

# Neither Angel nor Ogre: A Fairfax History

*A review of Gavin Souter's Company of Heralds.*

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Gavin Souter **Company of Heralds** Melbourne University Press, 1981, 683pp, \$24.60.

The novelty of a large media corporation baring the intimate workings of its upper echelons has helped bring wide acclaim to **Company of Heralds**. But Gavin Souter's history of John Fairfax Ltd and the **Sydney Morning Herald** is more than superior company history. It is a monumental addition to our knowledge of Australian mass media. By any standard it is great scholarship, immaculately researched and clearly written.

Souter devotes a quarter of his 600 page narrative to the **Herald's** first century, 1831-1931, while fully half deals with the more complex and hectic last 30 years. John Fairfax, a stout Congregationalist, and Charles Kemp bought the ten year old **Sydney Herald** in 1841, and soon established it as Sydney's leading newspaper. Its circulation strength was among Sydney's growing middle classes, its commercial soundness based in its volumes of advertising, while its politics were conservative and its news coverage sober but reliable — earning the epithet Granny while still an adolescent (1849). That basic formula carried the paper and the company securely for more than a century. Despite occasional excursions earlier, it is only within the last generation that John Fairfax has expanded and diversified into one of the four contemporary giants of Australian media.

Editorially, the **Herald** has marched backwards through much of the history it has witnessed. In the mid 19th century it was strongly opposed to democratic reforms, equating democracy with 'mobocracy', preferring the representation of interests based on property to the representation of people ('Without the humanising control of education, with minds uninstructed, judgments unformed, passions unregulated, tastes low, grovelling and debased — (the voters) will be utterly unfit to be entrusted with the responsibility . . .' (p37, see also p61). Later it opposed extending the franchise to women ('equality in political matters would be to ignore the essential distinction of their nature', p62). It condemned the Eureka stockade as 'the most wanton aggression against authority ever known in any country' (p57).

The **Herald** has always been the most Anglophile and most religious of Australian papers. Indeed for a long time the prime qualification to be editor was to be an English clergyman — all its 19th century editors being so qualified. The continuing importance of these themes was vividly demonstrated as late as 1970. The final occasion for the severing of relations between editor JD Pringle and the **Herald** was Sir Warwick Fairfax's reaction to two editorials which he considered too humanist<sup>1</sup> and too republican (p438). The habit of preferring English editors was broken little more than a decade ago. The Australian editors appointed to this august position have all been long-serving employees nearing sixty and/or themselves deeply Anglophile (Oxford-educated etc).

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It was natural for the **Herald** to support Britain in nearly all its imperial escapades. It favoured the immediate despatch of a NSW force to the Sudan after General Gordon's death, its patriotic fervour overcoming its usual insistence on proper legal process (pp90-1). It supported sending troops to the Boer War (p102) and to World War I, out of loyalty, self-respect and self-interest (p114), and campaigned zealously in favour of the conscription referenda (p118). It was strongly anti-appeasement in the late 1930s (pp170-2), and critical of the Australian government's lack of leadership in the early war years (p179, 195), although it found John Curtin's New Year message looking to America an unnecessary barb to Britain (pp227-8). The only reason it did not endorse British behaviour in the 1956 Suez crisis was that editor Pringle took the simple expedient of writing an editorial before the management had heard the news (p331).

The **Herald** was conservative in its news practices as well as its editorial views. It adopted belatedly most of the innovations in news presentation now taken for granted by modern readers. Most spectacularly the **Herald** only put news on its front page in April 1944 — the last of the Sydney papers to do so.<sup>2</sup> It introduced political cartoons in 1944 (p256) — more than half a century after **The Bulletin**. It began publishing photographs in 1908 (p106), but only appointed its first staff photographers in 1925 (p131). In terms of headlines and displays it was consistently more restrained than others. One gets the impression that if a Fairfax executive had been asked in 1970 about the 'New Journalism', the answer would have been a disquisition on the evils of Northcliffe.

The **Herald's** editorial conservatism has often been principled and occasionally enlightened, and has usually not prevented a relatively balanced reporting of the news. But sometimes it has been obdurate and shrill. The **Herald** was campaigning not reporting during the 1916 and 1917 conscription referenda. The successful No case was given little space or credence. (pp118-9). Similarly in the referendum to ban the Communist Party in 1950, its enthusiasm was not inhibited by considerations of civil liberties, and 'it again temporarily forsook John Fairfax's policy of equal justice to all' (p284). The traumas of the Depression and Lang's turbulent premiership scarred all the press. In the feverish atmosphere, the **Herald** even made two relatively friendly editorial references to the New Guard (pp139-41). Perhaps unsurprisingly, it has taken a generous view of vice-regal prerogatives, rejoicing at Lang's overthrow in 1932 and in 1975 thought that 'the propriety and wisdom of (Sir John Kerr's) action should not be in question' (p469).

This account should be balanced by some reference to those occasions when it has been a moderate even a socially progressive voice. For decades it was a strong and consistent advocate for Federation and independence (pp95-7). Although unswervingly Protestant in its own views, it never fanned the flames of sectarian bigotry (eg p49). Although never crusading or adventurous, in relation to other Australian papers, it has been humane on racial matters. Unlike most Australian conservative opinion, it was a strong opponent of appeasing Nazism in the late 1930s (pp170-2), and in the 1950s strongly supported diplomatic recognition of China (p332).

The problems of selection in a book covering 150 years are horrendous. One area where more detail would have been desirable was in the **Herald's** treatment of Federal politics in the 1940s. Souter describes admirably the deterioration of the company's relations with Menzies after their initial warmth (pp183-6, 189f). He also describes clearly and fairly the dispute with the Menzies government over newsprint rationing and the government-supported birth of the **Daily Mirror** (p187f) and the censorship during the war (p237f). In both episodes Souter is at pains to be fair and thorough but the conclusion clearly emerges that the **Herald** was more sinned against than sinning.

However the material given only hints at why political correspondent Ross Gollan should have gained the reputation of king-maker with Menzies' fall (pp190-2, 200). Nor does the text give a detailed account of the reasons for the sharp decline in the **Herald's** relations with Curtin after the 1943 election. This ended dramatically with Curtin's press secretary snubbing Henderson while Curtin was mortally ill, and charging afterwards that Henderson had killed Curtin. The **Herald** wrote a widely resented obituary that pointed to Curtin's weaknesses as well as his achievements (pp236-7). Similarly a few tantalizing details are given on the role of the newspaper proprietors, including the Fairfax company, in the formation of the Liberal Party, but left unexplored (p271).<sup>3</sup> Finally the **Herald's** reporting during the battle of the banks and the fall of the Labor government in 1949 are dealt with rather briefly (pp272-4).

One episode which the book illuminates fully for the first time is the **Sydney Morning Herald's** 1963 decision to support the Liberals. The strong support given to the ALP in 1961, unique in the **Herald's** history, has always attracted attention. That story is re-told, clearly and with some fresh detail on the

extent to which the *Herald* was an active participant in the Labor campaign (p380). Support for Labor was the more or less logical outcome of editorial stances taken consistently over many years. As early as 1958, the *Herald* had supported Menzies' return while expressing concern at the government's contractionary rather than expansionary approach to the economy. After the severe November 1960 credit squeeze, the *Herald's* support for the government was even more severely strained. The final decision was not unanimous. It was made by Warwick Fairfax but had involved a large degree of consultation and prolonged consideration (pp379-84).

In 1963 organizational consultation was almost non-existent. The decision was entirely proprietorial whim. It was belated, and involved sharp public editorial reversals. Nearly all the senior staff (excluding editor Bingham) were opposed to a sudden reversal and were expecting a continuation of existing policy. Some, on company instructions, were actively working on the ALP campaign, and *Herald* editorials contradicted the views of its senior economic journalists who had produced ALP policy statements. Despite its consistent opposition to State aid to church schools, it maintained editorial silence on Menzies' opportunistic promises during the campaign.

The internal repercussions were considerable. Finance editor Tom Fitzgerald threatened resignation. *Financial Review* editor Maxwell Newton did resign, calling the *Herald's* attitude 'dishonest even contemptible', and went to Fairfax's competitor *The Australian* taking several staff with him. Rupert Henderson wept with humiliation after the decision, and a bitter wedge had been driven between him and Fairfax. One year later McLachlan was to replace Henderson as managing director. The considerable wrangling, including McLachlan's own threat of resignation, was at least partially a legacy of the proprietor's 1963 intervention. More generally, it produced an insecurity and malaise among senior staff, and a feeling that policy was arbitrary and erratic (pp393-400).

Perhaps the book's greatest achievement is the close chronicling of company decision-making and management. Souter maintains a fine balance between sympathetic generosity and critical distance in sketching the principal figures. The men emerge as neither angels nor ogres, but as conservative, upright men, interested in commerce and profit, but shunning shady practices and guided by a strong even rigid sense of principle. Historically their comparative record in industrial relations was excellent, although the guiding paternalism has been ruptured by the

structural upheavals and threats of redundancy accompanying technological change. The flavour of relations in the upper echelons was formal and correct, with senior officials seeing each other daily for decades before venturing to use christian names. Souter's task as historian was probably helped by another of the company's quirks — its penchant for management by memo and for internal conflicts to be conducted by remote control via long statements of position. Yet this management style could also escalate conflicts — principle easily became prickliness, correctness became coldness. Undoubtedly it also dampened much of the potential for creativity in its staff — the prime prerequisite for innovators at Fairfax is patience, measured not by months but sometimes by decades.

The two individuals who have most shaped the modern history of John Fairfax are strangely contrasting. The relations between Warwick Fairfax and Rupert Henderson seem to have gone through three stages. When Henderson was appointed to a senior management position in the early 1930s, they already knew each other well. In this first phase, which lasted until the end of the Second World War, there was real partnership. Henderson's dynamism was well harnessed to Fairfax's leisurely but ultimate authority. Together they helped to rejuvenate the *Herald* in the late 1930s replacing the 77 year-old editor Fletcher with the 35 year-old McClure Smith (pp161, 169). They also met together the many challenges of war.

The end of this phase can be marked by Henderson's strong reaction, including a threat of resignation, to several articles written by Fairfax aimed at stimulating a religious and moral revival (pp258-62). In the second phase, Fairfax took an even lesser role in the company's affairs and Henderson was the driving force in the company's expansion. It was in this period that the company grew from essentially a single city, single publication concern to a national, multi-media corporate giant. Although the process of acquisition and diversification has continued since this period it was here that the basic directions and logic were set.

Survival and growth are not evidence of infallibility. The Fairfax company's expansion was very much a reaction to its perception of competitive threat. Often that competitiveness consisted more of a beggar-my-competitor, zero-sum mentality rather than rational plans for its own growth. Most of the group's major acquisitions have been conducted in a spirit of high drama, even panic. The behaviour of all participants often seemed to owe more to short-term adrenalin than long-term analysis.

The high point of this period of Henderson's dominance was also his greatest folly. The Fairfax's buying and selling of the *Daily Mirror* involved the most convoluted of commercial and moral logic. Through Henderson's friendship with Ezra Norton, he was able to beat the other media proprietors with an offer. But the acquisition in December 1958 presented a dilemma for the company, who already owned its competitor *The Sun*. The obvious commercial solution would seem to be a merger of the two — producing a very profitable monopoly paper, likely to have a circulation approaching half a million, and strongly entrenched to overcome any future challengers. But the noble Fairfaxes were in principle committed to the idea that Sydney should have competition between evening papers — they just couldn't bear anyone else owning one of them. Fairfax, concealing its ownership, controlled both papers for nearly 18 months, and then sold the *Mirror* to Rupert Murdoch for a profit of half a million pounds. For most of the ensuing period, the *Mirror* has had a higher circulation than *The Sun* which in some years has made a loss. The sale was probably the most crucial early step in Murdoch's expansion into a major media company. A primary Fairfax aim was to keep the *Herald* and *Weekly Times* company out of Sydney. Ironically twenty years later the Fairfax company made an enormous investment to block Murdoch's attempted takeover of the *Herald* and *Weekly Times*. The *Mirror* sale must be the most expensive million dollar profit Fairfax ever made.

Henderson's dominance during this phase was shown by his decision to sell the *Mirror* without notifying Fairfax and against his previously expressed opinion. The third phase, following Fairfax's third marriage, saw the Chairman seeking to assert an increasingly active role. The first important example of this was the decision to support the Government in the 1963 election. It climaxed with his assumption of executive power in 1970, which lasted until the other directors pressured him into resigning in 1976: In this period there was often great tension between Henderson and Fairfax.

By most simple, rational criteria, Warwick Fairfax's influence was disastrous. Aged 68 when he became 'the Committee of One' he was increasingly out of touch with the social, political and journalistic currents of the day, and through lack of time, energy or skill was unable to provide the active leadership which should accompany such executive power. Yet perversely, this proprietorial ineffectiveness may have indirectly been a spur to the organization's overall growth — allowing the development of diversity within the company's publications, and

allowing some flowering of editorial creativity. While Sir Warwick was vigilant in protecting the crown jewels (read 'stifling the *Herald*'), the tributary kingdoms (the *National Times*, *The Australian Financial Review*, *Canberra Times*, and with a rather different internal status *The Age*) all went through a period of growth, producing the best journalism in the country. Sir Warwick reacted negatively and sometimes threateningly to some of the products of these papers (most notably; the Board's apoplexy over Evan Whitton's articles on Australia and Vietnam in the *National Times*, pp489-93) but usually the interventions were reactive, and produced momentary drama rather than effective control.

Warwick Fairfax was a complex character. His deeply held religiosity fashioned an idiosyncratic set of political priorities and interpretations. For example he thought Hitler unlikely to succeed in conquering Europe because unlike successful conquerors the Nazis lacked a 'plausible theory' (p180). Sir Warwick never quite re-iterated the *Herald's* 1853 sentiments about the baneful effect of high wages on the recipient (p99). But his articles on the causes of strikes (p258) are equally imbued with the view that the secular strivings of unionists were a product of misplaced materialism. His spiritual views led naturally to a conservative politics where social reform was easily seen as hubris, futile and dangerous.

It is clear that Fairfax aimed to practise what he preached. In 1939, when Henderson suggested slightly different layouts and page sizes involving new machines could make considerable savings, Fairfax replied 'You're not putting forward the saving of £70,000 as justification for changing the character of the paper?' (p178). In February 1977, he resisted a more profit-oriented approach, saying he thought it 'quite proper . . . that our Sydney papers run at a loss and be supported by television, *The Age* and country newspapers' (p556). The first example clearly shows profit was secondary but also his equation of character with something as incidental as page size, and a satisfaction that character having been achieved all change should be viewed with suspicion. The second shows a complete lack of curiosity as to why *The Age* should be able to make a profit while the *Herald* couldn't, and that this may have had something to do with 'quality'.

The same sense of calling led Fairfax both to reject an overture to participate with the New South Wales government in staging Lotto (pp571-2), and equally to reject any participation in the Press Council, or even deign to discuss the reasons for its refusal (pp500, 642).<sup>4</sup>

In many ways the 40 year partnership between Henderson and Fairfax was fruitful for the company. Yet their influence also contributed to the slow but substantial decline of the *Herald* in the generation after the Second World War<sup>5</sup>. This is not to argue that the *Herald* in this period had no important virtues. But the relative journalistic status of the *Herald* was less in 1976 than in 1946. Throughout its history it has had a tendency to lapse into somnolence until stimulated by external competition. Clearly it has always had a commitment to serious journalism, but too often its conceptions of quality have been frozen in the shibboleths of a previous age. With top management in the hands of an increasingly aged group, who had been in their positions for decades, it was increasingly insensitive to emerging challenges and possibilities. The *Herald* devoted more effort and enterprise to covering the Boer War than it did to Vietnam.

From within the Fairfax organization have come many of Australia's greatest journalistic achievements. Ironically these have seldom stemmed directly or simply from the inspirations of its owners or top management. Rather their peculiar mixture of conservatism and integrity, their commitment to general principles without always seeing specific implications, has often nurtured great work, the fruits of which they have sometimes greeted with foreboding or disapproval.

*Company of Herald* is in both process and result a fitting history of this company. It is impossible to imagine any other Australian media company allowing, let alone commissioning such a history. Born from the management's pride in its history, the confidence to give the author full access and independence, the book exposes the company's failures and foibles as well as its successes, doubtless causing the principals embarrassment as well as satisfaction. Yet again, in this history, they have perhaps built better than they bargained for.

## Notes

1. The *Herald's* emphasis on moralism sometimes slid into snobbery. In 1847 it protested about three women, 'who in their youthful days were victims of seduction', being admitted to Government House (p32). A century and a quarter later, Sir Warwick Fairfax preferred status over seriousness, when he complained about the editor of the women's pages, Suzanne Baker, being too serious a campaigner and insufficiently interested in current social affairs, ie parties and balls (p475).
2. RB Walker, *Yesterday's News*, Sydney University Press, 1980, p192.
3. The hypocrisy of the media proprietors is shown by the contrast between this activity to establish the Liberal Party and an incident a year earlier. Les Haylen, news editor of the *Australian Women's Weekly*, gained ALP preselection. Consolidated Press said he must resign, because the Management's policy was to keep the *Weekly* 'free from politics'. The AJA threatened to strike. Rupert Henderson, in putting the employers' case wrote: 'A man has the right to express his views how he likes, but once he becomes an active (political) participant and seeks to publicly influence the community, he ceases to be impartial and cannot retain his job with the newspaper' (p252).
4. It should be added that the page size was changed and the saving made, the advertising rates and other changes were made to restore the profitability of the Sydney papers, and in a circulation war between the *Mirror* and *Sun* the Fairfax company initiated its own Bingo game.
5. The seed of the circulation aspect of this decline were laid by a decision in World War II. Faced with limited newsprint supplies, the *Herald* chose to restrict circulation in order to keep a larger paper and so maintain faith with advertisers. The Melbourne *Herald* chose the opposite strategy: maximizing circulation and restricting size (p230). Despite its professed faith in the market, the company was loath to risk its classified advertising monopoly by allowing its prices to rise. In retrospect this seems a mistake. The Second World War was one of the *Herald's* finest hours, and its coverage may have built a reader loyalty that would have given it a good start into the post-war years.