*Online Appendix*

*Appendix 1: Returns on Newspaper Acquisition*

 The financial performance of newspapers is measured using three indicators. First, we compute the price earnings ratio using the reported earnings per share of the year of acquisition and the price per share paid by the acquirer. Second, we compute the price-to-dividend ratio using the accrued dividend during the year of acquisition and the price per share. Finally, we compute the average real return during a five-year period from the purchase of the newspaper using the stock market price of a share.[[1]](#footnote-1) The average real return of a share over a five-year window starting with the year $t$ of the change of ownership was computed as follows: First, we compute the real capital gains of shareholders by comparing the price of a share five years after purchase with the price of the share on the stock market during the reference year. We then
add the flow of real dividends that accrued to shareholders during each of the
five years. Prices and dividend were converted into their 1914 value using the CPI.
The computation follows this formula:

$$R\_{t}^{t+5}=\left(\sqrt[5]{1+\frac{\left[\left(\frac{P\_{t+5}^{share}-P\_{t}^{share}}{\overbar{P}\_{t+5}}\right)+\sum\_{t}^{t+5}\left(\frac{D\_{t}}{\overbar{P}\_{t}}\right)\right]}{P\_{t}^{share}}}\right)-1$$

Where $R\_{t}^{t+5}$ is the real return in percent between year *t* and *t* + 5, $P\_{t}^{share}$ is the price
of the share at the end of year $t$, $D\_{t}$ is the dividend paid during year $t$ and $\overbar{P}\_{t}$ is the consumer price index.[[2]](#footnote-2) Dividend data are taken from the Annuaire Desfossés while stock prices come from *Cours de la Banque et de la Bourse* and from *Cote Officielle*.

 Acquisition premia were computed using the formula:

$$AP=\left(\frac{Price^{takeover}-Price^{market}}{Price^{market}}\right)\*100$$

In which $Price^{takeover}$ is the price paid by the acquirer and $Price^{market}$ is the
price of the share on the stock market *before* the announcement of the takeover bid. Table 1 in the article presents the value of this premium for the five takeovers of newspapers listed on the stock market. Listed prices of ordinary shares are from *Cote Officielle de la Bourse*, purchase prices from sources in Table 1 of the article except for the *Paris-soir* purchase by Prouvost, which was “between 3 and 4 million” (Albert 1972, pp. 523–24) while “market” price come from a July 1929 over-the-counter transaction of a single sale occurred at 340 FRF (in France, Paris, Archives Nationales, Archives *Le Journal*, 8AR 418).

*Appendix 2: Characteristics of the Various Equities of Petit Parisien and Le Temps*

 The French law of 1867 established the “one share, one vote” principle as the
default rule for shareholders’ general meeting assembly (GMs) of joint stock companies (*Sociétés par actions*) but did not restrain the freedom of the company promoters to write constitutions organizing voting rights as they wished. For instance, limits could be put
on the minimum and maximum number of votes per groups of shares. It was possible to create shares without voting rights (Lyon-Caen and Renault 1929, pp. 330–32; Percerou 1931, p. 406; Hannah 2007, pp. 409–10). But voting rights and decision-making rules for listed companies had to be disclosed. We collected them from *Annuaire Desfossés*.[[3]](#footnote-3) For both *Le Temps* and *Petit Parisien*, two types of stocks existed. One type had voting rights while the other was nonvoting but both entitled the holder to the exact same amount of dividend and both limited the liability to the same extent.[[4]](#footnote-4)

 Details are as follows. Ten *Petit Parisien*’s ordinary shares gave one vote.[[5]](#footnote-5) Nonvoting shares were known as “profit shares” (*parts bénéficiaires[[6]](#footnote-6)*). For *Le Temps*,
one voting right was given to every two ordinary shares (“*actions de capital*”) and until 1931, there was a limit of 20 votes which was subsequently removed.[[7]](#footnote-7) Nonvoting shares are represented by *Le Temps*’ “*actions de jouissance*” which were converted in 1931
into new nonvoting shares now called “profit shares” (*part bénéficiaires*).[[8]](#footnote-8) The other characteristics of these nonvoting shares remained unchanged.[[9]](#footnote-9)

*Appendix 3: Computation of the Control Premium of Le Temps and Other Newspapers*

 Calling *Pv* the price of a voting share in the transaction that gave some control right to the buyer, *Pnv* the price of a nonvoting share, and *Nv* (resp. *Nnv*) the number of voting (nonvoting) shares, we have

*NnvPnv*+*NvPv* = *V* + *B*

where *V* is the present value of the verifiable income and *B* the present value of
the non-verifiable income (“political rents”). Since *V* = *NnvPnv* + *NvPnv* the present value of visible income equals the number of nonvoting shares times the price difference between voting and nonvoting shares:

*B* = *Nnv*(*Pv* – *Pnv*)

In April 1929, 1,269 ordinary shares (50.76 percent of the capital) of *Le Temps* were sold for 25 million of francs, including 8 million paid on credit remunerated
at 5 percent (Jeanneney 1976, p. 456). The purchase price in this transaction was then 19,937 FF while one of those shares for 4,800 FF on the market and profit shares (*actions de jouissance*) for 1,470. The price of the voting right on the market was
then equal to 3,330 francs per share which valued the influence capital retained by
the public at 4.1 million (1231\*3330) while the voting right of the controlling stake
is valued at 4.226 million. Acquirers bought a commercial capital equaled to 1.865 million (1,269 shares times 1,470 FF) and the public retained a commercial capital
of 5.04 million. The commercial capital held by all shareholders was then valued
6.9 million. The control premium—the price paid by the Consortium for deciding the paper policy—is derived as the difference between the price at purchase (19,937) and the price of this share on the market (4,800). It equaled to 15,137 francs per share
or 19.2 million for the 1,269 shares. The control value is derived as the sum of
the control premium and the value of the voting rights. It totaled at 23.43 million
(19.2 + 4.23). Summing this number to the commercial capital and the value of voting right retained by the minority gives the total value of *Le Temps* (34.443 million).
The commercial capital represents 20 percent of this sum.

*Appendix 4: The Sale of The Times in 1922*

Appendix Table 1

SHARE OWNERSHIP BEFORE/AFTER SALE

|  |  |  |
| --- | --- | --- |
|  | At Northcliffe’s Death | After Purchase is Completed |
| Total ordinary shares (a) as percent of the total | *645,000*(100) | *645,000*(100) |
| Northcliffe’s Estate as percent | *505,997*(78.5) | 0(0) |
| Ellerman as percent  | 128,424(20) | 0(0) |
| Walter-Astor (b) as percent |  400(0) | *634,821* (98.5) |
| Unaccounted for (c) as percent |  10,179(1.5) |  10,179(1.6) |
| Total preference shares (a) | 320,000 | 320,000 |
| Northcliffe’s Estate  |  20,986 | — |
| Ellerman |  46,095 | — |
| John Walter |  41,502 | — |
| Arnholz, Sutton & Ellis |  51,500 | — |
| Others (d) |  68,166 | — |
| Unaccounted for (c) |  91,751 | — |

*Notes*: (a) From *Stock Exchange Official Intelligence* (SEOI), (b) at Northcliffe’s death, number of ordinary shares corresponds to John Walter’s own; afterwards, number corresponds to the Astor-Walter acquisition, (c) Difference between SEOI and breakdown in *History of The Times*, (d) Total others from *History of The Times*.

*Source*: Authors from *History of The Times* 1952, p. 711 and *Stock Exchange Official Intelligence* (SEOI) 1922, pp. 956–57.

Appendix Table 2

DATA ON OTC SALES OF VOTING SHARES

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Seller | Buyer/Bidder | Price per Share (£) | Number of Shares | Date |
| *Before Northcliffe’s Death* |
| John Walter | Ellerman |  1.125 |  10,700 | June 15, 1922 |
| *After Northcliffe’s Death* |
| Ellerman | Stuart [for Astor-Walter] | 1.25 | 128,424 | Oct. 7 and 10, 1922 |
| *Auctioning “Northcliffe’s Interest”* |
| Northcliffe’s estate | Cowdray | 1.97 | 505,997 | Sept. 8, 1922 |
| Northcliffe’s estate | Ellerman | 2.07 | 505,997 | Sept. 8, 1922 |
| Northcliffe’s estate | Lloyd George-Davis | 1.78 | 505,997 | Sept. 21, 1922 |
| Northcliffe’s estate | Astor-Walter | 1.97 | 505,997 | Oct. 23, 1922 |
| Northcliffe’s estate | Rothermere | 2.67 | 505,997 | Oct. 23, 1922 |

*Source*: Authors from *History of The Times*, pp. 717, 719, 735, and 743. The Cowdray, Ellerman, and Lloyd-George bids were never formally communicated. There was also a sale from Walter to Northcliffe on June 15, 1922, which occurred at par value reflecting underlying agreements between the two men and not “market” price. For details on this transaction and background, see *History of The Times*, pp. 126, 643, in return for chairmanship.

Appendix Table 3

DECOMPOSITION OF THE TIMES’ VALUE IN 1922

|  |  |  |
| --- | --- | --- |
|  | *Value of Capital*(with dividend rights of voting share @ £1) | *Value of Capital*(with dividend rights of voting share @ £1.78) |
| *Total Commercial Capital of which* |  *965,000* | *1,468,100* |
| 645,000 voting shares (ex voting rights)320,000 preference shares at £1 (a) |  645,000 320,000 | 1,148,100 320,000 |
| *Total Influence Capital of which* |  *879,765* |  *450,337* |
| Northcliffe’s Interest (505,997 shares) @[2.67 minus price of dividend right]Ellerman’s share (128,424 shares) and Rest (10,579 shares) |  845,01534,750 (b) |  450,3370 (c) |
| *Total Capital* | *1,844,765* | *1,918,437* |
| Share commercial (%) | 52.5 | 77 |
| Share influence (%) | 47.5 | 23 |

*Notes*:

1. Price suggested by letter to Astor, in *History of The Times*, p. 731, where reference
is made to “one hundred thousand shares” paid for “one hundred thousand pounds” in the form of “5 percent. Preferred Ordinary shares.” Market prices for preference shares reported in *Financial Times* of Tuesday, June 10, 1919 (Unquoted Securities section, p. 10) gives s 16 1/8 per share or about £ 0.81, making the figure we use a reasonable guess.
2. Ellerman’s shares and Rest are priced at premium over reported OTC price in the
only post-Northcliffe’s death, pre-purchase transaction for which we have evidence or £0.25 (£1.25–£1). We might set it at zero (as in (c) below) without this affecting the flavor of the result.
3. For the second scenario, we lack a reasonable counterfactual OTC price for voting non-control shares (we cannot use a price below 1.78, and thus 1.25 is not a reasonable benchmark). The scenario assumes that since the Northcliffe’s interest gives full control the voting premium of all other voting shares is zero. An alternative would be to set the voting premium at the control premium (£2.67). This would give commercial capital 1,468,100, influence capital 574,049 (= 450,337 + 123,712), total capital 2,042149, share influence
28 percent. The truth is between these extremes and the difference is immaterial.

*Source*: Authors’ computations, see the text.

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1. This measure is different from the two previous ones, which compare performance to
prices paid to secure control (as opposed to market price). When available, prices paid to secure control would magnify losses. [↑](#footnote-ref-1)
2. CPI is taken from Mitchell (1992). [↑](#footnote-ref-2)
3. Besides the provision of the status on which we relied to derive the rights of each share, it is possible that some further arrangements existed between shareholders. This may matter for the valuation of stocks and voting rights, but, as no information is available, we abstain from this complication. [↑](#footnote-ref-3)
4. One difference between both types of share is that in case of liquidation of the company,
the voting share were senior and the nominal capital of the share had to be reimbursed before the sharing of any liquidation surplus. Notice that when the liquidation ended up with negative net assets, then both types of shares did not get anything from the procedure. [↑](#footnote-ref-4)
5. See for example *Annuaire Desfossés* (1923, p. 1132). The voting right did not change during the period. [↑](#footnote-ref-5)
6. Article 1 of the 1929 law proposed a definition of *part bénéficiaire* as being shares materialized in negociable certificates that entitle to a share of the profit without granting any right in the capital of the company nor the status of partner (*associé*). When commenting on
the 1929 law, Percerou (1931, p. 405) noted that this provision essentially regulates an already existing institution. He further added that the fiscal jurisprudence considered their holder as equivalent to bondholders (which reflect the fact that they were not partner in the company) although they gained in 1929 the right to attend GMs (but not to vote). They were also entitled to veto change in the legal status of the company (such as change from limited partnership to public company); See *Annuaire Desfossés* (1939, p. 2189). [↑](#footnote-ref-6)
7. Before 1909 only 1,800 capital shares existed. [↑](#footnote-ref-7)
8. *Actions de jouissance* had no right to vote at GMs of the shareholders, see *Annuaire Desfossés* 1931, p. 1254 (“Il a été créé en outre 2,500 actions de jouissance, sans valeur nominale, n’ayant pas droit d’assister aux assemblées générales”). On the characteristics of nonvoting shares after 1931, see *Annuaire Desfossés* (1933, p. 1294 or 1937, p. 1478). Exactly as in the case of *Petit Parisien*, the status were amended so that only “*actions*” and not “*parts*” were entitled with the right to vote. [↑](#footnote-ref-8)
9. See, for example, *Annuaire Desfossés* (1907, p. 656 or 1910, p. 770 ; 1929, p. 1222), “Les actions de jouissance ne donnent pas droit d’assister aux Assemblées générales.” On the post-1931 change, see *Annuaire Desfossés*. [↑](#footnote-ref-9)