

Editorial ? What price for the collusive ?swap??

A developing legal news story that will get precious little attention in most of Canada's newspapers concerns something that should concern every Canadian ? alleged collusion by the country's two largest newspaper chains that led to elimination of all competition between them.

Last November, Torstar and Postmedia suddenly announced a deal to ?swap? more than 40 newspapers and immediately shut most, if not all, of them down.

This month, Canada's Competition Bureau finally got around to investigating whether the deal breached provisions in the Competition Act barring conspiracies designed to reduce competition in any market. Officials from the Bureau raided the Toronto head offices of the two companies and Torstar's Metroland subsidiary in Mississauga March 12.

We doubt the raids will turn up all that much, our suspicion being that little or nothing about the deal was codified.

However, it would be truly illuminating if the Bureau went a step further and demanded access to the books of all the papers that were shut down without even a day's notice to their employees and advertisers, let alone to their readers.

We find it utterly inconceivable that all the community papers that got the axe were failing to attract enough advertising to make them at least marginally profitable, except perhaps for the massive debt load they were carrying as a result of them having more than one previous owner.

Most of the community papers in Ontario were once owned by the Thomson Corp. and were acquired by Conrad Black's Hollinger Corp. when the late Ken Thomson opted to sell off all the newspaper holdings while they could still command good prices.

In Orangeville, the Banner (owned by Thomson since 1959) was held for several years by Hollinger before being sold again to Osprey Corp. and then to Metroland. Since all the deals were private, their terms are known only to the parties, but we suspect the books would show multiple millions of debt accrued by Hollinger, which was soon in no position to reduce its huge debt load.

The two big questions to be addressed by the Competition Bureau are whether the parties really had no reasonable alternative, and what remedy might there be for the apparent breach of the Competition Act.

Was there really, as the parties claim, no viable alternative to closing newspapers, some of which had been around for more than a century and appeared to be reasonably healthy?

One such alternative would have been to merge the competing papers or to close only the publication in each community that was smaller or less influential.

In Simcoe County, the former Thomson dailies Barrie Examiner and Orillia Packet & Times and weeklies Collingwood Enterprise-Bulletin and Midland Free Press all disappeared, with the four communities now served only by Metroland tabloids, often seen to be little more than ?flyer wraps.?

Is there any real doubt that the Collingwood area would still support an Enterprise-Bulletin that included the flyers carried by Metroland's Collingwood Connection? Or that the Barrie Examiner could be at least marginally profitable if its Thursday edition had the flyers and circulation of Metroland's Barrie Banner?

There's no doubt that Canada's smaller dailies are in serious trouble, thanks not only to the loss of advertising to flyers and the Internet, but also to their inability to provide a healthy dose of national, provincial and local news. But community papers with controlled circulation and good coverage of local news and views will continue to offer advertisers good value for their money. As for penalties Torstar and Postmedia should face in the event Competition Act breaches are found, we'd like to see a required resurrection of at least a few of the good papers lost to the two chains' greed.