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Could anything be done?

EDITORIAL

ONE STORY GIVEN precious little attention by most Canadian newspapers concerns an investigation by the federal Competition Bureau into a deal by the country's two largest newspaper chains that eliminated competition in 36 markets through the closure of that many publications.

Just over a year ago, on Nov. 27, 2017, Torstar Corp. and Postmedia swapped 41 publications and instantly closed all but five of them, throwing untold numbers of employees and contractors out of work.

Apart from those who lost jobs, the biggest losers were the readers, who in most cases lost their major source of local news ? papers like the Collingwood Enterprise Bulletin, St. Marys Journal Argus and Orillia Packet and Times ? and were left with tiny tabloids wrapped around a couple of dozen flyers.

Today, newspaper competition is a thing of the past, apart from Toronto, which now has five dailies (the Star, Globe and Mail, National Post, Sun and Star-owned Metro freebie), and a handful of markets, including Orangeville and Caledon, where Torstar's Metroland subsidiary is up against publications owned by relatively tiny London Publishing.

How did this all come about, and is there anything that could be done to mitigate the damage?

As we see it, the current situation has its roots in the formation of large newspaper chains and the eventual withdrawal of one of them, the Thomson Corp., which correctly forecast much lower profit margins for its publications.

Over the years, the former Thomson papers changed hands multiple times. The Orangeville Banner went to Conrad Black's Hollinger Corp., then to Osprey Media and finally to Metroland, in the process shrinking from a twice-weekly broadsheet publication to the current weekly tabloid which contains a tiny fraction of the news it once gave readers.

Newspapers everywhere have suffered major losses in revenue as a result of Internet-based competition and retailers' love affair with flyers.

As one small example, the Toronto Star has seen its classifieds shrink from a full section of the paper to a couple of pages, while department store and supermarket advertising which once filled many pages has virtually disappeared.

But while all newspapers suffered, none did more so than the Postmedia dailies and weeklies, all of which carried huge debt loads as a result of having been sold multiple times before arriving in the Postmedia stable, where they are now owned by a U.S. hedge fund.

So what, if anything, can be done about it? Despite the obvious fact that the deal between Torstar and Postmedia was designed to eliminate competition, it was structured so as to eliminate any chance of successful prosecution under the Competition Act, with no money changing hands and all the closings notionally taking place when two local publications came under joint ownership.

The best the federal government has done thus far is to announce plans to give tax credits to subsidize labour costs at news media outlets.

Perhaps the best we could hope for would be a finding by the Competition Bureau that there was, indeed, collusion between Torstar and Postmedia and to recommend the resurrection of local publications that were clearly doing a better job of serving readers than the ?flyer wraps? that survived the deal.

There's surely no doubt that Torstar could easily take such action in places like Collingwood, Orillia and St. Marys, or that the

revived publications could be at least marginally profitable, thanks to the increased flyer revenue and the absence of local competition.

One other thing Ottawa could do is monitor local advertising rates to make sure that the big chains set similar rates in markets where they have a monopoly and those where they face competition.