

Notes for remarks  
by John Macfarlane  
Chair, The Writers' Trust of Canada  
to the Canadian Club

Monday, March 5, 2001

I used to work for a man who gave a lot of speeches. He got paid to make them, which was remarkable, I thought, because he gave the same speech, give or take a few ad libs, every time. Anyway, on one of the infrequent occasions I was called upon to speak in public, he gave me this advise: start with a joke, end with a joke.

To begin, then—and with apologies to anyone who's heard it before—an old book publishing joke:

Three months after joining the publishing house, the new chief financial officer rushes into the president's office.

"I've got the answer," he says. "I know how to put this company into the black."

The president, who's spent years hoping to discover the secret of profitable publishing, asks how.

"It's simple," says the new CFO. "From now on, we publish only best sellers."

Ah, yes. If only the size of a book's audience were that obvi-

-2-

ous before it went off to the printer.

Thank you for coming here today. My message to you is a simple one. And it is this: despite what you may have been told, size matters. At least it does when it comes to countries. In a country like Canada—in land mass the biggest in the world, but small in population—you'd think this would be well understood. You'd think they'd teach it in school—size matters, kids—but they don't, which is why I was in my thirties before I realized that it can be a hardship to be both big and small in the way Canada is. And, what's more, that this—size—is one of the central facts of Canadian economic life.

Had I studied economics, I might have grasped this sooner. Instead, I was watching late night television. It was the early 1970s, and the CBC was putting Peter Gzowski up against Johnny Carson. I was, as I often did, watching both. The Gzowski show usually suffered by comparison. It was badly produced, and Gzowski, who had distinguished himself as editor of *Macleans* and the host of CBC radio's *This Country in the Morning*, was uncomfortable on television. On this night, however, Gzowski's was the better of the two shows, which caused me to wonder how it was that one of these two men was an international celebrity while the other, as someone I once worked with would have

-3-

observed, was world famous in Canada. The difference between them wasn't the size of their talent, even if you conceded, as I was inclined to do, that most nights Carson was the more gifted talk show host. The difference was the size of their audiences. One of them worked in a country of two hundred and fifty million people, the other in a country with less than a tenth that number of English speakers, which meant that even if they were equally talented and attracted the same share of their respective markets the American would have more than ten times the number of viewers. Johnny Carson was a celebrity on a scale Peter Gzowski, a Canadian, could only dream of, not because he was that much more talented but because the United States was that much more populous. Suddenly, I understood: size matters.

The intractability of this truth was brought home to me some years later when I found myself publishing *Saturday Night*. At the time, the magazine had a circulation of about a hundred and twenty-five thousand and was losing money. My job, as I reminded myself every day—and was not infrequently reminded by my employer—was to make it profitable, and for quite a long time—seven years, to be precise—I laboured earnestly and full of hope in the pursuit of that goal. It took me a long time—seven years, to be precise—to realize that for *Saturday Night*, as it was

-4-

then configured, profitability was an impossibility because—of course—the country was too small. To attract more advertisers the magazine needed more readers, but how could it attract more readers when it already had more of them, as a percentage of the total market, than the *New Yorker*, the *Atlantic* and *Harpers* combined? Put another way, how could you possibly expect to make money publishing such a magazine in Canada when comparable magazines—the *New Yorker*, the *Atlantic* and *Harpers*—barely survived in the vastly larger, to say nothing of richer, market to the south? It was just as I was coming to terms with the futility of my assignment that Conrad Black bought the magazine and, shall we say, set me free. In moments of self doubt, I console myself with the knowledge that a fellow as smart as Conrad Black may have made the same miscalculation.

Size matters, all right, but nowhere, as I was later to discover, is it of greater consequence than in the writing and publishing of books, which is what I want to talk about today. Twelve years ago, Jan Walter, Garry Ross and I started Macfarlane Walter & Ross, which—I say with some pride—has published many fine books and more than a few best-sellers. I take precious little credit: you could write a book about what I didn't know about book publishing twelve years ago. I didn't know, for instance, that the

-5-

writing and publishing of books in a country as small as Canada is fundamentally untenable. The economics don't work, and to understand why you need only do the math. When you buy a book for, say, forty dollars, almost half goes to the book sellers (who, by the way, buy on consignment, which means that what they don't sell they return); the cost of manufacturing the book (typesetting, design, printing and binding) is typically twenty percent; for writing the book the author gets a royalty of ten to fifteen percent, depending on how well it sells (the higher the sale the higher the royalty); which leaves the publisher fifteen to twenty percent to cover the costs of sales and marketing, warehousing and distribution, overheads and—oh, yes—profit. The margins in book publishing are miniscule, which is okay if the market is big. And the market is big if you're publishing big-time novelists like Margaret Atwood or Michael Ondaatje whose books sell like beanie babies all over the world. But it's not at all okay if you're publishing a novelist the world hasn't yet discovered or a writer of Canadian non-fiction, which is what we publish at Macfarlane Walter & Ross. Non-fiction doesn't, as they say, travel, so even the books of Pierre Berton, Peter C. Newman and Stevie Cameron go largely unread outside Canada.

It goes without saying that hardly anyone makes money pub-

-6-

lishing Canadian books, and that without government support we wouldn't have an industry. But the wonder is less that books get published in Canada than that they get written here. Again, do the math. When a publisher buys a book he gives the author an advance against the royalties. In many cases, this is the money the author will live on during the writing of the book. Let's assume the publisher believes the book could be a best seller, which in Canada often means a sale of fewer than ten thousand copies. The royalty on ten thousand forty-dollar books would be forty-five thousand dollars, so that's what the publisher—who may or may not be right in his estimate; after all, he hasn't yet seen the finished book—advances the author. It sounds pretty good, but this is forty-five thousand for one, two or three year's work. Hardly a living wage—and remember, this is a potential best-seller! The advance on most Canadian books is considerably less. Advances are larger in the United States, of course, not because American publishers have bigger hearts, but because they sell into a bigger market. A best seller in the United States isn't ten thousand; it's more like fifty or a hundred thousand. The advance on a book that might sell fifty thousand copies isn't forty-five thousand dollars; it's more like two hundred and fifty thousand dollars. Carson and Gzowski. Size matters.

-7-

The wonder, as I said, is that books get written here. But, of course, they do. We live in the golden age of Canadian writing. Our authors—it seems routinely—win international prizes. You can peer into the windows of bookshops throughout the world and see their books on prominent display in a dozen languages. The conclusion—that it's a great time to be a Canadian writer—is inescapable. Yet I'd bet that fewer than a hundred Canadian writers have an average annual income greater than that of a police sergeant. A few, of course, earn more, but most are forced either to live a marginal existence or—just as bad—to support themselves in other ways, by teaching or writing newspaper columns or whatever, which means they aren't writing and there are books we'll never get to read. Not because they don't want to write them. Not because they don't have the talent to write them. And not because there aren't people who want to read them. It's economics. Size matters.

Margaret Atwood likes to say that the seven thousand dollars the Canada Council gave her at the beginning of her career was the best investment the Canadian government ever made. She may be right. She's made a lot of money for publishers, printers and book sellers. But right or wrong, there's no doubt that that seven thousand dollars paid a handsome dividend, as there's no

-8-

doubt that without the Canada Council and its provincial counterparts we would not now be living in this golden age of Canadian literature. Insignificant as it may have been in the scheme of things (the federal government spends more maintaining the grounds on Parliament Hill), the money the Canada Council gave Atwood and dozens of others made it possible for them to write the books whose titles now resonate around the world. And the lesson to be drawn from this, surely, is that grants, subsidies and other forms of support work. And what anyone who cares about Canadian writing would conclude from this is that we should keep on providing them. Actually no: anyone who really cares about Canadian writing would conclude that we should do more.

Enter the Writers' Trust, whose mission is to advance Canadian writing by providing financial support to Canadian writers. We do this in three ways. We run an awards program, which includes the three prizes we're presenting today: The Rogers Writers' Trust Fiction Prize, the Pearson Writers' Trust Non-Fiction Prize, and the Drainie-Taylor Writers' Trust Biography Prize. We run Canada Book Day, now sponsored by the Toronto Dominion Bank, which encourages Canadians, especially young Canadians, to read Canadian books. And we run the Woodcock Fund, named for the man who conceived it, the late George

-9-

Woodcock, which provides emergency support for writers in financial crisis. For obvious reasons, we don't reveal the names of writers the Woodcock Fund assists. And you'd <sup>be</sup> shocked if we did, because in many cases you've read their books and know their names.

At the Writers' Trust we have a dream. We want Canada to be the best country in the world in which to be a writer. A country in which writers can have lives that allow them to write. A country in which writers in financial distress can get help. A country in which elderly writers do not live in poverty. It's an ambitious dream. Making it come true will require ongoing government support and millions of private sector dollars. Is it unattainable? Not unless Canadians refuse to help, which we think unlikely, since they so clearly love Canadian writing. So we're raising the ante. We're going to raise funds like we've never raised them before. In the next five years we hope to more than double the Trust's assets. And, as a first step in the realization of our dream, we're going to ensure that the Woodcock Fund, to which Margaret Atwood recently and generously donated a portion of her Booker Prize, has an endowment of two and half million dollars. We understand that size matters—but we also understand that in the writing and publishing of books, as in other aspects of

-10-

life, it isn't insurmountable.

I'm going to ignore my old boss' advice and close, not with a joke but a story. The publishing industry is often accused of being somewhat sleepy, and this news report in the *Birmingham Mercury* last January, seems to make the point.

The headline read: "Worker Dead at Desk for Five Days."

And the story went like this:

"Bosses of a publishing firm are trying to figure out why no one noticed one of their employees had been sitting dead at his desk for five days before anyone asked if he was feeling okay.

"George Turklebaum, 51, who had been employed as a proof-reader at the firm for 30 years, had a heart attack in the open plan office he shared with 23 other workers. He quietly passed away on Monday, but nobody noticed until Saturday when an office cleaner asked why he was still working.

"His boss said, 'George was always the first guy in each morning and the last to leave at night so no one found it unusual that he was in the same position all that time and didn't say anything. He was always absorbed in his work and kept much to himself.'

"A post mortem revealed he had been dead for five days after suffering a coronary. Ironically, he was proofreading medical

-11-

textbooks when he died.”

The story concludes with this word to the wise—or anyone who works in a publishing house: “You may want to give your co-workers a nudge occasionally.”

Consider yourselves nudged.

Thank-you.