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**PRICING IN THE NORTH  
AMERICAN NEWSPRINT MARKET:  
A FRAMEWORK FOR ANALYSIS  
(Dr. Roger A. More)  
January 16, 1978**

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PRICING IN THE NORTH AMERICAN NEWSPRINT MARKET:  
A FRAMEWORK FOR ANALYSIS

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Conducted for the Department of Regional  
Economic Expansion, Government of Canada

Dr. Roger A. More  
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Summary

A preliminary framework for the analysis of newsprint pricing in North America has been constructed. The framework has been developed on the clear understanding that it represents a first cut at the issue, and that time substantially in advance of ten days would be required to empirically test the framework and refine it accordingly. Nonetheless, it represents a different and in my view potentially more revealing way of viewing the nature of relationships between U.S. publishers and Canadian producers as it impinges on newsprint pricing.

The stages in the development of the framework to its present point have been the following:

1. Formulation of the basic conceptual frame for a power/negotiation pricing model.
2. Parameterization of the model from various source documents, that is identification of the set of situational variables that influence the negotiating behavior of both producers and publishers.

3. Prediction of the directions of effects that different variables will have on the negotiating power and therefore the behavior of producers and publishers.
4. Mathematical representation of each of the variables for potential empirical testing and formulation of a contingent conditions model in the future.
5. A brief development of current industry trends and their potential effects on newsprint pricing using the framework as a basis.
6. A brief analysis using the model of the special case of the backward integrating behavior of publishers in its different forms. The basic conclusion reached is that backward integration has tended to shift negotiating power in price to the publishers from the producers and has likely contributed to artificially low newsprint price levels.
7. Outlining of some potential policy approaches to improve producer power in the industry.

## OVERVIEW AND ASSUMPTIONS

This framework is intended as a perspective for viewing the specific pricing phenomena in the North American newsprint market, with particular reference to Canadian newsprint producers. It is entirely conceptual at its initial stage of development rather than empirical. In essence, it says that to take a hard look at the realities of newsprint pricing, this framework can provide a basis.

Several assumptions are important to mention concerning the framework. While most of these are well supported by available evidence, they are stated as assumptions because they are not developed or empirically verified as part of this framework.

1. The Canadian newsprint industry is performing poorly by most accepted financial performance criteria. (1, 10, 11)
2. One contributing reason for the poor performance of the industry may be conditions leading to depressed newsprint price levels.
3. There may be conditions in the relationship of buyers and sellers in the market that tend to downward bias a natural equilibrium in the market that would enable efficient Canadian producers to be acceptably

profitable. The purpose of the framework then becomes to provide a basis to explore the third assumption.

#### OBJECTIVES

The objectives of the framework are the following:

1. To develop a basis for understanding and analyzing the complex multiple-effects pricing phenomenon and its impact on Canadian newsprint producers.
2. To develop a coherent basis for aggregating and comparing different studies and perspectives on newsprint pricing in the North American newsprint market.
3. To view newsprint pricing from a behavioural/political negotiation/power perspective with economic antecedents rather than in terms of an oligopolistic commodity trading econometric approach (for example in 1.), particularly to provide perspective on the related issues of backward integration, equity ownership, captive production and board membership on Canadian newsprint producers by American publishing companies.
4. To provide a cohesive structure to project present trends in the industry into different pricing parameters in order to suggest directions that newsprint pricing may take in the future.



## BASIC STRUCTURE OF THE FRAMEWORK

The basic structure of the framework is composed of two related models:

1) Aggregate Model: based on the longer-term "average industry list price" for newsprint which aggregates and averages all of the negotiated contractual commitments between all North American newsprint buyers (publishers) and producers at a particular point in time.

2) Disaggregate Model: based on a single contract negotiation between a single Canadian newsprint producer and a single American publisher, to consider price discounting, spot newsprint buying, and different forms of backward integration, which are difficult to look at in the aggregate, but which may have a profound impact on aggregate market conditions.

The framework is based on two sets of variables which are suggested to be prime determinants of the bargaining behavior of the newsprint suppliers and users. Identification of these variables in the model allows analysis and speculation on how current trends have and will influence each, and therefore influence newsprint pricing. They should also enable other studies on the newsprint industry with widely divergent conceptual and empirical bases to be effectively compared and to some

degree, aggregated.

#### THE AGGREGATE MODEL

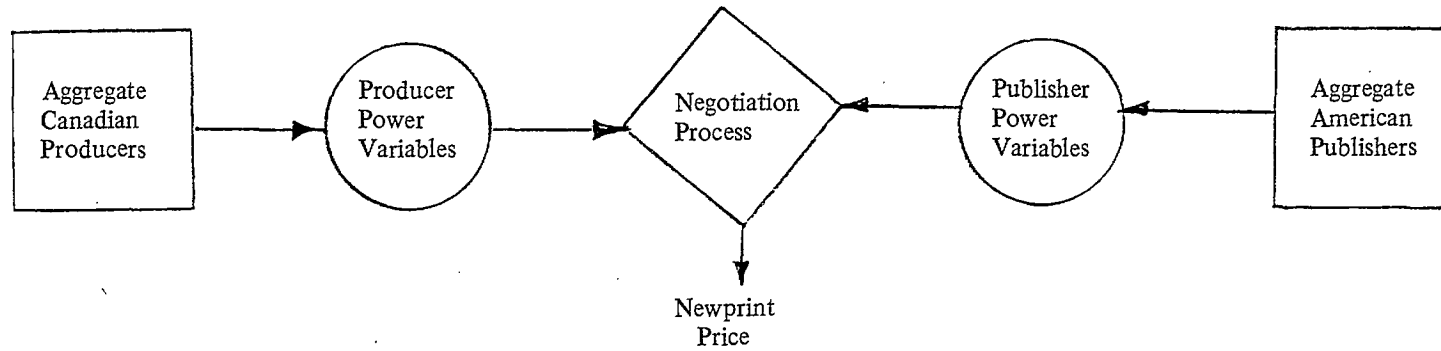
The aggregate model is shown in its simplest form in Figure 1. As shown, it is viewed as a behavioral/political negotiation/power model in which the traditional oligopolistic commodity-trading variables appear as behavioral antecedents. The model simply suggests that newsprint pricing is a function of the relative bargaining power positions of producers and publishers. This perspective differs from a pure economic viewpoint. In this view, actual newsprint "trading" differs markedly from a simple commodity trade with continual and widely communicated shifts in the 'trading price'. Most available evidence shows wide deviation in the terms of individual newsprint sales. (1,3,17)

Each individual contract negotiation tends to result in a different combination of price, discount (i.e. effective price), term of contract, method of delivery, inventory holding arrangements, terms of payment, etc. It is clear that all trades do not take place at any commonly agreed commodity price. Any clearcut distinction between "spot" newsprint pricing and contractual pricing is at least partially spurious. Further, the non-price terms of newsprint contracts can clearly be translated



FIGURE 1

An Overview of the Aggregate Model



into effective pricing implications. Viewing newsprint trading as purely commodity trading is extremely misleading.

The realities of the market suggest the negotiating power model as a more useful approach to the problem of pricing. Two sets of variables can be identified, producer power variables, which influence the Canadian producer's collective ability to put upward pressure on newsprint prices, and publisher power variables, which influence the American publisher's collective ability to put downward pressure on newsprint prices.

It is clear that some of the same variables could either increase producer power or reduce publisher power and vice-versa; the variables are denoted as influencing either producer or publisher on the basis of the degree of controlability, the degree of information each party would have over the particular variable, and the extent to which each variable is taken into the decision process of the two negotiators.

The set of variables which are suggested to have the greatest influence on aggregate producer power are shown in Table 1. A brief explanation of the direction of effect of each as an influence on bargaining power is useful here. Most are fairly obvious, and do not require

TABLE 1

## Aggregate Model – Producer Power Variables

Variable	Symbol	Effect of increase on aggregate producer power
1) Canadian producer inventory at time t	$CINV_t^*$	reduces
2) Anticipated Canadian producer inventory at time t+1, t+2	$CINV_{t+1}, CINV_{t+2}, \dots$	reduces
3) American producer inventory at time t	$AINV_t$	reduces
4) Anticipated U.S. producer inventory at time t+1, t+2	$AINV_{t+1}, AINV_{t+2}, \dots$	reduces
5) Canadian producer variable cost per ton	$CVCT_t$	reduces
6) American producer variable cost per ton	$AVCT_t$	increases
7) Canadian producer capacity utilization**	$CCAP_t$	increases
8) Anticipated Canadian producer capacity utilization	$CCAP_{t+1}, CCAP_{t+2}, \dots$	increases
9) American producer capacity utilization	$ACAP_t$	increases
10) Anticipated American producer capacity utilization	$ACAP_{t+1}, ACAP_{t+2}, \dots$	increases*
11) Canadian producer capacity in other products	$OPRO_t$	increases
12) Anticipated Canadian producer capacity in other products	$OPRO_{t+1}, OPRO_{t+2}, \dots$	increases
13) Value of the Canadian dollar against the U.S. dollar <sup>+</sup>	$DOLL_t$	reduces
14) Canadian producer sales to overseas customers <sup>++</sup>	$OVER_t$	increases
15) Anticipated Canadian producer sales to overseas customers	$OVER_{t+1}, OVER_{t+2}, \dots$	increases
16) Price levels for Canadian producer sales to overseas customers	$POVE_t$	increases

\* t represents a particular point in time.

\*\* The impact of aggregate capacity utilization in its relation to price is extensively explored in (1).

+ American producer sales to overseas customers have been historically of small importance (1).

++ The impact of this variable was demonstrated in 1970 in an upward move of the Canadian dollar (1).

much elaboration.

1. Increases in the current and expected levels of Canadian producer inventories will tend to reduce producer power to elevate newsprint price.
2. Increases in current and expected American producer inventories will tend to reduce producer power to elevate price.
3. Increases in Canadian producer variable cost per ton will tend to reduce producer power to elevate price.
4. Increases in American producer variable cost per ton will tend to increase producer power to elevate price.
5. Increases in current and expected Canadian producer capacity utilization will tend to increase producer power to elevate price.
6. Increases in current and expected American producer capacity utilization will tend to increase producer power to elevate price.
7. Increases in current and expected Canadian producer capacity in other products will tend to increase producer power to elevate price.
8. Increases in the value of the Canadian dollar against the U.S. dollar will tend to reduce producer power to elevate price.

9. Increases in current and expected Canadian producer sales to overseas customers will tend to increase producer power to elevate price.
10. Increases in the price levels for Canadian producer sales to overseas customers will tend to increase producer power to elevate price.

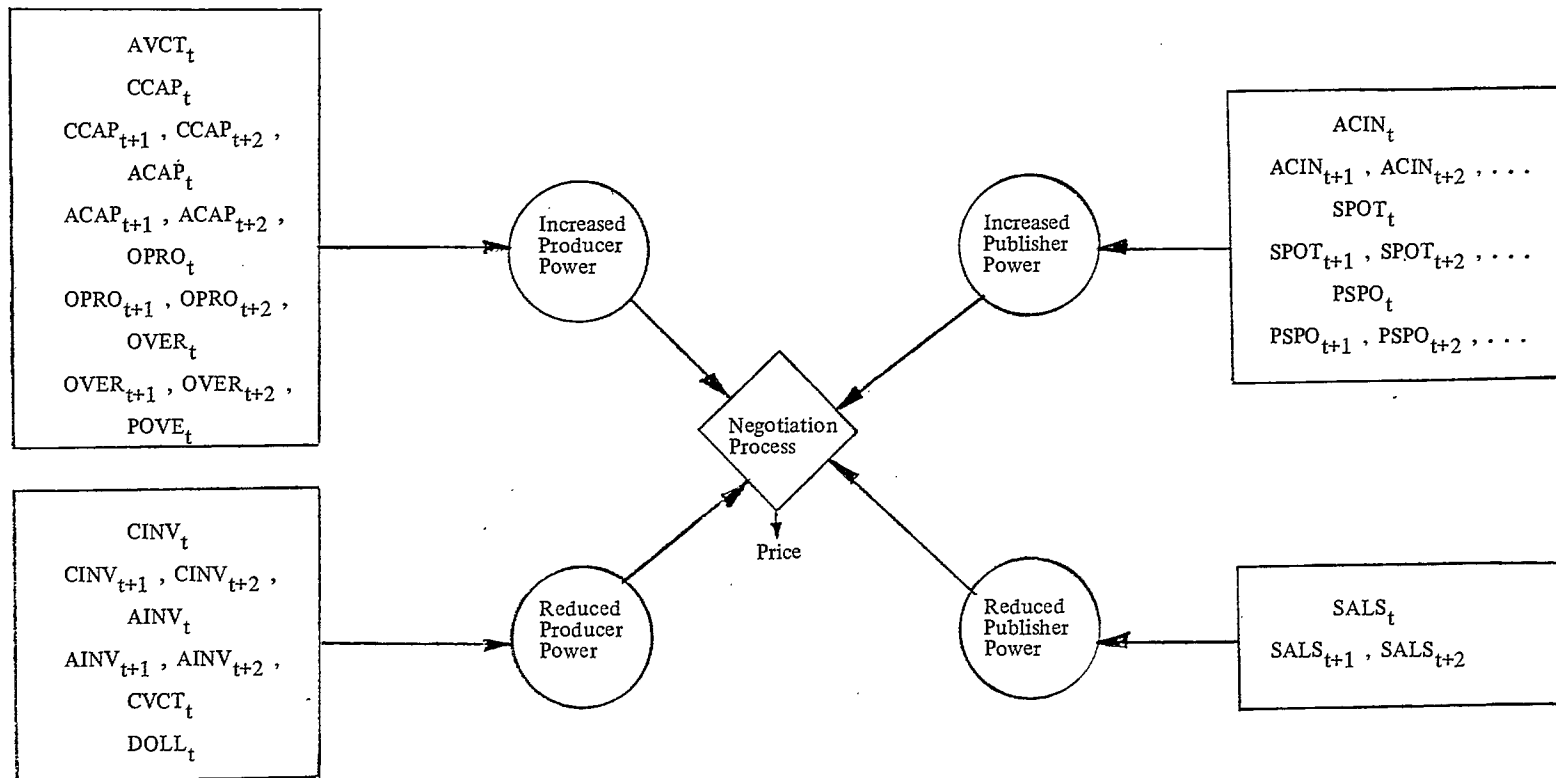
The model is shown in more detail schematically in Figure 2.

#### Implications of the Aggregate Model

The aggregate model has some simple, and perhaps obvious implications. The set of conditions which will tend to increase the power of Canadian producers to elevate newsprint price to a level high enough to enhance industry profitability will be the following:

- a) relatively low inventory levels
- b) high capacity utilization
- c) reduced variable costs
- d) high capacity in other products
- e) a devalued Canadian dollar
- f) high overseas newsprint sales
- g) high prices for overseas newsprint sales.

FIGURE 2  
The Aggregate Model



The set of variables which have the greatest influence on aggregate publisher power are shown in Table

2. As shown,

1. Increases in current and expected U.S. publisher newsprint inventory levels will tend to increase publisher power to stabilize newsprint prices.
2. Increases in current and expected U.S. publisher sales will tend to reduce publisher power.
3. Increases in the current and future availability of spot newsprint will tend to increase publisher power.
4. Increases in the current and expected price levels for spot newsprint will tend to reduce publisher power.

The framework suggests that the following set of conditions will tend to increase the aggregate power of American publishers to stabilize newsprint prices (or decrease by negotiating larger discounts in particular contracts);

- a) high inventory levels
- b) low publishing sales
- c) high availability of spot newsprint
- d) low price levels for spot newsprint.



TABLE 2

## Aggregate Model: Publisher Power Variables

Variable	Symbol	Effect of increase on aggregate publisher power
1) U.S. publisher inventory at time t	$ACIN_t$	increases
2) Anticipated publisher inventory	$ACIN_{t+1}, ACIN_{t+2}, \dots$	increases
3) U.S. publisher circulation sales at time t (proxy for newsprint demand)	$SALS_t$	reduces
4) Anticipated U.S. publisher circulation sales	$SALS_{t+1}, SALS_{t+2}, \dots$	reduces
5) Availability of spot newsprint	$SPOT_t$	increases
6) Anticipated availability of spot newsprint	$SPOT_{t+1}, SPOT_{t+2}, \dots$	increases
7) Price level for spot newsprint	$SPOT_t$	reduces
8) Anticipated price leads for spot newsprint	$PSPO_{t+1}, PSPO_{t+2}, \dots$	reduces

## THE DISAGGREGATE MODEL

The disaggregate model is essentially identical to the aggregate model, but recognizes that individual producers and publishers have very different relationships than can be represented in the aggregate, and that likely produce very different effects in the nature of individual price contractual negotiations.

The model is presented in its simplest form in Figure 3. The set of variables which have the greatest impact on individual producer power are shown in Table 3.

The following are the basic directions of effect in the model;

1. Increases in current and expected inventory will tend to reduce producer power to elevate newsprint price for a particular contract.
2. Increases in variable cost per ton will tend to reduce producer power.
3. Increases in current and expected capacity utilization will tend to increase producer power.
4. Increases in current and expected capacity in other products will tend to increase producer power.

The implications of this are clear in any set of aggregate conditions, the producers who will tend to have

FIGURE 3

An Overview of the Disaggregate Model

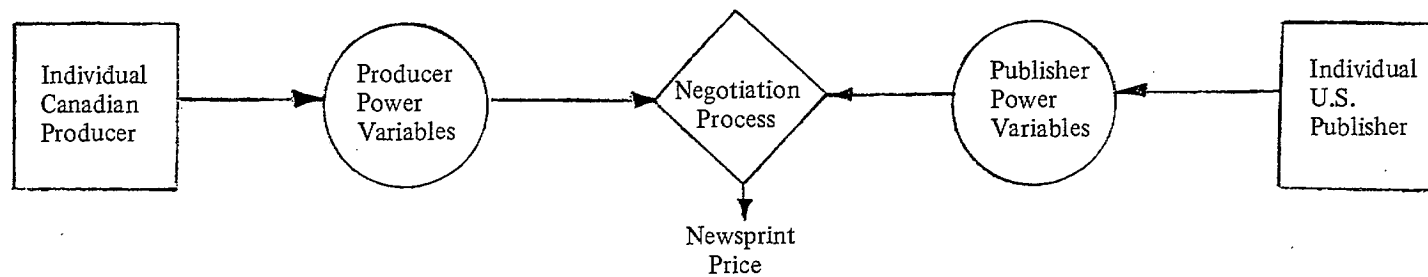


TABLE 3

## Disaggregate Model – Producer Power Variables

Variable	Symbol	Effect of increase on producer power
1) Inventory at time t	$CINV_t$	reduces
2) Anticipated inventory	$CINV_{t+1}, CINV_{t+2}, \dots$	reduces
3) Variable production costs per ton	$CVCT_t$	reduces
4) Capacity utilization	$CCAP_t$	increases
5) Anticipated capacity utilization	$CCAP_{t+1}, CCAP_{t+2}, \dots$	increases
6) Capacity in other products	$OPRO_t$	increases
7) Anticipated capacity in other products	$OPRO_{t+1}, OPRO_{t+2}, \dots$	increases

the greatest power in a particular contract negotiation will be those with;

- a) the lowest inventory levels
- b) the lowest variable cost per ton
- c) the highest capacity utilization
- d) the highest capacity in other products.

? Price levels?

The set of variables that have the greatest impact on publisher power in the disaggregate model are shown in Table 4.

1. Greater current and anticipated availability of spot newsprint will tend to increase publisher power to reduce newsprint price for the particular transaction (renegotiate for a higher discount).
2. Higher current and expected price levels for spot newsprint will tend to reduce publisher power.
3. Greater current and anticipated newsprint inventory levels will tend to increase publisher power.
4. Greater current and anticipated publishing sales levels will tend to reduce publisher power.
5. Greater equity ownership in a producer company (in any of the many forms this can take\*) will tend to increase publisher power.

\*This particular issue is explored later.

TABLE 4

## Disaggregate Model — Publisher Power Variables

Variable	Symbol	Effect of increase on publisher power
1) Availability of spot newsprint*	$SPOT_t$	increases
2) Anticipated availability of spot newsprint	$SPOT_{t+1}, SPOT_{t+2}, \dots$	increases
3) Price of spot newsprint	$PSPO_t$	reduces
4) Anticipated prices of spot newsprint	$PSPO_{t+1}, PSPO_{t+2}, \dots$	reduces
5) Inventory position	$ACIN_t$	increases
6) Anticipated inventory position	$ACIN_{t+1}, ACIN_{t+2}, \dots$	increases
7) Publishing sales (proxy for newsprint demand)	$SALS_t$	reduces
8) Anticipated publishing sales	$SALS_{t+1}, SALS_{t+2}, \dots$	reduces
9) Equity ownership in producer company	$OWNE_t$	increases

\*Approximately 10 percent of newsprint purchases in North America are made on the spot market (1). There is also evidence of large differences between spot prices and aggregate long-term contractual prices (1).

In a particular contract negotiation in any set of aggregate conditions, the publishers who will tend to have the greatest power in a particular contract negotiation will be those with;

- a) the greatest availability of a spot newsprint buy
- b) the lowest price for available spot newsprint buys
- c) the greatest existing newsprint inventory levels
- d) the lowest publishing sales
- e) the greatest equity ownership in a producer company.

*what about the largest requirements?*

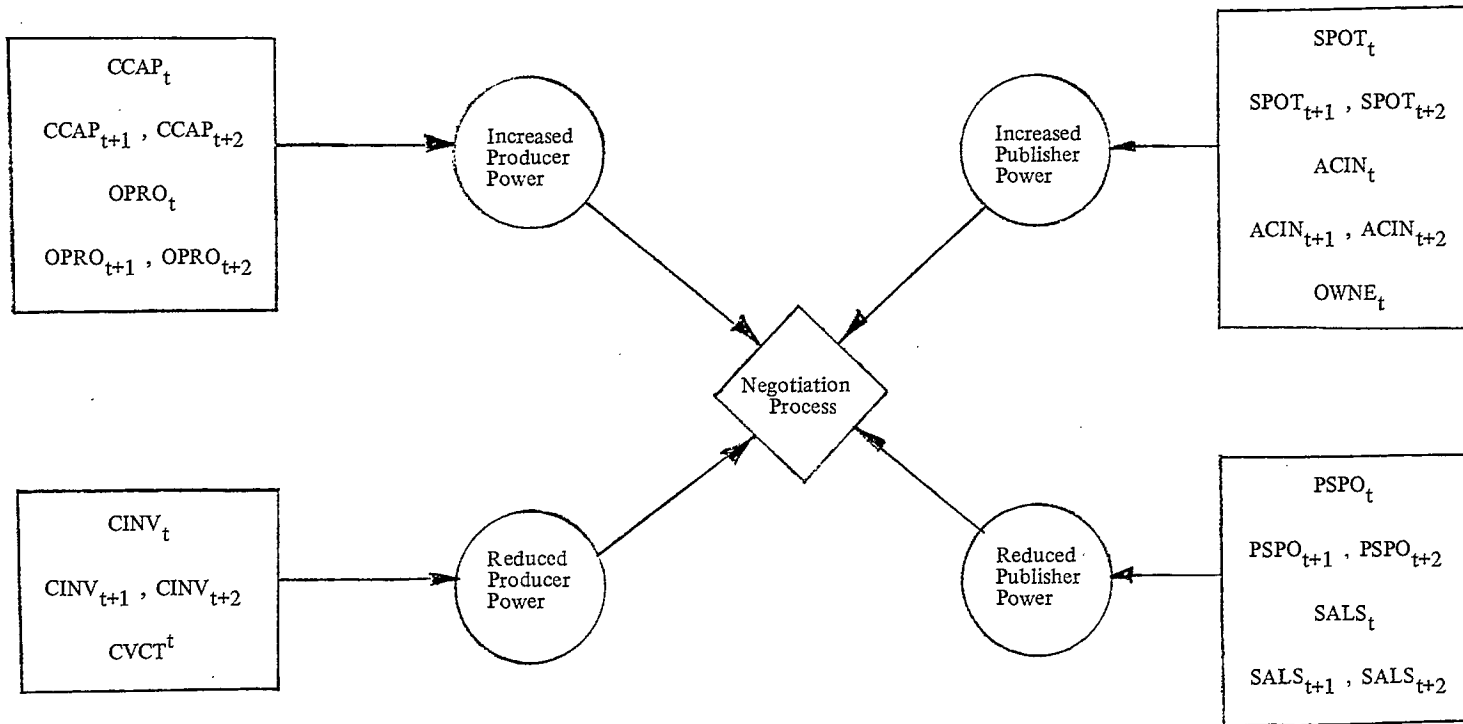
The complete disaggregate model is shown schematically in Figure 4.

#### Implications of the Disaggregate Model

The major implications of the disaggregate model are really contingent on certain conditions in the aggregate model. Clearly, for purposes of overall policy implications, the aggregate model must be the basis. Conditions in the aggregate obviously have a profound bearing on individual producer behavior, and vice-versa. For example, low capacity utilization in the aggregate may lead to excess production and more dealing in spot newsprint quantities.



FIGURE 4  
The Disaggregate Model



In any particular transaction, greater publisher power will tend to lead to price discounting on the particular contract. This framework suggests that price discounting is not an aggregate producer phenomena but one related to relative producer/publisher power in particular transactions.

#### CURRENT INDUSTRY TRENDS AND EFFECTS ON PRODUCER AND PUBLISHER POWER

To illustrate one use of the approach developed, Table 5 outlines some current industry trends and their potential impact on various producer power variables, and therefore, on newsprint price.

A look at Table 5 shows a troubling situation; that most of the current trends will tend to reduce the power of Canadian newsprint producers to put upward pressure on newsprint prices. This of course takes no account of the relative power of each effect, but is troubling nonetheless.

Table 6 outlines some potential effects of current trends on U.S. publisher power. As shown, all of the trends could tend to increase the power of U.S. publishers to stabilize prices in the aggregate by negotiating for higher discount percentages in individual transactions.

TABLE 5

**Aggregate Model: Trends and Effects on  
Producer Power Variables**

Variable	Symbol	Trends and Effects on Producer Power
1) Canadian producer inventory	$CINV_t$	Continued industry mill by mill government support will increase, so <u>reduce</u> Canadian producer power. (9)
2) American producer inventory	$AINV_t$	Lower U.S. variable costs will tend to hold down, so <u>reduce</u> Canadian producer power. U.S. southern production will increase, so <u>increase</u> Canadian producer power. (9)
3) Canadian producer variable cost per ton	$CVCT_t$	Poor economic conditions, increased provincial welfare and unemployment payments will tend to increase stumpage cost, <u>reduce</u> producer power. Lifting of AIB will tend to boost labor costs, <u>reduce</u> producer power. Continued industry mill by mill support will keep high variable cost inefficient mills in operation, and delay new TMP process and operating cost reduction, so <u>reduce</u> producer power. Energy costs are likely to increase, particularly Quebec Hydro costs, so <u>reduce</u> producer power.
4) American producer variable cost per ton	$AVCT_t$	New southern plant processes will <u>reduce</u> U.S. producer variable costs, so <u>reduce</u> Canadian producer power. (9) Labor costs will tend to rise with influx of new industry and potential unionization so <u>increase</u> Canadian producer power. Stumpage costs may tend to increase, so <u>increase</u> Canadian producer power.
5) Canadian producer capacity utilization	$CCAP_t$	Continued government industry mill by mill support may keep all producers below full capacity, so <u>reduce</u> producer power. Technological changes in both new processes (TMP) and process (machine) modifications will tend to increase capacity, so <u>reduce</u> producer power.
6) American producer capacity utilization	$ACAP_t$	Better competitive position with U.S. publishers will tend to keep high, so <u>reduce</u> producer power.
7) Canadian producer capacity in other products	$OPRO_t$	Canadian producer skills in specialized papers will tend to increase this, so <u>increase</u> producer power.
8) Value of the Canadian dollar against the U.S. dollar	$DOLL_t$	Likely to continue to decline, particularly in view of the Quebec situation, so <u>increase</u> producer power.
9) Canadian producer sale to overseas customers	$OVER_t$	Likely to decline or stabilize; for example, in South America (9) and Europe (9). <i>decrease!</i>

*agg model may be OK  
Design X*

TABLE 6

Aggregate Model: Trends and Effects on  
Publisher Power Variables

Variable	Symbol	Trends and Effects on Publisher Power
1) U.S. publisher inventory	ACIN <sub>t</sub>	No identifiable trend.
2) U.S. publisher circulation sales (proxy for newsprint demand)	SALS <sub>t</sub>	<p>Some evidence of sales stabilization, which <u>increases</u> publisher power.</p> <p>Some publishers going to reduced column, with smaller print, which reduces demand for newsprint, which <u>increases</u> publisher power.</p> <p>Some publishers using lighter weight paper, which reduces demand, which <u>increases</u> publisher power.</p> <p>Some publishers going to recycled newsprint stock, which reduces demand, which <u>increases</u> publisher power.</p> <p>Rising prices of specialty papers will force publishers to substitute newsprint, which <u>reduces</u> publisher power.</p>
3) Availability of spot newsprint	SPOT <sub>t</sub>	Continued trend to overcapacity will tend to keep high, which <u>increases</u> publisher power.
4) Price levels for spot newsprint	PSPO <sub>t</sub>	Continued overcapacity will tend to reduce, which <u>increases</u> publisher power.



THE SPECIAL ROLE OF AMERICAN PUBLISHERS  
BACKWARD INTEGRATION

The involvement of American publishers in various ways with Canadian newsprint producers is well documented (8, 9). The perspective this framework takes is best illustrated by the question "how does backward <sup>integration</sup> influence the relative power of newsprint producers and publishers in influencing newsprint prices? The framework suggests that the influences may be considerable, and manifest themselves in more complex ways that are immediately evident.

Several different kinds of backward integration have been documented (8, 9). These can be listed in some ascending rank order of their impact on publisher power in the price negotiation process.

- 1) Contracting specific mill capacity/captive milling.
- 2) Directorship representation/equity ownership.

1) Contracting specific mill capacity/captive milling.

Contracting for the entire output of a specific mill or actually purchasing a mill for captive milling are viewed here in essentially the same light. In over-capacity conditions, it may be attractive for producers

to tie up the capacity of a particular mill. From an investment standpoint, it may be questionable from a publisher's point of view. But, in the current over-capacity conditions, the publisher has the power to get a good price. In the aggregate, widespread captive milling producers will likely further reduce the power of other producers by lowering their capacity utilization, unless they are free to shut down inefficient operations at their discretion.

2) Directorship representation/equity ownership.

The above conditions tend to go together, so will be discussed together here. There are two ways in which they may enhance publisher power;

- a) direct decision-making influence
- b) information influence.

a) Direct Decision-Making Influence

Board membership and its usual precedent equity ownership provide direct influence on decisions which may clearly, from the model, enhance publisher power to exert downward influence on newsprint price. The most important of these decisions are the following:

- i) Decisions to hold higher levels of newsprint inventory.
- ii) Decisions to increase newsprint capacity, either by current equipment modification or

*Conspiracy view  
of the world!  
evidence?*

by acquisition of new capital equipment.

- iii) Decisions to increase capacity in products other than newsprint.
- iv) Decisions on sales of newsprint to overseas customers, both in terms of income and terms of sale.

Clearly, direct influence on these decisions at the Board level could enhance even more the negotiating power of specific American publishers.

#### b) Information Influence

Even if there is no direct decision influence as described above, merely having information on producer decisions can enable a publisher to make decisions that take advantage of the information, and enable him to enhance his own negotiating power.

For example:

Information on producer holding higher inventory.	→	Could enhance publisher power to push for higher discount in a particular contract.	→	But could also influence other publisher decisions which enhance future negotiating power, such as publisher inventory levels.
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THE USE OF THE FRAMEWORK IN EXAMINING  
NEWSPRINT PRICING

The development of this framework has been purposely heuristic and conceptual rather than empirical. The use of the framework is primarily for an alternative perspective for viewing past and future developments in newsprint pricing. It suggests that upward movement in newsprint prices, or the alternate stabilization of prices can be explained by the relative power of aggregate and individual newsprint producers and publishers in the market place. Viewing the price negotiation process as a political process predicted on more than oligopolistic/oligopsonistic economic parameters allows for a more realistic view of the dilemmas facing the Canadian Newsprint Industry, and of the impact of the growing relationships between U.S. Publishers and Canadian newsprint producers.

Specifically, the following applications of the framework are expected to be most useful;

1. As illustrated in Table 5, current trends can be examined in their impact on the relative negotiating power of both individual and aggregate Canadian producers.
2. As illustrated in Table 7, specific policy alternatives can be examined in a similar way.

3. Perhaps most importantly, the large number of reports and studies emanating on the newsprint industry can be referenced to a single framework. Specific reports are looking at a wide variety of industry structure and performance variables such as capacity utilization, labor costs, raw material costs, energy costs, shifts in mill location and capital investment, and so on. All of these changes can be viewed in their impact on the relative negotiating power of producers and publishers, and therefore on the pricing impact. Using the framework, several alternative contingent scenarios for pricing behavior could be constructed as a basis for policy decision-making.

#### SOME POTENTIAL APPROACHES TO IMPROVING PRODUCER POWER

As outlined, the intent of this framework was to provide a basis for examining the pricing issue. However, some potential policy implications can at least be speculated on to illustrate the use of the framework. These are briefly outlined in Table 7.

The first relates to the Canadian producer's variable costs relative to competing North American producers. In the discussion of current trends, it was noted that

TABLE 7

**Aggregate Model: Potential Approaches to  
Improving Canadian Producer Power**

Trends which may reduce Canadian Producer Power	Affected Variable	Potential approach to Improve
1) Increased Canadian Producer Variable Product costs relative to competing countries	CVCT <sub>t</sub>	a) Continued stabilization of hourly wage rates by AIB or parallel regulatory mechanism.  b) A modified approach to stumpage pricing, perhaps tied to end product profitability or total process variable costs, or other criteria.  c) Lessening of government support in keeping uneconomic regional mills in operation to allow lower variable cost mills to increase capacity utilization. Clearly, this involves a trade-off in the employment maintenance criteria of government policy in this area.
2) Decreased Canadian capacity utilization	CCAP <sub>t</sub>	(c) above is most important.

practically all evidence indicates increasing Canadian variable costs. Labor costs are a troublesome and large component of these costs, particularly for the older and less efficient mills. Continued stabilization of wage rates in the country would appear to be critical.

Unregulated wage demands approaching pre-AIB levels could clearly have a disastrous effect on the power of Canadian producers to operate at profitable price levels.

The second implication relates to capacity utilization, and this issue bears directly on the modernization issue. Simply put, inefficient productive capacity should be shut down at the discretion of producer companies. Government assistance to keep required mills open in order to address the unemployment issue are very questionable and potentially counterproductive in the long run and may contribute to aggregate and individual producer loss of power in the marketplace through their implicit contribution to over-capacity.

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