

# BROKE QUOTA, 'DIGEST' FINED TOTAL OF \$10,000

In the first prosecution of its kind in Canada, Magazine Digest Co. Ltd. was yesterday fined a total of \$10,000 Saturday on five charges of breaches of regulations concerning the use of paper rationed under a formula devised by the Wartime Prices and Trade Board, with the technical assistance of Canadian publishers.

The Magazine Digest Co., through its counsel, Arthur Slaght, pleaded guilty to charges of using and purchasing paper in excess of the tonnage allocated by permit issued by the administrator of Publishing, Printing and Allied Industries.

J. J. Robinette, special prosecutor, introduced evidence that the Magazine Digest during the first nine months of 1944 had use 161 tons more than permitted under the quota allocated to the publication, and had exceeded its purchase quota by 278 tons. The company also pleaded guilty to making a false statement regarding the paper tonnage used during the period of January to June.

### Advised by Publishers

Describing the formula under which paper is rationed to publishers, John Atkins, administrator of publishing and printing, testified that when it became apparent that there was a shortage of paper, the W.P.T.B. sought the technical advice of the publishers and worked out a formula for the allocation of the paper available for Canadian use.

In order that there would be no infringement on the freedom of the press, the parties to the formula were insistent that the administrator have no authority to go beyond the quota system in allocating newsprint or paper to individual publishers.

Though he had received many requests for additional supplies of paper, in no case had he made any special allocations to any paper "for any reason whatsoever," Mr. Atkins said, adding the requests were all declined because they went beyond the formula.

### Request Rejected

Allocation quotas for the United States, Canada and the United Kingdom were worked out at a joint board meeting in Washington, he said. A request for more paper from Magazine Digest had been declined.

To Mr. Slaght, the administrator said that the Magazine Digest has been placed on short rations until the over-use is made good.

Mr. Slaght suggested that 95 per

cent of Canada's paper production goes to other countries. The administrator replied that the percentage was not that high.

William A. Deacon, assistant administrator, who submitted reports on over-use of paper by Magazine Digest, said that there had been a flagrant abuse of the regulations.

### Million Copies Month in Order

As a comparative newcomer in the publishing field, Magazine Digest is placed in an unfavorable position, Mr. Slaght said, adding that the publication had grown tremendously and has orders for a million copies a month in the United States, though it can now only print a total of 112,000 copies.

The publication carries no advertising and under the excess profits act, all net profits over \$5,000 a year are turned back to the Government, Mr. Slaght said. In October, the company paid \$14,500 tax on its \$15,000 profit, he said.

As a purely Canadian publication with a large circulation in the United States, Magazine Digest does an excellent job for Canada in bringing Canadian events to the attention of the American public, said Mr. Slaght.

Replying to Mr. Slaght, Mr. Robinette said that every newspaper and magazine would be in a position to increase its circulation were more paper made available.

"The serious aspect of this case is that after repeatedly having requests for more paper rejected, the publication took the law in its own hands and purchased more paper than permitted.

"This is the first case in Canada where there has been any violation by a publisher of the newsprint regulations and I am in the position where I have to ask for a heavy penalty," Mr. Robinette told the court.

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