

## Can the small daily paper be saved?

UNLESS ACTION OF SOME SORT is taken, the only daily newspapers left in North America will be a few tabloids and giants like the New York Times, Washington Post and The Globe and Mail.

Smaller dailies serving even some fairly large cities are failing because of a loss of advertising revenue to competitors ranging from billboards to the Internet, but primarily to flyers that retailers see as a better option than space in newspapers.

In Canada, cities as large as Guelph and Kamloops B.C. no longer have their daily papers, in large part because of the papers having been old multiple times and finally to firms that have little interest in the papers' employees or readers.

The latest demises in Ontario came as a result of the infamous 'swap' by Torstar and Postmedia that saw all vestiges of competition between the country's two largest chains vanish overnight. With no warning to either the staffs or readers, Barrie lost its Examiner and Orillia the Packet & Times.

The sad situation across North America was underscored earlier this month when senior editors of the Denver Post pleaded with the Post's hedge-fund owners to sell the paper to someone who wanted the Post to continue serving its readers.

A New York Times story noted that the Post, Denver's sole daily following the death of the Rocky Mountain News, has seen its staff repeatedly slashed by an owner whose only interest is in its investors.

The Times noted that the same hedge fund owns many other newspapers, all of which are being required to reduce their reporting staffs.

One of the many ironies in the current situation is that until a few years ago newspapers of all sorts were seen as good money-makers, particularly in cases where there was no direct competition.

That was the secret behind the successes of Roy Thomson in building a huge fortune by buying up papers in small towns and cities, modernizing their operations and avoiding their staffs becoming unionized.

But while the chain was led by Roy's son Ken, the decision was made to sell the newspaper holdings because they were no longer as profitable as they once were, in the face of increasing competition for advertising revenue.

The result was that locally the Orangeville Banner was purchased by Conrad Black's Hollinger International Inc., and then resold to Osprey Media Group Inc., and finally to Torstar's Metroland division. Similar sales and re-sales occurred elsewhere, among them that of the Sun Media chain to Postmedia, which today has an enormous debt load.

So what, if anything, can be done to prevent many more small dailies closing?

One thing would be for the federal government to stop discouraging cross-ownership of local media. Instead, the policy should be to encourage joint ownership of local dailies and local radio and TV outlets so they could share news reporting and advertising staffs.

Another helpful move by government would see the large chains subsidized if they provided their smaller dailies with pages of national and international news at no cost to the recipient. (In the case of Postmedia papers they could get a section of the National Post.)

As we see it, there really was no need for Guelph to lose the Mercury when the owner (Torstar) also owned the nearby Kitchener-Waterloo Record and could have simply done a 'replate' by changing the front and editorial pages of the Record and perhaps a couple of other pages for Guelph-only ads.

We think many now-dead dailies would have survived under their original ownerships, particularly if regulators like the CRTC had

allowed them some cross-ownership.