Directory as independent. <sup>67</sup> Their owners all were actively involved in the affairs of one or the other political party. John Dafoe defined an independent paper as: <sup>68</sup>

Any journal whose opinions are made on the premises by its owners and officers, and the making of which is affected only by considerations of public interest so far as they make an appeal and by the interests of the property itself ...

Independence at the time also referred to political fair play or the opening up of the paper's news columns to the opinions of political opponents. John Willison is sometimes credited and (also credited himself) for introducing the unbiased news column in reporting the views

of political opponents when he was at the helm of the Toronto Globe, the Liberal party's flag ship, from 1896 to 1902.<sup>69</sup> But, as John Dafoe pointed out, there were earlier examples of impartial political news coverage in the Montreal Star, the Toronto Telegram, the Toronto Star and the Journal.<sup>70</sup>

The rise of the impartial news column showed that editors were increasingly distinguishing between the news column and the editorial, reserving "objective" news for the former and opinion for the latter. A good example of this practice and also of the political nature of independence is shown in the following Southam memorandum to Ottawa Citizen correspondents in 1907:<sup>71</sup>

A reputation for reliability and fairness in the news columns of the CITIZEN is the management's ideal which every correspondent should have in mind when writing his copy. We wish to have people think and say- "If you see it in the the CITIZEN it's quite likely to be so." Of equal importance is it that the CITIZEN should have the reputation for printing, if not more, at least as much news as its contemporaries. Its reports should be complete and fair, and free alike from bias on account of the reporter's predilections and the CITIZEN's editorial opinions. Although politically the CITIZEN supports the policy of the Conservative party, correspondents should not allow this to interfere with their giving the CITIZEN impartial copy dealing with political matters. The CITIZEN is not the organ of any political party, or of any politician, but it is striving to be a high class, fair and reliable newspaper ... Both sides of every story should invariably be given.

By 1915, impartial news columns and the news column-editorial distinction were considered commonplace. According to E.F. Slack, the Montreal Gazette's managing director, the business of a newspaper was to give the public fair and

honest reports of the news of the day, uninfluenced by the editorial policy of the paper, and unspoiled by any pressure  
72  
from advertising.

Newspapers to-day are business propositions. The public expects them to give the news of the day as it happens, without color or bias. Further, the public expects to get reports of matters even when they differ from the editorial policy of the paper. It is the paper's business to tell the people exactly what is going on, and it is for the people to exercise their own judgment when they have been given the facts honestly by the papers. Any paper which attempted to follow the lines that were in vogue even a few years ago would be an utter failure to-day. Fairness, frankness and a full presentation of all the news of the day is the outstanding feature of any really great newspaper.

Declaring independence also had the benefit of carving out a niche in crowded, saturated markets. The liberal-tinged Hamilton Herald did this in the 1890s to distinguish itself from the Conservative and Liberal organs, respectively the Spectator and the Times.  
73  
Even though Liberal party backers with the encouragement of Laurier financed the purchase of the Toronto Star in 1899, Atkinson still thought it best for economic survival in Tory-dominated Toronto, which already had established party organs, to advertise the paper as "independent" with the slogan "a newspaper not an organ."  
74

It was the Vancouver Province's Walter Nichol, however, who heralded the coming predominance of business considerations and the eventual end of overt partisanship in 1901. He noted how more publishers were making their publications newspapers in the strictest sense by "discarding entirely obligations of a political nature."

This meant that "business, and not sentiment, was the watchword of the hour, and to this cry everything is made to conform." To this end, he advocated the separation of news and editorial opinion. "If controversy is wanted," he observed, "it could be found in the "unattended" editorial columns or in the letters section, so that the newspaper could be devoted more exclusively to the recording of events. Moreover, he noted:

With the partizan (sic) feature eliminated from the newspapers, and with enterprise, accuracy and reliability made the sine qua non by the public, only the best and most intelligent would survive, and those which hang on to existence through drafts on the party pap bottle would have to succumb ... One thing is certain it would be business in the completest sense of the word.

Nichol's remarks echo the sentiment of the superiority of business exhibited by other businessmen of the era, and clearly signal his perception of the desirability of acting like them.

When E. Norman Smith, whose Ottawa Free Press was supported by lavish Laurier Government patronage in the early 20th century, muted its overt Liberal party partisanship, the paper's circulation jumped significantly, which he attributed to the paper's "independent" line. As the generally Conservative Calgary Herald increasingly took an independent editorial stance, the "machine" Conservatives threatened to set up a straight party organ in competition if publisher J.H. Woods didn't toe the party line. Unfazed by the threat, Woods informed the paper's owners, the Southam family, that he'd like to turn the paper into an

entirely independent paper without any party affiliation whatsoever ... a paper that would fight Western battles and criticise either political party with equal freedom. That is the kind of paper I would like best to run and I believe it is the kind that will pay best in this country."

The Herald often differed from other papers in the Southam chain, such as the Ottawa Citizen and the Hamilton Spectator. Indeed, because of the imperatives of local market conditions, the Southams found it impossible to agree upon, much less to enforce, a common political stance in their newspapers.

78

Even smaller papers began to get the message. For example, R.G. McCuish of the Fort William Evening Herald said he turned "independent" because it wasn't wise "to give your paper to the politician at the expense of your business" and he advised other country publishers to "conduct their papers more as a business proposition" and to avoid being "tools of the politicians."

79

The independence trend accelerated during World War I. Some observers claim that the establishment of the Union Government blurred party differences and it did not make sense any longer for the newspapers to wage fierce partisan struggle. Many newspapers themselves believed that the move came about because of the need to close ranks in the face of total war. Such former partisan stalwarts as the Toronto Mail and Empire, the Toronto Star, the Guelph Sentinel-Review, the Toronto News and the Globe all markedly toned down their partisan rhetoric in favour of united non-partisan pro-war stands. The strongly Liberal Manitoba

81



Free Press summed up the common sentiment in 1917 when it declared itself to be "out of party politics" for the duration of the war because it recognized only one duty -- "that of serving the country with a whole souled devotion". That meant backing "unionist" candidates who would form a "win-the-war government."<sup>82</sup> Patriotic fervour undoubtedly had some effect, but more likely, World War I's economic realities of market rationalization -- reduced business and advertising and newsprint shortages, which caused the number of newspapers to shrink through merger and bankruptcy -- had more to do with the newspapers clearing their news columns of party bias and moderating their editorial thunder. Winnipeg Tribune publisher and Canadian Press president M.E. Nichols<sup>83</sup> described the situation.

The First World War and the post-war period took tragic tolls of the weaklings. Some fell prostrate by the wayside, others took refuge in mergers. Free from competition, the consolidated newspaper became prosperous, but their prosperity was bought at a price of foregoing political controversy. The subscribers had not merged their political opinions, and it became necessary for the single newspaper to watch its step. As a rule it did so by printing fair reports of political occurrences and avoiding or restraining editorial comment on party issues.

Despite the foregoing examples of political influence, though, there was a major difference between 19th and 20th century newspaper partisanship. And that difference lay with the publishers of the larger dailies, who had become powerful in their own right, relying on the mounting financial might and mass influence of their publications. In addition to being able to resist political pressure, as J.H.

Woods did despite the Southams' promise and as Graham proved by the Star's neutrality in the 1908 federal election, they began to exercise influence and power in the affairs of the political parties. Indeed, Graham, the owner of the largest and richest English-language daily, as historian Roger Graham observed, "obviously ... aspired to play a dominating role in politics from behind the scenes as a puppet master manipulating the politicians."<sup>84</sup> His plots and scheming are almost legendary, especially his role as treasurer for the 1904 \$1.5 million plot involving the Mackenzie-Mann interests in an attempt to buy Liberal<sup>85</sup> newspapers in a bid to overthrow the Laurier Government. Another plot, ominously called the "whisper of death" campaign that he conducted against Conservative party leader Arthur Meighen, was a notorious example of his ability to<sup>86</sup> cause havoc in party affairs.

Other publishers also meddled. Joseph Atkinson, nicknamed "Whispering Joe" because of his plotting, became quite influential in Liberal party circle, and was instrumental in writing the federal party platform in 1911 and 1916. Significantly, the Star's real independence began to be manifested when he finally achieved majority control<sup>87</sup> of the Star in 1913.

Publisher independence from party strictures became increasingly evident from the 1890s on. The Riordon family's independence in the handling of the Mz was the primary reason for the setting up of the Empire, and the growing

independence of Robert Jaffray in resisting party dictation to the Toronto Globe from the 1890s on led to the Liberal party's takeover of the Star.<sup>88</sup> Business considerations, more often than party ones, determined the course of a publisher's actions. William Dennis, the proprietor of the Halifax Herald and Mail, is a good example. Before his takeover of these publications in the late 1890s, they did not pay even though they were heavy recipients of Conservative patronage. A staunch Conservative, Dennis lost that revenue when Laurier came to power. After 1896, he concentrated on making the morning Herald and evening Mail paying propositions by adopting modern business methods and the successful journalistic practices of such popular journals as the Montreal Star and the Toronto Telegram. He evidently succeeded because in 1911 his properties were described as "the best financial propositions in Eastern Canada." The contemporary description of how Dennis "made good" is instructive:<sup>89</sup>

Both papers are widely read. For a small province, their circulation is big. There is a reason for this. Dennis caters to the people. He chases up popular subjects. While his papers advocate the principles of the Conservative party, he refuses to be led or guided by the party managers. He opens his columns to the exponents of ideas not cherished by Conservative bosses. It gives both sides the political news and curious as it may seem, he manages to get and print important news from the Liberal camp long before the press of that party know anything about it. As a consequence, his publications are read by Grit and Tory alike and another proof of Dennis' deep solicitude for No. 1 comes to the front. He gets the circulation, and circulation commands the advertising and the advertising commands the cash.

It is clear here that business considerations of expanding

readership and thus advertising revenues became more important than party needs, all of which signified the progressive weakening of the political content of newspapers in favour of entertainment. The same considerations governed the actions of another Conservative publisher, Charles Blackadar, who, by 1917, had muted the "violently" partisan nature of the Acadian Recorder because he observed the paper had made little or nothing out of patronage and his advertising patrons were "found in both political camps."<sup>90</sup>

Patronage no longer had the power to bind party to press as formerly. Even the Laurier and Borden Governments' massive increases of direct newspaper patronage, in actuality, masked the weakening hold of the parties on the papers and the changing nature of newspaper partisanship after 1890. If anything, the mounting expenditures signified that the politicians' grip on the press was lessening -- the more financially independent the press became, the more the politicians spent to control it.

Indeed, these large amounts are a bit misleading because they included a large percentage of printing payments paid to independent printers and not newspapers. Wilson Southam noted this in 1914 when he deflected Richard Southam's criticism that the increasingly Liberal Citizen was harming Southam Printing patronage contracts with the Borden Government. He noted that the Southam interests still managed to receive \$31,000 which was more than the \$24,000 the largest rewarded party organ, the Montreal Gazette, received. Moreover, the Mortimer Company, which had no

newspapers, received \$88,000 worth of business, "which seems to show that the work goes largely to the man that (sic) is on the spot when the work is ready to be given out."<sup>91</sup>

To be sure, the remaining amounts still were substantial increases, and certainly helped bind some papers to the party. But these figures appear less impressive when spread over a number of papers or when measured against the enormous revenues that most big city dailies earned from the 1890s on.

Thus, patronage does not fully explain continued partisanship since most party newspapers received little or no patronage, either in printing contracts or advertisements and announcements, and many received nothing, as one publisher bitterly complained in a letter to Laurier.<sup>92</sup> As for the lucky ones who did, most only received a few hundred dollars worth. In 1899, only 12 papers received more than \$1,000 in patronage. A favoured few got most of the money.<sup>93</sup> In 1901, one paper, the Montreal Herald received 18% of all the money disbursed.<sup>94</sup> More significantly, what did \$2,600 patronage in 1902 signify to the Globe, then the most important Liberal party paper, compared to yearly revenues already in the hundreds of thousands of dollars?<sup>95</sup> The \$10,000 the Globe received in 1910 obviously did not change this equation.<sup>96</sup> Needless to say, subsequent Liberal and Conservative disbursements shrank to even more insignificance in the booming 20th century growth of the big city dailies. It was precisely the biggest and financially

most successful dailies, the ones the parties most wanted to influence, which were the least financially susceptible to patronage.

Business conditions caused the relationship of the newspapers to the parties, even for the so-called "party organs", to become problematic from the 1890s on. The rise of the independent papers signified problems that also affected the straight organs, in that those who controlled the papers and the journalists who worked on them, less and less wanted to be directed by the parties. These sentiments were fueled by financial contingencies related to pleasing the paper's mass audience and ensuring the continuing growth of circulation and advertising revenues. In the case of the journalists, a growing sense of professionalism caused in part by a widening alienation from the aims and needs of the businessman-qua-publisher spurred the loosening of the formerly strong party discipline.

The anomaly of the partisan paper in Canada was that newspaper proprietors, though connected to a party, still had to make a profit. This meant pleasing a wider audience than the party faithful. Yet, the faithful, because they contributed to the newspaper through direct party patronage (captive subscriptions, subsidizing editions for election propaganda, and government patronage if the party achieved provincial or federal power), believed it their right to direct the policies of the paper.

This situation made it difficult for newspapermen because they were serving two masters, the broad public and

the politicians, whose needs and interests often differed. This conundrum was vividly displayed by the experience at the Toronto Empire, widely regarded as the most complete party organ ever in Canada. It had been expressly created as an organ in 1887 by the Conservative party, because of Macdonald's dissatisfaction with the independent ways of the party's former organ, the Mail. Hector Charlesworth, who worked on the paper, observed that the Empire had "a large and able staff, and had it been conducted independently of interference from party chiefs would have undoubtedly in the end outstripped its rivals." Yet, internal Conservative party politics affected the paper. Moreover,

no editor -- not even the chief, David Creighton -- and no reporter felt safe from incurring the dislike of some politician with some personal axe to grind, who through his stock subscription or his prominence in the party gave him the right to interfere.

During Charlesworth's stay of 13 months, he witnessed the firing of two city editors, solely because one faction or another was displeased with some story that had been published. In addition, he noted that "non-political news of an important character was constantly suppressed at the request of some party magnate or other, a fatal policy in a field in which so many newspapers were competing." The last comment shows the dangers of pleasing two masters. The Empire lost wads of money, around \$150,000 until 1895, when the party leaders decided there were too many large papers in Toronto, and allowed the Mail, also money-losing, to absorb the Empire.

The failure of the Empire showed the weakening of political influence on the press. When Joseph Atkinson agreed to publish the Star, he specifically cited the Empire in his argument for a paper run on business principles, based on profit, and not on political considerations, as veteran politicians like Postmaster-General Mulock were demanding. He argued in a letter to Laurier that the Star "can only be useful politically if it has the confidence of its constituency and by having regard to its commercial success a Liberal paper enables itself to give greater service to the party." He objected to the notion that it would be better to have a reliable, subsidized paper that was to be used for a purely political purpose.

I understand the motive of Mr. Mulock is to have not only an evening Liberal paper in Toronto but one that will be more 'ardent' and reliable than the Globe in the support it gives the party. I take this to mean a degree of organship which would ... destroy the paper's chance of success. A newspaper is a good ally but soon becomes useless as the subsequent organ of a party. I hope, therefore, that the mistake will not be made of having it conducted as the old Toronto Empire was conducted as a primarily political newspaper.

There were other signs of declining press partyism. John Willison, when editor of the Toronto Globe in 1901, also complained of political criticism and interference from the Liberal party, in a letter to Clifford Sifton, and in so doing, defended the growing use of objective news coverage.

Since the last election and in view of the unsatisfactory result in Ontario the Globe has been subjected to a line of criticism to which I wish to call your attention... The complaint ... is that



the Globe is not bitter enough, and does not deal as savagely as it should with Conservative politicians. Another criticism is that the Globe gives too much space to the speeches of Conservative politicians... I suppose the Globe gives five columns to Liberal speakers for every column it gives to Conservative speakers, and I am bound to add that I think this is hardly what a newspaper ought to do. There is not another civilized country in the world where newspapers venture to discriminate in their news columns in favor of one party or the other. Every British or American paper of any consequence entirely excludes partisanship from its news columns and treats all events on their news merit. The idea of a great newspaper suppressing the speeches of its political opponents is to me so absurd and stupid that is simply not worth discussion.

He also objected to "the assumption of every Liberal politician that I am his hired man, that he has the right to criticise and condemn me, and he has the right to dictate or shape my course as a journalist."

Sifton's reply to Willison showed that the day of objective journalism was still somewhat in the future at least as far as he was concerned. The primary point of a newspaper, besides making money to survive, was to wage political warfare on the political opponent.

As to the conduct of the Globe ... it lacks aggressiveness and stands too much on the defensive, and in politics seems to regard everything the party does as having to be defended instead of carrying the war into Africa...

I think that in election campaigns from a party standpoint you advertise the Opposition a great deal too much... In a campaign the object of a party is to get the public mind saturated with its own views and ideas. When we send out campaign literature we don't send the Tory stuff with ours. We would prefer that the people did not read the Opposition literature. Hence the Globe in an election campaign is not the best kind of literature to send. The theory that you want the elector to read both sides, and trust him to decide that you are right is not practical politics. The Tory papers that did us the most harm were those

that were filled with Tory stuff and practically did not print our reports at all. Naturally, men who were in a hot election campaign, seeing themselves injured and in many cases defeated by such papers are dissatisfied with their own paper because it did not do the same kind of work.

What is ironic about Sifton's remarks is that he himself did not adhere to them. In the case of his Manitoba Free Press, he insisted on it being run primarily as a business proposition, and this meant in practice the expansion of many non-partisan features, such as greater sports coverage, a women's section, more foreign correspondence etc., all of which, of course, eventually served to water down the "fighting" nature of the paper. Moreover, when his political beliefs conflicted with the needs of the Free Press's readership he deferred to the latter.

Thus, by 1900, the seeds of independence had been planted, and the newspapers began to ease the close embrace of the political parties, a process that the creation of a dominion-wide Canadian Press and World War I speeded up. The establishment of a dominion-wide Canadian Press news agency which made full and impartial reports of Parliament available to all the press, and the blurring of party lines during World War I, especially the creation of the Union government, served further to weaken the partisan propensities of the newspaper. Moreover, as has been shown, the war speeded up the rationalization of the market into fewer papers which translated into oligarchical or monopolistic newspaper markets. Newspapers now had broad politically heterogenous audiences and were reluctant to

antagonize large portions of their audiences, and thus jeopardize advertising revenues by strident political partisanship.

The newspapers, even those ostensibly labeled party organs, increasingly became personal vehicles for their owners. The papers responded to their whims, even if this meant betraying the party to which the paper was attached. Financial independence allowed for political independence. Editor Arthur Wallis of the Conservative party's leading organ The Mail and Empire complained in 1906 that he could not do any "really effectual work" on behalf of the party because of the "Riordan interests being in receipt of government favours of one sort or another."<sup>104</sup>

Bribes, then in the 20th century, seemed about the only way to bring the powerful publishers on side for the political parties -- in itself, a sign of how powerful the publisher had become. Laurier was forced to do this with Robert Jaffray, after he was "hurt" by the Globe's defection on the 1905 Separate Schools issue.<sup>105</sup> As M.O. Hammond, a Toronto Globe editor, recalled, "The Globe is more friendly to the Government these days and their making of Mr. Jaffray a Senator ... seems to have secured for themselves a stronger ally."<sup>106</sup> Hugh Graham took it very easy on the Liberals during the 1908 election, which led Conservative party leader Robert Borden to conclude that Graham's recently-awarded Knighthood was "a circumstance which will convince the whole Conservative party that Sir Hugh was bought."<sup>107</sup> Bribery also undermined the staunch political

stance of the Ottawa Citizen which had been traditionally Conservative, as Toronto News correspondent C.F. Hamilton made clear in a letter to Willison:

108

You don't know how to conduct a party newspaper. The Ottawa Citizen does. It did not put a line to show that there was a Conservative party in existence until the Conservatives gave it \$1,000 out of their campaign fund. They are sure it got a larger sum from the Liberals, as they vow it put its best reporters on the Liberal meetings. The day after the fight it plumed itself on its 'fairness'.

The above was a harbinger of how Wilson and Harry Southam would lead the Citizen so that it became less overtly political, focussing more on entertainment than politics. Indeed, they tended to intervene less and less in the editorial side of the paper. During World War I, the only time they insisted on an editorial stance was when they asked the Citizen to support Henry George's single tax proposition, an issue near and dear to the hearts of rich men.

109

Coincidentally, the issue of taxing the rich was one of the few issues where Sifton, who became progressively distant from the Free Press after his retirement from active politics in 1905, intervened editorially. After a series began on taxing businesses, he wrote to Dafoe that he categorically would "not permit the Free Press to lead such a campaign." The normally pugnacious Dafoe quickly dropped the offending series.

110

Instead of being an integral part of party machinery and responding to directives from the party executive, especially from prime ministers, publishers increasingly took on the role of powerbrokers often working outside the

party. Canadian involvement in the Boer War is a case in point. During that conflict, the Toronto newspapers, especially the Globe, in conjunction with the Montreal Star were instrumental in forcing a reluctant Laurier to send troops. Indeed, Willison and Jaffray put enormous private pressure on Laurier to commit the troops.<sup>111</sup> Likewise, the Globe did not hesitate to jump ship with Laurier on the Separate Schools issue, and as a consequence, to its surprise, found itself on the side of the Conservative<sup>112</sup> Hamilton Spectator.

The period from the 1890s until well into World War I saw publishers distance their publications from the political parties, although the publishers themselves remained personally partisan. Declaring independence signalled the publishers' determination to control their publications and not the politicians. While the papers still served as political advocates, the publishers instituted more subtle methods of transmitting political messages in order to expand their audiences and turn a bigger profit. As competition and concentration lessened the number of dailies, and the remaining ones became bigger and more prosperous, the publishers became powerful in their own right, using their publications to influence the political parties -- a process in which the Canadian publishers mirrored the British experience, as described by Curran, Seaton and Boyce.

## ENDNOTES 7

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2. David E. Smith, "Patronage in Britain and Canada: An Historical Approach," Journal of Canadian Studies 22 (Summer 1987) 40-44. According to Stewart, 74, once in office, Laurier followed Macdonald's line on patronage. He himself paid attention to details -- even down to the appointment of station-masters and porters and the hiring of temporary Christmas personnel at the post office. He tried to make sure that only dedicated party workers received posts in the public service.
3. Quoted in John English, The Decline of Politics: The Conservatives and the Party System 1901-1920 Toronto (Toronto UP, 1977) 9.
4. Colquhoun, Willison, 12.
5. Norman Ward, "The Press and Patronage: An Exploratory Operation," in The Canadian Political Process in Canada Toronto: Toronto UP, 1963) 3.
6. See W.S. Wallace, "The Journalist in Canadian Politics: A Retrospective," The Canadian Historical Review 22 (March 1941) 14-24; "Canadian Newspapermen in Parliament," CPP (November 1908) 20-23.
7. CPP (July 1896) 1; "Canadian Newspapermen in Parliament," CPP (November 1908) 20-23.
8. CPP (June 1902) 5.
9. "Newspapermen Elected to Municipal Offices," CPP (February 1914) 68.
10. Rutherford, "People's," 185-186.
11. Beaven, "Press," 325.
12. Tom Naylor, The History of Canadian Business I The Banks and Finance Capital (Toronto: James Lorimer, 1975) 195.
13. See Harkness, 19-24; and WP, v.37, 7 February 1901, Clifford Sifton to J.S. Willison.
14. CPP (August 1899) 16.
15. CPP (July 1908) 33.

16. CPP (January 1909) 32; SA, reel 108, 9 March 1908, H.M. Evans to W.M. Southam; CPP (March 1909) 22; CPP (March 1910) 34; CPP (December 1911) 49; and CPP (September 1911) 65.
17. W. Sanford Evans Papers, Box 4, 27 June 1903, W. Cousins to R.L. Borden.
18. WP, v. 19, 17 May 1908, C.H. Hamilton to J.S. Willison. See also Colquhoun, Willison, 150.
19. Ward, 9.
20. March, 49.
21. Beaven, "Press," 328.
22. From January 31 to July 31, 1904, the Free Press billed the Interior Ministry, \$5468, for printing advertisements and other jobs, SP, v. 165, bill in E.H. Macklin file. C.H. Beddoe, the Dominion Accountant, assured Sifton that many Interior pamphlets and mining regulations printing contracts were awarded to the Free Press, SP, v. 165, 27 August 1904, C.H. Beddoe to Clifford Sifton. SP, v. 165, 10 May 1904, E.H. Macklin to Clifford Sifton.
23. Wilfrid Laurier Papers, v. 506, 21 February 1908, J.E. Atkinson to Wilfrid Laurier.
24. Beaven, 329; Walkom, 322.
25. WP, v. 12, 2 October 1902, W.H. Dickson to J.S. Willison; Wilfrid Laurier Papers, v. 250, 28 January 1903, J.S. Brierley to Wilfrid Laurier; CPP (February 1902) 9.
26. Alan F.J. Artibise, Winnipeg: A Social History of Urban Growth 1874-1914 (Montreal: McGill's-Queen's UP, 1978) 358.
27. Martin Robin, The Rush for Spoils: The Company Province 1871-1933 (Toronto: McClelland & Stewart, 1972) 135.
28. SP, v. 83, 17 March 1900, A.J. Magurn to James Sutherland; Hall, II, 148.
29. WP, v.37, 29 January 1901, J.S. Willison to Clifford Sifton; WP, v. 18, 15 November 1905, C.F. Hamilton to J.S. Willison; Hall, I 290; Hall, II, 146-150. See also Donnelly, 146-147.
30. J.S. Willison, Reminiscences Political and Personal (Toronto McClelland & Stewart, 1919) 122.

31. March, 52,
32. Ford, 43.
33. WP, v. 37, 4 October 1899, Clifford Sifton to J.S. Willison.
34. R.L. Borden Papers, v. 132, 9 December 1912, R.L. Borden to J.S. Willison.
35. HD, 10 October 1911.
36. Beaven, 331.
37. CPP (April 1897) 12; CPP (January 1909) 32.
38. SP, v. 127, 2 May 1902, A.J. Magurn to Clifford Sifton.
39. R.L. Borden Papers, v. 132, 14 December 1912, R.L. Borden to J.S. Willison.
40. J.S. Willison, Reminiscences Personal and Political, (Toronto: McClelland and Stewart, 1919) 215.
41. Paul Bilkey, Persons, Papers and Things: Being the Casual Recollections of a Journalist with Some Flounderings in Philosophy (Toronto: The Ryerson Press, 1940) 49.
42. Ford, 225-226.
43. See National Archives, J.W. Dafoe Papers, reel M-73, 5 November 1901; 14 August 1903; 28 April 1903; 6 May 1903; and 28 February 1906, Wilfrid Laurier to J.W. Dafoe.
44. R.L. Borden Papers, v. 327, 16 May 1907, R.L. Borden memorandum.
45. SA, reel 105, 17 February 1910, W.M. Southam to William Southam.
46. WP, v. 12, December 1901, W.H. Dickson to J.S. Willison.
47. WP, v. 19, 9 June 1908, C.F. Hamilton to J.S. Willison.
48. WP, v. 19, 17 May 1908, C.F. Hamilton to J.S. Willison.
49. HD, 5 July 1911.
50. R.L. Borden Papers, v. 132, 12 December 1912, J.S. Willison to R.L. Borden.
51. WP, v. 6, 5 April 1898, John Cameron to J.S. Willison.



52. A.H.U. Colquhoun, Press, Politics and People: The Life and Letters of Sir John Willison, Journalist and Correspondent of The Times (Toronto: Macmillan of Canada, 1935) 93.
53. Dafoe, "Review," 62.
54. The front page of the Montreal Star, 4 February 1911, contained a full page blast against Laurier and reciprocity. The commemorative history of the paper, The Montreal Star: One hundred years of growth, turmoil and change, 1869-1969 (Montreal: Montreal Star, January 16, 1969) admitted that the paper was "traditionally a 'High Tory' publication, and that already in 1878, John A. Macdonald credited it with a major role in the Conservative victory, 8.
55. Wilfrid Laurier Papers, v. 506, 21 February 1908, J.E. Atkinson to Wilfrid Laurier; Harkness, 108.
56. "Relations between Newspapers," CPP (June 1913) 58.
57. Ford, 42-43.
58. SP, v. 91, 27 July 1900, Clifford Sifton to J.S. Willison.
59. Rutherford, Victorian, 213.
60. E.J.B. Pense, "Character and Position of the Canadian Press," in Canada: An Encyclopedia of the Country, edited by J. Castell Hopkins, (Toronto: Linscott Publishing Co., 1899), 195.
61. Brian Beaven, "Partisanship, Patronage and the Press in Ontario, 1880-1914: Myths and Realities," Canadian Historical Review 44 (September 1983) 349.
62. Poulton, 27.
63. SA, reel 128, 21 May 1950, P.S. Fisher to Pierre Berton, (Maclean's Magazine background interview).
64. Winnipeg Tribune (26 January 1890).
65. Winnipeg Tribune (4 August 1897).
66. C.H.J. Snider Papers, John Ross Robertson, "Memoranda regarding the staff," 1 January 1902.
67. J.W. Dafoe, "Review: Press, Politics and People," Canadian Historical Review, 17 (March 1936) 63. See McKim's Directory of Canadian Publications, (Montreal: A. McKim & Co., 1892-)

68. Dafoe, "Review," 62.
69. Willison, Reminiscences, 216. "I wholly agree with you that one of your most important contributions to the history of Canadian newspapers was your policy on the Globe of dealing fairly with your political opponents." WP, v.5, 8 January 1919, J.S. Brierley to J.S. Willison. Others gave him credit, see Arthur Ford, As the World Wags On, (Toronto: The Ryerson Press, 1947), 228; M.E. Nicholls, (CP): The Story of the Canadian Press (Toronto: The Ryerson Press, 1948) 194-195.
70. Dafoe, "Review," 63.
71. SA, reel 107, "Memorandum to Citizen correspondents," 16 May 1907.
72. "E.F. Slack's Views on Newspaper Publishing," CPP (February 1915) 50.
73. Charles Bruce, News and the Southams (Toronto: Macmillan of Canada, 1968) 21.
74. J.H. Cranston, Ink on My Fingers (Toronto: Ryerson Press, 1953) 65.
75. W.C. Nichol, "Newspapers from a Business Point of View," CPP (December 1901) 10-11.
76. E.N. Smith Papers, folder 2, "The Ottawa Newspaper Field," (26 March 1923).
77. SA, reel 105, 22 December 1919, J.H. Woods to William Southam.
78. By 1907, the loosening of editorial strings on Southam papers was becoming evident. There was a growing recognition that they should have independence on local issues, a policy which the purchase of the Calgary Herald accelerated. See Bruce, 114.
79. CPP (March 1906) 20.
80. Ford, 225. Colin Sabiston, "Canadian Journalism," The Globe and Mail (6 February 1960).
81. "Press Independence," CPP (August 1917) 34.
82. "Winnipeg Free Press Out of Politics," CPP (October 1917) 29.
83. Nichols, 195-196.
84. Roger Graham, "Meighen and the Montreal Tycoons:

- Railway Policy in the Election of 1921," in Canadian History Since Confederation: Essays and Interpretations, edited by Bruce Hodgins and Robert Page (Georgetown, Ont.: Irwin-Dorsey Ltd., 1972) 450.
85. See dissertation 347-348.
  86. Roger Graham, "Arthur Meighen: A Biography II And Fortune Fled" (Toronto: Clarke, Irwin, 1963) 242-244.
  87. Poulton, 183; HD, 1 November 1911; Harkness, 108, 117.
  88. Hector Charlesworth, Candid Chronicles: Leaves from the Note Book of Canadian Journalist (Toronto: Macmillan, 1925) 147-148; WP, v. 37, 7 February 1901, Clifford Sifton to J.S. Willison.
  89. W.D. Taunton, "The Man Behind The Halifax Herald," CPP (November 1911) 38.
  90. "Charles C. Blackadar," CPP (February 1917) 38.
  91. SA, reel 133, 5 February 1914, W.M. Southam to Richard Southam.
  92. Francis Frost, a Smith's Falls manufacturer of farm equipment, wrote to Laurier (Wilfrid Laurier Papers, v. 63, 24 January 1898) that "I find through this section of the country a good deal of dissatisfaction existing among our newspapermen because of a lack of printing or advertising patronage... For about a year these papers have dropped all reference to the Government." Milton Reformer R. White complained to Laurier (Wilfrid Laurier Papers, v. 791b, 29 March 1898) that "dozens of advertisements have been sent out from the Department (Public Works and Railways and Canals) and given only to a few favoured ones."
  93. Auditor-General's Report quoted in the Montreal Gazette 13 February 1900. Ranging from \$15,008 given to the Montreal Herald, St. John Telegraph (\$7,005), Moncton Transcript (\$6,701) to the Halifax Chronicle (\$5,373).
  94. The Montreal Herald received \$51,765 worth of advertising and printing contracts out of a total \$342,277 disbursed, CPP (February 1902) 9.
  95. CPP (February 1902) 9.
  96. Beaven, "Press," 329.
  97. Charlesworth, Candid, 147-149.
  98. Walkom, 347; CPP (November 1895) 6.

99. Wilfrid Laurier Papers, v. 132, 29 November 1899, J.E. Atkinson to Wilfrid Laurier.
100. Wilfrid Laurier Papers, v. 132, 1 December 1899, J.E. Atkinson to Wilfrid Laurier.
101. WP, v. 37, 29 January 1901, J.S. Willison to Clifford Sifton.
102. WP, v. 37, 7 February 1901, Clifford Sifton to J.S. Willison.
103. Ford, 44.
104. WP, v. 18, 3 February 1906, C.F. Hamilton to J.S. Willison.
105. WP, v. 18, 5 March 1905, C.F. Hamilton to J.S. Willison.
106. HD, 3 May 1906.
107. WP, v. 19, 10 November 1908, C.F. Hamilton to J.S. Willison.
108. WP, v. 19, 30 October 1908, C.F. Hamilton to J.S. Willison.
109. SA, reel 116, 5 December 1919, H.S. Southam to W.J. Southam. See also Bruce, 140.
110. Donnelly, 122.
111. M.O. Hammond Papers, M.O. Hammond, "Ninety Years of the Globe," 232.
112. HD, 2 March 1905.

## CHAPTER EIGHT -- JOINING THE ELITE

With the importance of patronage lessening after 1890, the question remains why most newspapers remained politically tied before World War I. Patronage also does not explain the politicization of Rutherford's formerly independent and maverick "people's press," especially since patronage increasingly accounted for small and even negligible portions of the revenues of most city dailies, with the exception of a favoured and financially troubled few. Patronage or its lack did not constitute a compelling financial carrot or stick to compel the dailies to do the parties' bidding.

The other patronage inducements also cannot fully account for the continuing party loyalty of so many papers nor for the creation around the turn of the century of the Liberal and Conservative newspaper networks. Government and party subscriptions began to drop in significant proportion to total income as the major dailies, which had expanded their readership much beyond the politically faithful through the addition of popular entertainment features, added tens of thousands to their circulation in the early 20th century. In addition, senatorships or civil service rewards to the journalists who were faithful party workers were too few and far between to be a major cause of continued partisanship.

For that matter, patronage does not adequately explain the purchase and creation of so many papers for political purposes either, especially since no direct patronage

expenditures could cover the costs of even a medium-sized city daily like the Ottawa Free Press. Indeed, massive subsidies in the end did not save either the Free Press or the Montreal Herald, the two papers which received the greatest amounts of patronage from the Laurier government. Brian Beaven grappled with this question of what accounted for the continued partisanship when the cash nexus no longer represented a sufficient inducement for being a party journal. He cites the example of P.D. Ross being loaned money by three prominent Ottawa conservatives. Beaven cannot fathom the motivation of these men because, as he points out, it could not have been to create a party paper because there already was one, the Citizen. Moreover, he argues, Ross was too independent to be controlled. He explains that the Journal's conversion to Conservative party organ in 1904<sup>1</sup> occurred because Ross had also become a politician. This, however, still does not explain why those Tory members of the local executive helped his paper to stave off bankruptcy (when in a sense, for the sake of party organship they would have been better off with one paper, instead of dividing the readership).

The answer lies in the changed nature of newspaper ownership from the 1890s on. Increasingly, those who controlled the successful big city dailies were representative of the business-political coalitions which were spearheading Canada's industrial transformation. Consequently, newspapers became the spokesmen for these<sup>2</sup> interests. O.D. Skelton summarized this change:

As business outweighed politics, there came a gratifying increase in newspaper independence, but in many cases a journal became independent of party only to become dependent on advertisers, or the organ of railway or corporation interests.

It is only in the light of "interest" politics that the actions of Ross's benefactors make sense. Not surprisingly, these men controlled local concerns which were involved with mining and pulp concerns which were desirous of cheap power.<sup>3</sup> Ross fit the bill for this faction of Conservatives, as he ably represented their needs by fighting for those interests with the Journal and by his activities on behalf of both public Hydro and those resource interests. Ross wasn't "bought," he didn't have to be, since he wished to join their rich men's club, an endeavour in which eventually he succeeded, as did Atkinson who also fit this mold. It is interesting to note that this group induced Ross to run for alderman and also for mayor.<sup>4</sup>

The example of P.D. Ross was indicative of the changing nature of newspaper ownership. Well-heeled party backers were responsible for most of the newly created newspapers or takeovers of established ones from the 1890s on. Politicians, many of them lawyers, did start 19th century newspapers, but so did many newsmen and printers who had worked up through the ranks. But now individuals could no longer hope to own newspapers unless they had the following: enormous wealth like J.W. Flavelle and B.F. Pearson; a position to tap into the enormous patronage potential of the federal government like Interior Minister Clifford Sifton;

or significant backing like Joseph Atkinson and W.C. Nichol.

The joint-stock set-up of the Empire in 1888 and its takeover by the Mail group headed by the Riordon family was indicative of subsequent newspaper creation and change of ownership from 1890 to World War I. The Globe takeover by Robert Jaffray and George Cox also fits into this category, and further showed the intertwining of politics and journalism. The strategic takeovers to assist the party in elections already mentioned were almost always undertaken by coalitions of politicians and businessmen.

In the 20th century, the growth of syndicates buying newspapers and the fact that few newspapers were successfully begun point to the increasingly corporate nature of newspaper publishing. In the 19th century, it was possible for printers and journalists, mostly editors, to work their way up and buy their publications, start a new one or buy a small paper. William Buckingham, editor of the Nor-Wester in 1859 and later editor of the Stratford Beacon,<sup>5</sup> observed after half a century of experience in 1908:

The printing office was a school, enabling many a boy without early advantages to rise to good positions in the newspaper profession and in the service of the State. As he set type he educated himself, acquired literary tastes, became in turn local and parliamentary reporter, writer of descriptive and leading articles, editor and proprietor of a newspaper of his own. Looking over the lists of the men who were members of this association (C.P.A.) in the early days of this history, one is struck by the number who made for themselves careers from these humble beginnings. But they are becoming fewer all the time for the newspaper field is no longer the recruiting ground of former days. Graduation, the chance to rise step by step has gone.



Since the mid-19th century, newspaper work represented for ambitious men a chance to advance in the political world. By the 1890s, journalism also served as a means to succeed in the business world and to become rich. Journalism provided a good route towards success in that it provided an entree to the political-business network which governed Canada. By the 1890s, men like Hugh Graham, John Ross Robertson, W.F. Maclean and William Southam had blazed the way for another generation of go-getters like Walter Nichol, P.D. Ross, Sanford Evans, and Joseph Atkinson -- a lucky few, who started as reporters and, with luck and pluck, had worked their way up to be editors. Being editors gave them the chance to meet and represent political-financial interests, and then if able and clever enough, harness those interests to back them in their purchase of newspapers. Reporters were filled with dreams of striking it rich, as evidenced by one observer's remark that attempts to found a Toronto journalists' union in 1902 failed because of reporters "being too imbued with capitalist notions and desires to be one (a capitalist)."<sup>6</sup>

The key to success in the newspaper business, according to Walter Nichol in 1897, was to become a newspaper proprietor. Writing and reporting were not the way, because they were "hard and exacting" and the rewards "pitifully" small. There was no future for an older reporter who was "either cast aside like a crushed orange or given some employment in a subordinate capacity." Furthermore, the patronage rewards for party "slaves" were rather few.

"Owners alone," he concluded, "are rewarded by the labour of  
7  
others."

Nichol thereupon set out west to seek his fortune, first to search for gold, but soon discovered that newspapers might after all be a better field to mine. In 1898, he became the editor of the Victoria Province under the tutelage of the wealthy federal Conservative MP Hewitt Bostock. The paper also had CPR backing, and gradually, Nichol was able to buy out the paper in 1902. Under Nichol, the Province in B.C. pioneered the popular, breezy, full of features style of journalism that eventually transformed even the strictly partisan press. For his part, Nichol used the consistently profitable Province, which soon had the largest circulation in B.C., as a base to become very successful. When he sold the paper to Southam interests in 1923, he was the president of an insurance company and a director of several mining companies, and the Lieutenant-  
8  
Governor of the province.

Networking was an essential factor in a newspaper's value in those times. The influence of a newspaper represented a valuable commodity, and was translated into contacts and connections with the monied world, which in turn led to money-making possibilities. Certainly P.D. Ross used his paper as such, in his successful dabbling in mines and streetcar advertising.  
9  
That is why the 1906 instructions to the Journal's city editor stipulated that "merchants must not be interviewed on business matters

without first seeing Mr. Ross (and if he approves) subsequently obtaining from Mr. Robertson a list of those to be so interviewed." <sup>10</sup> W.H. Woods used insider connections and knowledge afforded by his Calgary Herald to build a good real estate base by being able to buy land in advance of sizeable railway purchases. <sup>11</sup>

A significant number of publishers used the connections and prestige afforded by their newspapers to further their personal political ambitions, which thereby added to their influence, especially with businessmen seeking favours from government. Indeed, many publishers were involved in politics to a degree that defined them also as politicians. P.D. Ross became one when he ran successfully for alderman and unsuccessfully for mayor of Ottawa. <sup>12</sup> John J. Young is another who largely fits this pattern, though he differed somewhat from Ross, Nichol and others. He started out as a journalist in 1885 and then went on to become successively an editor of the Regina Leader, the Moosomin Spectator and then chief editor and finally proprietor of the Calgary Herald. During his time at the Herald, he sat as an alderman and also represented E. Calgary in the provincial legislature. Once he had utilized the political-commercial connections inherent in controlling a newspaper, he left journalism to engage completely in the business world. After his sale of the Herald to Southam interests in 1908, he became quite wealthy developing his gold and silver mining interests, and eventually acquired extensive cattle ranch <sup>13</sup> holdings.

Similarly, the career of W. Sanford Evans illustrates how one could use a newspaper and its involvement in politics and business to become successful. A minister's son (and grandson of Senator Sanford) and a graduate of Victoria College, Evans, after he graduated from Columbia University with an M.A., went to work at the Mail and Empire as a reporter and worked up to be editor by 1900. During this time, he was active in the Conservative party, and became the chief organizer for fruit producer E.D. Smith's 1897 provincial election campaign.<sup>14</sup>

Evans clearly was out for success wherever he could find it. It certainly did not hurt his career when he married Irene Gurney, the daughter of stove manufacturer and former Toronto mayor Edward Gurney; indeed, Gurney pulled strings with loan companies, introduced him to financiers and occasionally lent him money to help him during his early career.<sup>15</sup>

Around the turn of the century, Evans left the Mail and Empire, at first to become treasurer of the National Cycle and Automobile Co. Soon, he was "squeezed out" of that business and became unsatisfactorily involved with a Toronto-based publishers syndicate, which published literary weeklies. However, as he confessed, he was "eager for any kind of business," and this led him to become re-involved with newspaper work.<sup>16</sup> Through his personal political and social contacts, he learned that the Winnipeg Telegram was for sale. (Throughout his lifetime, Evans was an avid club

joiner, and was founder of the Canadian Club in Hamilton in 1893, the one in Toronto in 1897, Winnipeg's in 1905, and was a member of many others including the Zetland Club and the Business Association for the Advancement of Science).<sup>17</sup>

In November 1900, he wrote to a Winnipeg contact, R.T. Riley:<sup>18</sup>

I understand there is some thought in putting new life into the Winnipeg Telegram and that I might have a chance of securing the managing editorship and perhaps an interest... I know the paper has not been paying in the past and that money would need to be invested in it before it would pay, but with the party in power in the province and the growing constituency which Manitoba and the Northwest is certain to afford, it would certainly seem that there is a chance for good managing and good editing to reap a reward.

The reasoning behind his interest in the Winnipeg Telegram reveals the interplay of business and political considerations which was behind so many newspaper takeovers in the period studied. Riley's reply is equally revealing of this interplay and also shows how the network operated. He wrote that the Telegram, -as the Conservative "organ" of the city, had never been a success, owing partly to that party being out of power for the past 12 years, but mainly for lack of "good business management". Riley included an assessment of the paper by W.B. Somerset, a former business manager of the Free Press:<sup>19</sup>

There should be a constituency for a moderate conservative paper in the West now that the 'FP' is so ultra Liberal, but as long as it is merely or principally political, it would be an uphill fight commercially. To the person taking it over, the first work would be to make it commercially valuable as an advertiser. This would require time and money in working up a circulation. No one need try it unless they command capital enough to invest

unremuneratively for a time. The plant, itself, is not of much account outside the Linotype typesetters. Its news franchises are of doubtful value, which in a morning paper, is doubtful... In view of the past history of the 'T' and its uncertain tenu of life for a long period, there would be a prejudice to overcome, and a new paper would be better than starting from its conditions. If the present proprietor would hand the whole thing over, free of debt, charging a low valuation for its plant, there might be a chance.

Somerset's remarks underline the intertwined political and financial factors involved in starting a paper. His cautionary comments about its political nature show the extent to which financial considerations had come to the forefront. All of this Evans realized as he summarized his reasons for taking over the paper:

20

The paper has not been a success in the past and it has been managed by a committee of the party rather than by private individuals and it has not been managed on business principles. It has now a better chance than ever since the party is well established in power in Manitoba.

In addition to the newspaper work there is a good opportunity for working in the wider field of politics. They are always looking for men to stand either for the local house of the Dominion and it was held out to me as an inducement that I could probably secure a nomination in the next opening.

It was this side of things that influenced me as much as any other, for as you know a man from Manitoba stands a better chance of obtaining positions of importance than as a man from Ontario, then, as Canada's future is going to be largely determined by the attitude of Manitoba and the Northwest.

The political dimension of his decision is noteworthy here, and so too, is his attitude that the West was the land of opportunity, a belief shared by Frank Oliver, R.L. Richardson, W.D. Scott and other politician-publishers before him.

Accordingly, in January 1901, he acquired the paper

because it was "handed over free of debt for the value of the plant taken at a very moderate valuation" but still he was worried about the Telegram's yearly debt of \$20,000. <sup>21</sup>

The Mackenzie-Mann interests, which had already helped in the actual purchase, were not able to provide more money so he was forced to raise additional capital through the sale of \$50,000 worth of debentures (corporate bonds backed by the general credit of the issuer rather than a specific lien on particular assets). <sup>22</sup>

With the new Conservative Roblin government in power, prospects looked good. Evans engaged in a whirl of social and political activity, socializing with the Attorney-General to arrange provincially financed special editions and meeting the Premier to secure job printing patronage. Evans worked hard on making the right political and financial connections. <sup>23</sup>

Last night, I had dinner with the Hon. Robert Rogers, Minister of Public Works. Good dinner. Am on first rate basis with all those fellows. I am writing on the railway question which is the important one just now. Am in the entire confidence of the Government, have read all the agreements re and am just leading up to what will later be announced.

Here Evans reveals an example of the extensive interconnection between politicians, railways interests and the newspapers. Another evening found Evans in a similar situation: <sup>24</sup>

Last night Mr. Riley took me to call on Mr. Ashdown(,) one of the wealthiest men here, and then I went to see Mr. Rogers, and found Mr. Campbell and Mr. Davidson. his other ministers there and we talked over the latest developments of the railway

situation and I came down and wrote.

These incidents were not isolated. Soon after, in consultation with William Mackenzie, he wrote in support of the Mackenzie-Mann interests in Manitoba, even publishing a special supplement of 25,000 copies outlining the views.<sup>25</sup> Throughout the competition for new railway lines, Evans was in constant contact with Mackenzie and government ministers,<sup>26</sup> even attending relevant cabinet meetings.

The political aspect to the railway battle was vital to him, as Evans revealed when the Conservative caucus paid for 4,000 extra editions over the next few months. He also realized that "if the Government is defeated on this measure or if the scheme does not work well the fight will be longer and harder still."<sup>27</sup>

The railway battle was complex and Evans had to tread his way as if through a minefield. It was especially difficult because he was angling to get an AP franchise which of course the CPR held, and he worried that the effects of coming out against the CPR might jeopardize his application. That is why although committed to the Mackenzie-Mann camp, he was wary of antagonizing the CPR too far.<sup>28</sup>

I think the fight is won. Have just had a talk with Mr. Baker, Executive agent of the C.P.R. He wants to know my connections with Mackenzie & Mann because he had been told that they owned and controlled us. I gave him the facts plainly. He said Mr. Shaughnessy would want to know. In other words, they are willing to make friends if I am still in a position to be friendly. I attacked them without making them too mad.

Evans struggled on, and in 1904, capitalizing on one of



the inducements to bring him out west, he ran for Parliament during the federal election. After his loss, his father-in-law advised him to abandon newspaper work and "concentrate ... on making a fortune."<sup>29</sup> Evans took the advice and sold the paper to Conservative front-men for Robert Rogers in 1905.<sup>30</sup> He promptly plunged into business activities, employing all the contacts which he had gained through his newspaper work. He started the Winnipeg College of Music and an investment house, and then set up a real estate firm. For the last venture, he asked the "headmen" at Canada Permanent (which had underwritten loans for him) and Mackenzie and Mann for inside information on whether, and if so where, their companies were planning to expand their Winnipeg operations.<sup>31</sup>

His Telegram stint certainly helped him financially and politically. No less than Robert Borden noted his work on behalf of the Conservative party and promised to reward him accordingly:<sup>32</sup>

I learn of your intention to leave the Telegram ... It is needless to say that if I can in connection with your interests or in any other way be of the slightest service to you it will be a very great pleasure to me indeed. Perhaps you could make me acquainted with any proposition in real estate which is being handled by your company at the present time. Possibly I might be to interest some eastern friends in one or more of these.

Evans parlayed his opportunities into a sizeable fortune and a few years later returned to political life. He was elected mayor of Winnipeg from 1909 to 1911 and afterwards sat for 14 years in the provincial legislature.<sup>33</sup> His career is

noteworthy in showing how newspaper work and ownership in addition to political work helped some men to gain political prominence and wealth.

Evans' career shows the extent to which the business and political worlds intersected at the newspaper. The political connection had been there since the 1850s, but the business connection was largely overshadowed by the political one until the late 19th century. It was the business transformation of Canada, as well as that of the newspaper into a business, which accelerated the business presence in the newspaper world. Thus, a newspaper career could provide entry into the financial-political elite that dominated Canada.

A sign that publishers were part of the economic and political elite which governed Canada occurred in 1912. A Winnipeg committee of three (including businessman Sir William Whyte and the Free Press's J.W. Dafoe) asked that a Toronto Committee be set to take the question of naval defense out of politics in Canada. It was attended by about 25 prominent business luminaries such as Sir William Mackenzie, Sir Joseph Flavelle and Sir Edmund Walker and the publishers of the six daily newspapers.

An examination of the careers of 86 newspaper publishers between 1890 and mostly before 1918 shows the extensive and active nature of their involvement in politics and business. Indicative of their political involvement is the fact that more than half (58%) could be considered professional politicians since they were elected to

municipal office, provincial legislatures or Parliament. This figure rises to 65% if publishers who ran unsuccessfully for their parties in provincial or federal elections are added on. Almost one-quarter had sat (20) in the House of Commons, another one-fifth (17) had sat in provincial legislatures while another 11 served as mayors.

The political involvement of the publishers mirrored that of other businessmen of the period. T.W. Acheson found that half of the industrialists studied held some public office during their careers, about one in three occupying a major political office at the provincial or federal level. His finding that most industrialists in the smaller communities also participated actively in municipal government and on school commissions was also true of small city publishers.

The survey also shows the publishers' extensive business connections. Half (43) had substantial representation in directorships and investments. Significantly, the publishers of the larger dailies (big and medium) are the ones who had the vast majority (83%) of outside investments, showing the intersection of big newspaper enterprises with other business enterprises. This characteristic is underlined conversely by those publishers who had no outside investments, more than half of whom were owners of small dailies. Moreover, of the five big daily publishers with no outside investments, two of them, Robertson and Graham, were already in the tycoon class on

**BREAKDOWN OF BACKGROUNDS OF 86 DAILY NEWSPAPER PUBLISHERS  
ALIVE IN 1898 AND 1912 (a)**

**Cabinet Ministers (b)**

House of Commons .....6  
Provincial legislatures .....5

**Senators.....8**

**Members of Parliament.....20**  
(Ran but lost ...4)

**M.P.P., M.L.A. .....18**  
(Ran but lost ...2)

**Municipal Office .....19**  
Mayor .....11  
City Council .....13

**Board of Trade .....9**

**Outside investments .....43 (c)**  
Big daily .....13 (d)  
Medium daily .....21  
Small daily .....7

**No outside investments.....43**  
Big daily .....4 (e)  
Medium daily .....12  
Small daily .....27

**Origins**

Printer .....15  
Newsman .....30  
Inherited .....10  
No experience (bought in).....16  
Founder .....16  
Unknown ..... 11

(Note: figures add up to more than 86, because a founder could also have been a printer or newsman.)

(a) Sources: Morgan 1898 and 1912. Also, information from Canadian Printer and Publisher, 1892-1920, and assorted biographies.

(b) Politically, some publishers are multiple entries, such as Frank Cochrane, who had served as mayor, MPP, MP, and also a provincial and federal cabinet minister.

(c) To be included, the publishers had to serve as presidents or directors of business enterprises outside of the newspaper industry or have substantial shares or

investments in them. The number here most likely is an undercount because of source inadequacy. For example, in neither Morgan 1898 or 1912 was there a mention that Frank Carrell, the publisher of the Quebec City Telegraph, had substantial outside business interests.

(d) A rough demarcation: Small -- under 5,000 in 1912; Medium 5,000 to 20,000; big over 20,000 circulation.

(e) Two of the richest and most powerful publishers of the biggest dailies, John Ross Robertson and Joseph Atkinson had no significant outside investments.

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the basis of their newspaper business alone; a third, Atkinson, was busy buying control of his company, and would eventually become one of Canada's wealthiest men.

It is clear from the survey that the publishers as a group participated widely in politics and business. Equally, it is apparent that the owners of the bigger city dailies were part of Canada's ruling elite. Most often, they had worked their way into the elite as did such newsmen as William Southam, J.J. Young, Sanford Evans, P.D. Ross, Hugh Graham, J.R. Robertson, Joseph Atkinson, W.R. Dennis, and Walter Nichol. By virtue of the enormous value of their newspaper properties, Graham, Robertson and Atkinson became extremely wealthy men. Others augmented the considerable value of their newspapers with outside investments, as for example, Southam in steel, power, and printing, Ross in mines and a ticket company, Nicol in insurance and coal mining, and Stewart, Dennis and the Southam sons in real estate.

Equally important was the survey's evidence of the significant presence of businessmen in the publishing ranks. In a sense, the survey downplays this presence because it

counts only owners and not the many businessmen, who while not the principal owners, nonetheless still had important newspaper investments. Financier George Cox, who had stakes in the Toronto Globe and the Toronto Star is a good example. The following comprises a partial list of businessmen who either owned or had significant minority holdings in major newspapers.

36

Senator George Cox -- Toronto Globe and Star -- finance  
Francis Cochrane -- Toronto News -- mining, hardware  
Robert Dunsmuir -- Victoria Colonist -- coal mining  
Timothy Eaton -- Toronto Star -- department stores  
Sir Joseph Flavelle -- Toronto News -- meat packing, finance, retail  
George Gooderham -- Toronto News -- distillery  
J.M. Gibson -- Hamilton Times -- utilities  
Peter Larkin -- Toronto Star -- food processor  
D. Lorne McGibbon -- Montreal Herald -- rubber, manufacturer, real estate  
A.E. Kemp -- Toronto News -- manufacturer  
John McKane -- St. John Telegraph and Times -- mining  
Sir William Mackenzie -- Toronto Star, Winnipeg Telegram -- railway, power and tramways  
E.T. Malone -- Toronto Globe and Star -- lawyer, financier  
Frederic Nicholls -- Toronto Star -- utilities, electricity  
E.B. Osler -- Toronto News -- finance, stocks  
B.F. Pearson -- Halifax Chronicle and Echo, St. John Sun and Star -- insurance, finance, utilities, marine  
T.H. Purdom -- London Advertiser -- lawyer, finance, insurance, tramways.  
Sir William Reid -- Montreal Telegraph -- railway  
Riordon family -- Toronto Mail, News and Empire -- paper  
David Russell -- St. John Times and Telegraph -- promoter  
Sir Clifford Sifton -- Manitoba Free Press -- finance  
Sir Frank Smith -- Toronto Empire -- retail grocery, railways  
J.J. Stewart -- Halifax Herald -- banking  
J.W. Stewart -- Vancouver Sun -- railways  
William Van Horne -- Manitoba Free Press -- railway  
Senator Josiah Wood -- Montreal Mail -- marine, shipbuilding, retail

The above list reads like a 'who's who' of Canadian business and underlines the integration of the newspaper world into the highest echelons of the Canadian corporate

structure. It is also worth noting that many of the above, as confirmed by the survey, had significant political careers. For example, B.F. Pearson, the Maritime publisher of six papers and finance capitalist with involvement in ship lines, utilities, and finance companies, was also a Nova Scotia cabinet minister.<sup>37</sup> Another example was Hamilton Times publisher J.M. Gibson, who was a former Ontario Attorney-General and a principal owner in the Hamilton<sup>38</sup> electric and street companies.

Yet, if the most prominent publishers now had joined the economic elite, how does this square with the voluminous attacks against monopoly, privilege, and "vested interests" which filled so many newspaper pages during the 1890 to 1920 period? Why didn't the privileged elite suppress their newspapers' attacks against their class? The reason they did not was because the newspaper tirades never challenged the status quo of the capitalist system. A good example of this was "Billy" Maclean, an MP who was the most vociferous exponent of public ownership and nationalization in Parliament and in his Toronto World.<sup>39</sup> Typical was this World broadside on 10 December 1909 in a special edition announcing a move to a bigger building. Entitled "Allegiance to the Public Interest," the article summed up the paper's position:

The World wages unceasing war against capitalistic monopolies, against any endeavour to bring the many under subjection for the advantage of the few ... The World stands for the public ownership and operation of all services and utilities which are by nature monopolies or can only be successfully worked as monopolies. It holds that their transfer

to companies for private profit is detrimental to the community and that until such services are resumed, all franchise holding corporations should be under closed supervision and control, not only in their working, but also as regards their capitalization.

Stirring stuff, but in the final analysis, mostly rhetoric which did not call for socialism or challenge capitalist ideology, according to Thomas Walkom. Analyzing the content of it and the other populist Toronto papers, the News and the Star at the turn of the century, he found that their populist diatribes focussed on individuals; that is on "boodlers" and rotten apples, and not the system. Once corrupt politicians and overly greedy capitalists were removed, the message was that anyone could strike it rich. The World's attack on the "vested interests" did not translate into a general attack on the wealthy; it supported "progressive" businessmen. Nor did populist appeals in the other papers amount to an attack on the socio-economic system; indeed, Walkom concluded that the newspaper agenda for public debate excluded the topic of class conflict. Whatever conflict there was, existed between good and bad people in a seemingly classless society, not the masses and the privileged.

In their support of "progressive" businessmen, newspaper publishers were in tune with the general movement to reform business and government of corruption and organize society more efficiently in order to deal with severe social problems caused by rapid urbanization. This is not surprising since the most influential publishers, whether



newsman, printer or businessman by origin, were part of the Canadian economic-political elite and subscribed to that elite's fundamental belief in individual effort and wealth formation as the essential factor in bringing about progress in Canadian society.

This belief in the virtue of hard work, individual enterprise and its reward of riches was shared by most if not all of the powerful publishers, in common with other businessmen, regardless of their political affiliation.<sup>41</sup> Indeed, it would have been strange if they had not in light of the fact that most -- including Robertson, Graham, Atkinson, Flavelle, Jaffray, Southam, Ross, Dennis and Nicol -- were self-made men. Not coincidentally the newspapers were the prime exponents of the Horatio Alger myth and the economic optimism that pervaded the Laurier boom period.<sup>42</sup> Jaffray's Toronto Globe (17 December 1899) drew together this key moral message: commerce and hard work would be rewarded on earth, charity would be rewarded in heaven. Even Joseph Atkinson, who was characterized by some detractors as a socialist or worse, believed firmly in individual enterprise and material progress, as was shown by the Star's laudatory observations about the achievements of William Mackenzie upon his death, even though it had bitterly opposed many of his projects. The Star made a point of describing the world as a place of progress, where business could be enlightened and where the rich employed their wealth wisely. Atkinson supported progressivism, but within<sup>43</sup> the existing business framework.

Other influential publishers felt the same way and did not hesitate to reiterate this message in the pages of their publications. The Manitoba Free Press of Sifton-Dafoe frequently presented a vision of society which was ruggedly individualistic, oriented to hard work and progress. The duty of government was to facilitate progress by striking a balance between the requirements of capital and those of producers, labourers and consumers. At the core of this vision was a kind of Social Darwinism in which the hardest-working and most enterprising would be justly rewarded with the most wealth, the survival of the fittest through competitive free enterprise.

The foregoing observations were made by Liberal party stalwarts, but note the similarity in sentiments expressed by two Conservative party adherents, Joseph Flavelle and J.S. Willison of the Toronto News. Flavelle said that the paper's policy should be on the side of progress and "courageous optimism" which meant supporting men or measures which brought to "syndicates, or groups, or cliques important possibilities of wealth." As for Willison,

There is only one secret to success in life, that is hard work. And after all, human progress comes through in private initiative and genius for organization and production.

By thought and deed, then, big city newspaper publishers, including those of journalistic backgrounds, were now integrated into the Canadian economic and political elite. Their integration, which was part of the overall commercial transformation of the press was completed from

the 1890s to 1920. The ebbing importance of patronage to the press also reflected the transcendence of business values. The dominant figure in the newspaper world had become the entrepreneurial publisher rather than Grant's 19th century editor-politician; and his activities were those of other businessmen.

ENDNOTES 8

1. Beaven, "Patronage," 338-339.
2. Oscar Douglas Skelton, Life and Letters of Sir Wilfrid Laurier II Toronto (Oxford UP, 1921) 270-271.
3. The extent to which the political and business interests of Charles Magee and George Perley were intertwined is noteworthy. Magee was president of the local Conservative association, an alderman and an organizer of the Bank of Ottawa. Lumberman and manufacturer Perley was a director of the same bank and also a Conservative MP, Morgan, 1912, 723, 897.
4. Peter Gillis, "Big Business and the Origins of the Conservative Reform Movement in Ottawa, 1890-1912," Journal of Canadian Studies 15 (Spring 1980) 105.
5. Bone, 182.
6. CPP (August 1902) 4.
7. CPP (April 1897) 12.
8. McGregor 97-102, 105, 132-133; Britton B. Cooke, "The House That Nichol Built: The Story of the Vancouver Province," The Canadian Courier, (6 July 1916) 5.
9. Ross, Retrospects, chapters 27 and 33.
10. P.D. Ross Papers, "Instructions to City-Editor and Telegram Editor for 1906," v.1 f.6.
11. SA, reel 105, 5 August 1911, J.H. Woods to W.J. Southam.
12. Morgan, 1912, 975.
13. CPP (July 1905) 22; Morgan, 1912, 1194.
14. Morgan, 1912, 380-381; W. Sanford Evans Papers, Box 4, 20 December 1897, W.S. Evans to E.D. Smith.
15. W. Sanford Evans Papers, Box 3, 15 September and 8 November 1902, Edward Gurney to W.S. Evans.
16. W. Sanford Evans, Papers Box 3, 19 September 1900, W.S. Evans to J. Macdonald Oxley.
17. W.S. Evans obituary, Winnipeg Free Press 28 June 1949.
18. W. Sanford Evans Papers, Box 3, 21 November 1900, W.S.

Evans to R.T. Riley.

19. W. Sanford Evans Papers, Box 3, 27 November 1900, R.T. Riley to W.S. Evans.
20. W. Sanford Evans Papers, Box 3, 7 January 1901, W.S. Evans to C.R. McCullough.
21. W. Sanford Evans Papers, Box 3, 19 December 1900, W.S. Evans to Irene Evans.
22. W. Sanford Evans Papers, Box 3, 27 July 1901, W.H. Moore to W.S. Evans; and Box 21, By-law no. 26, 20 June 1902.
23. W. Sanford Evans Papers, Box 3, 2 February 1901, W.S. Evans to Irene Evans.
24. W. Sanford Evans Papers, Box 3, 8 February 1901, W.S. Evans to Irene Evans.
25. W. Sanford Evans Papers, Box 3, 18 February 1901, W.S. Evans to Irene Evans.
26. W. Sanford Evans Papers, Box 3, 20 February 1901, W.S. Evans to Irene Evans.
27. W. Sanford Evans Papers, Box 3, 26 February 1901, W.S. Evans to Irene Evans.
28. W. Sanford Evans Papers, Box 3, 28 February 1901, W.S. Evans to Irene Evans.
29. W. Sanford Evans Papers, Box 4, 4 November 1904, Edward Gurney to W.S. Evans.
30. W. Sanford Evans Papers, Box 4, 27 June 1905, Robert Rogers to E.L. McIntyre.
31. W. Sanford Evans Papers, Box 4, 4 July and 11 August 1905, Harry Evans to W.S. Evans.
32. W. Sanford Evans Papers, Box 4, 23 November 1905, R.L. Borden to W.S. Evans.
33. W.S. Evans obituary, Winnipeg Free Press 28 June 1949.
34. "Very privately, there is a strong movement amongst leading Conservatives and Liberals in this city to secure a united public opinion in favor of prompt and adequate action for naval defense. Two or three meetings have been held with J.A. Madonald, Jaffray and J.E. Atkinson in attendance and I am in hopes that The Globe and The Star will yet fall into line. I will let you know more about this movement later. Meantime, keep

it very quiet, telling no one, WP, v. 19, 12 August 1912, F.D.L. Smith to C.F. Hamilton. See also WP, v.19, August 1912, author unknown to M.W.M. Grigg, National Archives, J.W. Dafoe Papers, reel M-73, 19 August 1912, J.E. Atkinson to J.W. Dafoe.

35. T.W. Acheson, "Changing Social Origins of the Canadian industrial Elite, 1880-1910," in Enterprise and National Development: Essay in Canadian Business and Economic History, edited by Glenn Porter and Robert D. Cuff, (Toronto: Hakkert, 1973) 167.
36. Mostly Morgan, 1898 and 1912, CPP and various biographies.
37. Morgan, 892; see also "B.F. Pearson, M.P.P.," CPP (March 1906) 34.
38. Armstrong, "Private," 31.
39. Maclean had been read out of the Conservative Party in 1905 in part for his strong pro-nationalization stance, Craven, 282. See also Charlesworth, Candid, 131.
40. Walkom, 226, 244-245, 251, 256.
41. Bliss, "Living," 27.
42. Bliss, Northern, 341.
43. Rhodes, 4, 63-64.
44. Cook, 50; Hall, I, 149; Donnelly, 39-40. Any sign of progress was noted, and articles appeared on any kind of industrial development, Hall, II, 149.
45. Joseph Flavelle Papers, case 1, 8 April 1903, Joseph Flavelle to J.S. Willison.
46. Colquhoun, Willison, 236.

## CHAPTER NINE -- INTEREST POLITICS

The growing presence of businessmen in the ranks of those of who controlled newspapers led to overall changes in the press's function. The publishers used the newspapers to represent more and more their personal interests, which often involved a complex web of related commercial and political ventures.

The press's changing function originated in the nature of the development and expansion of the Canadian economy between 1864 and 1914 which was accomplished by an informal but effective form of partnership between businessmen and politicians. The spheres of government, politics and business were not separate from each other, Douglas McCalla noted; they overlapped in wide areas and it was "altogether natural that businessmen and politicians should have many connections."<sup>1</sup> As Christopher Armstrong and H.V. Nelles found, what business activity took place was intertwined to an extraordinary degree with governments at both the federal and provincial levels.<sup>2</sup> It is this intertwining of business and state that is also key to the development of newspapers during this period.

The federal, provincial and municipal governments played leading roles in stimulating economic growth, and throughout our period businessmen turned towards governments for concessions, arrangements, jobs and contracts, or what is known as patronage in general. "The rhetoric of free enterprise notwithstanding," according to Nelles, "business

could not get along without the active cooperation of the state." <sup>3</sup> That is why so many businessmen entered politics. John English cited the case of Rodolphe Forget, a Conservative MP after 1904 and a president or director of 29 companies, to illustrate how active these businessmen were in defending and lobbying for their interests in Parliament. Indeed, he stressed that Forget and other businessmen were all connected with economic concerns highly dependent on government regulation or support. "Political participation gained for these men protection and advantage in their private affairs." <sup>4</sup>

Because businessmen constituted the dominant class in Canadian society, according to Armstrong and Nelles, they assumed that the state should be organized to meet their needs. But different levels of economic activity meant that different business groups (i.e. local manufacturers, resource extractors or developers versus national financial and transportation groups) <sup>5</sup> had conflicting needs. Most often, these needs could only be satisfied by government action, and that meant businessmen had to convince other politicians and the public.

Earlier, it was described how businessmen were entering the newspaper business at the end of the 19th century. To be sure, they did this to make money, but that was not the only reason -- they also wanted to use the sole mass vehicle of communication available to influence the public and garner support for their various financial interests, which more often than not, involved the three levels of government. It



should not be forgotten either that some businessmen were politicians in their own right, while many other businessmen were leading members of one of the two parties, playing a financial and advisory role in party councils. Often the syndicates of investors undertaking some financial promotion, especially those involving public business, were businessmen with substantial political interests. This was certainly the case with the group of Liberal businessmen led by Robert Jaffray and George Cox who took over the Toronto Globe in 1882 and the Conservative syndicate of Senator Sanford, Sir Frank Smith, and other Conservative businessmen who took over the Toronto Empire in 1894 to "put the paper on a paying basis."<sup>6</sup>

The first significant penetration of outside business into the newspaper world came from the railways. The interrelationship of public policy, public opinion and the public purse explains much about the oft-intimate relations between railway and newspaper. Because of their dependence on and competition for public subsidies, charters and grants, the railways understandably sought to control and direct public opinion and deflect criticism, and that meant in practice, sometimes buying newspapers outright (usually in secret through intermediaries), or if that was not possible, offering cash subsidies and other rewards for favourable coverage from their editors or publishers.

The central role of railway building in the economic expansion of Canada is well known. Railway construction

spurred further economic activity.<sup>7</sup> For example, the Southams' eventual decision to buy the Edmonton Journal was encouraged by railway expansion, as is evident from W.H. Woods' advice: "I believe in the future of the city, and that now is the time to buy, as business values will rise as soon as the Grand Trunk Railway gets busy in that neighborhood."<sup>8</sup>

From the onset of railway construction, governments and the railway companies were inextricably linked, especially since retarded Canadian development and weak, uncertain private investment forced constant government bond guarantees and subsidies to back the new ventures. Indeed, as Brian Young observes, long before the railway era, public funds played a central role in the development of Canada's transportation system.<sup>9</sup> Since the introduction of partisan politics saw politicians use newspapers to further their political ends, it is no accident that as Canada industrialized its first modern industry copied the politicians and bought and used newspapers to further its political and financial aims.

During Canada's railway era, it was common public knowledge that the railways either owned, controlled or strongly influenced many newspapers in the country. The Montreal Gazette was a consistent support of railway schemes in the 1860s and 70s, but its support was not based solely on an altruistic concern for the community's welfare. It had a price. Hugh Allan in 1870 was one of the owners of the paper along with the Whites. In return for their support of

his railway promotions, Allan bankrolled the Whites' subsequent takeover of the paper. A prototype of the politically-involved entrepreneur, Allan subsidized and bought newspapers to further those promotional schemes which required public assistance. According to Allan, "... means must be used to influence the public and I employed several young French Canadian lawyers to write it up for their own newspapers."<sup>10</sup>

Sir Allan MacNab stated in 1853: "Railways are my politics."<sup>11</sup> Echoing these sentiments 55 years later in 1908, the Calgary Herald's publisher W.H. Woods said: "... the policy of the Herald in Alberta politics in (is) RAILWAYS irrespective of political parties or anything else."<sup>12</sup> Before World War I, then, the centrality of railways to politics cannot be doubted, and within this context, neither should the importance of railways to newspapers and vice-versa. Years later in 1950, Southam president P.S. Fisher pointed to this relationship by observing that "... in the days of railroad construction ... every different railway was interested in a paper."<sup>13</sup>

The CPR was notorious for its attempts to control the content of newspapers. It tried to to silence its most persistent critic, Montreal's leading Liberal paper the Montreal Herald, by taking control of it through front-men in the early 1880s. For the same reason, it attempted to take over the Toronto Globe in 1882.<sup>14</sup>

By the late 19th century, the CPR was the corporate

behemoth astride Canada; indeed, in many respects its extensive economic and political range made it almost a rival power to the federal government. Consequently, it was active in protecting its widespread interests. Although originally linked to John A. Macdonald and the Conservative party, the CPR was forced to hedge its bets with the accession of Wilfrid Laurier and the Liberal party. Already in 1895, Van Horne sensed the coming national political change and actively sought to build bridges to Laurier. Accordingly, he cultivated a couple of leading Liberal politicians close to Laurier and also John Willison, the editor of the Toronto Globe, the leading national Liberal organ, and a Laurier confidante.<sup>15</sup> A further sign of its shift in political strategy can be seen in the sale of the Free Press to Laurier's western lieutenant, Clifford Sifton.

It was probably a mixture of a need to protect its southern monopoly, to deflect criticism, to please its political partners, and to influence branch line decisions in Manitoba that the CPR's William Van Horne and Donald Smith gradually took over the Manitoba Free Press in 1889.<sup>16</sup> The story of the paper's purchase and subsequent sale is a good example of the symbiotic relationship between railway promoters, politicians and journalists. Although the Conservatives made repeated efforts to start or buy a party paper in Winnipeg after 1878, they failed to set up a successful rival to W.F. Luxton's independent Liberal Free Press which became the city's largest daily. The paper's expansion required increased capital which Luxton was forced

to raise through incorporation as a joint stock venture in 1885 with an authorized capital stock of \$100,000. At the same time, John A. Macdonald talked the CPR's William Van Horne into buying the Conservative, but floundering, Call for \$33,500. In turn, to reduce competition in 1889, Luxton purchased the Call through the simple expedient of increasing his stock authorization to \$133,500, Van Horne's Call ownership being translated into 335 shares of Free Press stock. In 1890, Luxton borrowed a further \$40,000 -- probably from Smith -- to buy out his last Winnipeg rival, the Sun. Initially, the CPR connection was beneficial to the Free Press because it gained exclusive access in Winnipeg to all the North American telegraphic news services through the CPR wire.

17

Once Smith and Van Horne had effective control of the paper, however, they had no compunction at eventually replacing the journalistically independent Luxton in 1893 with their own man, Molyneux St. John, who worked for the railway's publicity department. The bitter Luxton explained in an article in the recently established independent Liberal Tribune why he was sacked.

18

Nothing short of the Free Press being an instrument to aid directly and indirectly C.P.R. schemes, meritorious or the reverse, and approve of C.P.R. policy, good, bad and indifferent, would satisfy the directors, and simply because I would not accede to such a line of conduct for the Free Press, I am where I am today ... and my place will obviously be filled by passive persons necessarily responsive to every behest of the Canadian Pacific Railway. My successor, Mr. M. St. John, come directly from C.P.R. general offices in Montreal. He is simply being transferred from one C.P.R.

department to what is to be another ...

Broadsides such as this didn't help especially since the CPR was already extremely unpopular and resented by westerners for its highhanded and exploitive ways. A newly established rival, the Tribune, in conjunction with the known CPR connection and the Free Press's change of political allegiance to Conservative caused the Free Press to lose money by the late 1890s. Perhaps tired of the money drain (the Free Press also needed to renew its aged press and plant) and wanting to please a rising politician at the same time, Van Horne and Smith, amidst great secrecy, sold the Free Press to Manitoba Attorney-General Clifford Sifton (and later federal Interior Minister) in 1898. Sifton already was known to these men, since he had successfully moderated a dispute between the CPR and Manitoba premier Greenway, who had threatened to break with the CPR unless the Free Press toned down its criticism. The fact that Sifton was central to the ongoing Crow's Nest Pass Railway negotiations didn't hurt his bid either.<sup>19</sup>

Sifton bought the paper because the independent Liberal MP R.L. Richardson and his paper, the Tribune, were becoming increasingly unreliable and he wanted his own paper to build a western political base. Railway politics also caused the break and prevented Sifton and Richardson from working together and building the Tribune to be the Liberal party's principal western organ. In 1897, the Tribune supported Premier Greenway, who, desiring to break the CPR's monopoly, came out in favour of the Mackenzie-Mann proposed link to

the Duluth-Minnesota railway which the CPR and Sifton  
21  
opposed. The plot thickened here, as Mackenzie and Mann,  
no doubt eager to confound the CPR and to get their side  
across to the public, helped bankroll W. Sanford Evans, an  
ex-Empire editor, to take over the Winnipeg Telegram in  
1900. (R.L. Richardson's Tribune was too prickly and  
undependable to be safely bought; indeed, of Richardson it  
was said, that he would denounce a railroad in a populist  
editorial then cheerfully accept a free railway pass or  
22  
other gift and not see the contradiction).

Another CPR link to the Liberal party was developed  
in 1895 in a joint Globe-C.P.R. news-publicity arrangement  
that also vividly illustrated the tangled web of political,  
financial and journalistic relationships that existed during  
those days. In 1895, Willison traveled to the West and wrote  
a series of stories booming the economic possibilities of  
the West. He predicted the rosy possibilities for economic  
growth, the limitless agricultural possibilities (it boasted  
of thousands of agricultural success stories) and the need  
for more immigration. Unusual for the time, the articles  
23  
were richly accompanied by photographs. Viewing an advance  
copy, Van Horne informed Willison that the articles "were  
the best that had ever been seen on our Northwest."  
Furthermore, he offered to buy 100,000 copies (and possibly  
more) of the paper if Willison agreed to sign his own name  
to the article instead of Special Correspondent as  
originally planned. The reason for this was "the value would

be enormously increased, if it would appear definitely from the Editor-in-Chief of the Globe. As for special correspondent it would be open to suspicion of having been written for advertising purposes." <sup>24</sup> The series ended up being quite popular with the railway and federal government alike as the former eventually ordered 250,000 copies and <sup>25</sup> the Interior department another 100,000.

The Willison connection even became personal in 1896 when the CPR president, eager to make new Ottawa connections, invited J.D. Edgar and L.H. Davies, the aforementioned Laurier friends, and Willison to travel with Van Horne on his luxurious private railcar. During that year, they were often wined and dined and provided with frequent trips to the west while Van Horne assured them of the CPR's political neutrality. As Willison himself remembered, "I had many evidences of his regard and good-will." <sup>26</sup> Not coincidentally perhaps, the Globe launched a series of articles promoting the Crow's Nest Pass Railway on the very day Laurier was sworn in as prime minister followed <sup>27</sup> by a joint CPR-Globe campaign supporting the project.

The Crow's Nest promotion, however, was not due solely to Van Horne's opulent hospitality, but was also engineered by two major shareholders of the Globe, and offered more evidence of the interlocking relations between business, politics and journalism. Robert Jaffray, the financier, who had the controlling interest in the Globe, and George Cox, a leading Canadian insurance-banking mogul -- both were leading Liberal backers, who later became



Senators -- instructed Willison to support the railway in editorials and in other coverage. In August, 1896, the Globe sent west its special correspondent T.C. Irving who boomed the area (saying among other things that B.C. had room for a million miners).<sup>28</sup> Unknown to Willison, however, Jaffray and Cox had their own agenda for having these articles published, since they were interested financially in a coal mining company which would be served by the proposed railway. When this became public it created quite a scandal for all concerned, and his being duped was one thing John Willison bitterly resented to the end of his days.<sup>29</sup>

It is noteworthy that Jaffray wanted the C.P.R. to pay its share of T.C. Irving's western expenses:<sup>30</sup>

... although I agree with you that we should not be under too much obligation to the C.P.R. still I said to Sir Wm. (Van Horne) that we undertook it as a business enterprise and while it was in the interest of the paper it was also beneficial to them and I thought there should be a fair division of the expense, he quite agreed with the view.

Here is another example of the rising bias of commercial information in news columns.

It was not the last time that the Globe was utilized to support the railway projects of its owners. In 1903, it declared that the Grand Trunk Pacific's proposal for a trans-Atlantic route would ...<sup>31</sup>

commend itself to the deliberate and matured judgment of Canadians from ocean to ocean. The strong new wine of nationalism is in their blood, and for years to come, they will watch the evolution of this all-Canadian railway with the feeling that it symbolizes as well as promotes a realized nationality.

This proposal also showed the extent to which economic necessity cut across party differences, and how newspapers were utilized for the purposes of interest groups. For example, George Cox, president of the Canadian Bank of Commerce, a minority owner of both the Toronto Star and Globe and a prominent Liberal, was on the Grand Trunk Pacific Board of Directors and a prime mover of the project.<sup>32</sup> Likewise, Joseph Flavelle, a prominent capitalist and Conservative, was also on the GTP's board. He owned the Toronto News which was an enthusiastic supporter of the GTP proposal.<sup>33</sup>

Perhaps the most blatant example of the railway-political-journalistic nexus occurred in a murky 1904 plot. This involved bringing Mackenzie and Mann's Great Northern Railway to Montreal, defeating the Laurier Government by buying important Liberal or independent newspapers, initiating a scandal campaign against Liberal cabinet ministers, buying off Liberal candidates in Quebec and inducing an important Liberal politician to turn against Laurier. The purpose of the plot was to secure control of the government by using the newly-purchased newspapers to initiate a campaign publicizing government scandals in order to unload bankrupt railways upon it and secure fat contracts for government railway construction. Although the plot quickly derailed, as important considerations didn't occur, initially part of it was realized with the \$1 million purchase of La Presse by plotter J.N. Greenshields, who was backed by Mackenzie and Mann, and the Montreal Star's Hugh

Graham, and plotter David Russell, a Montreal and Maritimes financial promoter, who purchased two important New Brunswick Liberal organs the St. John Telegram and Evening Times.<sup>34</sup> (The La Presse danger was immediately neutralized by Laurier who secured a promise from Mackenzie and Mann<sup>35</sup> that the paper was "not to be a Tory organ.").

It is noteworthy that several years later in 1909 that another "conspiracy" involving the takeover and unloading of railways, this time the Inter-Colonial, concerned the machinations of B.F. Pearson, the owner of six Maritime newspapers, who reputedly was "the mainspring of the<sup>36</sup> movement in the interests of Mackenzie and Mann." The suggestion from these manoeuvres seems to be that any major national scheme involving politics and the railways as of necessity included the involvement of newspapers.

The previous descriptions of railway involvement with the newspapers gives the impression that the railways victimized the newspapers by manipulating or coercing the newspapers to do their bidding. Actually, the newspapers often were willing backers of a railway's project, frequently for a price, as the case of the Ottawa Citizen's publishing of a CPR-written editorial revealed. The 1906 editorial, entitled "New Railroad Policy," opposed J.J. Hill's application for a branch line in the Northwest Territories because it would drain the trade of that district through his U.S. main line.<sup>37</sup>

Initially, when it was brought in by veteran newspaper

hack Ned Ferrar, the Citizen did not run it. Ferrar returned and said that no less than the CPR president Charles Drinkwater requested that it be run as an editorial. Still, the Southam brothers hemmed and hawed, claiming they had not studied the question adequately. This produced a telephone call from Drinkwater in Montreal, making the request. The brothers offered to have it appear as a letter, to which at first he reluctantly agreed but about which he later changed his mind, and again asked them to run it as an editorial. The Southams' reluctance to run the editorial was as it turned out, not because they hadn't studied the question, indeed, they thought the article was a "very fine one," but because they wanted something more substantial in return for it.

38

Our reluctance up to date had been principally because they had not been treating THE MAIL JOB PRINTING COMPANY as nicely as we think they should have, and, secondly, we did not like the way the request was made, and, thought it would do them good to be somewhat indifferent to their wishes.

Apparently, the stand-off with the Citizen was important enough for the CPR president to come to Ottawa and meet Wilson Southam at his club. Wilson told him that the Southams were always "pleased to accommodate the C.P.R. as long as they showed any appreciation of it." He noted that for the last few years, however, the Mail Job Printing Company had been getting nothing but "hard knocks" from the railway, which looked as if it no longer needed the Southams' friendship. Wilson then recalled the longstanding relationship between the two concerns and what it had

entailed:

... many years ago when the C.P.R. was not the prosperous concern that it was at present, the Hamilton SPECTATOR stood by it through thick and thin, and, that by an arrangement we had with Mr. Bunting of the MAIL, whose tenants we were, we often got the MAIL to take the same line on C.P.R. questions that we did. I told him that we were very glad to do it, and, that the C.P.R. showed their appreciation of our assistance by helping the job department along.

This relationship, Wilson complained, now had been broken by some new official who seemed inclined to cultivate new friends who "had done them no service in the past, and who could not do them anything like the same service the CITIZEN could do in the future." And Wilson outlined what  
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the paper could do for the railway:

... the CITIZEN alone could do him ten times more good than the Montreal HERALD and MONTREAL GAZETTE together as far as reaching the members of Parliament with educational articles were concerned. He said GEORGE HAM had told him of our complaints, and, that he was going to look into them. I said I was sure that if he gave it his personal attention then we would have nothing to complain of in the future, and, if we had nothing to complain of, he would find that we would be very willing to, not only run articles that he might furnish us with, but get up articles of our own on lines which he might suggest.

As can be seen railways loomed large in the newspaper business, and other papers depended on their lucrative job printing contracts. Certainly, the Southams fortunes did, since two-thirds of the company's income in 1908 came from the Montreal and Toronto job printing plants, of which 40%  
41  
came from the railway business. Not surprisingly, Fred Southam, who ran the plants, watched the chain's papers like a hawk, complaining often and bitterly if any slurs or

criticism against the railways were found in their columns. After some criticism appeared in the Spectator and Herald in 1908, he wrote his brother Bill warning him of the dangerous consequences of this act:

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... the stake is sufficiently large to have you take such precautions as will absolutely do away with what is a ten times greater risk than that of fire, viz: the publication of what I can only describe as stupid 'guff' about the railways with the idea of helping (?) the party, from which by the way, we get neither thanks nor tuppence ... knowing as I do with what facility you are at all times ready to crawl under the bed in order to oblige an advertiser or dodge a five-hundred dollar libel suit, I thought that possibly the fact which I have mentioned in the foregoing might appeal to your only vulnerable side.

Despite the criticism, though, the Southam papers were very careful about criticizing the railway; indeed, J.H. Woods defended himself from some of Fred's criticism by noting that "in all railway matters the Herald treats the CPR very liberally at all times" and it "boosts" the railway's "projects in our reading columns constantly."

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Yet, there was a limit to the kowtowing. The newspapers also had a public to think of, and given their self-appointed role of public guardian and spokesman, this occasionally meant criticizing the railways. As W.H. Woods explained:

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... out in this country especially, where railways are the most vital subject to be discussed it is practically impossible for a paper to avoid a reasonable discussion on the subject. As I understand it, Southam Limited seek (sic) to do business with all three great Railway corporations, we have now and will have all three of them competing for branch line privileges, civic entrances, etc. in Alberta. If were to be sacred of commenting anything on the G.T.P. for fear of offending the C.P.R. or vice-versa, and equally

afraid of mentioning the C.N.R. for fear of offending the other two, why we might almost as well not publish a newspaper at all. Take our railway campaign, for instance, it will result in competition before the Provincial Government ... it is hardly possible that we should be expected not to discuss these matters quite frankly and openly, and with a view to what is the best arrangement for the Province to make.

The railways were influential because they were also large advertisers. Indeed, the Grand Trunk railway used its advertising clout in the late 1890s to insert a clause in its advertising contracts which voided them if the paper "unfairly or unjustly criticized" the railway. CPP urged publishers to establish a united front to resist this attack  
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on its editorial prerogatives.

Another means of control and influence came through the railway owned telegraph companies, which in turn controlled news agency franchises. This certainly helped the CPR when it tried to control the news scene in Winnipeg during the 1890s. When it bought the Free Press in 1889, it then financed the absorption of the rival Sun in part to deny its vital AP franchise to competitors. It was effective for as Duncan McIntyre of the newly established (1890) Tribune admitted, the Free Press now had "exclusive use of the telegraph news collected by all (three) existing world news gathering associations, a connection with at least one of which is essential to the publication of a newspaper worthy  
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of the name." Furthermore:

We were out in the cold. The Associated Press in Canada was distributed by the Canadian Pacific Railway by arrangement with A.P. headquarters. As the Sun franchise was not available we did not get this service. This drove us to other means of

filling our columns. We specialized in local news and obtained outside despatches (pirated A.P. news) from a special correspondent in St. Paul. There was no Canadian Press as we know, and our Canadian news had to come from special correspondents.

In their desperation, the Tribune and Telegram took to pirating Free Press AP despatches, which caused the latter to publish a free evening bulletin to counter the practice.<sup>47</sup>

In 1894, the CPR bought exclusively the AP franchise for Canada for \$6,000. On the whole, it used the franchise to keep the western papers in line in a territory where it enjoyed a monopoly. The company maintained that it had charged a low flat rate "in the early days to build up papers in the new towns and cities, that settlers and others might have telegraphic news etc...."<sup>48</sup> Indeed, by 1907, the railway admitted that it was losing about \$40,000 a year on the service, and it follows that the CPR, historically not known for its altruism, was using the service for its own ends.<sup>49</sup>

The railway certainly showed this during the fight over its rate increase. The aforementioned losses must have become too much to bear, because in 1907, CP Telegraph told the three Winnipeg papers that they would receive their news service in a new form, over a new route and at a new price. Formerly, the news came direct from Montreal, a composite service embracing an abbreviated AP report and a summary of Canadian news. Now, the service abandoned the composite report, and the AP report would be delivered from St. Paul and the papers had to bring Canadian news from the East at



their own expense. For this, the papers would be charged double the old price of \$300, already high when compared to the \$15 the Toronto Globe was paying for the same service. 50

The three papers stood together and formed an agreement which declared: 51

that the C.P.R. had exercised its control of basic news in a manner prejudicial to newspaper responsibility to the public and that the principal of corporate control of news services is repugnant to the freedom of the press.

The papers cancelled their AP service and set up a cooperative news service which eventually became the Western Associated Press (WAP). Next, the CPR showed just how ruthless it could be when confronted with resistance. For the same AP service, it charged the Victoria Colonist \$225 to use its wires and a whopping \$1,800 for the Winnipeg-based WAP. 52 In separate news dispatches from the various western papers to each other, it refused to give the much lower press rates to WAP papers that it gave to the western papers that still belonged to its franchise. If a WAP paper like the Calgary Herald was in a CP Tel monopoly, it paid a heavy price. The Herald paid \$166 a month for 2,000 words a day, all extra being charged at the full retail rate. The Edmonton Journal, on the other hand, was charged \$170 a month for 5,000 to 7,000 words a day over the CNR Telegraph 53 line (which the CPR Telegraph Co. had offered to match!). Similarly, the company played favorites in Saskatoon: it charged a word rate for a WAP paper, but a flat one for its competitor, which subscribed to its service. The difference

was \$507 charged for the former and \$200 for the latter.

Naturally, the western screams of outrage over discriminatory rates quickly became loud and clear, and in December 1909, they induced the Railway Commission to hear their case alleging rate discrimination. WAP charged that the telegraphs were a common carrier and had no right to discriminate between one to another service carried over its lines, and that it was not in the public interest that a railway corporation should be engaged in the news distribution business. The CPR argued that the telegraph service was a "chattel," thus it had a right to set discriminatory rates. It compared its exclusive service of news and transmission to hauling coal from a mine the company owned, and claimed that it could charge whatever price it wanted for the haulage. Seizing on this point, the commissioners noted that "if this were permissible, railway companies owning coal mines could close up every mine except their own". They then extrapolated this point to the newspapers, reasoning that "in like manner telegraph companies could put out of business every news-gathering agency that dared to enter the field of competition with them." <sup>55</sup> The Railway Commission declared for WAP and ordered the company to cease discriminatory rate prices. Shortly after, the CPR abandoned its AP franchise. <sup>56</sup> The details of this struggle should leave no doubt as to the very big stick the railways held over the newspapers by their control of the telegraphic news services.

The railways also kept newspapers in line by providing

free passes or substantially reduced fares to journalists. They provided free passenger cars and special excursions -- one was to British Columbia and back -- to the Canadian Press Association on its annual outing. The proposed rise in railway press fares from half a cent a mile to two cents in 1899 brought a howl of protest from the CPA which reminded the railways that "they get an enormous amount of free advertising in return for low set rates for newspapermen."<sup>57</sup> In 1916, the railways were still subsidizing newspaper travel with a two-cent-a-mile charge on production of a press card.<sup>58</sup>

Clearly, the railways made sure that they had important newspapers on their side. As befitting the largest Canadian corporation in Canada's financial centre, the CPR had an informal alliance with the Montreal Star (along with the Bank of Montreal) and also directly controlled the Montreal Gazette.<sup>59</sup> The last was something Lord Beaverbrook discovered when he tried to buy the Gazette in 1911, only to be turned down by the railway which had a veto over any proposed purchase.<sup>60</sup> Indeed, for E.F. Slack, the Gazette's managing editor, criticizing the railway was equivalent to "firing on the Guards."<sup>61</sup>

As we have seen, all three trans-continental railways at times had strategic links with various newspapers. And as much as possible, these links were maintained in secrecy. When ownership rumours were published, the railways denied them, as Van Horne did concerning the Free Press.<sup>62</sup>

Other men with substantial financial and political interests also secretly owned or controlled various newspapers, as has been shown previously by the rising number of businessmen buying newspapers from the 1890s on. Similar to the railways, these entrepreneurs often used the newspapers to promote their various financial schemes and other outside interests. In 1895, the public was aware that well-known newsman E.E. Shepherd had taken control of the Toronto Star. But the public didn't know that the bulk of the money at first came from William Mackenzie who then turned over his controlling share to Frederic Nicholls, utility baron and president of Canadian General Electric, to promote private utilities and Sunday streetcars.<sup>63</sup> In 1903, the Ottawa Free Press was sold to newsman Alfred Wood, who in reality was only a front-man for utility magnate Warren Y. Soper, a partner in the city's hydro-electric and street railway monopoly.<sup>64</sup>

Secret ownership of newspapers made the public nervous, especially in this era of newly-created giant corporations, monopolies (especially in street railways and public utilities) and amalgamation. The public already was demanding curbs on corporate power, as evidenced by Mackenzie King's anti-combines legislation. Certainly, John Willison spoke for many in 1901 when he warned of the "growing power of corporations and the influence of great aggregations of capital in few hands is most onerous and dangerous."<sup>65</sup>

Understandably, then, the public was especially

suspicious of news tainted by corporate influence. Already, there were warnings of undue corporate influence on the press, and how this influence threatened the freedom of the press.<sup>66</sup> J.W. Flavelle's 1903 takeover of the Toronto News caused a public sensation as some observers alleged that the new venture would not be "altogether free from corporate influence." because of Flavelle's connection with several large corporations. Furthermore, they observed:<sup>67</sup>

It is a well-known fact that some daily papers are not altogether free from corporate influence. Not long since the proprietor of a leading Canadian newspaper was offered a directorship in the Grand Trunk Pacific Company. As this gentleman has never been connected in any way with railways the inference is obvious.

The problem was serious enough for the publishers at the 1905 CPA annual convention to worry about corporate influence and its effect on newspapers specifically and on political life generally.<sup>68</sup>

In 1910, the Grain Grower's Guide articulated rising public concern about corporate influence and control of the nation's press. It said that "nearly every paper in Canada is owned by a capitalist or politician and the news and views of that paper must measure up to the owner's selfish schemes."<sup>69</sup> It noted that a great deal of capital was now required to publish a daily newspaper, and this placed it out of the reach of ordinary journalists. Consequently,

the ownership of newspapers in Canada has become a side line with politicians and capitalists, and it is to suit the views of these people that the wells of truth have become defiled. The freedom of the press is gone completely. To-day the politician who aspires for power first secures control of a

newspaper; public corporations, endeavoring to throttle the public do the same. Of course they keep the ownership of these papers in the background ...

Interestingly, the Guide described the press as a "public utility" now unfortunately under the control of capital. It believed that "freedom of the press" would be restored if journalists were given back control of newspapers. Such a change would lead to a popular revolution abolishing special privileges. These beliefs show the persistence of the notion of the public service function of the newspaper.

Also reflecting the era's general concern, the CPP in 1907 commented on the high number of secretly-owned papers in Canada, and recommended that the public should know who the real owners were. The journal brought up the issue again in 1914:

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The question of newspaper ownership in Canada is a very live one at the present time. The public appear to be keyed up to a pitch where they are ready to believe almost anything and apply it to the press of Canada in general. Especially is this true in the big cities, where powerful industrial and financial corporations are constantly at work to secure their own ends. Quite a number of the metropolitan city dailies decline to say who are their owners or make transference of stock to other parties and enter certain amounts "in trust" in their list of shareholders.

Moreover, the public had a "moral right to know the names of those who are directing their opinions in order that they may be in a position to judge the value of the advice given." Accordingly, the article exposed that the ownership of more than half of the Toronto Star's stock capitalization of \$200,000 was secretly held in trust. And a big chunk of that was owned by the T. Eaton Company and the estate of

George Cox, which in turn was connected to bank, railway, trust and insurance investments. In the case of the Toronto News, \$135,000 out of a total capitalization of \$500,000 was held in trust by "manufacturing and financial interests who do not wish to disclose their identity." Here, though, the article was not able to disclose the identity of these interests, but in actuality, the stock in trust represented the effective control of federal Minister of Mines and Railways Francis Cochrane and other Conservative businessmen. (Understandably, John Willison, the News's editor-in-chief who held the stock in trust, was outraged by these revelations, especially given his past warnings about corporate influence, and complained to CPP publisher J.B. Maclean that the article represented a bitter personal attack.)<sup>72</sup>

Disclosing newspaper ownership became a public issue. In 1917, MP J.A. Currie proposed an amendment to the existing statutes under which all newspapers had to make public the names of those who controlled their stock or directed their policy. The public should be informed, he said, as to "the men and interests who control the public press. Then the bona fides of their policies will be better estimated."<sup>73</sup> The Progressive Party also called for full disclosure of newspaper ownership.<sup>74</sup> Nothing came of the amendment, and in the following year, MP Rudolphe Lemieux moved to force the publication of the press's owners, editors and stockholders. But as was noted at the time,

"this is not the first time the matter has been mentioned,  
nor should it be the last."<sup>75</sup> And it wasn't, especially  
since an informal lobby of publisher MPs and Senators  
effectively squelched such legislation, as can be seen by  
the fact that in 1928, some MP's were still trying to pass  
newspaper ownership disclosure legislation.<sup>76</sup> The secret  
ownership issue and the subsequent newspaper ownership  
disclosure campaign shows the enormous extent to which  
newspapers had been transformed from their one-man  
entrepreneurial beginnings to being an integral part of the  
new Canadian corporate structure.

The public was right in demanding to know who owned the  
papers, as the outside interests of the owners occasionally  
dictated newspaper policy as happened with the Toronto  
Globe's railway stories. Interior minister Clifford Sifton  
certainly had his political agenda when he bought the  
Manitoba Free Press in the utmost secrecy in 1898. The paper  
was key to the large western network of western Liberal  
party organs that he built in the following years, as it was  
the central dispensary of government propaganda, patronage  
and outright cash subsidies. Sifton was so successful in  
keeping from public knowledge his ownership of the Free  
Press that only four men knew of the purchase, and only in  
1908 did a rumour surface that he might indeed be the  
owner.<sup>77</sup> Even his first editor, A.J. Magurn, was not aware  
of this fact, ironically complaining to Sifton to intervene  
on his behalf with John Mather, Sifton's front-man who he



thought was the owner. Secrecy helped Sifton, for whenever he wanted an attack mounted in his paper on some things in Ottawa he did not like, he would supply the necessary information, but his letters were to be burned when the contents had been noted.<sup>79</sup> The secrecy was necessary, too, for as Sifton acknowledged, he was regarded as "too much for bonuses for railways and stood in with capitalists."<sup>80</sup>

Secret ownership was understandable in light of the political dimension of many of the outside interests of the owners. Occasionally, papers were bought to influence public opinion at specific times, and then sold once the need was over. The railways did this, as indicated with the Montreal Herald and the Manitoba Free Press. The railways didn't really want, or know how to manage papers, and once their ownership became suspected, they could be an awful financial liability, because the public tended to shun known railway-controlled papers. Financial losses caused the CPR to sell the aforementioned dailies in 1884 and 1898.<sup>81</sup> And as the Toronto News showed, failing newspapers could be an impressive money drain.

The Toronto Globe was a good example of a paper used to support the owner's outside interests, as has been shown with its support of the Crow's Nest Pass and Grand Trunk Pacific schemes. But these were not the only examples of the Globe's subservience. In an extraordinary 1905 exposé, W.F. Maclean's Toronto World charged that Robert Jaffray and George Cox used the Globe to further their big business deals, and that the Globe had supported every one of Cox's schemes.<sup>82</sup> In addition to the railway deals, the World said,

Jaffray in his role as Niagara Park Commissioner made an "improvident and improper contract" when he gave a third franchise doubling the amount of Niagara River water to the Electrical Development Co., of which Cox was a director along with Mackenzie, Pellat, Nicholls and Ross. Further, it noted that although Ontario's Whitney Government opposed the deal, a 12 May 1905 Globe editorial urged that the proposal to use the power be utilized promptly. The article also said that Cox was using trust money held by Canada Life (of which he was president) to support investments in other companies, and that the state of Michigan was investigating these possibly illegal activities. It said that Cox had the Globe, the Star (Cox was a major shareholder) and the News (through Cox's extensive business connections with publisher Joseph Flavelle) go out of their way to endorse everything in connection with Canada Life. Cox's involved business schemes and connections underline how intimate relations between newspapers and "vested interests" could be. Furthermore, an incident occurred several years later which showed that Maclean's charges hit the mark, when Globe newsman M.O. Hammond was instructed by Jaffray to use "caution" in dealing with the Niagara Power question, and to interview<sup>83</sup> scheme backer Henry Pellatt for his side on the question.

Most likely the public would not have been shocked by the World's revelations. Most papers, at one time or the other, were regarded as acting for a special interest, and quite often, the suspicion was true. In the Ontario public power

struggle, Ontario Premier James Whitney thought the News was protecting "the pocket of Mr. Flavelle."<sup>84</sup> The Ottawa Citizen was characterized as a "reliable advocate of the lumber and mineral industry of the Ottawa Valley" -- a fairly accurate description of a paper whose owners had invested heavily in mining ventures (in partnership with the Journal's P.D. Ross) and who urged their sister paper the Hamilton Spectator not to comment on mining concessions but instead follow the Citizen's lead on the subject because the brothers were in the midst of negotiations for mining concessions on crown lands.<sup>85</sup> The Montreal Gazette was "rumoured" to be the "mouthpiece" of C.P.R.- Bank of Montreal interests.<sup>86</sup> The News's John Willison wrote to Toronto Globe editor Stewart Lyon, "you know as well as I do that the real estate element practically governs Toronto through the Telegram."<sup>87</sup> Melville Rossie, the editor of the London Advertiser admitted to feeling "the restraints of the big corporations through their influence on his boss T.H. Furdom."<sup>88</sup>

The public definitely was right to be suspicious and worried about special interests dictating newspaper policy. The stakes were large, especially in Canada's rapidly growing cities during the Laurier boom. A whole infrastructure of urban services -- water, public transportation, and power -- had to be built and run. Most of these franchises operated most efficiently as monopolies, and whoever possessed them had the potential of making large profits. It is for that reason Ottawa Valley lumbermen, facing depletion of their resource, began to organize themselves into a syndicate which invested heavily in

Ottawa's utilities during the late 1890s.<sup>89</sup> Similarly, a group of Montreal venture capitalists wrested control of the street railways companies for its profits.<sup>90</sup> Fundamental to the numerous late 19th and early 20th century battles to win urban transportation and utility franchises was controlling or influencing newspapers.

It was absolutely necessary for the competing interests to be supported by a newspaper, because of the press's effectiveness in civic elections. One study of municipal reform noted that because party lines were weaker at the municipal level than federally or provincially, voters were more apt to be influenced by local partisan institutions, most notably the newspapers. Although the success rate of candidates endorsed by newspapers has not been studied, fragmentary evidence suggests that it was significant. For example, seven of eight candidates endorsed by the Calgary Herald were elected in the 1913 civic<sup>91</sup> election.

The press was influential locally, and this was based to some degree on its self-proclaimed role of city standard-bearer and herald. As has been discussed, the newspaper publishers were very boosterish about their communities and "boomed" the growth and progress of their communities. They linked civic success with urban growth and the expansion of urban services, from more power lines to extended tramways. Sometimes, their pro-growth propaganda and political sponsorship were motivated by self-interest. For example, developer J.J. McKittrick began to promote in 1911 a 100 acre suburban plot

called Westlake in Hamilton. His venture lacked urban services, and he did not have the resources to develop them. Therefore, he linked up with local partners, among them the Southams, who acquired a major interest. In 1916, a "McKittrick" man ran for mayor with the strong backing of the Southam-controlled Spectator.<sup>92</sup> Similarly, was it a coincidence that W.F. Maclean, whose Toronto World was one of the loudest voices calling for tramway expansion, would benefit from the extra lines since he was owner of a large amount of land in the Don Valley, which he was desperate to develop?<sup>93</sup>

Newspapers being used for the purposes of "vested interests" were already quite developed as early as 1896, if Toronto's controversy over Sunday streetcars was anything to go by. The issue had embroiled Toronto municipal politics in the 1890s with the Toronto World -- which had been forbidden to publish its Sunday World on that day, and instead published as near to Saturday midnight as it could -- taking the lead in calling for Sunday public transportation, while a coalition of clergymen and others protested disturbing the Sabbath. Obviously, the Toronto Railway Company, owned by railway promoter William Mackenzie and Montreal financier James Ross, actively supported the campaign in hope of extra business. Through veteran journalist E.E. Sheppard and Frederic Nicholls, they purchased the Toronto Star to back the World in the fiercely contested 1896 Sunday car plebiscite.<sup>94</sup> The Star went out of its way to "urgently" champion a Sunday transportation service. One Sunday it went

so far as to turn out the entire organization to count the bicycling crowds in the country, the idea being to prove that the masses of people were yearning for some way to get about on the Sabbath.<sup>95</sup> The streetcar company bought ads liberally in the recalcitrant papers in hope of turning them around. The Globe, which was neutral eventually printed a pro-Sunday letter written by a company publicist, and in all likelihood, it charged advertising rates for it. And the supportive papers were directly paid off; W.F. Maclean kept the World sound with a bank note co-signed by Sheppard who also received \$3,700 for services rendered at the Star and Saturday Night which he also controlled.<sup>96</sup> Ironically, the Sheppard who did this had once written:<sup>97</sup>

A newspaper that lends itself to a company or corporation and gives up its editorial space as freely as its advertizing columns to a man who can give a cheque, is a much greater sinner than the man who merely sells his vote.

An interesting contrast in public rhetoric and private morality! Incidentally, the Star campaign was quite revealing of its corporate ownership as it repeatedly argued that if Sunday cars were rejected it would show that the city was not 'safe for investment.'<sup>98</sup>

Bribery, or to put it more politely, economic patronage, also often played a role in influencing other papers' policies. In Ottawa in 1907, a syndicate headed by T. Lindsay, who also owned the city's largest department store, endeavoured to sell water power to the city. Although there were suspicious aspects to the deal, Lindsay's aldermanic minions attempted to rush the

proposal through city council, "relying on Mr. Lindsay's large advertising contracts with the papers to keep the papers quiet." <sup>99</sup> Lindsay's advertising clout certainly had an effect; the Free Press wholeheartedly supported the proposal while the Citizen rejected Southam headquarter's request that it support public hydro for Ottawa because "we think the time inopportune to make such a suggestion, considering that our heaviest advertiser is endeavouring to sell his water power to the city." <sup>100</sup>

Bribery could take other forms too. In consideration with the vast public sentiment in favour of public utility ownership, many private utilities kept the papers in line with loans and preferential rates on gas and electricity. <sup>101</sup> Perhaps it was a cautionary movement on the telephone company's part not to charge the Ottawa Citizen for service during the early 1900s, given the prevalent public fervour for nationalization, fed by the World in the case of the telephone system and a public inquiry led by Postmaster-<sup>102</sup> General William Mulock was looking into it?

The key involvement of the newspapers in the Sunday streetcars campaign was a harbinger of their involvement in the great issue of the early 20th century, public ownership or what Nelles and Armstrong term "civic populism." <sup>103</sup> The publishers were prominent on both sides of the question. Often, private syndicates which owned urban utilities and transportation either controlled a newspaper or had a publisher as an ally in order to present their view. The public ownership side owed some of its success to the

extensive press campaign which helped fuel the growing belief in public ownership as an anti-monopoly strategy. Self-interest played a part for both camps; self-evident for the private syndicates, but even the public ownership proponents had a hidden agenda. Many of these businessmen reformers ran Canada's young manufacturing plants and did not wish to pay exorbitant sums to millionaires' syndicates which controlled the utilities.<sup>104</sup> The campaign was a major one: by 1903, 37 cities and towns in Ontario had taken control of their electric light plants, while 78 others had assumed control of their waterworks.<sup>105</sup>

Interestingly, Adam Beck, the man who led the public power fight and who was instrumental in creating the world's first publicly-owned power company, Ontario Hydro, was successful in part because of his mastery of public relations. He won over the working newsmen of Ontario by a well-timed press conference in Toronto -- one of the first such conferences in the province's journalistic history. Next, he organized a well-publicized demonstration in front of the Parliament buildings by 1,500 irate taxpayers demanding public ownership of Hydro.<sup>106</sup>

The ensuing fight between the rival groups of capitalists over public or private power intimately involved the newspapers and often turned traditional local politics upside-down. Hamilton was a good example of this as hydro politics divided Hamilton and caused the papers to transcend their usual party affiliation. Hamilton power was provided by the Cataract



company which was controlled by J.M.Gibson, the veteran Liberal capitalist who also owned the Times. The independent Liberal Herald, usually an ally of the Times, sided with Beck and Hydro, while the Spectator, a long-time rival of the Times, now supported the Times, because owner William Southam was a director of the Cataract company. In fact, Hamilton conservatives angry at William Southam, a stalwart Conservative, and his Spectator for "knifing" Conservatives who fought the Cataract company, threatened to start a pro-Hydro Conservative daily in competition. For some time, the terms "hydro-electric" men and "Cataract men" divided the politics of Hamilton more effectively than the traditional party labels. Indeed, the liberal Herald supported a Conservative mayoralty candidate because of his support for Hydro.<sup>107</sup> Such a state of affairs was not unique to Hamilton either, as the strongly pro-Liberal Toronto Star consistently supported the provincial Conservatives until 1919 on the basis of their pro-Hydro stand.<sup>108</sup>

Newspapers spearheaded public ownership fights in other cities, again representing the different warring capitalist factions. In London, for example, Adam Beck, who made his mark there as a prosperous cigar manufacturer and also as mayor, early on allied himself with the Free Press which championed his Hydro fight. In 1914, with the establishment of Ontario Hydro under control of the Railway Commission, Beck moved to nationalize several street railway companies including London's which was controlled by the Purdom family. A fierce press battle ensued on the question between Beck-backed Free Press

and the Purdom-owned Advertiser.

In Ottawa, a syndicate which organized a utilities monopoly produced public opposition because of its poor service and high profits. Both sides were represented by newspapers. The side, which wanted a public monopoly, was represented by Journal publisher, while one private syndicate member, Warren Soper, secretly bought the Free Press while another, T. Lindsay, as indicated, influenced the third, the Citizen.

110

That newspapers were indispensable components of these financial-political alliances was shown by the Toronto Telegram and Star rivalry. Behind the public and private proposals for the development of Toronto were different groups of capitalists and politicians, and the newspapers were their advocates. John Ross Robertson of the Telegram vehemently was opposed to Sir William Mackenzie, who with Donald Mann and Henry Pellatt, controlled Toronto's railway and street lighting systems. The Telegram, in league with Adam Beck, finally broke Mackenzie's control when Toronto Hydro and Ontario Hydro were formed. In 1910, the Telegram proposed a downtown subway in hope of damanging Mackenzie's streetcar monopoly. This was opposed by H.C. Hocken and the Star who suggested an alternate subway plan and ran unsuccessfully for mayor against G.R. Geary, the Telegram candidate. Hocken, favoured by the Star, was elected mayor in 1913, and quickly became embroiled in a struggle against Beck and Hydro. Hocken and the Star also opposed Beck's plan to cover Ontario with a network of electric railways known

as radials. Although Beck proposed the idea in 1912, years of political obstruction in which Mankenzie's fine hand was seen, however, finally killed the idea in 1921. The Telegram attributed this to propaganda circulated by among others the <sup>111</sup> Star.

The Toronto tramway battles were repeated in other cities. In Montreal and Halifax, for example, the fight between different factions representing private and public interests, and even involving some of the same personnel, highlight the interplay of economic interests, public franchises and newspapers.

In Montreal, the fight began when E.A. Robert, a Montreal financier and Quebec MNA, and industrialist J.W. McConnell took over in 1911 the Montreal Tramways Company which operated in metropolitan Montreal under 30 different contracts signed with 14 different municipal corporations. The provincial government passed legislation, over Montreal city council objections, granting the company a 42-year lease for the entire region, provided it reached agreement with all the municipalities. An added incentive for the interested parties <sup>112</sup> was to possess the undistributed tramway profits.

In addition to civic reformers, who wished to have a public franchise and to use the profits to reduce route congestion, another syndicate led by rubber king D. Lorne McGibbon campaigned for the franchise. In early 1913, the Tramways ownership question threatened to come to a head. In quick succession, the Witness and the Herald changed ownership. The former, a critic of the current Tramways group, was

secretly purchased by the Star's Hugh Graham, partially on behalf of the Tramways group, whose aims he supported. (Earlier, it was shown how he had his own motives for taking over the Witness -- that is, his enduring quest to remove journalistic competitors. It is also possible that Graham, who was involved in developing suburban Mount-Royal, might have benefitted from tramway extensions). Closely following the Witness's sale was McGibbon's purchase of the Montreal Herald, which pursued a highly critical campaign against the Tramways group. This stopped in 1914 when Graham secretly bought the Herald. Eventually, the Robert-McConnell group won. <sup>113</sup>

Interestingly, the two main protagonists, Robert and McGibbon, slugged it out in Halifax between 1912 and 1914 again over tramways and power. During this bout -- which the Monetary Times dubbed "the war of the Montreal financiers" -- they employed the services of local newspaper publishers who were enmeshed in their affairs. Roberts led the alliance, including such Liberal luminaries as Sir Frederick Borden and B.F. Pearson, the Halifax Chronicle proprietor, which battled the combination of the Herald's W.R. Dennis and McGibbon, who had bought \$1 million worth of property in partnership with the publisher. <sup>114</sup>

Dennis did not hide his connection with McGibbon, whose virtues and concern for the "future of Halifax" were praised in the Herald. Nor did the Herald stint in its campaign in favour of public ownership of the tramways, a bill which Dennis, as alderman, had successfully introduced and

adopted in City Council. Needless to say, Pearson's Chronicle did not hesitate to charge that the public ownership issue was promoted in the hope that the city controlled utility would extend the street railway through land controlled by the Dennis-McGibbon syndicate. <sup>115</sup>

Such convoluted political-economic battles between rival developer syndicates or between private and public groups to control urban transportation and utility franchises were common in early 20th century Canadian cities. Like other businessmen, publishers participated in the national debate over private versus public utilities during the 1890s and early 20th century which involved a business-inspired movement of political reform. Newspaper publishers were an integral part of the businessmen and middle-class professional inspired campaign of "civic populism." Indeed, in nearly every battle over civic reform or policy, newspapers were used to present each faction's case to the public. In most cases, the political and economic interests of the publisher determined the newspaper's stand on the issue.

The increasing use of newspapers to present the views of the various corporations, interests and civic factions to the public showed how far the newspaper's role had shifted from its purely political one. Instead of representing the political parties as much as formerly, more and more the newspapers spoke for businessmen and promoters in order to influence the government when it handed out subsidies, contracts and franchises. In so doing, the press showed how completely it had become integrated into Canada's business world.

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13. SA, reel 128, 21 May 1950, Pierre Berton interview with P.S. Fisher.
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18. CPP (October 1893) 11.
19. Hall, I, 214.
20. Hall, I, 215.
21. W. Sanford Evans Papers, 7 January 1901, W.H. Moore to  
to W.S. Evans; CPP (February 1901) 8.
22. Hall, I, 210.
23. One article covered four full pages on 19 October 1895  
and had 17 large photographs.
24. Clippingdale, 260.
25. Willison, Reminiscences, 292.
26. Willison, Reminiscences, 221.
27. Hall, I, 151.
28. Clippingdale, 196.
29. Colquhoun, 66.
30. WP, v. 22, 1 August 1896, Robert Jaffray to J.S.  
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31. Toronto Globe 3 August 1903.
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Ontario, 1887-1911," MA (University of Toronto, 1966)  
238-239.
33. Bliss, Flavelle, 154.
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Macnab to A.E. Blount and 24 September 1903, B.A.  
Macnab to R.L. Borden; Cooper, 117; For a detailed look  
at the plot, see Skelton, II, 203-217.
35. Skelton, II, 209.
36. HD, 5 March 1910.
37. SA, reel 133, 11 May 1906, W.M. Southam to Richard  
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43. SA, reel 105, reel 105, 5 October 1909, W.H. Woods to F.N. Southam.
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45. CPP (April 1899) 14.
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61. Nichols, 93.
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98. Armstrong, Revenge ,160.
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100. SA, reel 133, 4 December 1907, W.M. Southam to William Southam.
101. Armstrong, Monopoly, 157.
102. Walkom, 353.
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111. Poulton, 116.
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113. Rumilly, 455-456; CPP (May 1913) 74; "Merger of Montreal Herald and Telegraph," (February 1914) 61; CPP (June 1913) 75; "Montreal Herald Transfer," CPP

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## CONCLUSION

The years from 1890 to 1920 represent a transition period during which Canadian publishers found accommodation for their newspapers both as an institution and industry in the developing Canadian capitalist system. During the latter half of the 19th century, the press was perceived to have two sides: a commercial one, but unlike other businesses, it also had a social aim. The perception of the paper's social purpose evolved out of the political involvement of publishers, who were as much politicians as businessmen during that period, and the consequent use of newspapers as propaganda adjuncts to the political parties. Political patronage and subsidies helped shield the newspapers from the full reality of the marketplace; a possibility since most newspaper operations were small operations with low capital requirements with the possible exceptions of several Toronto and Montreal dailies in the 1880s.

By the 1890s, however, newspapers faced the full reality of a competitive market. The industrial transformation of the press into an industry resembling other developing Canadian industries accelerated significantly, especially after the onset of the Laurier industrial boom. As business opportunities picked up in the rapidly expanding Canadian cities, more entrepreneurs saw their chance and started newspapers. Competition intensified between the dailies because of their rising numbers and also because of rapidly augmenting capital costs owing to more

expensive and complex printing presses, photoengraving equipment, and the linotype's industry-wide introduction. Intensified competition forced the publisher to adopt the latest business methods, such as "scientific management" and double-entry accounting, and act more notably like a businessman, concentrating more on profit than political effect. In the process, he redefined his relationship with the political parties: formerly, an integral part of the party machinery, subject to party discipline, he increasingly became an independent force, capable of acting against the party in the 20th century.

The characteristics of a new, popular "penny press" first appeared in such prototypes as the Montreal Star and Toronto Telegram in the 1870s and 1880s, but really took off in the 1890s and became the rule in the 20th century. This meant that publishers increasingly focussed on providing entertainment in their papers with a concomitant decline in their political content and purpose, similar to British developments as described by Dudek, Curran and Boyce.

Advertising was the key factor behind these changes. It became the engine that drove the newspaper. It provided a growing proportion of newspaper revenues, from 50% to 65% in the late 19th century to 70% to 80% in the 20th century. Because of the advertiser's needs, circulation growth became the aim of the press which gradually shed its political function. The necessity of ever-increasing circulation growth to attract advertisers also transformed the content and appearance of newspapers. Publishers had to widen the

scope of their newspapers in order to expand their audiences. To reach a greater portion of the growing urban mass audience, the publishers made the paper easier to read and added more human interest features, such as the women's pages, entertainment reviews, children's pages, sports and so on.

The press was increasingly forced to adopt advertising methods to promote and sell itself. The graphic appearance of the paper became important and eye-catching devices such as blaring cross-column headlines, shorter paragraphs, illustrations and photographs, and more white space were introduced during the Boer War and became commonplace in the 20th century, replacing the typeheavy, dense tombstone look of the 19th century press. Content also changed with the introduction of descriptive headlines, subtitles, shorter sentences and the replacement of the story model with the punch line at the end by the inverted pyramid news article leading with the most important news. In this, Canadian publishers followed the American example as detailed by Schudson.

Publishers adopted other advertising methods to promote and advertise their papers. They drew attention to their newspaper by sponsoring civic crusades, stunts, and charities, thus, creating news events. They advertised their wares by promoting features and circulation statistics (showing their superiority) in their pages and also by advertising their papers on hustings and the sides of public

transportation.

The publishers' dependence on advertising revenues caused them to turn news into a commodity used to attract readers who in turn were sold to advertisers, thus completing the commercialization of the press and turning it into an industry comme les autres.

The new forms of technology adopted in the late 19th century enabled them to reach progressively larger urban audiences faster than ever before. The powerful rotary web presses fed with rolls of woodpulp paper and typesetting by speedy linotypes allowed the average paper to be produced by the tens of thousands in a few hours and to grow dramatically in size from the typical 19th century four-page editions to the eight-page, 12-page and larger editions common in the 20th century. In addition to technological advances, the expansion of features and news coverage designed to attract ever-larger portions of the urban audiences necessitated an increase in the staff producing it. Staffs numbering over a hundred became commonplace to the big city dailies after 1900.

Similar to other industries, where companies which had changed from small-scale capitalist enterprises to 20th century large-scale corporate entities, newspapers underwent an administrative revolution. Their growing size and complexity compelled owners to delegate daily operating responsibility to hired managers. In so doing, they participated in Chandler's managerial revolution. The 19th century owner, who was part journalist and businessman,



changed to the 20th century one who oversaw and set policy, while specific employees were hired to carry out journalistic and commercial functions which formerly he had done himself. The result was the effective administrative division of the newspaper into editorial and commercial offices.

As the commercial nature of the newspaper increased, so did the power of the business managers, who played an increasingly important role in the management of the paper in the 20th century. This fed the increasing commercial news bias so that news column content began to reflect more and more the needs of advertisers with a correspondent waning of political influence, as political patronage and subsidies could not match the dramatic proportional rise of advertising revenues in newspaper incomes.

The technological advances of newspapers, their expanded size and increased staffs, all showed that newspapers had turned into capital-intensive big businesses. This, combined with saturated market conditions which occurred in Montreal and Toronto in the 1890s and spread to other cities in the early 20th century meant owning and, more importantly, maintaining a newspaper was largely confined to those with access to capital. The mounting cost of newspaper operations increasingly precluded the successful founding of newspapers by those working in the ranks in favour of outsiders purchasing established papers.

The price of these dailies rose dramatically in the 20th century from tens of thousands of dollars in the smaller cities to hundreds of thousands in the major ones, a price hike resulting from the increased size and complexity of the newspapers as well as the rising value of the buildings and land in and on which they were housed. Consequently, the nature of ownership changed from the 19th century editor-politician to the later entrepreneur, who either had capital or could raise it. By the 20th century, the type of owners, who became successful publishers, narrowed down to roughly two kinds: those who built up their newspaper properties and became rich and powerful, and the others, often representing syndicates, who bought into the press.

Both kinds, however, needed capital to maintain and expand their press in order to meet intensifying competition in the marketplace. And money was available, for as men like Hugh Graham, John Ross Robertson and William Southam proved, successful newspapers could be great generators of wealth.

Yet, there was a political dimension to investing in newspapers. From the beginning, the development of the Canadian economy required the sponsorship of government, and this meant getting its ear through the utilization of public opinion. A newspaper represented the sole effective means of reaching the public and influencing the government. Newspapers which represented the interests of promoters existed in Confederation times, as Hugh Allan's control of the Montreal Gazette and other French journals to promote

his railway schemes showed. The railways, as befitted the largest and most dynamic industrial aggregations in the country, quickly took the lead in controlling and suborning newspapers to promote their interests. As other industries developed in Canada, those promoters who required government assistance or favours, most notably in the resources sector, or those who wished to secure franchises in the developing public sector of utilities, transportation, water and construction, either bought into newspapers or secured publishers as allies in their promotional schemes.

Thus, the Jaffray-Cox takeover of the Toronto Globe was a harbinger of what transpired in the 1890s and early 1900s. Those newsmen, like P.D. Ross, Joseph Atkinson, and Walter Nichol, who became wealthy and powerful in their own right did so because they had access to political connections and capital. Political connections were important because they linked to government financial resources. That is why the successful newspaper entrepreneurs, the Southams, Sifton, Buchanan, Atkinson, Dennis and Robertson were political as well as entrepreneurial. Newspaper ownership could lead to power, influence and wealth as the careers of J.J. Young and W. Sanford Evans showed.

The ethos of business pervaded and transformed the newspaper world through businessmen who bought into the press or by newsmen, who upon becoming publishers, were forced by financial circumstances to have like businessmen. Thus, as newspaper publishing turned into an

industry, publishers acted like businessmen in general, as depicted by Bliss, Armstrong, Nelles, Weaver and others. They came together and formed local, regional and national associations to curb perceived "ruinous" competition. The formation of the nation-wide CPA, and later CDNA, and the publishers' cooperative, the CP, served to regulate the industry and reduce competition through price-fixing and other methods of collusion.

Like other industries in the 20th century, the largest dailies came to dominate the industry, eventually reducing the number of competitors in the manner as outlined by Bladen. Their alternating predatory and collusionary tactics in an increasingly saturated market coupled with advertiser preference for the biggest circulation dailies led eventually to fewer daily titles. The straitened economic circumstances of World War I accelerated the trend towards fewer newspapers as papers became bankrupt or merged with rivals. By war's end, the number of papers had dropped by approximately 27% and many cities were reduced to monopolistic or oligarchical markets. Locales served by two or even one newspaper became increasingly commonplace, as this downward trend continued steadily in the following two decades.

Concentration first increased locally and then nationally. The success of the Southam Press, Canada's first newspaper chain, showed the way of the future in the early 20th century. Its well-bankrolled penetration of an increasing number of Canadian cities -- Ottawa, Calgary,

Edmonton and Vancouver -- from its Hamilton base introduced a national competitor to the local scene. Taking advantage of pooled resources, economies of scale and superior access to the latest administrative and managerial strategies, the Southams proved to be formidable competitors. So formidable, in fact, that by the 1920s other newspaper organizations were forced to meet the challenge by creating chains of their own. This led to a "chain reaction" which eventually resulted in the extreme concentration of press ownership which the Davey and Kent inquiries so vehemently protested as detrimental to the public's right to information.

The growth of the size and financial worth of the biggest and dominant dailies, which matched the explosive expansion of Canadian cities, enhanced the wealth, prestige and power of the largest publishers. These publishers thus became part of the financial and social elite which dominated the country. Their financial prowess allowed them to become independent of the political parties. Like Curran and Boyce's press barons, they were able to influence the parties without being responsible to them.

During the 1890 to 1920 period, publishers weakened the overall political content and purpose of the newspaper in favour of entertainment, but at the same time, concentrated political influence in themselves as they systematically took complete control of their newspapers. The papers became personal expressions of their enhanced status and power in society. Gradually, the publishers foresook their direct

political involvement and their papers became less overtly political in favour of joining forces with their class-colleagues in the business world. They participated in the elitist civic reformism and non-partisan movements of businessmen at the late 19th and early 20th centuries. Their involvement with attempts to place certain issues above politics, such as the naval question and the later support of Canadian involvement in the war, the formation of the Union government and the introduction of conscription further underlined their admission into Canada's ruling elite.

As publishers became increasingly businesslike and shed their former political role, social consciousness of this change, however, lagged behind reality. The public, conditioned by journalists and other social ideologues, kept on stressing the newspaper's public obligations as a vehicle of free expression and a defender against oppression and wrong-doing. The unresolved social "contradiction" between public expectation and private purpose (the publisher's pursuit of profit) of the press eventually led to the public inquiries of the last 20 years to resolve it.

Finally, the shift from political to interest advocate during the 1890 to 1920 period shows clearly that the press functioned less and less as a public utility nor as a "fourth estate" protecting the public against tyranny. The concept of freedom of the press never had much basis in practice, but existed mostly in rhetoric. Indeed, to paraphrase A.J. Liebling, freedom of the press was reserved

for those who owned one.

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WP=J.S. Willison Papers  
SA=Southam Archives  
SP=Clifford Sifton Papers  
CPP=The Canadian Printer and Publisher

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P.D. Ross MG 30 D 98  
E.N. Smith MG 31 D 106  
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