

1 The Deal

St. Clair Balfour watched from the western shore of Bowen Island as the big motor yacht eased into the bay. His anticipation rose as he heard the anchor chain rattle out along the boat's bow roller and down into the water. Then, hearing the roar of the twin diesel engines reversing thrust as the helmsman guided the *Tempest IV* astern to set the anchor's flukes in the mud of Howe Sound, he could hold himself back no longer.¹ Tearing off his shirt and casting it aside on the beach, Balfour plunged into the water and began to swim toward the yacht, now lying perhaps 50 yards offshore. The frigid water made him stroke faster, as he had forgotten how cold the water was on Canada's West Coast. The sweltering day that summer of 1956 had made a swim seem an attractive idea, but as he approached the waiting craft he could think of little else than climbing up as quickly as possible out of the icy bay and into the sun's warming rays again.

The helmsman was there as he approached, attaching the boarding ladder and offering Balfour a hand up onto the boat's deck as the gasping swimmer shivered involuntarily against his chill. The two men shook hands warmly, as they had become good friends in the short time they had known each other. Balfour respected Larry Dampier's keen business intellect and admired the young executive's rise to head a major food company headquartered just outside nearby Vancouver. For his part, Dampier found Balfour, scion of the country's largest newspaper publishing empire, an amiable acquaintance on his frequent trips west from Southam's offices in Toronto to Vancouver, where one of the company's newspapers, the *Daily Province*, was published.² Now general manager of

Southam Press Ltd., the 46-year-old Balfour had become increasingly preoccupied with the situation in Vancouver, where a bitter war between the *Province* and its rival, the *Vancouver Sun*, threatened to leave only one survivor. This trip for Balfour, while nominally to enjoy some of the West Coast's famous salmon fishing, was a fishing trip in more ways than one. He wanted to negotiate a truce with the *Sun*'s owners and arrange a partnership under which the newspapers could coexist, perhaps even flourish.

Balfour felt at ease on the water, having been a U-boat hunter as a corvette captain in the Royal Canadian Navy during the Second World War, in which he had earned the Distinguished Service Cross. He had worked his way up in the ranks of the family firm, starting in the early 1930s as a police reporter on Southam's original *Hamilton Spectator* where, according to a 1952 feature in *Saturday Night* magazine, "he became known as an aggressive news gatherer."³ He learned the business side of newspapering on the staff of Southam's *Winnipeg Tribune*, where he worked in the circulation and advertising departments before returning to Hamilton and eventually being promoted to publisher. His nonsense demeanor and jutting jaw impressed many, according to the *Saturday Night* profile.

It would be ridiculous to say that he might have attained his rapid rise in the company without his family connection but it is also certain that his training and aggressiveness would have taken him far on any newspaper. Balfour has worked hard for the job he now holds. Anything but a glad-hander (his reticence is often mistaken for aloofness), he is respected by the men who work for him. They know him for a good newspaperman — firm and uncompromising in his principles.⁴

From the boat's deck, Balfour could see north up Howe Sound, which was rimmed by the towering peaks of the Coast Mountain range, even now, at the height of summer, still covered in snow. Looking toward shore, he saw the Bowen Island property where he had been staying as a guest of the Cromie family, owners of the *Sun*. At adjacent Camp Gates, the *Sun* held a summer camp for the newspaper's carriers and orchestrated a raucous salmon derby. Bowen Island served as a getaway for the wealthy family, only a dozen miles from downtown Vancouver yet a world of wilderness away.

A friend of the Cromie brothers, Don and Sam, whose father had rescued — some said stolen — the *Sun* from the brink of bankruptcy in 1917, Dampier was along for the ride, literally. He liked nothing better than to pilot the sixty-three-foot Cromie family yacht from its berth in downtown Vancouver's Coal Harbor to the retreat on Bowen Island. If he was able to help work out a deal between the publishers of the two newspapers, so much the better. But as a businessman, he knew Vancouver readers and advertisers had benefited from the all-out war between the newspapers. The *Sun* and *Province* were each so intent on taking advertising away from the other that they often offered deep discounts to gain business. Similarly with subscriptions, the two newspapers were so desperate to sign up new readers and thus influence the balance of power between publications that they had engaged in some generous giveaways and contests with expensive prizes.

From Balfour's point of view, the Cromies had fired the first shot in the newspaper war almost a decade earlier. Southam thought it had an agreement with the *Sun*'s owners that neither newspaper would take advantage of a strike at the other to gain circulation. But in 1946 the militant printers of the International Typographical Union (ITU) had gone to war with Southam, striking five of the chain's dailies in retaliation for the company's strikebreaking tactics at the *Winnipeg Tribune*. Southam kept printing its newspapers from behind picket lines, using non-union printers and management personnel to continue publishing, but Balfour realized now that had been a terrible mistake in a strong union town like Vancouver, where the epithet "scab" was truly a four-letter word. The resource-based economy of British Columbia, which relied heavily on the forest industry, resulted in a highly unionized labor force led by the powerful International Woodworkers of America. A labor boycott against the *Province* remained in place for years after the ITU strike ended, dropping its circulation to second place behind the *Sun*. The dispute even became immortalized in song:

*Lay that Province down, babe,
Lay that Province down;
That scab-run rag is blackballed
In this union town.*⁵

The irony was that the *Province* had been the first Southam paper to agree in 1945 to the ITU's demand that the international union's bylaws,

one of which made the five-day week mandatory, not be subject to arbitration. Three of the chain's other papers in Ottawa, Edmonton, and Hamilton, where Balfour was then assistant publisher, also went along with the change. The Cromies, who a few years earlier had been the first Canadian newspaper owners to certify the American Newspaper Guild to represent its editorial employees, also agreed to the provision. But in Winnipeg, where memories of the violent general strike of 1919 still caused lingering resentment toward organized labor, both dailies refused. The ITU appealed to Southam to intervene in Winnipeg, where its *Tribune* had begun printing a joint edition with the rival *Free Press* from behind the ITU picket line, but the company insisted it was a local issue and held to its policy of allowing its publishers decision-making autonomy.⁶ In Hamilton, Balfour continued publishing his *Spectator* using non-union printers, while the striking compositors published their own thrice-weekly union tabloid, the *Hamilton News*.⁷ In Edmonton, Southam's *Journal* joined forces with the rival *Bulletin* to publish a joint edition as the Winnipeg papers had done. In Ottawa, Southam's *Citizen* resumed publishing after an interruption of several days, during which the competing *Journal* refused to take advantage of the strike, even running an editorial urging *Citizen* readers to return to that newspaper when it reappeared. The *Journal* also refused to accept advertising from businesses that had been exclusive customers of the *Citizen* before the strike.⁸

Southam was not worried about Vancouver because in late 1945 *Province* publisher Leigh Spencer had negotiated a "united front" of publishers, gaining the agreement of Don Cromie and the morning *News-Herald's* Clayton "Slim" Delbridge that their papers would set type for the *Province* if the ITU walked out there. That would have resulted in a shut-down of their papers as well after printers there refused to handle "struck work." The committee of publishers, Spencer reported to head office, was even considering a jointly published newspaper such as was being put out in Winnipeg and Edmonton, but the deal fell apart when Cromie backed out several days later, fearing the effect on his paper's other unions, especially the Newspaper Guild.⁹

When the *Province* was struck by ITU pickets on June 5, 1946, the Cromies first froze *Sun* circulation at its April level of 105,000 and began to ration advertising. But that changed by the end of the month "due to public pressure," according to the Sun Publishing Company annual report of 1946. The company had arranged for delivery of enough logs to

run a Sunday shift at the Powell River Company's pulp mill to provide extra newsprint for expansion of the *Sun*.

The company removed most restrictions on classified advertising, accepted about half of the display advertising offered, and increased the daily gross press run by degrees until by the end of August it was frozen at an average daily net sale of 125,000. The present concrete demand for unsolicited *Sun* subscriptions is estimated at 10,000. Had it not been for the Sunday run at the mill it is estimated that little or no circulation increase would have been possible.¹⁰

Soon the *Sun* was taking full advantage of its hobbled rival, selling all the new subscriptions, and especially classified advertising, it could find newsprint to print. Don Cromie learned from his father the importance of advertising in attracting readers and called the classified ads "white gold."¹¹ The Cromies had long taken pride in the fact their newspaper was locally owned and operated, unlike the *Province*, and under Robert Cromie in the 1920s and 1930s had trumpeted that fact daily across the front page of the *Sun*, declaring it "The Only Vancouver Newspaper Owned by Vancouver Men." When the senior Cromie died suddenly at age 48 in 1936, his sons were too young to take active control of the *Sun*, so his widow, Bernadette, headed the paper's board of directors.¹² The front-page banner thus had to be changed to the gender-neutral "Vancouver's Only Home-Owned Newspaper."

It was Mrs. Cromie's labor sympathies that allowed the Guild to get its first contract at the *Sun* in 1941, and the regard for unions rubbed off on her son Don.¹³ "They'll be the real power in the capitalist system before another 50 years and maybe sooner," he declared while publisher.¹⁴ Just weeks before the ITU struck the *Province*, Cromie had fanned the flames of labor unrest in a speech to the Pacific Northwest Circulation Managers Association. "Labor is too powerful to be ignored and capitalists must recognize labor-management teams," Cromie told the meeting at the Hotel Vancouver. "If we continue to fight labor we will have government more and more in control, which is a greater danger."¹⁵ Pierre Berton, who had been a reporter for Cromie's *Sun* after the war, quoted his former boss in a 1948 feature in *Maclean's* magazine as saying, "The Guild is my conscience." Berton added ominously, "There has never been a strike at the *Sun*."¹⁶ Now corporate rival Southam, which was run from its board-

room in Toronto, expected cooperation in its vulnerable hour even as it published using scab printers. Cromie would have none of it, and soon the banks of telephone solicitors he hired swelled the *Sun*'s subscription list, and the extra ads almost doubled the size of the paper's editions. Within two years the *Sun* would boast more classified advertising linage than any other newspaper in Canada, and more than all but three newspapers in the U.S.¹⁷

The *Province* was hindered by a lack of leadership as the strike began, with publisher Spencer laid up in the hospital.¹⁸ The paper did not publish for six weeks, during which it lost \$300,000 in revenue.¹⁹ When Southam brought in four replacement printers on July 12 from its paper in Calgary, which was organized by a different union, they were followed into the *Province* building in Victory Square by picketers, who attacked and evicted them. Hours later, classified advertising manager W.B. Mackie was grabbed in the building's lobby, pulled outside, and beaten up. The next day, eight printers from Winnipeg got into the *Province* building, but one had to be rescued by his colleagues from the clutches of picketers, who were roughing him up.²⁰

That summer had been a long, hot one for labor unrest across the province, including a shutdown of the forest industry, and a union coordinating committee had been set up to force a complete stoppage in all strikebound industry in British Columbia.²¹ Soon the ranks of picketers outside the downtown *Province* offices were swelled by striking mineworkers and members of other unions. Southam responded by bringing in executives from the company's head office to run the presses, including Peter Southam, who had worked for fifteen years at the *Province* and had recently helped get the *Ottawa Citizen* back on the street. Gordon Southam, promotions manager for the *Province*, trained as a stereotyper in the art of engraving photographs for inclusion on printing plates. While training replacements, the company went to court on July 15 with affidavits detailing the picket-line violence and obtained an injunction against the ITU pickets. But as Charles Bruce noted in his 1968 official Southam history, that only made the situation outside the *Province* building worse, as "plenty of militant union men had time to spare. That night 200 boilermakers marched singing around the *Province*. The next morning, 'protest' picket lines included fishermen, steelworkers, boilermakers, metal and chemical workers, and woods workers."²²

The international headquarters of the pressmen's union ordered its

members to honor their contract with the company and report for work, and preparations were made inside the *Province* building to publish an edition the next day. That plan fell apart at the last minute when a thousand angry unionists massed outside in Victory Square. Bruce gave *Province* publisher Leigh Spencer's version of events.

Four of their men had gone to lunch and after contact with the pickets had come back in a state of nerves bordering on collapse. Spencer went down to the pressroom. His informants had not exaggerated. "One of the men was so over-wrought that he was in tears and so nervous he could not talk and the others were in not much better condition. The upshot of it was the entire press crew walked off the plant and I could not stop them."²³

It took until July 22 before a press run of 10,000 copies could be printed without aid of union pressmen, stereotypers, or printers. The pressmen then returned again, and that led union truckers to report to deliver the next day's edition. The result, according to Bruce, was nothing less than a "rousing riot."²⁴ Three trucks made it through the growing picket line, but "each truck's passage heightened the truculent excitement of the gathering crowd."²⁵ The next truck away from the loading dock was set upon by picketers, as described in the next day's editions of the *Sun*.

The van drove across Pender [Street] with angry sympathizers scrambling aboard. There were insufficient police to cope with the trouble. Bundles of papers were thrown out of the van and scattered across the street. The van was brought to a stop and overturned. As a streetcar crossed the scattered papers, a spark set fire to them, and firemen had to be called.²⁶

Of the seventeen rioters arrested, none were printers, instead numbering seamen, machinists, and foundry workers.²⁷ Following the riot, a police convoy allowed trucks manned by *Province* office workers to deliver 75,000 copies of the next day's edition. Union truckers returned, despite ITU picketing under restrictions imposed by the court injunction. Heavy union pressure discouraged both subscribers and advertisers, and it wasn't until the September 11 edition that department store advertising was again placed in the paper. That day's papers never got on the press, however, as the pressmen's union was threatened with expulsion from the local labor council if it handled the work. Management

went back to running the presses, but when the paper was finally printed, union truckers refused to deliver it. The office workers had to resume their delivery rounds, but by then three days of editions had been missed. As legal action continued, eventually the pressmen and truckers returned to work. Three picketers who attacked Mackie were fined, and nine of the seventeen charged in the July 22 riot were convicted and given jail terms or fined.²⁸

A lawsuit brought by Southam against six local ITU officers went to court in late 1947, and early the next year a judge ruled the strike illegal and ordered the defendants to pay the company a nominal \$10,000 in damages.²⁹ The amount was never paid as the claim was waived when the strike was finally settled in late 1949.³⁰ But irreparable harm had been done to the reputation, and readership, of the *Province*. While post-war circulation had stood at about 125,000 for the *Province* to 100,000 for the *Sun*, soon these positions were reversed as a result of the strike. Many unionists would never buy the *Province* again.

Southam would not easily relinquish market leadership to the *Sun*. Before long it began offering inducements to subscribers in a desperate attempt to win back top spot in circulation. The *Province* owners realized that newspaper economics dictated they were in a struggle for survival since advertisers naturally patronize the largest-circulation newspaper in a city because it reaches more of their potential customers. Readers in turn find the larger paper more useful because they are as interested in ads as they are in news. The result is a vicious cycle of attrition for the second paper. The "circulation spiral," as it was known, had resulted in the consolidation and closure of hundreds of newspapers across North America since their heyday early in the twentieth century. Many economists had come to believe that due to the cost-saving advantages of large size, known as "economies of scale," the newspaper business was a natural monopoly like railroads or telephones. A 1945 study of newspaper mortality had pointed to "seemingly 'inexorable' economic trends . . . such factors as the loss of advertising revenue to radio, the preference of advertisers of fewer media with larger circulations and the increased cost of machinery, newsprint, labor, taxes and nearly every other item of the newspaper's expenses."³¹ Major cities in North America that had boasted several daily newspapers at the turn of the century saw the number dwindle over the years to one or two through mergers, closures, and the increasing cost of starting up new publications, as Oscar Garrison Villard

chronicled in his 1944 book, *The Disappearing Daily*. “There is no promise today of the sudden rise of new dailies, only the certainty that we shall see a still greater decrease in the number now extant, which is already quite too small.”³²

Vancouver, which once had four newspapers publishing daily, by 1956 had only three, and the third was barely hanging on. The morning *Herald*, which had been founded in the 1930s as the *News-Herald*, had been passed from hand to hand recently. Its latest owner, Roy Thomson, lived in Great Britain, where he owned the daily *Scotsman* in Edinburgh and was building an international newspaper empire. The Toronto-born press baron, who would be honored by Queen Elizabeth in 1964 as Lord Thomson of Fleet, had tried unsuccessfully several times to unload his money-losing *Herald* on Southam or the Cromies. The morning paper’s biggest drawback was its publication time, as before television news became widely available the most popular newspaper publishing time was in the afternoon. The *Sun* and *Province* vied for supremacy in the p.m. market, however, leaving the mornings to the third-place *Herald*, which sold barely 30,000 copies a day. Southam spared no expense in its bid to reclaim its lost lead over the *Sun*, and the Cromies responded in a bid to maintain market supremacy. Soon the newspapers were spending wildly to attract subscribers. Stuart Keate, publisher of the nearby *Victoria Times*, watched the newspaper war with a keen eye and recalled it as “a decade of frantic competition which did little credit to either paper” in his home town.

Instead of returning to its role as a low-keyed, responsible journal, the *Province* sought to match the *Sun* with sensational headlines and a “scoop” for each edition. All this was accompanied by a promotion assault in which each newspaper spent \$500,000 a year to seduce the populace with a bewildering array of giveaways — sets of steak knives, Panda dolls, TV lamps and cheap insurance policies.³³

In 1953, Southam had doubled the promotion budget for the *Province* to a half-million dollars but was only able to increase its share of the Vancouver newspaper market marginally, as the *Sun* clung stubbornly to its lead with 50 percent more circulation than its rival.³⁴ Balfour, now second in command to his cousin Philip Fisher, who was president of the Southam newspaper empire their grandfather had founded, knew the

bleeding had to stop for the sake of business. He knew Don Cromie was not averse to cooperation, having read a letter the *Sun* publisher had written in 1950 to Fisher in which he made an overt overture. "Perhaps you'll find it worth considering whether the Vancouver public would get its best newspaper service and value from a co-operating morning-evening operation," wrote Cromie.³⁵ The problem was that Cromie wanted to be the majority partner in any arrangement with Southam. He had proposed an arrangement in which the *Province* would move to morning publication, leaving the afternoon field to the *Sun*, but Cromie was asking for 60 per cent ownership of such a joint venture, meaning Southam would have to give up control of the *Province*. Balfour offered instead to buy the *Sun*, but Cromie would not sell. The two had gone back and forth for months on the question of ownership split until Balfour finally sensed he was close to getting the *Sun* publisher to agree to an equal partnership. He had worked carefully to bait his line, and now on this four-day fishing trip to Howe Sound, he hoped to land his catch.

The equal partnership Balfour proposed, with mechanical and distribution facilities shared, was a common arrangement in the United States, having by 1956 been agreed to in more than a dozen cities. Called joint operating agreements, the first had been made in 1933 in Tucson, Arizona, and the partnerships proved popular, spreading across the nation. But not everybody was happy with the cozy arrangements, pointing out that eliminating competition between newspapers inevitably resulted in higher advertising and subscription prices. Some questioned whether they violated U.S. anti-trust laws designed to prevent companies working together to their mutual advantage and the consumer's detriment.

In Canada, newspapers owned by the same company had shared production facilities before, but not in a market the size of Vancouver, Canada's third-largest city. In the early 1950s, the *Victoria Times* and the *Colonist* in B.C.'s nearby capital on Vancouver Island had amalgamated production facilities, forming a jointly owned company, Victoria Press Limited.³⁶ But Balfour knew that any partnership between Southam and the *Sun*, now fierce competitors in Vancouver, would be a hard sell with the federal government's competition watchdog. In Canada, laws against monopoly practices were known as "anti-combines" legislation and were administered by the Restrictive Trade Practices Commission in Ottawa. The intent was the same as in the U.S. — to protect the consumer from companies conspiring together to extract monopoly profits — but that

was not often the result north of the border. Balfour figured he could make such a partnership fly with the federal regulators, but he decided to cross that hurdle only after he had a deal with Cromie.

Of more pressing concern this summer day was persuading Cromie to call a truce in their newspaper war and agree to an equal partnership. Cromie could be convinced to make a deal, Balfour believed, because he knew Southam's nationwide resources far outstripped his own and he was therefore bound to be the loser in a long-term battle, as Southam could simply afford to endure the losses longer. While Balfour knew Southam could win in the long run, he also knew the cost would be enormous, draining the newspaper chain's resources and diverting its attention and capital investment from the competitive markets where its seven other dailies were published. In Vancouver, its plant needed upgrading desperately. A 1956 study of *Province* facilities found them cramped and antiquated, with printers "continually stepping over one another."³⁷ Its presses were old, and for every color printed, an entire "set" of eight pages had to be dropped from the press run, often requiring an extra section to be printed, with higher labor costs resulting, as the study noted. "Nowadays, with more colour being used by advertisers, this results in a third section having to be printed on [an] extra shift."³⁸ Both publishers needed to upgrade to faster, higher-capacity presses capable of using the new color printing technology, but neither could afford to make such a major investment while pouring all their resources into a circulation war. The best compromise for both sides was the peace of a partnership, but Southam would only settle for an equal share. The *Province* was willing to move to morning publication and the *Herald* could be cheaply bought up from Thomson and killed off for its network of carriers and list of subscribers, but Cromie was unwilling to enter into an equal partnership with what would be a weaker twin publishing in the smaller morning market and thus contributing less to the common enterprise. He wanted to be compensated with cash up front, and Southam was willing to pay for the partnership. The only question was how much.

Balfour had come to the West Coast not to make Cromie a cash offer, but to convince him that an equal partnership was the best alternative for both sides because it was the only option, other than a fight to the death. The amount of an equalization payment could be negotiated later, but Balfour wanted to come away from his fishing trip with Cromie's agreement in principle to an equal partnership. Balfour pondered his strategy as the

fishing party was ferried aboard by the yacht's tender. A brace of brothers completed the crew, Don and Sam Cromie, fresh from getting out that day's edition in Vancouver, and the Foley brothers, down from the pulp and paper capital of Powell River, fifty miles up the coast. The Foley family ran the Powell River Company, one of the province's largest newsprint plants, and as the *Sun's* arrangements during the ITU strike showed, newspapers like to stay in close contact with their biggest suppliers.

In attempting to convince Cromie to divide up the market, Balfour was simply continuing the company strategy of his grandfather. William Southam had worked his way up from delivering the *London Free Press* in Ontario to superintendent of the newspaper's plant at 33 in 1877, when he bought a half-interest in the *Hamilton Spectator* for \$4,000.³⁹ Twenty years later, as *Spectator* publisher, he began the family's newspaper empire by sending his sons Wilson and Harry to Ottawa to purchase the *Citizen*. Collusion between publishers in the nation's capital was already well organized by that time, with heads of the three dailies meeting regularly to set advertising rates. The cooperation had begun in 1895 in response to double-dealing by the McKim advertising agency, which had worked each publisher against the others to obtain lower ad rates.⁴⁰ By 1920, after the *Ottawa Journal* bought the rival *Free Press*, collusion between it and Southam's *Citizen* reached a maximum, according to historian Minko Sotiron, when a deal was reached under which the papers would jointly promote one daily if its circulation fell more than 5 percent below the other's.

A formula was introduced by which one paper would receive financial compensation if the other exceeded it in advertising, circulation, or profit. The *Citizen's* Harry Southam considered the agreement eliminated "waste in the production and distribution of our newspapers" brought about "by the years of futile and useless competition."⁴¹

When the Southam company expanded to Western Canada, it campaigned for similar cooperation between publishers, first in Calgary where its *Herald*, purchased in 1907, dominated the competition and forced closure of the rival *News-Telegram* in 1920; then in Winnipeg, where it purchased the *Tribune* in 1920. When it moved to Canada's West Coast in 1923 by buying the *Province*, Southam took over Vancouver's leading daily. The second-place *Sun* lambasted the Eastern control pub-

licly, but privately publisher Robert Cromie was willing to cooperate with his new corporate rival, due perhaps to the fact that in a moment of financial desperation he had gone to the Southams for a loan, and for a time the parent company of the rival *Province* held the third mortgage on his printing plant.⁴² Cromie had advocated dividing up the Vancouver afternoon market between the two papers, and according to the official Southam history, eventually an agreement was reached after the third paper in the market, the *Star*, folded.

Early in 1933 the *Province* and *Sun* did in fact agree to stabilize the circulation position in various classifications (city carrier, city total, and so on) with the *Sun* at 86 per cent of the *Province* overall, the agreement providing that either paper making gains in any classification would cease efforts to get new subscribers while the other took steps to catch up. They couldn't get together on advertising.⁴³

The Depression of the 1930s continued the newspaper shakeout that the Great War years had begun. The number of Canadian dailies fell from 138 in 1913 to 109 by the Crash of 1929, only to dip to 90 by 1938.⁴⁴ The Second World War brought a shortage of newsprint, which had to be rationed like many wartime commodities. After the war, newsprint was no more plentiful when price controls were lifted, and under the law of supply and demand the price of a ton more than doubled in a dozen years, from \$54 to \$130, forcing more dailies out of business.⁴⁵ By 1956 there was an acute shortage of newsprint, and earlier in the same summer that Balfour visited Bowen Island, the crisis had led to action by publishers, with the Canadian Daily Newspaper Publishers Association confronting the Newsprint Association on July 11 to demand stepped-up production.⁴⁶

The rising costs and circulation war in Vancouver had caused both the *Sun* and the *Province* to forego needed capital improvements to their printing plants, as neither Southam nor the Cromies were prepared to make such a major investment under uncertain conditions. The *Province* was in a cost squeeze not only due to rising newsprint prices but also because of higher labor rates, as Cromie's penchant to give the unions what they wanted meant Southam had to match the wage increases.⁴⁷ In addition to generous wages, the *Sun* provided its employees with a 37½-hour workweek, a pension plan, life insurance, hospital and surgery insurance, a \$3,000 banquet every year, subsidized cafeteria meals, walls

covered in art, soft music, and a lucrative profit-sharing plan, splitting anything the paper made over \$150,000 with its workers. Cromie, who once said he'd "rather turn out a good newspaper than make money, has fixed it so he won't make too much," Pierre Berton noted in a 1948 *Maclean's* feature.

Last year, strangled by newsprint shortages, the paper made only \$90,000. Cromie, anticipating bigger profits, gave his staff some in advance anyway — about two days pay each. He didn't ask for it back. Now, paradoxically, staff members view with alarm the present *Sun* spending spree. . . . The profit-sharers are inclined to wonder suspiciously if the music and other frills are worth the money.⁴⁸

The conditions were ripe for cooperation, and the next day Balfour and Don Cromie went off to fish the waters near Keats Island, just the two of them in a small, outboard-powered skiff. There, in the middle of Howe Sound, the two shook hands on the deal that would create Pacific Press. Agreeing finally to the principle of equal partnership, the pair left the amount of equalization Southam would pay the Cromies until later, after accountants had valued the operations of each.

Soon back in Toronto from his successful West Coast fishing trip, Balfour made a meeting with Southam's lawyer, Alec MacIntosh, one of his first priorities. They had to prepare their strategy for dealing with government regulators, who theoretically had the power to scotch the deal Balfour had just made. Together the pair traveled to Ottawa to inform the head of the Restrictive Trade Practices Commission of the agreement. Many years later, long after his retirement from the newspaper business, Balfour would recall the meeting in the mandarin's office. "I remember him at that time saying, 'Mr. MacIntosh, I'm going to have to make inquiries and I suppose the longer we take, the better you'd like it.' . . . I just remember him smiling and saying 'I suspect that the longer we take . . .' or words to that effect."⁴⁹