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THE FAILING NEWSPAPER ACT

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HEARINGS
BEFORE THE
SUBCOMMITTEE ON ANTITRUST AND MONOPOLY
OF THE
COMMITTEE ON THE JUDICIARY
UNITED STATES SENATE
NINETIETH CONGRESS
FIRST AND SECOND SESSIONS

ON

S. 1312

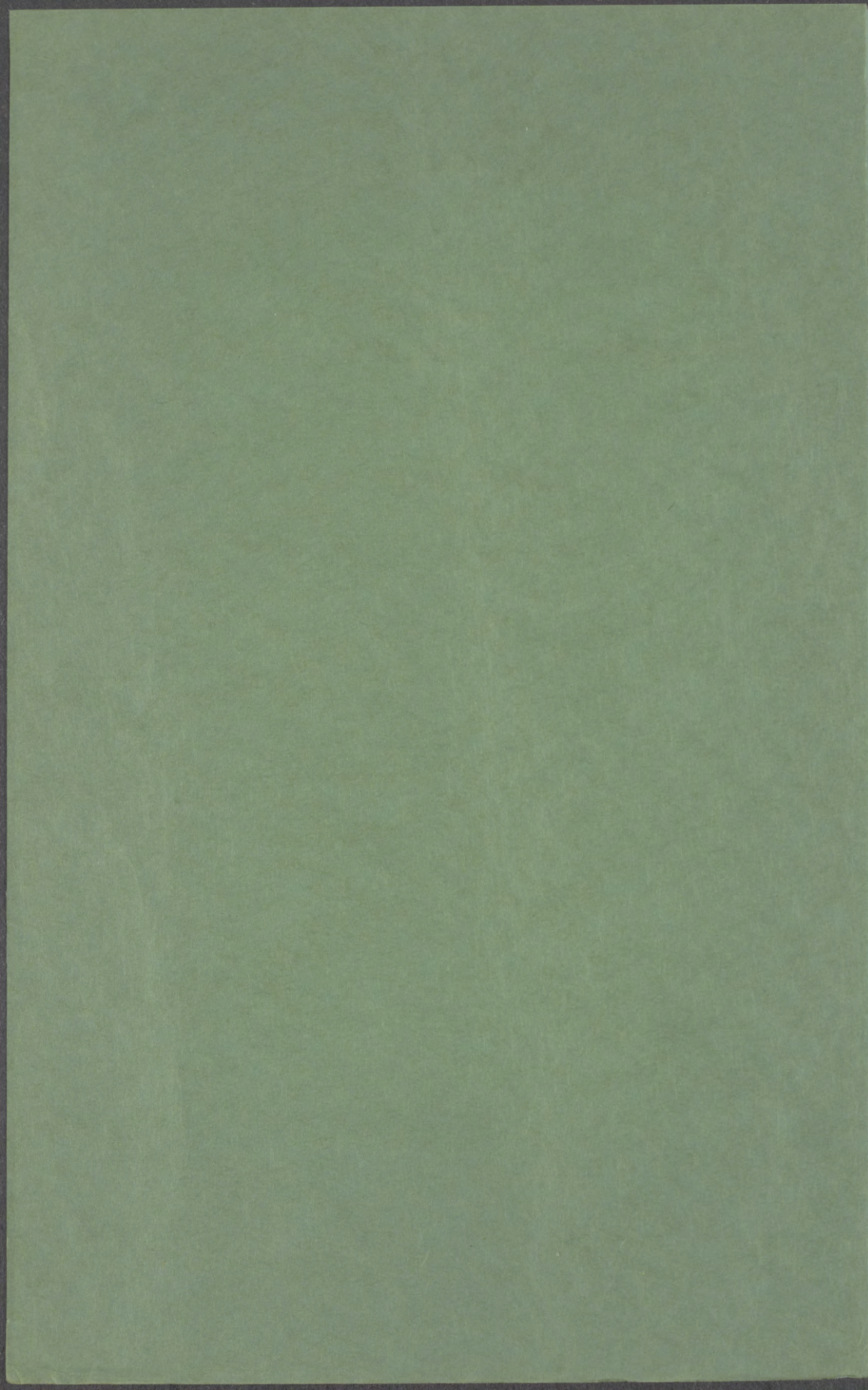
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PART 5

EXCERPTS FROM HEARINGS ON CONCENTRATION OF OWNERSHIP IN NEWS MEDIA BEFORE THE ANTITRUST SUBCOMMITTEE OF THE JUDICIARY COMMITTEE OF THE HOUSE OF REPRESENTATIVES, MARCH 13, 14, AND 15 AND APRIL 9, 1963

Printed for the use of the Committee on the Judiciary





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U.S. GOVERNMENT PRINTING OFFICE
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86-281

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THE FAILING NEWSPAPER ACT

A P P E N D I X

During the Senate Antitrust and Monopoly Subcommittee hearings on S. 1312, the failing newspaper bill, discussion and comment frequently centered on documents and testimony previously given the House Antitrust and Monopoly Subcommittee but never printed.

By agreement with Chairman Emanuel Celler of the House Antitrust Subcommittee, Senator Philip A. Hart ordered various testimony and documents from those hearings printed as part of the Senate record.

It was decided the most orderly presentation of the pertinent material would be as excerpts from the hearings, rather than piecemeal exhibits scattered in the Senate subcommittee record.

Material from the House hearings referred to—or entered as exhibit material—for the Senate hearings then appears in this volume.

HOUSE ANTITRUST SUBCOMMITTEE

General jurisdiction over judiciary bills as assigned. Special jurisdiction over antitrust matters.

EMANUEL CELLER, *Democrat, of New York, Chairman*

Majority.—(7 Democrats), Representatives Celler, Rodino, Rogers of Colorado, Donohue, Brooks, Toll, and Kastenmeier.

Minority.—(4 Republicans), Representatives McCulloch, Miller of New York, Meader, and Cramer.

CONCENTRATION OF OWNERSHIP OF NEWS MEDIA

WEDNESDAY, MARCH 13, 1963

HOUSE OF REPRESENTATIVES,
THE ANTITRUST SUBCOMMITTEE OF THE
COMMITTEE OF THE JUDICIARY,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to recess, in room 346, Old House Office Building, Hon. Emanuel Celler, chairman, presiding.

Present: Congressmen Celler, Rodino, Rogers, Donohue, Brooks, Toll, Kastenmeier, McCulloch, Meader, and Cramer.

Also present: Mr. Libonati of Illinois and Mr. Ashmore of South Carolina.

Staff Members Present: Stuart H. Johnson, Jr., chief counsel; Philip Marcus, associate counsel; Benjamin Zelenko, assistant counsel, and Allen Cors, assistant counsel.

The CHAIRMAN. The subcommittee will come to order.

The witnesses today are the following: The Honorable Newton N. Minow, Chairman of the Federal Communications Commission. He is accompanied by Max Paglin, General Counsel; Dr. Hyman Goldin, Chief, Research and Education Division, Broadcast Bureau; and Joel Rosenbloom, legal assistant to the Chairman.

We are very glad to hear from you, Mr. Minow. We wait almost breathlessly on what you are going to say on this very momentous subject.

STATEMENT OF HON. NEWTON N. MINOW, CHAIRMAN, FEDERAL COMMUNICATIONS COMMISSION; ACCOMPANIED BY MAX D. PAGLIN, GENERAL COUNSEL; DR. HYMAN GOLDIN, CHIEF, RESEARCH AND EDUCATION DIVISION, BROADCAST BUREAU; AND JOEL ROSEN-BLOOM, LEGAL ASSISTANT TO THE CHAIRMAN

Mr. MINOW. Mr. Chairman, it is also a pleasure for the Commission to be here with this committee and we look forward again to exchanging views on a subject which is of extreme importance. I appreciate the opportunity to appear and present the views of the Commission on this subject.

The CHAIRMAN. However, before you go into your statement, I am one of those who is one of your fans and I hope that you are going to remain on the Federal Communications Commission because you have rendered really dedicated service as the head of the Commission. It has been bandied about that Mr. Newton Minow is going to resign from the Federal Communications Commission. Let us know definitely what are your views on that score.

Mr. MINOW. Mr. Chairman, if I knew I would tell you. I have reached no decisions myself about it. When I do I will be glad to tell you about it.

The CHAIRMAN. That is a rather "iffy" answer.

Mr. MINOW. The other day Senator Pastore asked me the same question when I was at the Senate and I gave him the same answer, and he said it was spoken like a statesman but it was not responsive.

The CHAIRMAN. You may proceed.

Mr. MINOW. Mr. Chairman, members of the committee: During the past 36 years, the question of how to treat concentrations of control over the media of mass communication has often been debated before the Congress and the Commission.

The Congress, which enacted the original Radio Act of 1927, was greatly concerned with preventing monopoly control of the broadcast medium itself. As the Supreme Court has noted, "Congress moved under the spur of a widespread fear that in the absence of Government control the public interest might be subordinated to monopolistic domination in the broadcasting field." *FCC v. Pottsville Broadcasting Co.*, 309 U.S. 134, 137.

The specific problem raised by newspaper ownership of broadcasting stations was not a central concern of the Congress of 1927, although Senator Dill, sponsor of the Senate bill, pointed out the need to decide such questions as whether one newspaper in a city should have a radio station when other newspapers do not, and at that time agreed that such questions indicated the need for a Federal commission to regulate broadcasting (67 Congress Rec. 12353).

However, in subsequent years the problem has received considerable congressional attention. There was a discussion of newspaper ownership of broadcasting stations before the Senate Committee on Interstate Commerce in January 1930, involving Senators Wheeler, Dill, and Brookhart (hearings before the Senate Committee on Interstate Commerce on S .6, 71st Congress, 2d Session, pages 1643, 1718, 1744, 2077.)

Senator Neely expressed opinions on the subject in January 1935, during the hearings on the confirmation of the members of the Federal Communications Commission, 74th Congress, 1st Session, page 195.

On the House side, Representative Monaghan expressed outspoken opposition to newspaper ownership of broadcasting stations in August 1935 (79th Congress Rec. 14310-14316).

In the 75th Congress, on January 28, 1937, Representative Wearin introduced H.R. 3892, entitled, "A Bill to amend the Communications Act of 1934 to prohibit unified and monopolistic control of broadcasting facilities and printed publications."

Following the end of World War II, Congress considered major changes in the Communications Act of 1934 which resulted in the 1952 amendments to the Communications Act. One provision that passed the House as part of S. 658 in the 82nd Congress provided that the Commission should not discriminate against persons applying for licenses based upon interest in, or ownership of, other media of mass communication.

However, the House provision was deleted by the Conference Committee. That committee took the position that such a provision was unnecessary under the law as it then stood because the Commission was not authorized to discriminate against any person because of an interest in, or association with, a newspaper

or other medium for gathering and disseminating information and could not arbitrarily deny any application solely because of any such interest or association (House Report No. 2426, 82nd Congress, pages 18-19).

Nevertheless, in the 84th Congress two bills, H.R. 6968 and H.R. 6977, were introduced with similar provisions, but failed to pass.

In the 86th Congress, on the other hand, H.R. 9486 was introduced in 1960 by the distinguished Chairman of this subcommittee. This bill to amend the Clayton Act sought to prohibit single ownership of a substantial portion of broadcast facilities and news publications in any section of the country. This bill also failed to pass.

As this brief review of the legislative history indicates, the Commission has been given a mandate to prevent monopolistic domination of the media of mass communication, but at the same time to refrain from arbitrary hostility against any and all ownership of broadcasting stations by newspapers. Accordingly, the Commission's policy has been to treat the impact upon the concentration of control over the mass media resulting from a grant to newspaper applicant as a significant aspect of the public interest, but never to treat newspaper ownership, standing alone, as a conclusive bar to the grant of a license.

This does not mean that the concentration of control factor could never bar a grant. As Chief Justice Warren pointed out, writing for the Court in *United States v. Radio Corporation of America*, 358 U.S. 334, 351:

"In a given case, the Commission might find that antitrust considerations alone would keep the statutory (public interest) standard from being met, as when the publisher of the sole newspaper in an area applies for a license for the only available radio and television facilities, which, if granted, would give him a monopoly of that area's major media of mass communication."

It does mean that the Commission believes that it is necessary to examine all the facts pertaining to each case and to take account of all the factors that may bear upon the public interest.

The Commission's position was clearly stated in January 1944 when it closed the record and dismissed the proceeding instituted pursuant to Orders 79 and 79a relating to newspaper ownership of radio stations. After extensive studies on the subject, the Commission, in the light of the record and of the grave legal and policy questions involved, decided not to adopt any general rule with respect to newspaper ownership of radio stations.

The Commission further stated its general views as follows:

"* * * the Commission recognizes the serious problem involved in the broader field of the control of the media of mass communications and the importance of avoiding monopoly of the avenues of communicating fact and opinion to the public.

"All the Commissioners agree to the general principle that diversification of control of such media is desirable. The Commission does not desire to discourage legally qualified persons from applying for licenses, but desires to encourage the maximum number of qualified persons to enter the field of mass communications, and to permit them to use all modern inventions and improvements in the art to insure good public service.

"In the processing of individual applications for licenses, the Commission will inquire into and in its decisions give expression to 'public interest' considerations.

"The Commission does not feel that it should deny a license merely because the applicant is engaged or interested in a particular type of business. However, it does not intend in granting licenses in the public interest to permit concentration of control in the hands of the few to the exclusion of the many who may be equally well qualified to render such public service as is required of a licensee."

Consonant with its views expressed in 1944, in exercising its licensing functions, the Commission does take into consideration, to the extent relevant, the fact that an applicant may have newspaper interests.

Where the Commission has a single applicant for a broadcast facility, the newspaper interests of such applicant are an important consideration and grant of an application would be denied if it would result in an undue concentration of control of the various media of mass communication in a given area.

In no instance, however, has the Commission found it necessary to deny an application in a noncomparative proceeding solely because of an applicant's newspaper interests. The only instance in which the ownership of a newspaper has resulted in denial of an uncontested application is in *Mansfield Journal* (13

F.C.C. 23, affirmed, 86 U.S. App. D.C. 102, 80 F. 2d 28), where the record showed the newspaper had been used in a manner violative of the antitrust laws in an attempt to drive a local radio station out of business. See *Lorain Journal Co. v. United States* (324 U.S. 143).

The Commission has found it in the public interest from time to time to license a newspaper to operate the only radio or television station in the community which it serves.

Similarly, occasions have arisen where the only station in a community has been sold to the owner of the local newspaper.

Two very recent examples, where the Commission found the public interest would be served by approving such transfer, are illustrative.

One involved a transfer of the permit for KCHU, a UHF station, and the only local commercial television station in San Bernardino, to the owners of the only daily and evening newspaper published in that community.

The financial problems of the holder of the construction permit had reached a point where his only alternative to the transfer was to take the station off the air. The transferor alleged that the only method he knew of insuring continued operation of the station was the proposed transfer of control to the newspaper.

San Bernardino has a noncommercial educational TV station, an educational FM station, four commercial AM and two commercial FM stations and receives extensive TV coverage from the grade A signal of seven Los Angeles television stations, coverage from several AM and FM stations from Los Angeles and other cities and receives competitive newspaper circulation from two Los Angeles daily newspapers.

An additional UHF television channel assignment is available in the community. In view of these facts and the likelihood that a denial of the application would deprive San Bernardino of any local TV outlet for self-expression, the transfer was approved.

Similar facts resulted in approval of a request for transfer of license of the only radio station in Coeur d'Alene, Idaho, to a transferee owning the newspapers in the community. Once again the station was in poor financial condition. Another radio station in the community had previously failed and gone off the air.

Other pertinent factors were: Coeur d'Alene is only 30 miles from Spokane; the Spokane stations, radio and television, overshadowed Coeur d'Alene; circulation of the Spokane newspapers in Coeur d'Alene and the county was almost as high as the circulation of the Coeur d'Alene daily.

In those instances where mutually exclusive applications for radio facilities in the same community are filed, the Commission is required by law to hold a comparative hearing and on the basis of the hearing record to choose the applicant best qualified to operate the station in the public interest.

In making this comparative determination the Commission considers all of the various factors which the adversary parties advance as indicating differences between them, and must "reach an overall relative determination upon an evaluation of all factors." *Johnston Broadcasting Company v. Federal Communications Commission* (85 U.S. App. D.C. 40, 175 F. 351).

In those comparative cases where multiple interests in media of mass communication are involved, the Commission has expressed a preference, all other things being equal, for the applicant who has no other or fewer mass-media interests, including newspaper interests.

However, as stated previously, this factor is merely one of many which the Commission must evaluate in seeking to determine which applicant will best serve the public interest.

In some instances, a newspaper applicant has prevailed because of its superiority in one or more of the other areas of comparison, such as program plants, local ownership, integration of ownership with management and past broadcasting experience.

Other factors include participation in civic activities; staffing, equipment, studios, and other facilities; and awareness of changing needs in the community.

The weight to be given the diversification factor will, of course, depend on the particular facts of the case, having in mind the needs of the area which the applicants propose to serve. As with other comparative factors, the significance of the diversification factor may be slight or great depending upon various other circumstances in the case.

Particularly important are the number of mass-media interests an applicant may have, their location, and the competition from other media that may be

available. The past operation of the newspaper may indicate ability and desire to perform an outstanding public service and to remain attuned to the needs of the community. Other factors which will be considered are whether the newspaper and the station will have separate news staffs and whether they will engage in mutual promotional activities.

Ordinarily, newspaper applicants in comparative cases have indicated that they neither have nor contemplate joint rates. Should the converse be true, appropriate action would be taken to determine whether, under the particular circumstances, joint rates would have such an anticompetitive effect as to be contrary to the public interest.

Although the Commission does not enforce the antitrust laws as such, it has the authority, and, indeed, the responsibility to take cognizance of the public policy considerations underlying such laws.

As a matter of interest in this general area, the Commission has found that combination rate agreements or practices by independent stations serving the same area are contrary to the public interest.

The most recent expression of the Commission's views on this subject is contained in a Public Notice issued January 31, 1963.

I offer at this time, for the record, a copy of that notice.

Mr. MINOW. The flexibility permitted under the Commission's present policy, in which we weigh the fact of cross-ownership of the media of communication along with all other significant elements in selecting the applicant who will best serve the community, has enabled the Commission to reach public-interest determinations in a wide variety of factual situations.

While the Commission feels its present statutory authority in this area is adequate, we recognize that there are policy considerations involved as to which the Congress may wish to give some guidance.

In closing, we have prepared a number of charts, working with the committee staff, so we could more readily appreciate the scope of the problems we have been discussing.

Since World War II, as the number of radio stations has greatly increased, the proportion of daily newspaper cross-ownerships has markedly diminished. By contrast, joint television-newspaper connections have remained fairly constant.

In 1941, daily newspapers, in whole or in part, owned about 31 percent of all commercial AM stations (249 of the then-operating 801 stations). In the same period, the only newspapers in some 110 communities had varying interests in the only radio stations in those communities.

Today the overall proportion has been reduced from 30 percent to 9 percent; that is, 330 of the 3,753 stations now operating have a newspaper affiliation. At the same time, the number of so-called one-one communities, that is, those having a single newspaper and a single broadcast facility under common control, dropped from 110 to 80. [Table 1, previously furnished to the committee, shows a breakdown of the 78 one-one communities between those outside of any metropolitan area (65) and those within a metropolitan area (13). Of the 13 communities within metropolitan areas, only 1 (Stamford, Connecticut) has the only radio station in the metropolitan area.

The greater part of this decline, as I have indicated, is attributable to the post-war multiplication of AM stations, although newspaper failures and estate settlements account for a minor amount.

In television, newspaper interests, many of them already affiliated with AM stations, early became licensees. Since the end of 1953, however, the proportion of newspaper-owned to total TV stations has remained in the range of 25-30 percent.

At the end of 1953, 104 of the 349 operating commercial stations had newspaper interests. Today, 153 of the 563 stations are newspaper affiliated.

The CHAIRMAN. Are they affiliated with chains?

Mr. MINOW. Not necessarily. Some, yes; some, no.

In 1959, the only newspapers in 19 communities had an interest in the only television outlet. Today, the figure is 26. [Table 5, previously furnished to the committee, shows a breakdown of the 26 one-one communities between those which are part of larger television markets with more than one television station (13) and those which are in markets with no other television stations (13).

Would you like us to put in the record at this point the charts we prepared?

The CHAIRMAN. Yes, we would be glad to receive them at any point you feel proper.

Mr. MINOW. I suggest that I ask Dr. Goldin, who is the head of our research staff and prepared the charts, to summarize them and at this point describe them to the committee.

The CHAIRMAN. We will be glad to hear from him.

Mr. GOLDIN. Mr. Chairman, as the chairman has indicated, these tables were prepared in specific response to an inquiry from the committee.

We received a letter on October 19, 1962, setting out the material that the committee was interested in, and this letter was further elaborated by conferences between the committee staff and ourselves.

In response to that, we sent a letter from Mr. Minow to the committee with the tables, and we indicated in that letter that these materials had a cut-off date of November 1, 1962.

The CHAIRMAN. I will place those communications in the record, that is our communication to you and your response. They will go in the record at this point.

Mr. GOLDIN. In our communication we indicated that the sources for the material were, in part, derived from trade sources, namely, Broadcasting Yearbook and Editor and Publisher. The reason for this was that this was the most efficacious way of obtaining comprehensive data quickly and up-to-date.

We collected the information to the extent possible with our own records. Our own records contained almost all of this information but we used trade sources because this was the easiest and quickest way of getting the information you wanted. We are reasonably certain that the information is accurate, but as we noted in the letter in a compilation of this kind inevitably there are statistical errors that creep in and we have prepared an errata sheet which we have distributed to the committee.

I might add that as time goes on inevitably there will be other figures that need to be changed. We are already beginning to uncover these and I suspect that each of the committee people who is familiar with his own district will find something which he may want to question.

The CHAIRMAN. Do you want to put that table in the record at this point?

Mr. GOLDIN. I will put in the errata sheet; yes, sir.

(The changes called for in the errata sheet have been made.)

Mr. JOHNSON. Mr. Chairman, in that connection may I suggest that these hearings are planned to go on for some time and perhaps toward their conclusion, if Mr. Goldin has compiled any other corrections he would like to submit for the record, they could be taken at that time.

Mr. GOLDIN. I would like very much to do that, sir.

The CHAIRMAN. You have that permission.

Mr. GOLDIN. I also want to note that in detailing the facts about the newspapers and broadcasting stations we used either the concept of the community or the market. We all recognize that newspapers and broadcast stations circulate beyond their individual communities or individual markets, and when the Commission has to face problems with regard to newspaper concentration in any particular community it has available to it a great deal of information about the circulation of the newspapers and other radio stations or TV stations that come into this community or market.

However, it is not practical on a comprehensive scale to present all of these cross-community services that exist in the United States communications system.

So to repeat, we have limited ourselves, in our tabulation and compilation, to the newspapers or the radio or TV stations in a particular community. In some of the tabulations we have indicated where these communities are parts of metropolitan areas or are parts of what we call television markets. But by and large, we are going on the concept either of a community or of a television market.

Mr. MEADER. Mr. Chairman, might I ask a question to clarify that?

Would that mean, for example, that if the New York Times owned a radio station in Newark, New Jersey, you would not consider that as newspaper ownership of a radio station for the purposes of your table?

Mr. GOLDIN. Sir, if they owned a station in another market we have that listed in table B. Table A, is where the ownership of a newspaper and radio station coincide in a market. In other words, if the New York Times owned a station in New York, that would show up in table A. If the New York Times owned a station in Newark, it would show up in table B.

However, to answer the question further, where we make compilations of one, one station, one radio, one newspaper, we have shown how many of these situations are in metropolitan areas.

If Newark is part of the New York metropolitan area, it would be so indicated. The statistical materials themselves consist of 17 tables, including two basic compilations which are referred to as table A and table B, which show the broadcast station identified with newspaper ownership in the same city and where this exists through out-of-town newspapers. Turning to table A we have attempted there to list the newspaper interest, describe the name of the newspaper, the call letter of the station or stations associated with that newspaper, the extent of the newspaper ownership, whether it is majority or minority or licensee, the other stations in that same city or community, AM, AM-FM, or FM, TV, whether UHF or otherwise, and the other daily newspaper.

In our concept of stations we are limiting ourselves to stations actually in operation. We have not included in this purpose the authorized stations but not yet on the air. We have also included here on stations the educational stations as well as commercial stations, although they are not separately identified. We have included on newspapers, both daily and weekly, in-town and out-of-town.

We have indicated the other newspaper interest of the newspaper as well as the other broadcast interests of the newspaper-associated station. Essentially, then, tables A and B are basic compilations of material.

Moving from that we start on our statistical compilations and table I, communities with one AM radio station, one newspaper, with the newspaper having the ownership interest in the station. The figure "65" communities is to be corrected to "67" communities outside of metropolitan areas, and there are 13 communities within metropolitan areas. What that means essentially is that where there is an association of one newspaper and one AM radio station, in 67 communities these communities exist outside of the standard metropolitan statistical area.

So far as that community is concerned, it has no other newspaper or no other radio station. The 13 communities within metropolitan areas means that the community association between the radio station and the newspaper, that community is part of a larger metropolitan area as defined by the Bureau of Census.

There is extensive information on that table with respect to the population of the city as well as the class power and time of the station.

Table 2 picks up the same information and tries to present it in terms of the population of the city grouped both within the metropolitan area and without the metropolitan area.

Table 3 is communities with two AM stations and one daily, with the newspaper having an ownership interest in one of the two stations. Here again we distinguish between communities outside the metropolitan areas, of which there are 35, which is the corrected figure, and 9 within metropolitan areas.

Table 4 shows the four again on a group basis by population of the communities both within and outside of metropolitan areas. In table 5 we move over from radio to television, and here we show communities with one commercial television station and one daily newspaper with the newspaper having an ownership interest in the station.

Here, instead of our going on and using the metropolitan area concept we use a television market concept. I might indicate that, basically, a television market for this purpose is a market in which there are usually three affiliated stations. Put another way, if there are two communities which are relatively close to each other, anywhere between 10 to 20 miles, and one of the communities has two television stations and the other has a third, for purposes of network operations it is customary for each of the networks to be associated with one of those stations in two or more communities in the same complex of the market. This is rather difficult to explain, but let me take a specific example in Mobile and Pensacola; these are two separate communities. One has two stations and the other, Pensacola, has a third. We consider that as one market because there is network affiliation with the three VHF stations in Mobile and Pensacola. Not all of these markets necessarily have three stations. There may only be one or two. But the reason for joining various cities is usually based on the network affiliation practices. We point out that of these 26 communities with one commercial station and one daily newspaper, these are grouped according to how many other television stations there are in the market, and 13 is where there is only one television station and one newspaper affiliation and when we show 6 with one other and 7 where there are two other.

Table 6 shows the same situation where there are two commercial television stations and one daily newspaper with the newspaper having ownership

interest in one of the two stations. Table 7 also singles out those particular communities or markets in which there are combined radio and television and newspaper interests as among the only AM radio, television, and daily newspaper in the city. We indicate in the case of three of these that these are parts of larger markets where there are other facilities, however. Table 8 is the acquisition by daily newspapers of majority interest in commercial television stations November 1, 1959, to November 1, 1962, and table 9 is the other part of it which is the sales by daily newspapers of majority interests in commercial television stations during the same period. Then shifting over to table 10 we change from the television to the radio and here we have the acquisition by daily newspapers of majority interests in standard broadcast stations for the same period, and then the sales by daily newspapers with majority interest in standard broadcast stations. In table 12 we are concerned in the top 25 television markets. We show there how many—

The CHAIRMAN. What do you mean by a "top market"?

Mr. GOLDIN. Sir, we receive each year from every station in the country a financial record, which shows its revenues, expenses, and income and other such data. We publish this information each year for every market or community in which there are three or more stations. To determine the top 25 markets for this purpose, we have taken our 1961 figures, our financial release, and listed the 25 markets where the stations received the most broadcast revenues in key sending order, New York, starting and going down. In other words, we say that these are the markets where the stations have, in 1961, obtained more broadcast revenues than in any of the other markets.

The CHAIRMAN. When you say "25 top markets," this does not mean the 25 largest cities?

Mr. GOLDIN. They are not necessarily the largest cities although there is a good correlation in the top 10 or 15. Somewhere as you go along you will have two or three cities grouped for the purposes of our market. But New York will be first. Chicago and Philadelphia will follow along. Los Angeles and so on. By and large there is a good correlation between size and city and the top TV market but not necessarily.

The CHAIRMAN. Take the city of Washington.

Mr. GOLDIN. That might be included.

The CHAIRMAN. They might be in the top market but there may be a city with a larger population that would not be as top, as it were, as Washington?

Mr. GOLDIN. That is possible. We are using the Washington metropolitan area. The stations all happen to be located in the city of Washington.

The CHAIRMAN. Does that mean that the people in Washington exercise a greater demand for commodities and goods and so forth that are advertised over television or radio?

Mr. GOLDIN. The revenues received by the television stations are a function both of sales to national advertisers who are selling in the Washington market as well as the local advertisers of the merchants in Washington.

The CHAIRMAN. It is really an advertising standard or criterion?

Mr. GOLDIN. It is a criterion based on the advertisers' demand for the facility.

The CHAIRMAN. Not based upon necessarily the type of program?

Mr. GOLDIN. No, sir, or the number of listeners.

Usually there is a good correlation between the number of television homes and the revenues. There will be a very close correlation. In other words, the top 25 markets generally will encompass approximately 50 percent of the television homes of the United States. They have the potentiality of reaching 50 percent of the television homes approximately.

The CHAIRMAN. Very well.

Mr. GOLDIN. In table 12 we show the total number of stations in the top 25 markets. Those that are network owned and those that are newspaper owned. We show how many of the newspaper owned stations are affiliated with each network and the number that are not affiliated.

Mr. MEADER. Mr. Chairman.

The CHAIRMAN. Mr. Meader.

Mr. MEADER. You made no effort in this top 25 markets to make a compilation of newspaper revenue?

Mr. GOLDIN. Sir, we have that in a subsequent table. I will come to it.

Mr. MEADER. You don't combine them for the purpose of determining top market?

Mr. GOLDIN. We don't combine them. We don't combine the newspapers. For purposes of combining the top 25 markets we are concerned only with the revenues of the television stations. That is the criterion for the market. However, if you will turn to table 14 and part 2 of that we show newspaper owned TV stations as a proportion of all commercial TV stations in the top 25 markets, excluding New York, Chicago, and Los Angeles.

There we show the percentage that the newspaper-owned stations are to total stations and in the top 25 TV markets exclusive of New York, Chicago, and Los Angeles, and the proportion of revenues that they derive of the total.

In other words, in those 22 markets the number of stations that are newspaper affiliated are 37 percent of the total, and they receive 40 percent of the revenues of all the TV stations in those markets.

The CHAIRMAN. Why did you exclude Los Angeles, Chicago, and New York?

Mr. GOLDIN. The reason for that was because these cities in which the networks, the three networks, own stations in these markets. So there is no opportunity for affiliation by any other station in those three markets. There is a very high correlation between revenues and network affiliation. If you wish us to do it on any other basis, including the 25, we would be very happy to do it.

We have a great number of statistics and we can compile them quite rapidly and very willingly.

Mr. JOHNSON. May I ask in that connection, Mr. Goldin, would they be more significant to our inquiry than you have presented in your testimony? Are these the most significant figures?

Mr. GOLDIN. I think from the viewpoint of measuring the revenue status of stations it would be more significant to do it the way we did it. We would be very happy to supply it in any other way that the committee wishes.

The CHAIRMAN. I want to compliment you, Mr. Goldin, and your staff for a very, very comprehensive review of this situation. The data will be extremely valuable in this inquiry. We will place this entire statistical material in the record.

Proceed, Mr. Minow.

Mr. MINOW. Mr. Chairman, I think I had just about finished the Commission's statement. I would like to conclude with the paragraph on page 10 of the Commission's statement. The relative constancy of newspaper and television regulations can, of course, be largely explained by the limited number of commercially rewarding VHF television channels, as a result of the all-channel legislation, which this committee was very interested in and helped about which Congress passed last year. As that legislation begins to take effect, quite possibly this proportion as in an AM radio will show a decline. Mr. Chairman, that concludes my presentation of the Commission's view. With your indulgence I would like to add a few personal observations.

The CHAIRMAN. Yes, sir.

Mr. MINOW. I think, Mr. Chairman, and members of the subcommittee, that what you are doing here is examining these questions involves public policies of the highest importance. I think it most wholesome and healthy that these questions are receiving serious and sober study. I am afraid, although I have thought long and hard about them, I regret that I come here today with more questions than answers.

Any serious discussion of these questions must take account of one central fact: The 40 years which have seen the great growth of radio and television have also seen profound changes in the character of the press. Since 1945, the daily newspaper circulation has increased from 40 to 60 million, while in the same period, the number of cities with dailies under competing ownership has decreased from 117 to 58. Forty years ago, 552 cities in the United States had competing daily newspapers. When Hartford, Connecticut, had a population of 13,000 it had 13 newspapers. Today, with an area population of roughly half a million, there are only two daily papers in Hartford. I believe this is fairly typical of a national trend, a disturbing trend in the direction of fewer and fewer people deciding what more and more people will receive from the print media.

These trends must trouble anyone who holds, with the Supreme Court, "that the widest possible dissemination of information from diverse and antagonistic sources is essential to the welfare of the public, that a free press is a condition of a free society." (*Associated Press v. U.S.* 326, U.S. 1, 20).

The growth of broadcasting (the Nation now has some 600 television stations and 4,000 radio stations) gives us some comfort that the country will not have

to rely upon the decision of only a few men for news and information. On the other hand, many thoughtful observers believe that the advent of broadcasting, as a new and highly effective competitor for the public's attention and the advertiser's dollar, has probably contributed to the decline in the number of independently owned newspapers.

The CHAIRMAN. I would like to give a personal view myself. I can't conceive how radio and/or television can be any substitute for the newspapers, because as far as news is concerned, television just gives you the headlines. They give you some which is fleeting. It is not permanent. You can't have it and read it again. Newspapers give you something that you can ponder over and gives it in a manner that engraves upon your memory and that is quite essential. You don't get the news in depth nor do you get the news in width from television and the radio. That is so essential, to have news. An enlightened community can give you an enlightened democracy. So newspapers are very essential for an enlightened democracy.

Mr. MINOW. Mr. Chairman, in the next sentence I was going to say that I think broadcasting cannot wholly substitute for the newspapers it may displace. The relative permanence and convenience of print provides comprehensive reporting which is indispensable to the democratic process. Even in New York in the newspaper strike all the information that I would have is that the broadcasting stations did a most commendable job of trying to fill in the gaps of public information. A heroic job in many cases. Yet even so they could not possibly substitute for what is needed, and that is the printed word.

Mr. MEADER. Mr. Chairman, might I add a further word? Would it be appropriate in the light of the Chairman's remarks to refer to the old Chinese proverb that one picture is worth a thousand words?

The CHAIRMAN. Yes, but you don't have the picture in that proverb interspersed with about 3,000 commercials.

Mr. MINOW. No one who lives in the open society can be doctrinary in his attitude toward the relationship between broadcasting and the press. I think the issues here are not black and white. You remember Justice Brandeis said one of the things he didn't like about being a judge he often had to vote "yes" or "no" when he thought the issue was 51 to 49. I think that is one of the problems here. The issues here are very, very balanced both ways. As sometimes rivals, I think I particularly enjoy the story told in a recent speech to the California Newspaper Publishers Association by a friend of mine, who I understand is going to be a witness here, Mr. Harry Ashmore. Mr. Ashmore recounted this story about his former boss, the veteran managing editor of some papers in Greenville, South Carolina:

One of the Old Man's last acts has always seemed to me a peculiarly poignant footnote to the journalistic history of my time. The Greenville newspapers had, in what now seems to be the natural course of events, merged and acquired a radio station. A new 500 foot transmitter tower was erected, and an order came down to run a picture of this marvel on the front page. When the cut came over from the engraver it was one column wide and 18 inches deep. The old man promptly sawed off the top 3 inches, put it outside over the line, 'Continued on page 26,' and jumped the rest of the cut to the truss ads. His explanation to the outraged publisher was an exercise in unassailable logic: 'The * * * thing looked the same all the way up and down.'

I think that is a poignant story about the relationship of broadcasting and newspapers but broadcasting and the press need not always be antagonistic. In this country, we now have newspaper companies which own and operate broadcast stations. We also have broadcasting companies which own and operate newspapers. I believe the public would be the loser if we sought to make every relationship between broadcasting and the press conform to any one notion of what is appropriate. Though I could not document this, it is my personal impression that some of our broadcast licensees which are affiliated with newspapers and periodicals are among those broadcasters most serious about service to the public interest. Some of them who have come to broadcasting from a tradition of journalism rather than entertainment have set high standards of independence from advertisers, of emphasis upon informative broadcasting with extensive news staffs, and upon dedication to meeting community needs and advancing community projects.

The policy of the Communications Act requires the FCC to seek, in general, to promote diversity in the ownership and control of the mass media.

The CHAIRMAN. When you say "cross media," does that mean, for example, if a newspaper owns a radio or television station, on the television station it can advertise the fact there is a paper called the Gazette, and in the Gazette it can advertise that there is a television station called the TV Gazette?

Mr. MINOW. I will come to that later. In my reference to the cross-media ties there, that really means an ownership of a broadcasting station or a newspaper in the same town. But the act also requires the Commission to consider the full sweep of the public interest and not one aspect only. In my view, it requires us to hold ourselves open for the case in which cross-media ties sometimes promote a greater and more healthy diversity in the overall output of information and opinion by both newspapers and broadcasting stations.

To take a specific example, 28 of the 69 newspapers published in the country's 25 top television markets, have ownership interests in television stations located in the community where they publish. An additional 6 stations are owned by newspaper interests which do not publish in the same community. This pattern of station ownership is largely frozen, at present, due to the scarcity of competitive VHF television channels. I believe we should try to expand opportunities for those present and hopefully future newspaper publishers in these markets who do not now have any significant interest in television.

A recent informal study by the Commission's research staff indicates that in almost every instance in which publication of a daily newspaper was suspended during two selected periods (1945-1947, before television was widespread, and 1958-1960, after television was well-established), the newspaper which ceased operation did not have any radio or television interest. Such studies must, of course, be evaluated with great care. To my mind, however, this study strongly suggests that the newspaper publishers in the top 25 markets who do not have an interest in television are presently subject to a significant competitive disadvantage.

What we are trying to do at the Commission is to make broadcast channels available to as many users, commercial and noncommercial, as is technically possible. We are hopeful that the recently enacted all-channel receiver legislation will, over a period of years, result in the opening up of UHF television facilities in these communities on a reasonably competitive basis. I suggest to you that the overall health and diversity of the mass media serving the top 25 television markets would be improved, in the long run, if some of the new facilities were assigned to newspaper publishers who do not presently own stations.

What I am particularly concerned about is a city where there are two papers. One owns a television station and one does not. The one that doesn't have one is really over a period of 5 or 10 years, going to be in very stiff competitive trouble.

If we were to exclude these newspaper publishers from remaining channels, we might further add to present competitive disadvantages.

We would also like to encourage the creation of more television program sources. The scarcity of VHF television channels effectively prevents this country from enjoying more than three national network services, no matter how many able and imaginative entrepreneurs may be willing to enter this field. The great majority of television markets have no more than three operating stations, because there are no more than three VHF channel assignments available for them. A number of large communities will still suffer because they are limited to two VHF stations, and it is impossible to funnel three full network services through the facilities of two stations. The result is that almost 60 percent of all the hours of television broadcast are filled with programs coming from only three network organizations. During the evening hours of 6 to 11 p.m., when audiences are largest, this figure rises to 75 percent. In the period from 8 to 10:30 p.m., the figure rises to over 85 percent.

The CHAIRMAN. Why is there not a fourth network?

Mr. MINOW. There is no fourth network now because there is no opportunity to find an affiliate in most of the large cities or in enough large cities to make it go.

The CHAIRMAN. When you open up to the higher frequencies, you have UHF, than you would be able to develop a fourth network.

Mr. MINOW. Personally I do. I feel that this will happen not immediately but certainly over a period of years, because I think the expanding market for television, the expanding economy, the expanding number of people will lead to a fourth network, or at least a fourth program service for independent stations. I do think that.

Mr. ROGERS. That opinion is without reference to the so-called test on paid television?

Mr. MINOW. That is right. Actually what we are hoping to do at the Commission is, in every sizeable community, through our allocation policy, to provide enough channels so that we can have an outlet for the three networks, a fourth independent or possibly to become part of a fourth network, and an educational station. Through UHF you may also provide pay television. We have a test underway now in Hartford which is on the air. Another test is opening up in Denver next month. We are going to let the market place really decide whether pay television is going to go ahead or not.

Mr. ROGERS. Thank you.

The CHAIRMAN. But your Commission has taken no stand in favor or against pay TV.

Mr. MINOW. We have authorized the test and experiment, Mr. Chairman.

The CHAIRMAN. You are simply endeavoring to have experiments in various cities in connection therewith?

Mr. MINOW. On the basis of those experiments to evaluate them and decide what to do on a permanent basis.

The CHAIRMAN. Cramer.

Mr. CRAMER. In your statement on behalf of the Commission, as I gather it, and you can correct me if I am not right, that if you had two applicants of which all other elements were equal, one of which was a newspaper and one was not, the fact that one was a newspaper owner in order to reach "the public interest determines" that under your present policy you would probably award it to the non-newspaper-group owner.

Mr. MINOW. I think that is right, assuming all other things being equal.

Mr. CRAMER. That is right. I have difficulty in conforming that position to your personal statement in which you are suggesting that the overall health and diversity of mass media serves the top 25 television markets would be improved in the longrun if some of the new facilities were assigned to newspaper publishers who do not presently own stations, meaning as you pointed out, they are in a less competitive position with those newspapers who do own television stations. Do I understand, then, that this would possibly outweigh the Commission's position previously stated there?

Mr. MINOW. No, I think that goes to the question of whether all other things are equal. That is my point. If you have a contest for a third television channel in a city, and you already have two open there on the air and one owns a newspaper, one of the existing two, now we have a contest for the third and the second newspaper in the city. I think that would weigh about the equality of competitive opportunity. I have not yet found a case where all things were equal. That is the problem. We take about 12 or 13 different areas of comparison into account and finding one where all things are equal is probably impossible.

Mr. CRAMER. It looks to me by your statement that your personal opinion is that in areas where one newspaper owns either a television or a radio station, that another newspaper publishing in the same area then should be given priority consideration based upon the economic factors over a non-newspaper-owner applicant, which is just the reverse of what you indicated in the commission's policy statement.

Mr. MINOW. I think it is not the reverse because it goes to the question of comparing all these other factors of equality. One is a comparative contest in which you must take into account all of the circumstances in that community and one of the issues that I would raise is, what are the competitive factors vis-a-vis the newspapers? If you had a situation, let us say, where you have three television stations and no newspaper owns either of the existing two, now you have a contest for the third and an applicant is a newspaper, that is a very different situation in my mind from the one where you have two existing stations and one is owned by a newspaper and the second wants to have one. My point is that goes to the question of equality.

Mr. CRAMER. Why is it different?

Mr. MINOW. Because in the one case you would have one newspaper having a competitive advantage by having a station and the other you don't. What I am concerned about is this. That is why I mentioned the trend the newspapers have followed over the past years is very often one that had no broadcasting facility in competition with one that did.

Mr. CRAMER. Is the experience the same with regard to radio ownership? Let us assume you have presently one newspaper-owned TV station. You have

one nonowned. You have an application pending for a new nonowned station and a radio-owned station?

Mr. MINOW. I think it is less clear in radio because there you have such an abundance of facilities.

In any larger community, now, you have 15 or 18 radio stations. The real problem is in television because of the scarcity.

Mr. COPENHAVER. With regard to where you have two stations, in a community, one which has the TV and the second has not—I am thinking of the *Kansas City Star* case where an antitrust violation was filed and conviction followed, did the Commission consider there the license of the *Kansas City Star* and perhaps making the award to another paper which, I believe, did not have a TV license?

Mr. MINOW. That was decided some years ago. My recollection is that was the result of a court order. The court ordered revocation of the license. The Commission then followed the directions of the court. That was done about 5 years ago.

Mr. COPENHAVER. Mr. Chairman, I would like to make a possible request here, subject to your approval, which would be, the Commission would prepare a chart for television from 1945 to date in which it would show the applications for licenses, or rather the grant of licenses—excuse me, the application for licenses—in which a newspaper is applicant and which a paper is or is not granted a license in contested and uncontested hearings. Do you follow me, sir?

Mr. MINOW. We would be glad to do that.

The CHAIRMAN. I might say I think it should be supplied, if it is supplied, but subsequently we have a number of questions on that very score.

Mr. MINOW. We would be very glad to supply that, Mr. Chairman.

The CHAIRMAN. Mr. Minow, according to staff figures, three newspaper chains have between them 45 dailies, 25 magazines, 10 radio AM stations. According to our staff figures, three newspapers chains have between them 45 dailies, 25 magazines, and 10 radio stations, 7 FM stations, 12 TV stations, 2 press services, several other photo services, and several feature syndicates. I will ask you this: Do you think such concentration of news and information media is at least significance?

Mr. MINOW. I think it is more than significant, I think, Mr. Chairman, it could be very dangerous.

The CHAIRMAN. Would you explain?

Mr. MINOW. I think the concentration of many media of communication into a few hands could be a very dangerous thing. I am concerned in my business with the concentration of the power of the networks where you have only three networks in the country, deciding what the 185 million people see and hear on television, basically. This I think is another area where any concentration of great power into a few hands, whether it be in the press or the networks or television I think can be a very, very serious thing.

The CHAIRMAN. Chairman Minow, in your statement this morning you stated, "Television is now having an impact on society as great as if not greater than the printed press had over the course of several centuries."

You also noted in that statement that the number of daily newspapers and the number of competitive daily newspapers cities had contracted. You concluded "The present trends point toward future and future people deciding what more and more people will receive from the printed media. Our basic principle should point us in the direction opposite for television."

Will you expand a bit on that?

Mr. MINOW. Yes. I was actually coming to that in my statement, Mr. Chairman. What we are trying to do in television rests largely, in part, on UHF television and the all-channel television receiver. As you know Congress last year authorized the Federal Communications Commission to require that future television be equipped at the point of manufacture with an all-channel tuner.

Since that time we have, in close consultation with the television-receiver manufacturers, set April 30, 1963, as the date on which all sets which are shipped in interstate commerce must be all-channel sets. We are getting applications now for UHF stations from a number of people. We are getting a great deal of interest in UHF. The Commission has recently set up a complete committee of some Commissioners and representatives of the manufacturers, representatives of the broadcasters, and engineers to work together on the orderly growth and expansion of UHF. That is where we are pinning our hope. What we are hoping will happen eventually in television is the same thing as you have seen here, and

that is a decline in the concentration of control because of an expansion of facilities. But this is the point I want to make. Even if we can provide, over a period of years, television sets in the hand of the public which are capable of receiving UHF signals, this is not an automatic solution to the problem. We will also need, among other things, applicants who are willing to risk their money on UHF television for substantial periods of time with no sure prospect of immediate financial return. If a newspaper publisher appears at our door as a sole applicant able and willing to enter a large television market on a UHF channel in competition with existing VHF stations, my question is would we serve the public interest and the cause of diversity if we turned him away? We know that newspaper ownership carries with it very serious possibilities of abuse. If one newspaper owns a radio or television station in a community, and its newspaper competitors do not, the fortunate paper can use its joint facilities to gain competitive advantages through questionable types of joint rates or joint promotion practices.

The CHAIRMAN. How is that practice made manifest here? Can you give some examples?

Mr. MINOW. We have had some examples recently where there may be discount practices available to an advertiser if he chooses to advertise on both a radio or television and a newspaper as opposed to just buying one or the other.

The CHAIRMAN. That is a sort of a package deal?

Mr. MINOW. That is right. The Commission inquires into this now, I might say, Mr. Chairman, at the time of renewal and at the time of application for new facilities by any newspaper-owned station.

The CHAIRMAN. Would you call that an unfair trade practice, that is, the package deal?

Mr. MINOW. Certain kinds of them are, I think, per se illegal, and there are very few of those that occur. Certain kinds give rise to unfair competition provisions. We do not have information that these occur regularly or on a wide scale. But there are sporadic instances that do occur which disturb us very deeply, and, I assure you, Mr. Chairman, we are keeping a very close eye on it. If you want to pursue that point I could give you a couple of examples, I think. We have one in upstate New York, in recent months of a complaint of this and one in Worcester, Mass., Mobile, Ala., which is now under investigation by the Commission.

The CHAIRMAN. In other words, when there are what you call "promotional announcements" on television concerning the newspaper, jointly owned, or in the newspaper concerning the television, jointly owned, do you take that into consideration upon renewal of the license?

Mr. MINOW. That is a different matter as opposed to joint rate. We have never condemned that, although we have a case pending where that is one of the issues at the moment. It is in hearing at the moment.

The CHAIRMAN. Isn't that unfair to the competing newspaper that hasn't got the television station?

Mr. MINOW. This particular one doesn't involve a newspaper.

The CHAIRMAN. I am speaking generally.

Mr. MINOW. Surely I think it could. I think it could provide cases of unfair competition.

The CHAIRMAN. You have no specific cases of that sort then?

Mr. MINOW. Our experience recently has been on the joint rate part of it, when we go into it, it is usually stopped, and immediately.

Mr. McCULLOCH. Mr. Chairman, I would like to ask the witness if he thinks legislation is necessary to prevent some of the practices which the Chairman has just named.

Mr. MINOW. I think there is ample authority in the law. What we need perhaps is a little more help in weeding it out. I think the law is ample.

Mr. McCULLOCH. Do I understand you to say that you have your eye on that kind of practice and you move quickly when you have reason to believe that you should move?

Mr. MINOW. We try to, Congressman, but I would say to you we have painfully few people who work on these matters and it is hard to keep up with all of them.

Mr. McCULLOCH. In other words, you need more help?

Mr. MINOW. That is right. I don't want to digress but particularly during campaign periods and equal time complaints.

Mr. McCULLOCH. Mr. Chairman, one further question. If you are short-handed, and I can well believe you are, do you want the information over to the Anti-

trust Division of the Department of Justice or to the Federal Trade Commission?

Mr. MINOW. To both agencies. As recently as last week we had one matter. We are constantly in liaison with them.

Mr. JOHNSON. In your dissent in the Boston case, you noted that WHDH enjoys special privileges in the advertising and printing of its logs in the newspapers and enjoys reciprocal advantages through promotional announcements carrying over the radio stations without charge. I note to begin with that yours was a dissenting opinion so that the majority of your brethren apparently didn't agree with you that this was a disqualifying factor in that case, is that right?

Mr. MINOW. Unfortunately that case is still pending and I think it would be inappropriate for me to comment upon it at all.

The CHAIRMAN. I think that is correct, proceed, Mr. Chairman.

Mr. MINOW. Our efforts to improve this situation rest in major part, again, upon UHF television and the all-channel receiver. But the provision of sets in the hands of the public that are capable of receiving UHF signals, the basic and essential step, cannot serve as the automatic answer to the problems. We also need, among other things, applicants who are willing to risk their money in UHF television for substantial periods of time, with no sure prospect of immediate financial return. If a newspaper publisher appears at our door as a sole applicant, able and willing to enter a large television market on a UHF channel in competition with existing VHF stations, would we serve the public interest and the cause of diversity itself by turning him away?

Yet we recognize that newspaper ownership carries with it the possibility of abuse. If one newspaper owns a radio or television station in a community and its newspaper competitors do not, the fortunate paper can use its joint facilities to gain competitive advantages, through questionable types of joint rate or joint promotion practices. If one radio or television station in a community is affiliated with a substantial newspaper in the community while its competitors are not, similar chances to gain an advantage over unaffiliated broadcast competitors arise. We have no indication that such practices occur regularly or on a wide scale. But the sporadic instances that do occur are disturbing and I assure you that we are keeping a close eye on such practices.

Moreover, while I think we must recognize that ties between newspapers and broadcasting stations may serve the public interest in communities where there are a number of newspapers and an adequate supply of competitive broadcasting facilities, I take a different view of such ties in communities where the channels of mass communications are more highly restricted. The most serious question is presented by an application seeking the only radio or television facilities in a community in behalf of the sole newspaper published in the same community. When the Radio Act of 1927 was under consideration, Congressman Luther A. Johnson of Texas discussed the general problem of concentration as follows (67 Cong. Rec. 5558):

There is no agency so fraught with possibilities of service for good or evil to the American people as the radio, and as a means of entertainment, education, information, and communication, it has limitless possibilities. The power of the press will not be comparable to that of broadcasting stations when the industry is fully developed. If the development continues as rapidly in the future as in the past, it will only be a few years before these broadcasting stations, if operated by chain stations, will simultaneously reach an audience of over half of our entire citizenship, and brings messages to the fireside of nearly every home in America. They can mold and crystallize sentiment as no agency in the past has been able to do. If the strong arm of the law does not prevent monopoly ownership and make discrimination by such stations illegal, American thought and American politics will be largely at the mercy of those who operate these stations. For publicity is the most powerful weapon that can be wielded in a Republic, and when such a weapon is placed in the hands of one, or a single selfish group is permitted to either tacitly or otherwise acquire ownership and dominate these broadcasting stations throughout the country, then woe be to those who dare to differ with them. It will be impossible to compete with them in reaching the ears of the American people.

Although Congressman Johnson was addressing himself to concentrations of control over the broadcast medium itself, his words are equally applicable to cases of monopoly ownership of both broadcasting and print media. Such cases do not arise on a nationwide scale or in our largest communities. Typically, they occur in smaller communities, where only one daily paper has found it feasible to

operate. When they do occur, I believe we should guard against them with few, if any, exceptions. For the dispersal of power in many hands is, after all, the distinguishing feature of an open society.

Mr. Chairman, I thank you very much, and we will be glad to try to answer any questions you may have.

The CHAIRMAN. Mr. Rodino.

Mr. RODINO. Purely a broad question, Mr. Minow, but I first want to refer to your statement in the personal portion of your contribution here this morning, where you talk about the relative permanence and convenience of print provides comprehensive reporting which is indispensable to the democratic process. I agree with you completely.

However, you then allude to the fact that there are thoughtful observers who believe that the advent of broadcasting has contributed to the decline in the number of independently owned newspapers.

Do we consider the fact that living in the age in which we do, speed, moving along as fast as we do, that there is a human element here that probably has caused this decline? People are more interested in reading headlines, not concerned with the total facts that may be there, and the fact that now there are people who in this competitive world see that they must meet a need and they provide just the headlines. They provide the fleeting images.

Don't you think, philosophically speaking, that this may be in a sense one of the biggest difficulties that are confronting us in order to maintain the democratic process?

Mr. MINOW. I think it is real. There has been a trend, in my view a very wholesome trend, to more in-department reporting on the air in recent years than there had been in the past. More news background, more documentaries and so on. I still think it can never be said as wanting to re-read or pick up again and ponder something that is in print. The absence in radio or television, and I am its greatest booster for its informational value, is you have to be with it every minute. You can't put it away for a while and come back to it and think it over. That is the big thing about the necessity of print, I think.

Mr. RODINO. Yes, I agree with you. But I say again that one factor that we cannot lose sight of is that perhaps the decline that does come about in the failures of newspapers is because there are many people in this competitive economic world who are providing what the public may want, as such.

The public, it seems to me, although interested in knowing what is going on, nonetheless, because of the jet age we live in, are more interested in headlines, getting the small picture, thinking that they get the whole.

Mr. MINOW. I think that is true. I think that is a fair assessment.

The CHAIRMAN. Mr. Meader.

Mr. MEADER. This committee and the Congress in the past has wrestled with the problem of a regulated industry being owned by a nonregulated industry. I refer to the committee study of pipeline ownership by oil companies. I refer to the reverse of that, of AT&T ownership of Western Electric.

You have a situation there, and I did not see it referred to in either of your statements, of your power to regulate and control the radio and television licensee, but where the ownership is in a nonregulated industry, namely, the newspaper industry, has that presented any problems? You did not refer to it.

Mr. MINOW. Let me give you a very serious problem it presents to us philosophically. I will give you a specific example of what I mean. I can talk about this one because it has been decided.

Take the Westinghouse Corporation which owns, I think, the maximum number of broadcasting facilities. Westinghouse is convicted of an antitrust crime. The Judge says the most serious antitrust crime in many, many years. Up to us comes the question, should Westinghouse broadcast licenses be renewed? One of the things we must find is that a broadcast licensee is of good character.

The CHAIRMAN. Was this a criminal indictment?

Mr. MINOW. Yes. You know the *GE-Westinghouse* case. Where is the character of the Westinghouse Corporation with hundreds of thousands of stockholders, with diffuse activities, with some people in the broadcasting business, some people in the electrical manufacturing business, and so on.

Where is the character of that company? In our view, Westinghouse is among the best broadcasters in the United States in terms of being public-interest minded and public-service minded.

The Commission had to wrestle with that one long and hard. That is a good example for you of a nonregulated company's owning a regulated industry. In the end we renewed the Westinghouse licenses. I felt they should have had a short-term renewal. That is the kind of society we are moving into now where all these interlocking and interrelated factors complicate life.

Mr. MEADER. You gave an example which did not involve the press which has a somewhat different character than a manufacturing operation; namely, the 1st amendment to the Constitution. Have you had any problems related to the press ownership of regulated industries?

Mr. MINOW. None as such that I am aware of, sir.

The CHAIRMAN. Go back to the Westinghouse case. Take the General Electric.

Mr. MINOW. That is still before us.

The CHAIRMAN. General Electric is an old offender antitrust-wise. There is a series of antitrust violations levied against General Electric and they were found with fault in those cases.

What are you doing with the application for renewal of the General Electric at Schenectady?

Mr. MINOW. That is still pending. That is under study right now. The reason I raise that is this—

The CHAIRMAN. "Still pending" is not an answer.

Mr. MINOW. I think I can't discuss it. I really think it would be inappropriate. I can take Westinghouse because that is out and decided. That is the nature of the problem you run into here.

Mr. MEADER. I would assume that you have full and complete access to the books and records of your licensees?

Mr. MINOW. If there is any dispute we have never had any trouble getting access.

Mr. MEADER. Do you have equal access to the newspaper owner of a licensee?

Mr. MINOW. Our general counsel tells me there is a decision which affirms our right to have such access.

The CHAIRMAN. You formulated no rule or set of criteria on this matter. You take it up ad hoc, I suppose.

Mr. MINOW. That is right. And give it the most thorough consideration. You mean on newspaper ownership?

The CHAIRMAN. Yes. Or on matters where the applicant is a violator or persistent violator of the antitrust laws?

Mr. MINOW. We have a uniform policy, Mr. Chairman, which the Commission adopted in 1951, I think, with respect to antitrust violations of our licensees. It is under that policy that we try to decide these questions.

The CHAIRMAN. Decide what?

Mr. MINOW. Under that policy that we decide these questions.

Mr. DONOHUE. Do I understand that in the Westinghouse case you resolved it in favor of the Westinghouse Company?

Mr. MINOW. That is right.

Mr. DONOHUE. Having established that precedent on the basis of the type of society that we are living in, these violators can always hide behind their corporate entity, can't they?

Mr. MINOW. I think we found there that the people involved in the broadcasting side of the business had no connection whatever with the antitrust side of the manufacturing business. Further, the broadcast record had been a very creditable one, and that in the Commission's view outweighed the other.

I must say to you this is a terrible dilemma that we have to face up to.

Mr. DONOHUE. Having established that precedent, how are you going to be able to decide differently in the future?

Mr. MINOW. We decided only on the particular facts involved in that case. We have had others. I think we have specifically had some where antitrust violation has resulted in the end of the broadcast license. We have specifically had some of those. I think it depends upon the nature of the offense, the gravity of it, the nature of the broadcast record. You have a lot of factors to take into account.

Mr. JOHNSON. To pursue Mr. Donohue's thought a moment on the RCA-Philadelphia case, is that still pending?

Mr. MINOW. I am afraid it is. That is still pending.

Mr. JOHNSON. The problem is presented there?

Mr. MINOW. That is one thing that is wrong with the administrative process, and that is one minute I should be wearing my black robes and another minute not. There are some things I can talk about and some things I can't.

Mr. JOHNSON. I want to go back to the tables for a moment, Mr. Chairman.

Tables A and D, which the Commission has prepared together, reflect all of the newspaper interests in broadcasting stations; is that not right?

Mr. MINOW. That is right, sir.

Mr. JOHNSON. The one thing I did not notice in there was the total number of commercial FM stations on the air. Do you have any figures on that?

Mr. GOLDIN. The total number that are associated with newspapers?

Mr. JOHNSON. Total number, first. We will get the newspaper associated later.

Mr. GOLDIN. The total number of commercial FM stations are approximately 1,100 that are authorized.

Mr. JOHNSON. The American Newspaper Publishers Association submitted a chart to the subcommittee in connection with the presentation tomorrow showing, I think, only 628 commercial FM stations in 1960. Have they increased?

Mr. GOLDIN. That is the difference between operating stations and authorized stations.

Mr. JOHNSON. As of the present time, what is the total number of daily and weekly newspaper-affiliated commercial FM stations? Have you got an idea on that?

Mr. GOLDIN. Some of these materials we just have to look for a moment. There are approximately 163 operating FM stations associated with newspapers.

Mr. JOHNSON. 163 out of how many operating?

Mr. GOLDIN. Out of approximately, at the present time, 900 stations.

Mr. JOHNSON. That means, according to your figures, the newspapers affiliated were about 27 percent?

Mr. GOLDIN. Yes. Let me explain why we didn't put those figures in the record. The reason for that is because so many of the FM stations are jointly owned with AM stations and duplicate the programs to the AM stations. So from that point of view they are not another voice in the community. There are only a small number relatively FM stations that are independently owned and independently operated and programmed.

There are approximately 250 that are independently owned and therefore independently programmed.

Mr. JOHNSON. What effect would that fact have on the present figures you presented on newspaper interests in radio broadcast facilities?

Mr. GOLDIN. Sir, I was trying to explain that they might not, from one point of view, be considered identical. That is, if there are two stations in a community and they are both programmed in the same program, the question is are these two voices or one voice?

Mr. JOHNSON. Your figures do indicate that the newspapers are affiliated with about 9 percent of the AM radio stations.

Mr. GOLDIN. That is right.

Mr. JOHNSON. Magazine-affiliated television stations, if they were added, how many more stations in each category would be involved?

Mr. GOLDIN. We have 13 AM affiliated with magazines and 9 TV affiliated with magazines and 9 FM affiliated.

Mr. JOHNSON. May I inquire as to your source on that?

Mr. GOLDIN. These are sources that are again a combination of the Broadcasting Yearbook, Editor and Publisher, and our records.

Mr. JOHNSON. Our computations, perhaps they are mistaken, from the 1963 Broadcasting Yearbook indicate there were 17 magazine-affiliated TV stations. Is that figure in error?

Mr. GOLDIN. I am not sure, sir. At some points we may have to confer on the figures and see why the differences exist.

Mr. MINOW. Some of those may already be lumped into the newspaper-owned ones because in some cases you have a common ownership of a newspaper and a magazine. So you have to correlate that.

Mr. JOHNSON. Perhaps the best way to do this is for the Commission to make available to us those figures.

Mr. MINOW. We would be glad to do that.

Mr. JOHNSON. Eighty communities in this country listed in table 1, in which the only daily newspaper also owns the only standard AM broadcast station?

Mr. GOLDIN. That is right.

Mr. JOHNSON. About 26 of these stations or about 40 percent of the total were acquired by purchase; is that not so?

Mr. GOLDIN. That is approximately correct.

Mr. JOHNSON. That would not involve a comparative hearing as to qualifications of that applicant as opposed to any other?

Mr. GOLDIN. No, it does not.

Mr. JOHNSON. Newspapers own majority interests in all but 5 of those 80 stations; is that not so?

Mr. GOLDIN. Yes.

Mr. JOHNSON. Table 2 shows the distribution of these 80 stations according to class time and population?

Mr. GOLDIN. That is right.

Mr. JOHNSON. And the greatest number of these stations, about 39 of them, are in communities of 10,000 to 25,000 population; is that not so?

Mr. GOLDIN. Under the corrected figure it would be 41, sir. The 2 that we added happened to follow that population characteristic.

Mr. JOHNSON. So it is the communities in that population area, generally speaking, where that situation seems to prevail?

Mr. GOLDIN. That is right.

Mr. JOHNSON. Turning to table 3, there are 43 still——

Mr. GOLDIN. Yes.

Mr. JOHNSON (continuing). Communities in which the only daily newspaper also wants one of the two AM broadcast stations. About 32 percent of these were acquired by purchase by 13 stations; is that not right?

Mr. GOLDIN. Yes, sir.

Mr. JOHNSON. There, again, no comparative hearings were held?

The CHAIRMAN. Will you explain for the record what is meant by a "comparative hearing"?

Mr. MINOW. A "comparative hearing," Mr. Chairman, is when we have two or more mutually exclusive applications for the same facility. In other words, you can only grant one out of a number of people who want it. We have, for example, as many as 12 or 11 people arguing over a television channel.

The CHAIRMAN. But when there is a purchase you take it there is only one applicant, as it were, or the equivalent of an applicant and there is no hearing then?

Mr. MINOW. You have raised a question which interests me a great deal because we are proposing legislation. We think this is a gap in the legislative process. If you want to go into that I will be glad to explain that.

The CHAIRMAN. Suppose an applicant is an applicant for a TV station and he is rejected. Somebody else has superior qualifications. He then goes about to purchase a station. Do you automatically grant the station to him despite the fact he was disqualified in the first instance?

Mr. MINOW. Not automatically, Mr. Chairman, though I would have to say to you that over the years that sort of thing has happened many times. In fact, there have been some instances, several, where a loser in a comparative case subsequently purchased an interest in the licensee company.

In other words, the loser eventually become the operator.

The CHAIRMAN. Doesn't that seem rather anomalous?

Mr. MINOW. I think not only anomalous, I think it is destructive of the whole concept.

The CHAIRMAN. Is your committee in accord with your view?

Mr. MINOW. No, not basically. We are proposing legislation again this year. We have in the past to amend section 310(b) which is the transfer provision of the act. Prior to 1952, the Communications Act—if you want I will give you the exact language—a sentence was added to 310(b) in 1952 by the Congress which said that "on a transfer the Commission may not consider whether the public interest means of assessing might be served by assignment to a person other than the proposed transferee," if you follow me.

Congress deleted that sentence in 1952. Excuse me, Congress added it. We would like to have it deleted. I have it in reverse. Because otherwise, we can go through one of these laborious hearings and make a judgment as to who would be the best licensee to serve the best public interest and then subsequently the parties can agree on whom it should be, and we are prohibited from considering whether it should be somebody else.

Mr. JOHNSON. As a matter of fact, that is what happened in the case of Mobile, is it not?

Mr. MINOW. I think to some degree; yes, sir.

Mr. JOHNSON. As I recall it——

Mr. MINOW. Denver.

Mr. JOHNSON. KRG in Mobile, the applicant lost on a comparative hearing and came back in about 3 years later, I believe it was a newspaper.

Mr. MINOW. Fifty percent interest in part.

Mr. JOHNSON. And said, "Frankly, our desire is to control"—I have the exact language here if you want it—"we are trying to get this for a long time and this is how we are going to do it."

Mr. MINOW. I was not there at the time but I know there were several instances where, by the transfer route, the comparative process resulted in another solution than the one that the Commission selected.

Mr. JOHNSON. In other words, all these transfer applications you can vote transfer up or down but you cannot consider who else might be better equipped?

Mr. MINOW. That is right. I will give you a specific case of that. This is where it really gets serious. Suppose an educational group wants to buy a channel or a station and puts in a bid which is equal to that of a commercial group. Under the law we could not even consider that.

Mr. JOHNSON. Let me ask you this: To what extent is the availability of other purchasers relevant to a decision by the Commission as to whether to turn the transfer up or down?

Mr. MINOW. Presently under the law we are explicitly directed not to consider that.

Mr. JOHNSON. But would the alternatives be relevant? In other words, if you vote the transfer down somebody else might come in and apply for the station. Is that not so?

Mr. MINOW. Yes. Suppose you have a station which is going from local to out-of-town hands under a transfer, and suppose you have a local group that comes and says, "We would like to buy it. We will put up the money." Under the law we cannot consider whether it is more in the public interest to have the local group take it over or someone else.

Mr. COPENHAVER. Mr. Minow, is it possible for a party to intervene on a transfer case?

Mr. MINOW. Let me ask our general counsel on the law.

Mr. PAGLIN. Not under the state of the law as it presently exists. As the Chairman indicated, this is one of the purposes of the Commission's proposal as to the amendment of this legislation in order to give the Commission the same power with respect to transfer applications as it has in all other respects in licensing matters.

Mr. COPENHAVER. The reason I ask is because as I read the law I see no prohibition against intervention. You can't have a comparative hearing but we will say an education station could intervene or even a regular commercial station could intervene to proposed transfer he would hurt the intervener competitively. Through an indirect route you could raise the issue which Mr. Johnson has brought out.

Mr. PAGLIN. This would raise the question as to what status, if any, the proposed intervener would have. That is to say whether he would be sufficiently and legally a party of interest to require the Commission as a legal matter to give him status to make his complaint. He could make it in an informal manner. He could advise the Commission and make the Commission communicative with the problem. Then the Commission would have under existing law only the problem before it, as Mr. Johnson said, to vote the transfer up or down. They would have no other choice.

Mr. COPENHAVER. One more question. May I ask how often a hearing is held on a television transfer case?

Mr. PAGLIN. They are quite infrequent. The questions that would arise would be two. Most directly as to whether or not the proposed transferee had the requisite qualifications. If there were some questions with respect to the proposed transferee's qualifications a hearing might have to be held.

On the other hand, if there were a question—I don't want to dilute the record in this case—there have been some instances where the proposed transferor had been engaged in certain activities so that the Commission was questioning his own qualifications to continue to hold the station.

In those cases there are hearings. In this situation it doesn't really answer the question.

The CHAIRMAN. The Chair wishes to note the presence of our distinguished colleagues, Representative Libonati of Illinois and Representative Ashmore of South Carolina. I am very happy to welcome them and we are highly privileged to have them. I am glad they evince this keen interest in this inquiry.

Mr. Johnson?

Mr. JOHNSON. Reverting again to the matter of transfer, I suppose the Commission is reluctant as a rule to vote a transfer down, leaving a reluctant transferee operating a station; is that right? I mean transferor.

Mr. MINOW. Yes, sir; we are, although we sometimes do if the situation warrants. You are right, we are reluctant to do that.

Mr. JOHNSON. How can the Commission realistically consider whether the public interest would be served by a transfer if it is not able to ponder the alternatives?

Mr. MINOW. I agree with you completely and, that is, we would like to have legislation on this very point.

Mr. JOHNSON. I suppose there might be a difference in the price offered by competing transferees; is that not so?

Mr. MINOW. Yes. It might not only be a matter of price but terms of payment and credit and all that. We do not want to go back. At one time the Commission followed the procedure where we had a direction to go on competing bids. We would not want to go into that. Neither do we want to be frozen of considering whether alternative purchases might not better serve the public interest.

Mr. JOHNSON. In your opinion, Mr. Chairman, should the transfer of a station like this always go to the high bidder?

Mr. MINOW. No, sir.

Mr. JOHNSON. Or should the public interest be paramount?

Mr. MINOW. I think it should not go to the highest bidder because particularly in many cases you are buying a public franchise and nothing else.

Mr. MEADER. Mr. Chairman, if I might intervene at that point, if you did have a comparative proceeding with respect to transfers, how could you avoid having the Commission fix the price of the sale?

Mr. MINOW. The Commission would not get into the matter of fixing price. It would be qualifications, really, when you have two people or three willing to pay the same price, as to who was the one to get it.

Mr. JOHNSON. May I pursue that with one more question, Mr. Chairman?

Suppose you had some grave doubts about somebody who was offering the top dollar, somebody convicted of an antitrust violation personally, and there was an educational group that wanted to open an educational channel, or acquire it for educational purposes, as I take it under the law today you would be precluded from considering that. Under the law as you propose to amend it, would you be able to consider it?

Mr. MINOW. Yes, sir; we would have flexibility, which is what existed prior to 1952. We want to refer to the prior 1952 state of the law.

Mr. JOHNSON. Reverting again to the radio stations owned by newspapers, newspapers own a majority interest in all but 4 of the 43 stations shown on table 3; is that not correct?

Mr. MINOW. That is right.

Mr. JOHNSON. Table 4 also shows the distribution of these 43 stations by class and time, does it not?

Mr. MINOW. It does.

Mr. JOHNSON. Forty-five—

Mr. GOLDIN. No, it is 44; 35 and 9.

Mr. JOHNSON. The greatest number of these stations, 18, I believe, are in communities of 10,000 to 35,000 again?

Mr. GOLDIN. That is right.

Mr. JOHNSON. Tables 5 and 6 relate to commercial television, do they not?

Mr. GOLDIN. Yes.

Mr. JOHNSON. Table 5 lists the total of 26 communities in which the only paper owns the only commercial television outlet?

Mr. GOLDIN. That is right.

Mr. JOHNSON. It also shows four communities in which there is another TV station in the market. The other TV station also being owned by a local paper.

Mr. GOLDIN. Are you referring to the Greensboro matter?

Mr. JOHNSON. Yes.

Mr. GOLDIN. Yes, sir.

Mr. JOHNSON. Table 6 lists 18 communities in which a complete monopoly exists. That is, the only daily also owns the only AM and TV.

Mr. GOLDIN. Table 6 refers to two commercial television stations where one is affiliated with a newspaper. It is table 5 that deals with the one-one situation. Table 6 deals with the one-two situation.

Mr. JOHNSON. I stand corrected.

Mr. GOLDEN. Table 7 is the one you may be referring to.

Mr. JOHNSON. That is the four communities in which the only newspaper in town owns the only broadcast station.

Mr. GOLDIN. Yes.

Mr. JOHNSON. You have those mentioned there.

Mr. GOLDIN. That is right.

Mr. JOHNSON. Skipping to table 12, Mr. Chairman, the Commission figures there indicate that in the top 25 markets as you have defined, there are 33 newspaper-affiliated television stations, and this table refers only to newspapers owning majority interest.

Mr. GOLDIN. That is true except for the first part of the sentence. The 33 includes the 4 that are unaffiliated. So it is 29 newspaper-owned stations that are affiliated and 4 that are not affiliated.

Mr. JOHNSON. Twenty-nine?

Mr. GOLDIN. Yes, sir. Let us clear the record. I am talking about affiliation with a network at this time.

Mr. JOHNSON. Yes, network affiliated. There are in those top 25 markets, as I understand it, 75 possible network affiliations?

Mr. GOLDIN. That is true.

Mr. JOHNSON. And 15 of those are taken up by the so-called O and O?

Mr. GOLDIN. That is right.

Mr. JOHNSON. So that a total of 60 is left, 29 of which are newspaper owned?

Mr. GOLDIN. That is right.

The CHAIRMAN. Is it fair to state that in the 25 larger cities or the top markets, 33 TV stations are controlled by newspapers?

Mr. GOLDIN. That is right.

The CHAIRMAN. Thirty-three out of 25 top markets are controlled by newspapers?

Mr. GOLDIN. That is right. Thirty-three of the stations in the top 25 markets are owned or controlled by the newspapers.

Mr. JOHNSON. Roughly half of those or half of the available remaining network affiliations after the O and O are owned or controlled by newspapers; is that correct?

Mr. GOLDIN. That is right. I want to add one other point about the table. We checked the four that were unaffiliated to ascertain where they were located. Three of them were located in Chicago, New York, and Los Angeles where no affiliation was available. The fourth was in Dallas-Fort Worth where all of the other existing network affiliates are newspaper controlled.

So in effect there is no newspaper in the top 25 which has a potentiality for affiliation which does not have such affiliation.

The CHAIRMAN. I just want to ask for repetition purposes, to get it clear, 29 of those 33 TV stations in the 25 top market cities, which are controlled by newspapers, hold television network affiliation?

Mr. GOLDIN. That is right, sir.

The CHAIRMAN. Mr. Minow, in the top 25 markets, there are 75 potential network television outlets, are they not?

Mr. GOLDIN. Television affiliations possible; yes, sir.

The CHAIRMAN. What do you mean by "potential"?

Mr. GOLDIN. In the sense that in any particular market there would only be three stations that could be affiliated since there are only three networks.

The CHAIRMAN. And 15 of these outlets are presently network owned and operated stations; is that correct?

Mr. GOLDIN. That is right, sir.

The CHAIRMAN. Name these 15, will you? Give the cities.

Mr. GOLDIN. New York, Chicago, and Los Angeles; there would be network-owned stations in each of those. That would include nine. The other markets in which there would be network ownership, Philadelphia, Washington, San Francisco, in Boston, in St. Louis, in Detroit. These are all markets which are normally ranked within the top 10 or 15 in the country.

The CHAIRMAN. In other words, that is the cream of the crop?

Mr. GOLDIN. Yes, sir.

Mr. MINOW. Mr. Chairman, you would be interested in knowing there are less than 30 television stations in the United States not affiliated with a network.

Mr. JOHNSON. Less than 30 in the whole United States?

Mr. MINOW. Thirty-five in the entire United States not affiliated with a network. Of that 35, 6 are in New York and Los Angeles.

Mr. JOHNSON. Where O and O's have squeezed them out, so to speak?

Mr. MINOW. Where there is no opportunity. The point I want to make is that you are talking about a very small part of television that is nonaffiliated with the networks.

Mr. JOHNSON. Skipping to table 14 and particularly paragraph 2 thereof, that shows that newspaper-owned network-affiliated commercial TV stations in the top 25 markets, excluding New York, Chicago, and Los Angeles, have 40 percent of the revenues; is that correct?

Mr. MINOW. That is right.

Mr. JOHNSON. And 37 percent of the stations?

Mr. GOLDIN. That is right. In your question I think you said newspaper-owned network TV. It is newspaper-owned TV stations.

Mr. JOHNSON. That is correct.

The CHAIRMAN. Will you try to give me this answer, if you can? Please explain how it came about that 50 percent of the available TV network outlets in the 25 top markets have become newspaper controlled. How did that come about?

Mr. GOLDIN. I think it has to do with the history of the radio and television industry. In many cases the TV stations that went into operation earliest were newspaper-owned stations which had preexisting arrangements with the network, and this is in radio. When television came around it was very natural for the network to affiliate with those same stations.

The CHAIRMAN. In other words, it means that a newspaper-controlled TV station has a better chance to get a network affiliation?

Mr. GOLDIN. Not necessarily, sir. This is something that may vary from market to market.

The CHAIRMAN. The figures seem to show that.

Mr. GOLDIN. This is the historical fact at the present time; yes, sir.

The CHAIRMAN. What has the Commission done, shall I say, to prevent network affiliation from being awarded to newspaper-owned stations on a sort of preferential basis?

Mr. GOLDIN. This is the manner of the criteria for network affiliation. We are examining this in the network study report in which we went into such matters as the newspaper-owned relationships and the multiple-owned relationships. The study staff recommended that the network should be required to publish the criteria for affiliation, to set forth what were the reasons for such affiliation.

The CHAIRMAN. In the record of the hearings before this subcommittee in 1956, in a memorandum of Columbia Broadcasting System, television network, CBS stations: "All of the things being equal between or among the competing stations, CBS television generally prefers a TV affiliate which is newspaper owned because of the effect of such ownership on the role of the station in the community."

Is this policy in effect as far as the Commission is concerned?

Mr. GOLDIN. Sir, there was another statement by CBS which was a revised statement of affiliation criteria following the network study report. It was entered into a proceeding before the Commission in 1958, I believe it was January 1958, in which the CBS somewhat altered its language with respect to the importance to be attached either to multiple-owned stations or to newspaper-owned stations. But the net effect of it was to leave open certainly the possibility of affiliating with newspaper-owned or multiple-owned stations. We will be glad to furnish that for the record.

The CHAIRMAN. You have no direct control over the networks and who shall be affiliated with networks because that is a hot issue, I suppose?

Mr. MINOW. It is another area, Mr. Chairman, where the Commission in 1960 recommended legislative action by the Congress.

Mr. JOHNSON. Let me ask you this, Dr. Goldin, in connection with CBS' revised statement of position: Apart from the statement, what has the fact been? As new affiliates have been developed, have there been more newspaper owned or less?

Mr. GOLDIN. I would have to give you a record on that factually. I don't have that available, sir. I don't think as a general matter that there has been any practical change in the proportion of affiliated, nonaffiliated, whatever the reasons for such affiliation.

Mr. JOHNSON. How about the other two networks, have they at any time indicated that all things being equal, would give newspapers preference?

Mr. GOLDIN. So far as I know, they have not specifically stated. They have spoken mutually in terms of preexisting relationships in radio and the experience of the management and the other criteria.

Mr. JOHNSON. Now I would like to advert a moment to what you were discussing with Mr. Cramer. Your thought that the Commission perhaps should give a competing newspaper an inside track in applying for a UHF license in the community.

Mr. MINOW. I wouldn't say "inside track," but I would not want to exclude them because they were a newspaper.

Mr. JOHNSON. Is it the business of the Commission to try to equalize competition in other business?

Mr. MINOW. No, but I think it is our duty to try to have as much diversity in the media and as many different sources of information as possible.

Mr. JOHNSON. If you could keep, let us call it, a second competing newspaper afloat or help it to stay afloat by the grant of a UHF channel, that would be a factor which you would weigh?

Mr. MINOW. I would; yes, sir.

Mr. JOHNSON. How about a situation where there is no newspaper competition and a UHF channel becomes open and it is owned by the only newspaper in town, what do you think should be done by that?

Mr. MINOW. I think we should adhere to the Commission's policy that, all things being equal, don't give it to the newspaper. As I have said, I have never found yet where all things were equal. That is the point.

Mr. JOHNSON. In the Tampa case, as I recall it, the Tampa Tribune was the dominant paper in that town or was one of the two papers in the town, and it got a license, I believe, from the FCC?

Mr. MINOW. That is right, sir. Our general counsel is more familiar with that particular case.

Mr. PAGLIN. Are you speaking, sir, of the Tribune Company case?

Mr. JOHNSON. The Tampa Tribune. They first got a VHF license.

Mr. PAGLIN. That is right.

Mr. JOHNSON. Subsequently, the Tampa Times came along, the second paper in town, and they sought another channel; is that not so?

Mr. PAGLIN. That is correct.

Mr. JOHNSON. And the Tampa Times got turned down; did they not?

Mr. PAGLIN. They did.

Mr. JOHNSON. Subsequently, the Tampa Tribune acquired the Tampa Times; is that not so?

Mr. PAGLIN. I personally am not familiar with that, sir.

Mr. JOHNSON. I think that is the fact. I do not know whether this is cause and effect or not but the case may be instructive. Was the Pilkington Commission compiling a report in England on the subject of commercial radio?

Mr. MINOW. Yes, sir. The Commission was established to recommend action to the government and parliament in England about the future of broadcasting in general.

Mr. JOHNSON. What did they conclude on the subject of cross-ownership?

Mr. MINOW. With respect to radio?

Mr. JOHNSON. Yes.

Mr. MINOW. With respect to radio I think summarizing my understanding of it, Great Britain has no commercial radio now. It has BBC, which runs several different services, but no commercial radio. When the Pilkington Commission considered whether they should have commercial radio, it said, "If we permit commercial radio many of the people who will apply will be newspapers and this would be undesirable because it would lead to an unhealthy concentration of power. On the other hand, if we exclude newspapers from owning commercial radio stations, the newspapers will be badly hurt economically because the advertisers will be leaving them and going over to the radio stations."

Faced with those two undesirable alternatives, the Commission recommended that there be no commercial radio because either of those alternatives would be a dangerous thing. There are other factors as well, but I think the thought process and the analysis is of great interest, reflecting similar concerns in other countries.

In television in Great Britain the newspapers do own interests in commercial television.

Mr. JOHNSON. There is one commercial network?

Mr. MINOW. It is quite different than the way we run it. There are program companies licensed by the government which are given franchises and in those instances the newspapers have interests.

I think they looked with disfavor on any increase in newspaper ownership.

Mr. JOHNSON. Getting to your initial grant policy which I gather covered most of the comparative cases. When you get to the diversity factor, which I gather is included among those which you consider, it is only one of many; is that not so?

Mr. MINOW. Yes, sir.

Mr. JOHNSON. But once you grant a channel to a newspaper applicant it is pretty difficult to reopen the situation; is it not?

Mr. MINOW. I think that is right.

Mr. JOHNSON. In other words, in the *Sunbeam* case, lack of experience or other factors could be cured by time but lack of adversity could not be?

Mr. MINOW. I have quoted that several times.

Mr. JOHNSON. In 1940, the Commission became concerned, did it not, about the 30 percent ownership by newspapers of radio outlets?

Mr. MINOW. Yes. That was the study I mentioned in part in my statement.

Mr. JOHNSON. Yes. In connection with that study the Commission staff finally made a summary of the record, did it not?

Mr. MINOW. Yes, sir. We transmitted it, I believe at the time, to Congress.

Mr. JOHNSON. I understand that is almost out of print?

Mr. MINOW. That is correct.

Mr. JOHNSON. Mr. Chairman, I would suggest that perhaps this study done by the Commission staff might be an appropriate part of our record to indicate what the Commission did in a period in what seems now like the remote past on the very subjects.

The CHAIRMAN. It will be accepted. Can you give us the gist of the summary?

Mr. MINOW. The real gist is in my statement where we said we did not think that this question lent itself to general rule treatment. It required a case-by-case examination, that the Commission does not desire to discourage qualified persons from applying for licenses but desires to encourage the maximum number of qualified persons to enter the field of mass communications and to permit them to use all modern inventions and improvements in the art to assure good public service.

It said that we would not deny a license merely because an applicant was engaged in a particular type of business, but that we would consider in our evaluation the probable concentration of control. This is basically our view and I am afraid it is full of on the other hand, but that seems to be the nature of the problem.

Mr. JOHNSON. The Commission has lately been encouraging broadcast editorials.

Mr. MINOW. We are. We are encouraging it. We would like to see as many opinions get on the air as possible.

Mr. JOHNSON. In the summary of record, there is a reference to the fact that radio Stations then owned by one of the newspaper chains was even then editorializing perhaps from outside the community?

Mr. MINOW. Yes.

Mr. JOHNSON. In view of the number of newspaper-chain-owned broadcast outlets, would you regard the publication, so to speak, of a chain editorial as comporting with the Commission's editorialization policy?

Mr. MINOW. The Commission's editorial policy encompasses fairness plus the provision of section 315 of the Communications Act and that is that reasonable opportunity must be provided for the expression of differing views on controversial issues.

Mr. JOHNSON. Yes, but you are interested in local self-expression.

Mr. MINOW. We are to a great degree. In fact, most broadcast editorializing is a matter of local expression on local issues.

Mr. JOHNSON. A broadcast editorial furnished by one of the chain newspapers would not necessarily deal with local affairs, I take it?

Mr. MINOW. No, I think it could get to be a problem. I think the real thing we should be encouraging is as many opinions as possible. I think national issues ought to get in, as well. I am very concerned that no opportunity is provided for opposing viewpoints. This is a great headache to the Commission but one of enormous importance to the country, that it not be one-sided on an issue.

Mr. JOHNSON. On initial grant proceedings, which are comparative, as I believe you indicated, as a rule, does the Commission require that the newspaper, if it is an applicant, indicate whether or not its paper is going to be run separate and apart from the broadcast station?

Mr. MINOW. Yes. As a matter of fact, this is gone into in some detail.

Mr. JOHNSON. Is it required as a matter of regulation?

Mr. MINOW. No, except in our new forms which are being completed, one of the questions will be, for example, with respect to joint rates and certain practices like that. But our case law requires us to look into it more than our rules.

Mr. JOHNSON. Separate and apart it would relate to such matters as solicitation of advertising?

Mr. MINOW. You mean the joint solicitation?

Mr. JOHNSON. That is correct.

Mr. MINOW. Yes, we go into that.

Mr. JOHNSON. Would it also relate to cross-plugs? The radio station plugging the paper and vice versa?

Mr. MINOW. Our existing application form does require that they say how much time they devote to the promotion of a jointly owned business venture. So we do have that information.

Mr. JOHNSON. Does the Commission look upon this sort of practice with disfavor or does it simply wish to be informed of whatever relevance it may have?

Mr. MINOW. I would say to date it is mostly a matter of information. I think if we felt on the basis of that information if there were any competitive practices, then we would be concerned.

The CHAIRMAN. You say it is only for information, but does it not have an effect of hurting the competition because you give one media an advantage over a competing media?

Mr. MINOW. I think it tends in that direction. Let me read the question no. 9 which is in our form, or section 4. "State the average number of hours per week which will be used in advertising or promoting any business profession or activity other than broadcasting in which the applicant is engaged or financially interested either directly or indirectly. If this is an application for renewal of license, show the date of the past license period also."

If as a result of the answer to that we see any competitive impact, obviously we would do something about it.

Mr. JOHNSON. On renewal?

Mr. MINOW. Yes.

Mr. JOHNSON. Now I would like to refer back a moment to the Stanford case. You recall it was in 1945 that the Stanford, I believe radio station, was given to the local newspaper, resulting in a local cross-ownership situation. The newspaper, I believe, represented that it would run the two operations apart. Commissioner Doerfer dissented. He said, "No man can reasonably be expected to divide his mind into two separate compartments and to compete with his own social, economic, and political philosophies and his own self-interests. The ultimate end of any such experience is more likely to be schizophrenia in the individual than diversification in the information and cultural affair presented to the public."

What is your view on that statement?

Mr. MINOW. I would say Commissioner Doerfer was basically right. Take the Washington Post in town which editorializes on the air and television and sometimes is in disagreement with the editorials in the newspaper. They run separate editorial shops and that happens in some places. I think in general, Commissioner Doerfer is accurate in his assessment of human nature.

Mr. JOHNSON. An owner taking one view in his newspapers and one on the television station, would feel that his feelings were not strongly held?

Mr. MINOW. In some cases it is left to the editorial's writers to decide.

Mr. JOHNSON. Reverting to the summary of the record by the Commission staff in 1941 and 1942, several newspaper strains involving wire services were brought to light. Can you tell the subcommittee whether wire services are readily available to broadcast stations today?

Mr. MINOW. They are. I think we recently had a complaint within the last month or so, that the wire services are only available for a set period and a set price and there is no negotiable difference that you can make on a contract.

In other words, you must take it for "X" years.

Mr. JOHNSON. You mean wire services are offering contracts for the same period of years?

Mr. MINOW. We have had a complaint that they are offering only a straight 5-year contract.

Mr. JOHNSON. How about the rates? Are the rates identical?

Mr. MINOW. The complaint alleges this. This is a matter which we are looking into now. We are not yet ready to say whether the complaint is well-founded.

Mr. JOHNSON. Under the Communications Act of 1934, as amended, the Commission has authority, does it not, to regulate the charges made by communications carriers for wire services used by the press?

Mr. MINOW. Yes, it does.

Mr. JOHNSON. The act also authorizes the Commission to classify wire communications into various categories including a separate category for the press?

Mr. MINOW. It does, sir.

Mr. JOHNSON. The Commission did authorize such a separate classification in the past, did it not?

Mr. MINOW. I believe it did at one point, yes.

Mr. JOHNSON. Can you tell me when this special classification was discarded?

Mr. MINOW. I think it was shortly after the war. I would have to supply the exact date for the record.

Mr. JOHNSON. Reverting to this question I asked you about the availability of wire services to the stations, I suppose the charges involved might be pretty critical to a station?

Mr. MINOW. Very much so.

Mr. JOHNSON. I will not ask you to comment on anything before the Commission. But you did issue a final decision recently which had the effect of increase in the wire service charges to the press?

Mr. MINOW. That is correct. The Commission has had the so-called private line case before it for a number of years and about a month or so ago issued its result. In its decision the Commission did provide a number of rate increases, including certain increases for the press for private line services. This was based on the record at the time which indicated that the present level of prices is not a compensatory one.

In other words, it is not carrying its own weight. Other users are carrying it. However, the Commission was deeply concerned that this might lead to some decrease in availability of information to the public. As a result in its order specifically invited petitions for reconsideration on this issue.

This morning I was—the Commission's meeting this morning in my absence—I am notified we have granted a stay for this order to go into effect pending the filing of petitions for reconsideration. So what I am basically saying to you is that we are looking into this very carefully.

Mr. JOHNSON. One further question. The basis of the Commission's concern, I take it, is that an increase in wire rates might either put services, independent wire services, or the wire services might pass this cost on to the newspapers and put newspapers out of business?

Mr. MINOW. That is right; or to broadcasting stations which depend on the wire services for many of their news programs.

Mr. JOHNSON. So that the basis of the Commission's concern here as in the question of what the wire service rates would be to a broadcast station are the same, namely, if it is touch-and-go, such an increase might cause newspapers or radio stations to fall?

Mr. MINOW. Also, they might curtail services. Our problem is increasing rates as a common carrier. We are bound to see to it that no one rate is priced so low that other users are paying for it.

Congress, for example, makes certain classifications of the postal service which it finds in the public interest for certain uses to be charged less than others.

In the rate paying field, you do have some other considerations, but this is one we are reviewing right now.

Mr. JOHNSON. I suppose with a number of new wire services that have developed recently, New York, Washington Post, Los Angeles Times, I suppose an increase in private wire rates might cause a newspaper which was taking one of the standard wire services to discontinue one of the special ones?

Mr. MINOW. I think that could happen.

Mr. JOHNSON. That would have a direct impact on the variety of information coming to the public in the newspapers?

Mr. MINOW. That is true, sir.

Mr. JOHNSON. Just a few other questions, Mr. Chairman, and I think I am through.

Now on combination rates or joint advertising rates: In the summary of the record, in 1941-1942 hearings, the staff noted that about half of the newspaper-associated broadcast stations had agreements with newspapers with respect to advertising publicity practices.

I am wondering, sir, to what degree, and you have mentioned already the Commission's public notice of January 31st with respect to joint advertising rates offered by separate broadcast stations, whether the Commission knows of instances where this joint advertising rate between newspapers and broadcast stations?

Mr. MINOW. We have had some. The most conspicuous example was the litigation of the Kansas City Star case years ago where the pattern there was held to violate the antitrust laws by the Federal courts.

There are some other instances of this which occasionally come to us and which we investigate. I mentioned, I think earlier, we had one recently in upstate New York and one in Worcester, Massachusetts. This does not happen too often but when it does we go into it.

Mr. JOHNSON. What do you do when you find a situation exists like combination rates for commercial spot announcements, for example?

Mr. MINOW. Our experience, Mr. Chairman, if we even look into it it stopped. If it got serious we would take it up at renewal time and take appropriate action then.

The CHAIRMAN. Did your public notice of January 31, 1963, have a good effect?

Mr. MINOW. Yes. It is probably too early to appraise it entirely. But I know it has created a good deal of discussion within the industry and I think some corrective action.

Mr. JOHNSON. Does the Commission inquire at renewal time whether this sort of practice is in effect?

The CHAIRMAN. Was it in effect during the previous 3 years?

Mr. MINOW. I think I would have to answer that by saying that until recently, quite recently, we did not as a matter of course. We do now.

Mr. JOHNSON. As a matter of course, you do now?

Mr. MINOW. Yes. We had one case I did not mention. That is in the Fort Wayne Television case.

Mr. JOHNSON. I was coming to that, Mr. Chairman. Maybe we can take that in sequence. Whenever a newspaper applicant for a broadcast license has instituted a forced combination rate with another separately owned newspaper, how does this affect its standing before the Commission as an applicant for an initial grant, transfer, or renewal?

Mr. MINOW. That is a case where we deny on this very ground. The Fort Wayne television case is an example of that. There you had two stations under separate ownership agreeing on package rates, which is really just price fixing. The Commission acted in that case and condemned it against the practice.

Mr. JOHNSON. But where two newspapers under single ownership employ joint advertising practices, the Commission has concluded that there is no basis for an adverse conclusion.

Mr. MINOW. No, I think it depends upon the impact upon competition in the area. If it leads to an unfair competitive practice we would consider that. That is an area where we are in touch with the Department of Justice.

The CHAIRMAN. Suppose it is a morning and evening paper under one ownership?

Mr. MINOW. We had a case on that, I believe.

Mr. JOHNSON. Indianapolis.

Mr. MINOW. Yes. Also one in the courts not involving broadcasting in New Orleans.

Mr. JOHNSON. That is the Times-Picayune. That is another topic. I am inquiring of you, sir, what the Commission's attitude is if an evening and daily in the same ownership has forced combination?

Mr. MINOW. If it had a competitive impact I believe the Commission would not allow it to continue for a licensee.

Mr. JOHNSON. How do you square that with the WKRK?

Mr. MINOW. This is one before I came. I am not too familiar with it.

The CHAIRMAN. Where was that case?

Mr. JOHNSON. This is in 1958, Mr. Chairman, in Mobile, Alabama. I am quoting from the Commission's decision, Mr. Chairman.

"In the instant case both groups are owned by the same company. Accordingly there is no combination of competitors and the conduct found objectionable in the Fort Wayne case, where the newspapers were separately owned, is not here present. Therefore, under the circumstances here obtaining the unit advertising arrangement in Mobile affords no basis for an adverse conclusion with respect to comparative qualifications of the Press Register in Mobile television."

Mr. MINOW. That was in 1958. Mr. Paglin would know more about it than I do.

Mr. PAGLIN. Mr. Johnson, I am trying to recall. My present recollection, and I would like to fill out the record if you feel it necessary, is that basically the Commission's finding will be that there was no adverse competitive impact produced by this particular matter.

The CHAIRMAN. Wasn't there an adverse competitive effect in advertising?

Mr. PAGLIN. I beg your pardon?

The CHAIRMAN. About the impact on the advertisers who refused to accept those conditions?

Mr. PAGLIN. I prefaced my statement by saying that the case does not come back fresh into my mind. I should like to supply the basis for the Commission's conclusion for the record, if I may.

The CHAIRMAN. That is like putting a gun to an advertiser and saying we are not going to let you advertise in our paper unless you do this.

Mr. PAGLIN. Reference is made to the fact, as the counsel will recall in the Times-Picayune case, the Supreme Court itself said in quite parallel circumstances that this was not a violation of the Sherman Act and did not indicate its anticompetitive effect.

Mr. JOHNSON. Mr. Paglin, I don't think we ought to get into a discussion of the Times-Picayune case because we could be here all day. Pursuing the chairman's thought a minute ago, quite apart from the question whether there was an antitrust violation or not, whether the standpoint of the advertiser it would seem to me to be a distinction without a difference, whether the newspapers were separately owned or not. He would still have to pay the rate.

Mr. MINOW. I would be inclined to agree with you.

Mr. JOHNSON. Now we get to another problem, Mr. Chairman, which I would like to explore with you for a moment. There are 22 cases around the country now where two separately owned newspapers have combined, for cost cutting reasons, their printing facilities, sometimes their advertising and circulation solicitations as well, into a third company. Suppose each of those two competing newspapers who were joined in this manner hold broadcast licenses and they then go into a joint plant of operations.

The CHAIRMAN. The joint broadcasting plant operations?

Mr. JOHNSON. No joint newspaper plant operations but each of a broadcasting license. They issue forced combination advertising rates. What is the Commission's attitude toward that situation?

Mr. MINOW. We have one of those under review right now in Honolulu, Hawaii, where you have a situation of use by two newspapers who are licensees of stations in the same community. They have a common plant. We have a rule, of course, against duopoly, of having two stations in the same community under common ownership. We are seeing if that occurred here. We also will be terribly concerned with any licensee where there was a change of control. Any change of control must be reported to us regardless of whether it is a newspaper-owned station or not. But this is one that we are looking into right now in Hawaii.

Mr. JOHNSON. Mr. Chairman, since Chairman Minow has mentioned the duopoly rule I suggest we should offer for the record the Commission's rules on this subject, which basically look with disfavor on two broadcast licensees under common ownership in the same market.

The CHAIRMAN. That will be accepted.

Mr. JOHNSON. There are three joint plant cities, I believe, where each of the parties to the joint plant arrangement has a broadcast interest. In Shreveport, Louisiana, and Honolulu, to which you have referred, and in St. Louis where the Post Dispatch and the Globe team have a joint plant arrangement. I think Mr. Newhouse has a minority interest in the television stations there, has the Commission looked into it?

Has it looked into the impact of these joint plant arrangements in the light of its duopoly rule?

Mr. MINOW. I think we have not yet, outside of the one in Hawaii. If there were any impact on the broadcasting side, whether the broadcasting was run independently, there would be concern to us. Nothing has come to our attention in Shreveport or St. Louis about it until now.

Mr. JOHNSON. In any of these situations also has the Commission encountered the problem of interlocking directorates between directors of the newspaper companies which are being published under a joint plant arrangement, other business interests, and the broadcast interests?

Mr. MINOW. None that I am aware of at the moment. In Hawaii, there I know for sure that that kind of a situation probably exists. As to the others I don't.

Mr. JOHNSON. Your answer, as I gather, Mr. Chairman, is that there may be a problem in Honolulu?

Mr. MINOW. Yes, that is under investigation.

Mr. JOHNSON. There are three broadcast facilities in Honolulu?

Mr. MINOW. Yes, sir.

Mr. JOHNSON. And two newspapers published?

Mr. MINOW. Yes, sir.

Mr. JOHNSON. On transfer, just to go back for a moment where newspapers have acquired broadcast outlets by transfer, table 10, I believe, shows newspapers acquiring AM stations in Moline, Ill., Seminole, Tex., and Burlington, Iowa, when each was the only local standard broadcasting station in that community, is that right, Mr. Minow?

Mr. MINOW. That is right.

Mr. JOHNSON. WBLJ, in Dalton, Ga., shown on table 8 was one of the only two AM stations in the community, isn't that so? I am talking about radio.

Mr. MINOW. That is right.

Mr. JOHNSON. Were any hearings held on those?

Mr. MINOW. I think these were approved without hearing. That was in 1960.

Mr. JOHNSON. At least in the Burlington case the Burlington newspaper acquired the only AM station?

Mr. MINOW. That is right.

Mr. JOHNSON. On table 8, showing newspaper acquisition of the TV stations, Shreveport, Panama City, Fla., and Fargo, N. Dak., owned one of the two stations located in the community?

Mr. MINOW. That is right.

Mr. JOHNSON. KOS, the TV in Sedalia, Mo., purchased by a newspaper in 1961 is the only television outlet in that community, is that right?

Mr. MINOW. That is right.

Mr. JOHNSON. And those transfers likewise were approved without hearing?

Mr. MINOW. That is right.

Mr. JOHNSON. You were absent and, I gather, did not participate in the decision but do you have any opinion of the Commission's approval of the hearing of the sale of WSIV, the only AM station in Pekin, Ill., the newspaper interests own the only daily newspaper.

Mr. MINOW. I was not present when that was decided. There are two that I referred to in the statement where we have faced up to this question. I can tell you that one in San Bernardino and Coeur d'Alene, Idaho, were similar cases, where there were failing operations which were losing so much money you had no other takers for them. I can only tell you that the Commission would be most reluctant to permit this to happen but sometimes you are not confronted with a reasonable alternative.

Mr. JOHNSON. Supposing with or without the legislation which you are proposing at this time, do you think where it is proposed to transfer the only radio or television station in the community, as the case may be, the only newspaper, as a general rule that the Commission should hold a hearing?

Mr. MINOW. Yes, I personally would favor such a rule. One problem there is if you have a failing situation, you might have to act very quickly to keep it from going off the air. Our hearings and the administrative process are so long that you might kill an operation.

Mr. JOHNSON. Lastly, Mr. Chairman, I would like to draw your attention to a recommendation of the administrative conference of the United States last December to the effect that the Commission should develop suitable procedures to insure that transfer policies are consistent with those reflected in comparative contests for broadcasting licenses. Does that reflect your view?

Mr. MINOW. Exactly.

The CHAIRMAN. The Chairman would like to read two pertinent paragraphs from the American Civil Liberties Union letter of March 7, 1963, addressed to me. I will put the entire communication in the record.

"The application of antitrust laws to newspaper monopoly was once fought as an example of Government intrusion into the affairs of the press. However, the historic 1945 Supreme Court decision in the Associated Press case and subsequent cases have made amply clear that newspapers are not exempt from the antitrust laws. The use of such laws to prevent monopoly in no way dictates to a newspaper what news it should or should not print, so the charge of Government censorship or control of the press in such a situation has no merit.

"Indeed, application of the antitrust laws to the press may importantly implement one of the 1st Amendment's fundamental purposes, to insure that the public has access to a full spectrum of political, economic, and social reporting and editorial opinion. It is widely and, we think justifiably assumed that the prevention of monopoly in the press serves that purpose by promoting a diversity of sources of news and opinion."

"Therefore, the American Civil Liberties Union believes that the 1st Amendment, by which diversity of opinion is protected, constitutes no bar to investigation of economic concentration in the newspaper field and of the application of the antitrust acts to such concentration. The investigation surely has a valid legislative purpose."

The CHAIRMAN. This letter will be placed in the record at this point.

I think that will conclude the testimony of you and your aides and we are indebted to you for a great deal of enlightenment on this very, very difficult and vexing subject and we thank you.

Mr. MINOW. Mr. Chairman, it has been a pleasure for us to be here. If we can be of any further assistance to the committee as you progress with this and any further information we will be glad to supply it.

(The material referred to during the testimony of Hon. Newton N. Minow follows:)

TABLE A.—BROADCAST STATIONS IDENTIFIED WITH NEWSPAPER OWNERSHIP IN SAME CITY

Daily newspaper (except as otherwise indicated) and joint newspaper-broadcast interests	Location of newspaper	Call letter of associated station	Extent of newspaper ownership	Other stations, same city AM, AM-FM, or FM	TV, VHF or UHF	Other daily newspaper same city
Anniston Star Harry M. Ayers, principal owner of Anniston Star is majority stockholder of Anniston Broadcasting Co., licensee of station.	Anniston, Ala.	WHMA-AM-FM.	Majority	2	None	None.
Baldwin Times (weekly) James H. Faulkner, owner of weekly Baldwin Times is majority owner of Southwest Alabama Broadcasting Co., licensee of station, and of WLBB, Carrollton, Ga.	Bay Minette, Ala.	WBCA.	do.	None	do.	Do.
Birmingham News Stations licensed to Newhouse Broadcasting Corp., same ownership as Birmingham News. Other Newhouse broadcast holdings are: Licensee of WSYR-AM-FM-TV, Syracuse, N.Y.; WSYE-TV, Elmira, N.Y.; WTPA-TV, Harrisburg, Pa.; majority interest in KOIN-AM-FM-TV, Portland, Oreg.; and minority interest in KTVI-TV, St. Louis, Mo.	Birmingham, Ala.	WAPI-AM-FM-TV.	Licensee	5+	2 VHF	1.
Note: The Birmingham News and Birmingham Post-Herald are corporately and editorially separate but as of May 1950 merged the business, circulation, and mechanical operation under the ownership and direction of the Birmingham News Co. which publishes the Birmingham News.						
Mobile Register and Press Mobile Press-Register 50 percent owner of licensee WKRG-TV, Inc.; minority stockholders of WGYV, Greenville, Ala.; also have interest in Mobile Press-Register, Inc., publisher of Mobile Register and Press.	Mobile, Ala.	WKRG-AM-FM-TV.	Majority	6	2 VHF	None.
Monroe Journal (weekly) Station licensed to Monroe Broadcasting Co., sole owner—William M. Stewart, publisher of Monroe Journal, Jackson South Alabama, and Wilcox Progressive Era, Camden, Ala. (all Alabama weeklies).	Monroeville, Ala.	WMFC.	Licensee	None	None	Do.
Phoenix Republic and Gazette Note: Stations licensed to KOOL Radio Television, Inc.—Gene Aubry 53 percent owner of licensee is 51 percent owner of Golden West Broadcasters which owns 12.3 percent of Phoenix Republic and Gazette. Tom Kenney, 19.5 percent owner of licensee, also has interest in Phoenix Republic and Gazette. Mr. Aubry also 48 percent owner of KOLD-AM-TV, Tucson, Ariz., which Golden West Broadcasters also licensee of KMPG, Los Angeles, Calif.; KSTO, San Francisco, and KVI, Seattle, Wash.	Phoenix, Ariz.	KOOL-AM-FM-TV.	Minority	5+	3 VHF	1.

Brinkley Argus (weekly) Station licensed to Tri-County Broadcasting Co., owned by Mason W. Clifton, owner of Argus.	Brinkley, Ark.	KBRI	Majority	None	None	None
Camden News Majority owned by Camden News Publishing Co., publisher of News.	Camden, Ark.	KAMD	do	do	do	Do.
Fort Smith Times Record and Southwest American Fort Smith Broadcasting Co., subsidiary of Southwestern Publishing Co., publisher of Times Record and Southwestern American, is licensee of AMI station; Donald W. Reynolds owner. Southwestern Publishing Co. also owner of KFSA-TV, licensed to American Television Co., Inc. Reynolds also owns and operates KOLO-AM-TV, Reno; KORK, Las Vegas; KRLI-TV Henderson, all in Nevada; KFOY-TV Hot Springs, Ark.; KGNS-TV Terrell, Tex. Under 3-year lease arrangement. Also controls KOKL, Okmulgee, Okla., and KBBS, Springdale, Ark. Other Reynolds newspapers are: Bartlesville (Okla.), Examiner, and Enterprise, Okmulgee (Okla.); Times, Las Vegas (Nev.); New Journal, Ely (Nev.); Blackwell (Okla.) Journal Tribune, Chickasha (Okla.); Express; Rogers (Ark.); News; Natchez (Miss.); Times, Guthrie (Okla.); Leader, and Fallon (Nev.) Standard and Eagle.	Fort Smith, Ark.	KFSA-AM-TV	Licensee	3	do	Do.
Hope Star A. H. Washburn, principal owner of licensee, Hope Broadcasting Co., is publisher of Hope Star.	Hope, Ark.	KXAR	Majority	None	do	Do.
Arkansas Democrat Station licensed to Arkansas Television Co. 32 percent owned by Arkansas Democrat Co., publisher of Arkansas Democrat; and 33 percent by Times Publishing Co., Shreveport, La. See Shreveport Times and Journal.	Little Rock, Ark.	KTHV-TV	Minority	5+	2 VHF	1.
Magnolia Banner News Minority owned by Camden News Publishing Co. interests. See Texarkana (Tex.) News and Gazette for other Camden News Publishing Co. interests.	Magnolia, Ark.	KVMA	do	None	None	None.
Fresno Bee Broadcast stations licensed to McClatchy Newspapers, publisher of Fresno Bee. See also Sacramento Bee, Modesto Bee. Also licensee of KERV, Bakersfield, and KOH, Reno, Nev.	Fresno, Calif.	KMJ-AM-FM-TV (UHF)	Licensee	5+	3 VHF	Do.
Los Angeles Times Station licensed to Times-Mirror Broadcasting Co., subsidiary of Times-Mirror Co., publisher of Times and Mirror News.	Los Angeles, Calif.	KTTV-TV	Majority	20+	6 VHF, 1 UHF	1.
Modesto Bee Broadcast stations licensed to McClatchy Newspapers, publisher of Modesto Bee. See also Fresno Bee and Sacramento Bee.	Modesto, Calif.	KBEE-AM-FM	Licensee	2	None	None.
Ontario-Upland Report Broadcast stations licensed to Daily Report Co., publisher of Ontario-Upland Report.	Ontario, Calif.	KASK-AM-FM	do	None	do	Do.
Palm Springs Desert Sun Stations licensed to George E. Cameron, Jr., majority owner of Palm Springs Desert Sun. Cameron also has 80 percent interest in KBLA, Burbank, Calif.	Palm Springs, Calif.	KDES	Majority	2	do	Do.
Paso Robles Press Station licensed to KPRL, Inc., 100 percent owned by Arthur C. Youngberg, president and publisher of Press.	Paso Robles, Calif.	KPRL	do	None	do	Do.

TABLE A.—BROADCAST STATIONS IDENTIFIED WITH NEWSPAPER OWNERSHIP IN SAME CITY—Continued

Daily newspaper (except as otherwise indicated) and joint newspaper-broadcast interests	Location of newspaper	Call letter of associated station	Extent of newspaper ownership	Other stations, same city AM, AM-FM, or FM TV, VHF or UHF	Other daily newspaper same city
Sacramento Bee Stations licensed to McClatchy Newspapers, publisher of Sacramento Bee. See also Fresno Bee and Modesto Bee. Broadcast stations licensed to Chronicle Publishing Co., publisher of San Francisco Chronicle. Station licensed to Marin Broadcasting Co., 75 percent owned by owners of California Newspapers, Inc., publisher of Independent Journal.	Sacramento, Calif.	KFBK-AM-FM	Licensee	10+ 3 VHF	1.
San Francisco Chronicle Broadcast stations licensed to Chronicle Publishing Co., publisher of San Francisco Chronicle. Station licensed to Marin Broadcasting Co., 75 percent owned by owners of California Newspapers, Inc., publisher of Independent Journal.	San Francisco, Calif.	KRON-FM-TV	do	20+ None	3.
San Rafael Independent Journal Station licensed to Marin Broadcasting Co., 75 percent owned by owners of California Newspapers, Inc., publisher of Independent Journal.	San Rafael, Calif.	KTIM-AM-FM	Majority	None do	None.
Santa Barbara News-Press Station licensed to News-Press Publishing Co., publisher of News-Press.	Santa Barbara, Calif.	KTMS	Licensee	5+ 1 VHF	Do.
Santa Cruz Sentinel Fred D. McPherson, Jr., majority stockholder and publisher of Sentinel is 1/2 partner in Radio Santa Cruz, station licensee. His brother, a minority stockholder in Sentinel, is also a 1/8 partner in licensee.	Santa Cruz, Calif.	KSCO	Majority	None	Do.
Santa Rosa Press-Democrat Note: Station licensed to Finley Broadcasting Co. Finley family owns 100 percent of station and publishes newspaper. Station Advocated to Western Connecticut Broadcasting Co. Kingsley Gillespie, publisher of Stamford Advocate, is majority stockholder and president of licensee.	Santa Rosa, Calif.	KSRO	do	3 do	Do.
Stamford Advocate Station Advocated to Western Connecticut Broadcasting Co. Kingsley Gillespie, publisher of Stamford Advocate, is majority stockholder and president of licensee.	Stamford, Conn.	WSTC-AM-FM	do	None do	Do.
Washington Star Publisher of newspaper owns licensee of broadcast station. Evening Star Broadcasting Co., Inc. Also majority interest in WSAV-AM-FM-TV, Harrisonburg, Va. Washington Post and Times Herald Publisher of newspaper, Washington Post Co., also licensee of stations. Also licensee of WJXT (TV) Jacksonville, Fla.	Washington, D.C.	WMAL-AM-FM-TV	Licensee	20+ 3 VHF	2.
Daytona Beach Journal and News Note: WESH-TV licensed to Telrad, Inc. owned by J. H. Perry interests. Daytona Beach Journal and News is 40 percent owned by Perry interests. WVDB-AM-FW licensed to News Journal Corp., publisher of Daytona Beach Journal and News which is, as noted, 40 percent owned by Perry interest. In addition to interest in Daytona Beach Journal and News, Perry interests own 8 daily newspapers in Florida and 1 in Frankfort, Ky.	Daytona Beach, Fla.	WVDB-AM-FM, WESH-TV	Minority	3 None	None.

Miami News (Cox interests); Miami Herald (Knight interests). Note: Miami News and Miami Herald each own 42.5 percent in broadcast licensee—Biscayne Television Corp. For other Cox interests see Atlanta Journal and Constitution. For other Knight interests see Akron Beacon-Journal.	Miami, Fla.	WCKR-AM-FM, WCKT (TV)	10+	3 VHF, 1 UHF	Do.
Miami Beach Sun Miami Beach Sun Publishing Co. is subsidiary of Storer Broadcasting Co. Other Storer stations are WJBK-AM-FM-TV, Detroit, Mich.; WSPD-AM-FM-TV, Toledo, Ohio; WAGA-TV, Atlanta, Ga.; WJW-AM-FM-TV, Cleveland, Ohio; KPOP-AM-FM, Los Angeles, Calif.; WWVA-AM-FM, Wheeling, W. Va.; WJBG-AM-FM, Philadelphia, Pa.; and WTTI-TV, Milwaukee, Wis.; and WRAD, Radford, Va. Tampa Tribune and Times.	Miami Beach, Fla.	WGBS-AM-FM, WGBS-TV (UHF off air 1957—CP still outstanding).	See above.		Do.
Broadcast stations licensed to Tribune Co., publisher of Tampa Tribune and Times. D. Tennant Bryan family owners of Tribune Co. hold approximately 50 percent interest in Richmond Times Dispatch and News-Leader (WRNL-AM-FM, Richmond, Va.) Albany Herald.	Tampa, Fla.	WFLA-AM-FM-TV	5+	2 VHF, 1 UHF	Do.
Broadcast stations licensed to Herald Publishing Co., publisher of Albany Herald, and also licensee of WJHG-TV, Panama City, Fla. Stations licensed to Atlanta Newspapers, Inc., publisher of Atlanta Journal and Constitution. Same interests (James M. Cox) own WHIO-AM-FM-TV, Dayton, Ohio; WSOC-AM-FM-TV, Charlotte, N.C., and have a minority interest in WCKR-AM and WCKT (TV), Miami, Fla. Also publish Dayton (Ohio) News and Journal Herald, Miami News and Springfield (Ohio) News and Sun.	Albany, Ga.	WALB-TV	3	None	Do.
Bartow Herald (weekly) Station licensed to W. R. Frier, owner of Bartow Herald, W. R. Frier 50 percent owner of WEAB-AM, Greer, S.C.	Atlanta, Ga.	WSB-AM-FM-TV	5+	2 VHF, 1 UHF	1.
Columbus Inquirer and Ledger Stations licensed to Columbus Broadcasting Co.; 51 percent owned by R. W. Page Corp., publisher of Inquirer and Ledger and Denton (Fla.) Herald.	Cartersville, Ga.	WBHF	1	None	Tribune-News (daily).
Gainesville Daily Times Station licensed to Blue Ridge Broadcasting Co., Charles Smithgall, president and majority stockholder. Also publisher of Daily Times and has majority voting interest in WAAX, Gadsden, Ala., and WRGA, Rome, Ga.	Columbus, Ga.	WRBL-AM-FM-TV	5	1 VHF	None
Hartwell Sun (weekly) Note: Station licensed to WKLY Broadcasting Co. Same ownership as Hartwell Sun.	Gainesville, Ga.	WGGA	2	None	Do.
Macon Telegraph and News Macon Broadcasting Co.; 16 percent held by the Telegraph Publishing Co., publisher of Macon Telegraph and News. Thomaston Times and Free Press (weekly). Station Thomaston, Ga., licensed to Thomaston Broadcasting Co.; J. B. Hardy, S. J. Carswell, coowners of Times and Free Press, own 40 percent of station.	Hartwell, Ga.	WKLY	None	do	Do.
	Macon, Ga.	WNEX	4	1 VHF	Do.
	Thomaston, Ga.	WSFT	None	None	Do.

TABLE A.—BROADCAST STATIONS IDENTIFIED WITH NEWSPAPER OWNERSHIP IN SAME CITY—Continued

Daily newspaper (except as otherwise indicated) and joint newspaper-broadcast interests	Location of newspaper	Call letter of associated station	Extent of newspaper ownership	Other stations, same city AM, AM-FM, or FM	TV, VHF or UHF	Other daily newspaper same city
Vidalia Advance (weekly) Station licensed to Vidalia Broadcasting Co., R. E. Ledford, 50 percent owner, is publisher of Advance.	Vidalia, Ga.	WVOP	Majority	None	None	None
Hilo Tribune-Herald Tribune licensed to Honolulu Star-Bulletin, Inc., owner of Hilo Tribune-Herald. See KBMG-AM-TV, Honolulu.	Hilo, Hawaii	KHBC-AM-TV	Licensee	2	2 (VHF)	Do.
Honolulu Star-Bulletin Stations licensed to Honolulu Star-Bulletin, Inc., which also is licensee of KHBC-TV, Hilo and KMAU-TV, Wailuku, Hawaii.	Honolulu, Hawaii	KGMB-AM-TV	do	11	3 (VHF)	3.
Honolulu Advertiser Radio Station KGU licensed to Advertiser Publishing Co., Ltd., publisher of Advertiser. KONA (TV) licensed to Radio Honolulu, Ltd., 50 percent owned by Honolulu Advertiser. Radio Honolulu, Ltd., also licensee of KALU-TV, Hilo, and KALA-TV, Wailuku, Hawaii.	do	KGU, KONA-TV	Majority	11	3 (VHF)	3.
Garden Island (weekly) Station licensed to Garden Island Publishing Co., publisher of Garden Island.	Lihue, Hawaii	KTOH	Licensee	None	None	None
Maui News (twice weekly) Station licensed to Maui Publishing Co., publisher of Maui News.	Wailuku, Hawaii	KWVI-AM-TV	do	do	2 (VHF)	Do.
Burley Herald-Bulletin Station licensed to Mini-Cassia Broadcasting Co., owned by Dean S. Leshner and family who publish Herald-Bulletin. Leshner family also control Madera (Calif.) Daily Tribune and Antioch (Calif.) Daily Ledger.	Burley, Idaho	KBAR	Majority	do	None	Do.
Idaho Falls Post-Register Station licensed to Eastern Idaho Broadcasting & TV Co., 90 percent owned by J. Robb Brady Trust Co., owner of Post-Register.	Idaho Falls, Idaho	KIFI-AM-TV	do	3	1 (VHF)	Do.
Bloomington Pantagraph Station licensed to Bloomington Broadcasting Corp., 50 percent owned by Daily Pantagraph Co., publisher of Bloomington Pantagraph.	Bloomington, Ill.	WJBC-AM-FM	do	None	None	Do.
Canton Ledger Station licensed to Fulton County Broadcasting Co. 51 percent owned by H. B. Winsor, president-publisher of Ledger and her son, business manager Ledger. Mrs. Winsor is also president of Booneville (Mo.) News-Advertiser.	Canton, Ill.	WBYS	do	do	do	Do.
Champaign News-Gazette Champaign News-Gazette and Champaign Courier. Licensee of WDWS-AM-FM. News Gazette and Courier each own 20 percent of WCIA (TV).	Champaign, Ill.	WDWS-AM-FM, WCIA-TV	Licensee (AM-FM), minority (TV).	1 (FM)	1 VHF, 1 UHF	Do.

Chicago Tribune and Chicago American Stations licensed to WGN, Inc., same ownership as Chicago Tribune, New York News (WPXI-TV) and KDAL-AM-TV, Duluth, Minn.	Chicago, Ill.	WGN-AM-TV	Licensee		20+ 4 VHF	4.
Cicero Life (thrice weekly) Station licensed to WHFC, Inc., owned by Richard W. Hoffman, publisher of Cicero Life.	Cicero, Ill.	WHFC WEHS-FM	do	None	None	None.
Danville Commercial News Station licensed to Northwestern Publishing Co., publisher of Commercial News. Other Gannett interests: Rochester Times-Union and Democrat and Chronicle (WHEC-AM-TV), Albany Nickerbocker News, Utica Press and Observer-Dispatch, Newburgh News, Beacon News, Ithaca Journal, Malone Telegram, Saratoga Springs, Saratogian Elmira Advertiser, Star Gazette and Telegram, Binghamton Press (WINR-AM-TV), Niagara Falls Gazette, all in New York, Hartford (Conn.) Times, Plainfield Courier-News and Camden Courier Post, both in New Jersey.	Danville, Ill.	WDAN-AM	do	2	1 UHF	Do.
Decatur Herald and Review Station licensed to Illinois Broadcasting Co., 100 percent of stock owned by Lindsay-Schaub Newspaper, Inc., publisher of Decatur Herald and Review; same ownership as Champaign-Urbana (Ill.) Evening Courier, St. Clair and Madison Counties Journal (East St. Louis) and Carbonale-Herrin-Murphysboro, Southern Illinoisan, and owner WSEI (FM), Effingham, Ill., WVLN-AM-FM, Olney, and 20 percent of Midwest Television, Inc., licensee of WCIA (TV), Champaign, and WIMBD-AM-FM-TV, Peoria, Ill.	Decatur, Ill.	WSOY-AM-FM	do	1	1 UHF	Do.
Effingham News Station licensed to Effingham Broadcasting Co. Joseph E. McNaughton, majority stock owner and president of licensee, is president of Effingham News. McNaughton's family also identified with WRMN, Effing.	Effingham, Ill.	WCRA	Majority	1 (FM)	None	Do.
Galesburg Register-Mail Station licensed to Galesburg Broadcasting Co., controlled by Galesburg Printing & Publishing Co., publisher of Galesburg Register-Mail Journal and Courier.	Galesburg, Ill.	WGIL	do	2	do	Do.
Jacksonville Journal and Courier Station licensed to Jacksonville Radio and TV Broadcasting Corp., 100 percent owned by Jacksonville Journal and Courier Co., publisher of Journal and Courier.	Jacksonville, Ill.	WLDS-AM-FM	Licensee	1	do	Do.
Kankakee Daily Journal Station licensed to WKAN Radio, Inc., owned by Kankakee Daily Journal Co., publisher of Daily Journal. Daily Journal Co. also controls WRQT, Rockford, Ill., WQUA, Moline, Ill.	Kankakee, Ill.	WKAN	do	1 (FM)	do	Do.
LaSalle News-Tribune Station licensed to LaSalle County Broadcasting Corp., 100 percent owned by Peter Millier, publisher of LaSalle News-Tribune, also owns majority interest in KAWA, Marlin, Tex.	La Salle, Ill.	WLPO	do	None	1 UHF	Do.
Macomb Journal Station licensed to WKAI Broadcasting Co., 100 percent owned by William R. Rudolph, Sr., publisher of Macomb Journal.	Macomb, Ill.	WKAI	do	1 (FM)	None	Do.

TABLE A.—BROADCAST STATIONS IDENTIFIED WITH NEWSPAPER OWNERSHIP IN SAME CITY—Continued

Daily newspaper (except as otherwise indicated) and joint newspaper-broadcast interests	Location of newspaper	Call letter of associated station	Extent of newspaper ownership	Other stations, same city AM, AM-FM, or FM	TV, VHF or UHF	Other daily newspaper same city
Quincy Herald-Whig Stations licensed to Quincy Broadcasting Co., 92 percent owned by Quincy Newspapers, publisher of Herald-Whig; F. L. Lindsay, Jr., vice president and son of the president of Quincy Newspaper, is vice president and president of Quincy Newspapers, Inc. For their newspaper and broadcast interests, see WSOY, Decatur, Ill.	Quincy, Ill.	WGEM-AM-FM-TV	Majority	1	None	None
Rockford Star and Register-Republic AM and FM station licensed to Rockford Broadcasters, Inc. Same ownership as Star and Register-Republic. TV station licensed to Greater Rockford Television, Inc., 22.2 percent owned by Rockford Broadcasters, Inc.	Rockford, Ill.	WRQK-AM-FM, WREX-TV	Majority (AM), minority (TV)	2	1 UHF	Do.
Rock Island Argus Stations licensed to Rock Island Broadcasting Co., 75 percent owned by Potter family and J. W. Potter Co., publisher of Argus. Same group owns majority of KBUN, Bemidji, Minn.	Rock Island, Ill.	WHBF-AM-FM-TV	Majority	None	None	Do.
Waukegan News-Sun Station licensed to News-Sun Broadcasting Corp., subsidiary of Waukegan News-Sun.	Waukegan, Ill.	WKRS	Licensee	do	do	Do.
Connersville News-Examiner Stations licensed to News Examiner Co., publisher of News-Examiner.	Connersville, Ind.	WCNB-AM-FM	do	do	do	Do.
Elkhart Truth Stations licensed to Truth Publishing Co., publisher of Elkhart Truth. Truth Publishing Co. 60 percent owner of WKJG-AM-TV, Fort Wayne, Ind. Also publisher of Mishawaka (Ind.) Times.	Elkhart, Ind.	WTRC-AM-FM, WSIV-TV	do	1	do	Do.
Fort Wayne News-Sentinel and Journal Gazette Station licensed to News-Sentinel Broadcasting Co., Inc., owned by News Publishing Co., publisher of Sentinel (News-Sentinel and Journal Gazette are corporately and editorially separate but operate their commercial phases under a joint publishing company, Fort Wayne Newspapers, Inc.).	Fort Wayne, Ind.	WGL	do	4	3 UHF	Do.
Marion Leader and Chronicle-Tribune Station licensed to WMRI, Inc., 100 percent subsidiary of Federated Publications, Inc., publishers of Marion Leader and Chronicle-Tribune, Lansing (Mich.) State Journal, Battle Creek (Mich.) Enquirer and News and Lafayette (Ind.) Journal and Courier.	Marion, Ind.	WMRI-AM-FM	do	1	1 UHF	Do.
New Castle Courier-Times Station licensed to WCTW, Inc., subsidiary of Courier-Times, Inc., publisher of New Castle Courier-Times.	New Castle, Ind.	WCTW-AM-FM	do	None	None	Do.
South Bend Tribune Station licensed to South Bend Tribune.	South Bend, Ind.	WSBT-AM-TV	do	3	1 UHF	Do.

Vincennes Sun-Commercial. Station licensed to Vincennes Sun Co., Howard N. Greenlee, owner of station, is general manager of the Sun Commercial Central Newspapers, Inc. Publisher of the papers owns all capital nonvoting stock in licensee.	Vincennes, Ind.	WAOV	Minority	None	None	Do.
Warsaw Times-Union. Stations licensed to Reub Williams & Sons, Inc., publisher of Times-Union.	Warsaw, Ind.	WRSW-AM-FM	Licensee	do	do	Do.
Washington Herald. Stations licensed to Washington Radio, Inc., 61 percent owned by Mrs. Paul R. Bausman, owner of Washington Herald.	Washington, Ind.	WAMW, WFML (FM)	Majority	None	None	1.
Boone News-Republican. Harold A. and Mary Garvey, majority stockholders in licensee, Boone Broadcasting Co., control News-Republican.	Boone, Iowa	KWBG	do	1	do	None.
Burlington Hawk-Eye. Licensed to RB, Inc., controlled by Sydney Harris Newspapers, publishers of Hawk-Eye. For other Harris interests see KIUL, Garden City, Kans.	Burlington, Iowa	KBUR	do	None	do	Do.
Cedar Rapids Gazette. Stations licensed to Gazette Co., publisher of Gazette.	Cedar Rapids, Iowa	KCRG-AM-TV	Licensee	3	1 VHF	Do.
Council Bluffs Nonpareil. Station licensed to Nonpareil Broadcasting Co. Majority owners publish Council Bluffs Nonpareil.	Council Bluffs, Iowa	KSWI	Majority	None	None	Do.
Des Moines Register and Tribune. Stations licensed to Cowles Magazines & Broadcasting, Inc. Cowles family publish Register and Tribune; have majority interest in Minneapolis Star & Tribune Co., which owns 47 percent of WCCO-AM-TV, Minneapolis, Minn., and 80 percent of KTVH (TV), Hutchinson, Kans. Gardner Cowles is principal owner of Fort Pierce (Fla.) News Tribune.	Des Moines, Iowa	KRNT-AM-TV	do	5+	2 VHF	Do.
Dubuque Telegraph-Herald. Station licensed to Dubuque Telegraph-Herald.	Dubuque, Iowa	KDTH	Licensee	1	None	Do.
Marshalltown Times Republican. Station licensed to Marshall Electric Co., owned by Marshalltown Times Republican.	Marshalltown, Iowa	KFJB	do	None	do	Do.
Mason City Globe-Gazette. Stations licensed to Lee Radio, Inc. Lee P. Loomis, President of licensee is chairman of the board of Lee Enterprises, Inc. owner of the Mason City Globe-Gazette. Other Lee Enterprise and Lee Radio broadcast and Newspaper interests include: Ottumwa (Iowa) Courier; Muscatine (Iowa) Journal; Davenport (Iowa) Democrat Times; Hannibal (Mo.) Courier-Post (KHQA-TV); Madison (Wis.) Newspapers, Inc. (WMTV-TV); LaCrosse (Wis.) Tribune (WKBT-TV); Kewanee (Ill.) Star Courier; Lincoln (Nebr.) Star (KFAB-TV); Omaha: WTAD, AM-FM, Quincy, Ill., and KEYC-TV, Mankato, Minn.	Mason City, Iowa	KGLO-AM-FM-TV	Majority	2	do	Do.
Sioux City Journal. AM station KSCJ licensed to Perkins Brothers Co. Interlocking ownership through individual stockholders in Journal-Tribune Publishing Co. Elizabeth Sammons is President of both AM licensee and Publishing Cos. TV station, KTIV, licensed to KTIV Television Co., owned 50 percent by Perkins Brothers Co.	Sioux City, Iowa	KSCJ, KTIV-TV	do	2	1 VHF	Do.

TABLE A.—BROADCAST STATIONS IDENTIFIED WITH NEWSPAPER OWNERSHIP IN SAME CITY—Continued

Daily newspaper (except as otherwise indicated) and joint newspaper-broadcast interests	Location of newspaper	Call letter of associated station	Extent of newspaper ownership	Other stations, same city		Other daily newspaper same city
				AM, FM, or TV, VHF or UHF	FM	
Sioux City Journal. Station licensed to Sioux City Broadcasting Co., owned by John C. Eugene F., Fred T., and Lemmon Kelly. John C. and Eugene F. Kelly are both vice presidents of the Journal-Tribune Publishing Co., publisher of the Journal.	Sioux City, Iowa.	KTRI	Minority	2	1 VHF	None.
Arkansas City Traveler. Station licensed to KSOJK Broadcasting, owned by Stauffer Publications, Inc., publisher of City Traveler. See Topeka State Journal for other Stauffer newspapers.	Arkansas City, Kans.	KSOJK	Licensee	None	None	Do.
Coffeyville Journal. Note: Station licensed to Midwest Broadcasting Co. Seaton Bros. have majority interest in Midwest Broadcasting Co. and publish Journal for other Seaton interests, see Hastings Tribune.	Coffeyville, Kans.	KGGF	Majority	do.	do.	Do.
Dodge City Journal. Station licensed to Dodge City Broadcasting Co., Inc. President of broadcast station, J. C. Benious, Jr., and other stockholders also own Dodge City Globe. Same group also has 18-percent interest in KTVC-TV, Ensign, Kans.	Dodge City, Kans.	KGNO, KTVC-TV	Majority (AM), minority (TV)	1	do.	Do.
Garden City Telegram. Station licensed to KIUL, Inc., owned by John P. and estate of Sidney Harris; owners of Garden City Telegram, Hutchinson News-Herald, Ottawa, Herald, Cahute Tribune, Salina Journal, all in Kansas, and Burlington (Iowa) Hawkeye-Gazette (KBUR) and KMCD, Fairfield, Iowa.	Garden City, Kans.	KIUL	Majority	1	1 VHF	Do.
Great Bend Tribune. Station licensed to KVGB, Inc., 46 percent owned by Will L. and Russell T. Townsley, owners of Great Bend Tribune. Newspaper owners also publish Russell (Kans.) News.	Great Bend, Kans.	KVGB	Minority	None	1 VHF	Do.
Manhattan Mercury. Station licensed to Manhattan Broadcasting Co. Same ownership as Manhattan Mercury. For other Fred A. and Richard M. Seaton newspapers, see Hastings (Nebr.) Tribune.	Manhattan, Kans.	KMAN	Licensee	1	None	Do.
McPherson Sentinel. Station licensed to K. R. Krehbiel, publisher of McPherson Republican.	McPherson, Kans.	KWEX	do	None	do.	Do.
Pittsburg Headlight and Sun. Stations licensed to the KSEK Broadcasting Co. owned by Stauffer Publications, Inc., publisher of Headlight and Sun. For other Stauffer newspapers, see Topeka State Journal and Capital.	Pittsburg, Kans.	KSEK	do	1	1 VHF	Do.

Topeka State Journal and Capital. Stations licensed to Topeka Broadcasting Association, owned by Stauffer Publications, Inc., publisher of State Journal and Capital. Other Stauffer newspapers: Kansas City Kansan, Arkansas City Traveler, Pittsburg Headlight and Sun, Newton Kansan, all in Kansas; Shawnee (Okla.) News and Star; Grand Island Independent and York News-Times, both in Nebraska; Maryville Forum, Nevada Mail, Independence Examiner, all in Missouri. Broadcast stations owned: KSEK, Pittsburg and KSOK, Arkansas City, both Kansas. Also has majority interest in KGFF, Shawnee, Okla.	Topeka, Kans.	WIBW-AM-TV	do	3	None	Do.
Wichita Eagle and Beacon. Stations licensed to radio station KFH, 50 percent of stock owned by Wichita Eagle and Beacon Publishing Co., Inc., publisher of Eagle and Beacon.	Wichita, Kans.	KFH-AM-FM	Majority	5+	2 VHF	Do.
Park City News. Station licensed to Daily News Broadcasting Co., majority ownership held by publisher of News.	Bowling Green, Ky.	WKCT	do	2	1 VHF	Do.
Central City Messenger and Times-Argus (weekly) Station licensed to Central City-Greenville Broadcasting Co., owned by L. L. and A. E. Stone and R. G. Utley, owners of Messenger and Times-Argus.	Central City, Ky.	WMTA	Licensee	1	None	Do.
Corbin Tribune and Times. Station licensed to Corbin Times-Tribune, Inc., publisher of Tribune and Times and 50 percent owner of Harlan (Ky.) Enterprise.	Corbin, Ky.	WCTT	do	1	do	Do.
Franklin Favorite (weekly) Station licensed to the Franklin Favorite-WFKN, Inc., publisher of the Favorite.	Franklin, Ky.	WFKN	do	None	do	Do.
Fulton News (weekly) Stations licensed Ken-Tenn Broadcasting Corp. Robert P. Westpheling, Jr., and wife, own station and publish Fulton News.	Fulton, Ky.	WFUL-AM-FM	do	do	do	1.
Louisville Courier-Journal and Times. Stations licensed to WHAS, Inc. Same ownership as Courier Journal and Times.	Louisville, Ky.	WHAS-AM-TV	do	5+	1 VHF, 2 UHF	None.
Madisonville Messenger. Station licensed to Messenger Broadcasting Co., owned 50 percent by Madisonville Messenger.	Madisonville, Ky.	WFMW-AM-FM	Majority	1	None	Do.
Middlesboro News. Station licensed to Cumberland Gap Broadcasting Co., 70 percent of stock held jointly by president and publisher of News.	Middlesboro, Ky.	WMWK	do	None	do	Do.
Owensboro Messenger and Inquirer. Station licensed to Owensboro Broadcasting Co., 80 percent of stock owned by principal stockholders of Owensboro Publishing Co., publisher of Messenger and Inquirer.	Owensboro, Ky.	WOMI-AM-FM	do	1	None	Do.
Paducah Sun-Democrat. Station licensed to Paducah Newspapers, Inc., publisher of Sun-Democrat. Licensee also has minority interest in WFRX-AM in West Frankfort, Ill.	Paducah, Ky.	WPSD-TV	Licensee	3	do	Do.
Pike County News (weekly) Station licensed to Cumberland Publishing Co., publisher of Weekly Pike County News.	Pikeville, Ky.	WLSL	do	1	do	Do.

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Baton Rouge Advocate and State Times. AM and FM station licensed to Baton Rouge Broadcasting Co., Inc., same ownership as Advocate and State-Times. TV station licensed to Louisiana TV Broadcasting Co., 98 percent owned by Baton Rouge Broadcasting Co.	Baton Rouge, La.	WJBO-AM-FM, WBRZ-TV.	Majority	5	1 VHF	None.
Jackson Independent (weekly). Station licensed to Jackson Parish Broadcasters, owned by Anslay and Theodore Colvin, publishers of Independent.	Jonesboro, La.	KTOC.	do.	None.	None.	Do.
Lafayette Advertiser. Station licensed to Evangeline Broadcasting Co., 50 percent owned by Advertiser, published by Morgan Murphy who has majority interest in WISC-TV, Madison, Wis., WLUC-TV, Green Bay, Wis., WLUC-TV, Marquette, Mich., and KXLY-AM-FM-TV, Spokane, Wash. Murphy is also president of Superior Telegram, Manitow-Two Rivers Herald-Times, Chippewa Falls Herald-Telegram, Two Rivers Reporter, Ashland Press, all in Wisconsin, and Missabi News, Minnesota.	Lafayette, La.	KVOL.	do.	2	2 VHF	Do.
Ruston Leader. Station licensed to C. E. Faulk, Jr., publisher of Ruston Leader.	Ruston, La.	KRUS.	Licensee.	None.	None.	Do.
Shreveport Times and Shreveport Journal (see note). Radio stations licensed to International Broadcasting Corp., 100 percent of stock owned by Times Publishing Co., Ltd., publisher of Shreveport Times station licensed to LA Inc., 39 percent owned by Journal Publishing Co., publisher of Journal. However, single, general and Target are private newspapers. However, circulation and mechanical operations.	Shreveport, La.	KWKH-AM-FM, KSLA-TV.	Majority	5+	1 VHF	Journal.
Portland Press Herald and Express. Station licensed to Guy Gannett Broadcasting Services, owned by Guy Gannett Publishing Co., publisher of Portland Press Herald and Express, Augusta-Kennebec Journal and Waterville Sentinel, all in Maine.	Portland, Maine.	WGAN-AM-TV.	Licensee.	3	1 VHF	None.
Presque Isle Star Herald (weekly). Station licensed to Presque Isle Radio Co., 90 percent owned by Edward G. Perrier, publisher of Star Herald.	Presque Isle, Maine.	WEGP.	Majority	1	1 VHF	Do.
Baltimore News-Post. Stations licensed to Hearst Corp. Hearst newspapers are Baltimore News-Post, New York Journal-American and Mirror, Albany (N.Y.), Times-Union, Boston Record-American, San Francisco Examiner and News Call Bulletin (equally with Scripps Howard), Los Angeles Examiner, San Antonio Light, Seattle Post-Intelligencer, Hearst Corp. owns WISN-AM-TV, Milwaukee, Wis. and has 100 percent interest in WTAE-TV and WRYT, Pittsburgh, Pa.	Baltimore, Md.	WBAL-AM-TV.	Licensee.	10+	2 VHF	1.

Baltimore Sun.	do.	WMAR-TV	do.	10+	2 VHF	1.
Station licensed to A. S. Abell Co.; publisher of Baltimore Sun; Abell Co. also licensee of WBOC-AM-TV, Salisbury, Md.						
Boston Herald and Traveler.	Boston, Mass.	WHDH-AM-FM-TV	do.	10+	3 VHF	3.
Station licensed to WHDH, Inc., owned by Boston Herald-Traveler Corp.; publisher Boston Herald and Traveler.						
Brockton Enterprise.	Brockton, Mass.	WBET-AM-FM	do.	1	None	None.
Station licensed to Enterprise Publishing Co., publisher of Brockton Enterprise and Times.						
Fall River Herald-News.	Fall River, Mass.	WSAR	do.	1	do	Do.
Station licensed to K & M Publishing Co., publisher of Herald News and Schenectady (Ky.) Union Star.						
New Bedford Standard-Times.	New Bedford, Mass.	WNBH-AM-FM WTEV-TV (CP)	do.	1	do	Do.
Stations licensed to E. Anthony & Sons, Inc., publisher of New Bedford Standard Times. E. Anthony & Sons also publish Hyannis (Mass.) Cape Cod Standard Times and own WOCB-AM-FM, West Yarmouth, Mass.						
Attleboro Sun.	Attleboro, Mass.	WARA	Majority	None	do	Do.
Station licensed to Attleboro Radio Association, Inc. Jerome Ottman, 60 percent owner, is president of Sun Radio Association, also licensee of WYNG, Warwick, R. I.						
Holyoke Transcript-Telegram.	Springfield-Holyoke, Mass.	WHYN-AM-FM-TV	do.	6	1 UHF	Do.
Note: Stations licensed to Hampden-Hampshire Corp., 50 percent owned by same interests as Holyoke Transcript-Telegram and Northampton (Mass.) Hampshire Gazette and 50 percent owned by employee pension funds of Springfield News and Union.						
North Adams Transcript.	North Adams, Mass.	WMNB	do.	None	None	Do.
Station licensed to Northern Berkshire Broadcasting Co., majority stockholders publish Transcript.						
Worcester Telegram and Gazette.	Worcester, Mass.	WTAG-AM-FM	Licensee	3	1 UHF	Do.
Station licensed to WTAG, Inc., 100 percent subsidiary of Worcester Telegram Publishing Co., Inc.						
Benton Harbor-St. Joseph News-Palladium and Herald Press.	Benton Harbor, Mich.	WHBF-AM-FM	do.	None	None	Do.
Stations licensed to Palladium Publishing Co., publishers of News-Palladium and Herald Press.						
Detroit News.	Detroit, Mich.	WWJ-AM-FM-TV	do.	10+	2 VHF, 1 UHF	1.
Station licensed to Evening News Association, publisher of Detroit News.						
Escanaba Press.	Escanaba, Mich.	WLST	do.	1	None	None.
Station licensed to Frank J. Russell, Jr., president and publisher Press. (See WDMS, Marquette, Mich., for other Russell interests)						
Flint Journal.	Flint, Mich.	WTRX	Majority	7	1 VHF	Do.
Station licensed to Booth Broadcasting Co. owned by Booth family, publishers of Booth Newspapers. For details see Jackson (Mich.) Citizen-Patriot.						
Iron Mountain News.	Iron Mountain, Mich.	WMIQ	do.	None	None	Do.
Station licensed to the Iron Mountain-Kingsford Broadcasting Co. President Frank J. Russell, Jr. (Principal owner, Marquette (Mich.) Mining Journal) is publisher of Iron Mountain News. (See also Marquette Mining Journal.)						

TABLE A.—BROADCAST STATIONS IDENTIFIED WITH NEWSPAPER OWNERSHIP IN SAME CITY—Continued

Daily newspaper (except as otherwise indicated) and joint newspaper-broadcast interests	Location of newspaper	Call letter of associated station	Extent of newspaper ownership	Other stations, same city AM, AM-FM, or FM	TV, VHF or UHF	Other daily newspaper same city
Jackson Citizen-Patriot Stations licensed to Booth Broadcasting Co. Booth family owns 100 percent of stock of licensee. Booth newspapers include Grand Rapids Press, Flint Journal (WTRX), Muskegon Chronicle, Kalamazoo Gazette, Saginaw News (WSGW) Bay City Times and Ann Arbor News. Other Booth broadcast stations are WILB, WMZK(FM), Detroit; WTOD, WTRT(FM), Toledo, Ohio; WJVA, South Bend and WIOU, Kokomo, Indiana.	Jackson, Mich.	WIBM, WBBC-FM	Majority	1	None	None
Marquette Mining Journal Station licensed to Lake Superior Broadcasting Co. wholly owned by Mining Journal Co., publisher of Journal. Frank J. Russell, either individually or through his ownership of the Mining Journal Co., has majority interest in WMIQ, Iron Mountain, WLST, Escanaba, Mich.; WROD, Daytona Beach, Fla.; and WMAM, Marinette, Wis. Mining Journal Co. also publishes Iron Mountain (Mich.) News and Escanaba (Mich.) Daily Press.	Marquette, Mich.	WDMJ	Licensee	None	1 UHF	Do.
Munising News (weekly) Station licensed to Munising-Alger Broadcasting Co., 67 percent owned by Charles Symon and Stanley Sadek, publishers of weekly Munising News.	Munising, Mich.	WMAB	Majority	do	None	Do.
Niles Star Station licensed to Niles Broadcasting Co., subsidiary of Star Publishing Co., publisher of Star.	Niles, Mich.	WNIL	Licensee	do	do	Do.
Owosso Argus Press Station licensed to Owosso Broadcasting Co., subsidiary of Argus Press Co., publisher of Argus Press.	Owosso, Mich.	WOAP	do	do	do	Do.
Port Huron Times Herald Station licensed to Times Herald Co., publisher of Port Huron Times Herald.	Port Huron, Mich.	WTTH	do	1	do	Do.
Saginaw News Station licensed to Booth Broadcasting Co. Booth newspapers publish Saginaw News. For other broadcast and newspaper interests of Booth, see Jackson Citizen-Patriot.	Saginaw, Mich.	WSGW	Majority	2	1 UHF	Do.
Sault Ste. Marie News Station licensed to Hiawathaland Broadcasting Co. Stanley R. Pratt, president and with his wife 100 percent owner of licensee, is publisher of News.	Sault Ste. Marie, Mich.	WSOO	do	None	None	Do.
News Tribune Herald Stations licensed to Northwest Publications, Inc., publishers of News Tribune and Herald. (See WCCO, Minneapolis, for other Rider interests.)	Duluth, Minn.-Superior, Wis.	WDSM-AM-TV	Licensee	5	1 VHF	Do.

Minneapolis Star and Tribune Stations licensed to Midwest Radio-Television, Inc., 53 percent owned by Mid-Continent Radio-Television, Inc., and 47 percent owned by Minneapolis Star and Tribune Co. (Cowles family) Mid-Continent is 50 percent owned by Northwest Publications Co. (Ridder interests) and 50 percent by Minnesota Tribune Co., Ridder interests own St. Paul Pioneer-Press and Dispatch Duluth News-Tribune and Herald (WDSM-AM-TV, Duluth, Minn.). New York Journal of Commerce, Aberdeen (S. Dak.), American and News (KSDN), Grand Forks (N. Dak.), Herald (KILQ), San Jose (Calif.), Mercury and News, Long Beach (Calif.), Independent and Press, Telegram, Pasadena Star News and minority interest in Seattle Times. For other Cowles family interests see Des Moines Register and Tribune. New Ulm Journal Station licensed to KNUJ, Inc., Walter K. Mickelson, publisher of New Ulm Journal is majority stockholder of licensee. St. Cloud Times Station licensed to Times Publishing Co., publisher of St. Cloud Times	Minneapolis, Minn.	WCCO-AM-TV	Majority	10+	4 VHF	Do.
Columbian, Progress weekly; Sunday Mirror Station licensed to WCJU, Inc., Lester Williams, president and majority stockowner is editor and publisher of weekly Columbian Progress and Sunday Mirror. Columbus Commercial Dispatch TV station licensed to Birney Innes, Jr., owner of Columbus Commercial Dispatch, Innes, Jr. owns 75,777 shares of WCBI-AM. Also licensee of WMOX. Meridian owns 75,777 shares of WELO, Tunelo, 97,100 shares of WINAG, Granada and His, another, Mrs. Eunice I. Innes is licensee of WPROX, Clarksdale, all stations in Mississippi. Greenville Delta Democrat-Times Station licensed to Clearwater Broadcasting Co., owned 50 percent each by William Holding Center, Jr., and John Gibson, Mr. Carter is publisher and Mr. Gibson, general manager of Greenville Democrat-Times Jackson Clarion-Ledger and News Stations licensed to Capital Broadcasting Co., 40 percent owned by Mississippi Publishing Co., publisher of Clarion-Ledger and News. Meridian Record (weekly) Stations licensed to Mississippi Broadcasting Co., 99 percent owned by D. W. Gavin, publisher of Record and weekly Clarke County Tribune (Quitman, Miss.). Meridian Star James B. Skewes, vice president of Meridian Star, Inc., owns 12 percent licensee Southern Television Corp. Mr. James H. Skewes, publishes the Star. Vicksburg Post Station licensed to Delta Broadcasting, Inc., L. P. Cashman, publisher of Vicksburg Post, and family own 96 percent of stock of licensee.	New Ulm, Minn. St. Cloud, Minn. Columbia, Miss. Columbus, Miss. Greenville, Miss. Jackson, Miss. Meridian, Miss. do. Vicksburg, Miss.	KNUJ KFAM-AM-FM WCJU WCBI-AM-TV WDDT WLLI, WJTV-TV WCOG-TV (off air; CP retained) WTOK-TV WQBC	do. Licensee Majority do. Majority Minority Majority Minority Majority	None 1 1 1 2 5 4 5 1	None do do do do 1 VHF 1 VHF None do	Do. Do. Do. Do. Do. Do. None. Do.

TABLE A.—BROADCAST STATIONS IDENTIFIED WITH NEWSPAPER OWNERSHIP IN SAME CITY—Continued

Daily newspaper (except as otherwise indicated) and joint newspaper-broadcast interests	Location of newspaper	Call letter of associated station	Extent of newspaper ownership	Other stations, same city AM, AM-FM, or FM TV, VHF or UHF	Other daily newspaper same city
Brookfield News Bulletin Station licensed to Green Hills Broadcasting Co., 100 percent owned by Ira J. Williams, publisher of Brookfield News Bulletin.	Brookfield, Mo.	KGHM	Majority	None	None
Columbia Tribune Station licensed to KFRU, Inc., H. J. Waters, Jr., publisher of Columbia Tribune, owns 55 percent of licensee.	Columbia, Mo.	KFRU	do	1 VHF	1
Hannibal Courier-Post Station licensed to Lee Broadcasting Co., Inc., which is also licensee of WTAD-AM-FM, Quincy, Ill. Licensee 20 percent owned by Hannibal Courier-Post and 51 percent owned by Lee Radio, Inc., whose stock is voted by Lee P. Loomis, chairman of licensee and of Lee Enterprises, Inc., which wholly owns Courier-Post Publishing Co. See Mason City (Iowa) Globe Gazette for other Lee interests.	Hannibal, Mo.	KHQA-TV	do	None	None
Jefferson City Capital News and Post-Tribune AM station licensed to Capital Broadcasting Co., William H. Weldon, president and K. L. Rose, executive vice president, control majority interest in licensee. Weldon and Rose are respectively president and executive vice president of News-Tribune Co., publisher of Capital News and Post-Tribune. KRCC-TV, as well as KWOS-TV, Sedalia, Mo., are licensed to the Jefferson Television Co., which is 82 percent owned by T. S. William H. Weldon, copublisher of Capital News and News-Tribune.	Jefferson City, Mo.	KWOS, KRCC-TV	do	do	Do.
Warrensburg Star Journal Station licensed to Johnson City Broadcasters, owned by William and Avis Tucker, publishers of Star Journal.	Warrensburg, Mo.	KOKO	do	do	Do.
St. Louis Post-Dispatch Stations licensed to Pulitzer Publishing Co., publisher of St. Louis Post-Dispatch	St. Louis, Mo.	KSD-AM-TV	Licensee	10+ 4 VHF	1
St. Louis Globe-Democrat Station licensed to Signal Hill Telecasting Corp., 25 percent owned by St. Louis Globe-Democrat (Newhouse paper).	do	KTVI-TV	Minority	10+ 4 VHF	1
Springfield News and Leader and Press AM station licensed to Springfield Broadcasting Co., owned 99 percent by Springfield Newspapers, Inc., publisher of News and Leader and Press. TV station licensed to Springfield Television, Inc., 50 percent owned by Springfield Newspapers, Inc. Tams Bibby, vice president and general manager of News, Leader, and Press, and Tams Bibby III together own 70 percent of Muskogee Okla. Press Publishing Co. (KBIK) which owns Springfield Newspapers, Inc.	Springfield, Mo.	KGBX, KYTV-TV	Majority	4 1 VHF	None
Miles City Star Station licensed to Star Printing Co., publisher of Miles City Star.	Miles City, Mont.	KATL	Licensee	None	Do.

Hastings Tribune	Hastings, Nebr.	KHAS-AM-TV	Majority	do	do	Do.
AM station licensed to Nebraska Broadcasting Co., 60 percent owned by Fred A. and Richard M. Seaton, publishers of Hastings Tribune. TV station licensed to Nebraska Television Co., 51 percent owned by Seaton Publishing Co. Other Seaton newspapers and radio stations: Manhattan (Kans.) Mercury (KMAN), Coffeyville (Kans.) Journal (KGGF), Winfield (Kans.) Courier, Alliance (Nebr.) Times-Herald, Deadwood (S. Dak.) Pioneer-Times, Lead (S. Dak.) Call, Sheridan (Wyo.) Press, and the magazine Western Farm Life (Denver), Norfolk News.	Norfolk, Nebr.	WJAG	do	do	do	Do.
Station licensed to WJAG, Inc., E. F. Hies, Jr., president and publisher of Norfolk News; family own over 80 percent of stock of licensee. Huse family also own KCSR, Chadron and KUSH, Valentine, Nebr.	Omaha, Nebr.	KETV-TV	Licensee	5+	2 VHF	Do.
Omaha World Herald.	Elko, Nev.	KELK	Minority	None	None	Do.
Station licensed to Herald Corp., wholly owned subsidiary of World Publishing Co., publisher of World Herald.	Las Vegas, Nev.	KLAS-TV	Majority	5+	2 VHF	1.
Elko Free Press.	do	KORK, KLRJ-TV	Licensee	5+	2 VHF	1.
Station licensed to Elko Broadcasting Co., Chris H. Sheerin, 50 percent owner of Elko Free Press is president and 16 percent owner of station.	Asbury Park, N.J.	WJLK-AM-FM	do	None	None	None.
Las Vegas Sun.	Newark, N.J.	WVNI	do	3	1 VHF (ed.)	1.
Station licensed to Las Vegas Television, Inc., Herman Green-spin, publisher of Las Vegas Sun, majority owner.	Trenton, N.J.	WTOA-FM	do	3	None	1.
Stations licensed to Southwestern Broadcasting Co., subsidiary of Southwestern Publishing Co., publisher of Las Vegas Review-Journal. For other newspaper and broadcast interests of Donald W. Reynolds, owner of publishing company, see Fort Smith Times Record Press.	Auburn, N.Y.	WMBO-AM-FM	do	1	do	None.
Asbury Park Press.	Binghamton, N.Y.	WINR-AM-TV (UHF)	do	2	1 VHF	1.
Station licensed to Asbury Park Press, Inc., publisher of Asbury Park Press.	Buffalo, N.Y.	WBEN-AM-FM-TV	do	5+	2 VHF, 1 UHF	1.
Newark News.						
Station licensed to Newark Broadcasting Corp., wholly owned subsidiary of the Evening News Publishing Co., publisher of Newark News.						
Trenton Times.						
Station licensed to the Mercer Broadcasting Co., owned by Trenton Times Corp., publisher of Trenton Times.						
Auburn Citizen-Advertiser.						
AM station licensed to WMBO, Inc. 100 percent owned by Auburn Publishing Co., which is the licensee of the FM station and publishes the Auburn Citizen Advertiser.						
Binghamton Press.						
Stations licensed to Binghamton Press Co., Inc. (Gannett), publisher of Press. For other Gannett newspapers and broadcast interests see Danville (Ill.) Commercial News.						
Buffalo News.						
Stations licensed to WBEN, Inc., Buffalo Evening News, Inc., publisher of Buffalo News, owns 100 percent of stock of licensee.						

TABLE A.—BROADCAST STATIONS IDENTIFIED WITH NEWSPAPER OWNERSHIP IN SAME CITY—Continued

Daily newspaper (except as otherwise indicated) and joint newspaper-broadcast interests	Location of newspaper	Call letter of associated station	Extent of newspaper ownership	Other stations, same city AM, AM-FM, or FM	TV, VHF or UHF	Other daily newspaper same city
Buffalo Courier-Express. Station licensed to WEBR, Inc. 100 percent owned by Buffalo Courier-Express.	Buffalo, N. Y.	WEBR	Licensee	5+	3 VHF, 1 UHF	1.
Dunkirk-Fredonia Observer. Station licensed to Dunkirk-Fredonia Broadcasting Co. Dunkirk Printing Co., publisher of Dunkirk-Fredonia Observer owns 100 percent of stock of licensee.	Fredonia, N. Y.	WBUZ	do	None	None	None.
Lockport Union Sun and Journal. Station licensed to Lockport Union Sun and Journal, Inc., publisher of Lockport Union Sun and Journal.	Lockport, N. Y.	WUSJ	do	do	do	Do.
Il Progresso Italo Americano. Stations licensed to Progress Broadcasting Corp., same ownership as Il Progresso Italo Americano. Also owns WDOT, Burlington, Vt.	New York, N. Y.	WHOM-AM-FM	do	25+	6 VHF	10+
New York News. Station licensed to WPIX, Inc., same ownership as New York News, Chicago Tribune (WGN).	do	WPIX-TV	do	25+	5 VHF	7.
New York Times. Stations licensed to the Interstate Broadcasting Co., subsidiary of the New York Times.	do	WQXR-AM-FM	do	25+	6 VHF	7.
Olean Times-Herald. Stations licensed to WHDL, Inc. 100 percent of stock owned by Olean Times-Herald Corp., publisher of Olean Times-Herald.	Olean, N. Y.	WHDL-AM-FM	do	1	None	None.
Oneonta Star. Station licensed to Otaway Stations, Inc. James H. Otaway and family own 100 percent of stock of licensee, is the president of Oneonta Star, the Plattsburg (N. Y.) Press Republican, the Danbury (Conn.) News-Times and the Stroudsburg (Pa.) Record (WWPO).	Oneonta, N. Y.	WDOS	do	None	do	Do.
Rochester Times-Union and Democrat and Chronicle. Stations licensed to WHEC, Inc. owned by Gannett Co., publisher of Rochester Times-Union and Democrat and Chronicle. For other Gannett newspaper and broadcast interests, see Danville (Ill.) Commercial News.	Rochester, N. Y.	WHEC-AM-FM	do	5+	2 VHF	Do.
Syracuse Post-Standard and Herald Journal. Stations licensed to Newhouse Broadcasting Corp., same ownership (S. I. Newhouse) as Syracuse Post-Standard and Herald Journal. Other Newhouse broadcast and newspaper interests are: Newark (N. J.) Star Ledger, Jersey City (N. J.) Jersey Journal, Long Island Press and Star-Journal, Staten Island Advance, Harrisburg Patriot and News (WTPA-TV), Portland (Oreg.) Oregonian (50 percent of KOIN-AM-TV); St. Louis Globe-Democrat (25 percent of KTVI-TV).	Syracuse, N. Y.	WSYR-AM-FM-TV	do	5	2 VHF	Do.

Birmingham News (WAPI-AM-TV). Mr. Newhouse also has an interest in Conde-Nast Publications, Inc. (Vogue, House and Garden, Glamour).	Troy, N.Y.	WFLY-FM	4	None	Do.
Station licensed to Troy Record Co., publisher of Troy Record and Times-Record.	Watertown, N.Y.	WWNY, WCNY-TV	2	.do	Do.
Station licensed to the Brockway Co., 100 percent owned by John B. Johnson and family. John B. Johnson is president and publisher of Watertown Times. The Brockway Co. also is the licensee of WMSA-AM, Massena, N.Y.	White Plains, N.Y.	WFAS-AM-FM	None	.do	Do.
Stations licensed to Westchester Broadcasting Corp., J. Noel Macy and Valentine E. Macy, Jr., coowners, are publishers of White Plains Reporter Dispatch, Yonkers Herald-Starman, Tarrytown News, Port Chester Item, Ossining Citizen-Register, Mount Vernon Argus, New Rochelle Standard Star, Mamaroneck Times, all in New York.	Ashboro, N.C.	WGMR-AM-FM	Majority	.do	Do.
Courier-Tribune (Semiweekly)					
Stations licensed to Ashboro Broadcasting Co. Roy Cox, 79 percent owner of licensee, is publisher of Courier-Tribune, a semiweekly newspaper in Ashboro.	Ashville, N.C.	WWNC	3	1 VHF, 1 UHF	Do.
Station licensed to Ashville Citizen-Times Publishing Co., publisher of the Ashville Citizen-Times.	Durham, N.C.	WDNC-AM-FM	3	1 VHF	Do.
Stations licensed to the Durham Radio Corp., 100 percent owned by the Durham Herald Co., publisher of Durham Herald and Sun.	Elkin, N.C.	WIFM-AM-FM	Minority	None	Do.
Elkin Tribune (Semiweekly)					
Stations licensed to Tri-County Broadcasting Co., 1/3 owned by Harvey F. Lafoon, publisher of semiweekly Elkin Tribune.	Forest City, N.C.	WBBO-AM-FM	1	.do	Do.
Forest City Courier (weekly)					
Stations licensed to Rutherford County Radio Co., Inc., owned by Mrs. Stella Anderson and family, publisher of Courier. Anderson family also own WPNF, Brevard, N.C.	Greensboro, N.C.	WFMV-TV	5+	.do	Do.
Greensboro News and Record					
Station licensed to Greensboro News Co., publisher of Greensboro News and Record.	Hickory, N.C.	WHKY-AM-FM	1	.do	Do.
Hickory Record					
Station licensed to Catawbe Valley Broadcasting Co., Lester C. Gifford, publisher of Hickory Record, is 15.9 percent stockowner in licensee. With his wife and daughter, Gifford's interest is 29.5 percent.	Reidsville, N.C.	WREV-AM-FM	1	.do	Do.
Reidsville Review					
Stations licensed to Reidsville Broadcasting Co., W. M. Oliver, president of the Review Co., publisher of Reidsville Review, and his son own 100 percent of stock of licensee.	Rocky Mount, N.C.	WCEC, WFMA-FM	2	.do	Do.
Rocky Mount Telegram					
Stations licensed to Eastern Carolina Electronics, Inc. J. L. Horne, president and publisher of Rocky Mount Telegram, owns 52 percent of stock of licensee.					

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Winston-Salem Journal and Twin City Sentinel. AM and FM station licensed to Piedmont Publishing Co., publisher of Winston-Salem Journal and Twin City Sentinel. TV station licensed to Triangle Broadcasting Co., 100 percent subsidiary of Piedmont Publishing Co.	Winston-Salem, N. C.	WSJS-AM-FM-TV	Licensee	5+	None	None
Stations licensed to WDAY, Inc., majority owned by Forum Publishing Co., publisher of Fargo Forum and Moorhead (Minn.) News.	Fargo, N. Dak.	WDAY-AM-FM-TV	Majority	3	1 VHF	Do.
Akron-Beacon Journal. Stations licensed to Summit Radio Corp., owned 45 percent by Akron Beacon Journal, a night newspaper. Other Knight newspapers are its Chicago Daily News, Detroit Free Press, Miami Herald (WCKY) and Charlotte (N.C.) Observer.	Akron, Ohio	WAKR-AM-FM-TV (UHF)	Minority	4	None	Do.
Alliance Review. Stations licensed to the Review Publishing Co., publisher of Alliance Review.	Alliance, Ohio	WFAH-AM-FM	Licensee	None	do	Do.
Canton Repository. Stations licensed to Ohio Broadcasting Co., subsidiary of Brush-Moore Newspapers, Inc., publisher of Canton Repository, Steubenville Herald-Star, Marion Star, East Liverpool Review, Portsmouth Times, Ironton Tribune and Salem News; all in Ohio. Salisbury (Md.) Times. Owners WONE-AM-TV Dayton, Ohio and WPDQ, Jacksonville, Fla.	Canton, Ohio	WHBC-AM-FM	do	2	do	Do.
Cincinnati Post and Times-Star. Stations licensed to Scripps-Howard Broadcasting Co., subsidiary of E. W. Scripps Co., publisher of Post and Times-Star. For other interests, see Cleveland Press and News.	Cincinnati, Ohio	WCPO-AM-FM-TV	do	10+	2 VHF, 1 UHF	1.
Cleveland Press and News. Stations licensed to Scripps-Howard Broadcasting Co., subsidiary of E. W. Scripps Co., publisher of Cleveland Press and News. Other Scripps-Howard interests are New York World Telegram and Sun, Cincinnati Post (WCPO-AM-FM), Pittsburgh Press, Columbus (Ohio) Citizen-San Francisco News, Washington (D.C.) News, Indianapolis Times, Knoxville News-Sentinel (WNOX), Memphis Commercial Appeal and Press-Scimitar (WMC-AM-FM, WMCT-TV), Houston Press, Fort Worth Press, El Paso Herald-Post, Albuquerque Tribune, Covington (Ky.) Post, Denver Rocky Mountain News, Evansville Press. Also own WPTV, West Palm Beach, Fla.	Cleveland, Ohio	WEWS-TV	do	15+	2 VHF	1.
Columbus Dispatch. AM and FM stations licensed to Radio Ohio, Inc., subsidiary of Dispatch Printing Co., TV station licensed to Dispatch Printing Co., publisher of Columbus Dispatch.	Columbus, Ohio	WBNS-AM-FM-TV	do	5+	2 VHF, 1 UHF	1.

Coshocton, Ohio	WTNS	Majority	None	None	None
Dayton, Ohio	WHIO-AM-FM-TV	do	3	1 VHF	Do.
Elyria, Ohio	WEOL-AM-FM	Licensee	None	None	Do.
Findlay, Ohio	WFIN-AM-FM	do	do	do	Do.
Newark, Ohio	WCLT-AM-FM	Majority	do	do	Do.
Warren, Ohio	WHHH	Licensee	do	do	Do.
Wooster, Ohio	WWST-AM-FM	do	do	do	Do.
Youngstown, Ohio	WFVJ-AM-TV (UHF)	do	4	2 UHF	Do.
Zanesville, Ohio	WHIZ-AM-TV	Majority	None	None	Do.
Altus, Okla.	KWHW	do	do	do	Do.
Ardmore, Okla.	KVSO	Licensee	do	do	Do.
Durant, Okla.	KSEO	do	do	do	Do.
Coshocton Tribune	Station licensed to Coshocton Broadcasting Co. William and Frederick Wallace control both licensee and Coshocton Tribune.				
Dayton News and Journal Herald	Stations licensed to Miami Valley Broadcasting Corp. Same majority ownership (James M. Cox) as Dayton News and Journal Herald. For other Cox interests, see Atlanta Journal and Constitution.				
Elyria Chronicle-Telegram	Stations licensed to Elyria-Lorain Broadcasting Co., 99 percent owned by Lorain County Printing & Publishing Co., publisher of Elyria Chronicle-Telegram.				
Findlay Republican Courier	Stations licensed to Findlay Publishing Co., publisher of Findlay Republican Courier; Findlay Publishing Co. also 100 percent owner of WCSI-AM-FM, Columbus, Ind., and of WFLM, Fort Lauderdale, Fla.				
Newark Advocate and American Tribune	Stations licensed to WCLT Radio, Inc., 80 percent owned by owners of the Advocate Printing Co., publisher of Newark Advocate and American Tribune.				
Warren Tribune Chronicle	Station licensed to Warren Tribune Radio Station, Inc., owned by Tribune Co., publisher of Warren Tribune-Chronicle.				
Wooster Record	Stations licensed to Wooster Republican Printing Co., publisher of the Wooster Record. Same publishing interests own majority of WTRF-TV, Wheeling, W. Va., and WRAD, Radford, Va., also publish Bellane Times Leader, Defiance Crescent News, and Ravenna-Kent Record-Courier (all in Ohio).				
Youngstown Vindicator	Stations licensed to the Vindicator Printing Co., publisher of Youngstown Vindicator.				
Zanesville Signal and Times-Recorder	AM stations licensed to Southeastern Ohio Broadcasting System; 60 percent owned by Zanesville Publishing Co., publisher of Signal and Times-Recorder, TV station licensed to Southeastern Ohio Television System; 63 percent owned by Zanesville Publishing Co., which is also licensee of WHRW-AM, Ann Arbor, Mich. and WTAP-AM-TV, Parkersburg, W. Va.				
Altus Times-Democrat	Station licensed to Altus Broadcasting Co.; 50 percent owned by Altus Times-Democrat, Inc., which also owns 17 percent of WDSB, Homestead, Fla.				
Ardmore Ardmore	Station licensed to estate of John F. Easley, Albert Riesen, Jr., administrator, and publisher of Ardmore.				
Durant Democrat (weekly)	Stations licensed to Durant Publishing-Broadcasting Co., publisher of Durant Democrat and Durant Weekly News.				

TABLE A.—BROADCAST STATIONS IDENTIFIED WITH NEWSPAPER OWNERSHIP IN SAME CITY—Continued

Daily newspaper (except as otherwise indicated) and joint newspaper-broadcast interests	Location of newspaper	Call letter of associated station	Extent of newspaper ownership	Other stations, same city AM, AM-FM, or FM	TV, VHF or UHF	Other daily newspaper same city
Enid News and Eagle Station licensed to Enid (Idaho)phone Co., all stock held by owners of Enid Publishing Co., publisher of Enid News and Eagle.	Enid, Okla.	KCRC	Majority	1	1 VHF	None.
Henryetta Free Lance Station licensed to Henryetta Radio Co., same ownership as Henryetta Free Lance.	Henryetta, Okla.	KHEN	Licensese	None	None	Do.
Madill Record (see Henryetta) Licensed to Robert J. Pate, copublisher of Record.	Madill, Okla.	KMAD	Majority	do	do	Do.
Muskogee Phoenix and Times-Democrat Station licensed to Oklahoma Press Publishing Co., publisher of Muskogee Phoenix and Times-Democrat. Also owns 50 percent of Springfield (Mo.) Newspapers, Inc. (KCBS, KYTV).	Muskogee, Okla.	KBIX	Licensese	1	do	Do.
Oklahoma City Oklahoman and Times Stations licensed to WKY Television System, Inc., same ownership as Oklahoma City Oklahoman and Times, Farmer Stockman. WKY Television Systems, Inc., also licensee of WTVT (TV) Tampa, Fla., and KTVT-TV, Fort Worth, Tex.	Oklahoma City, Okla.	WKY-AM-TV	do	10+	2 VHF, 1 UHF	Do.
Okmulgee Times Station licensed to Okmulgee Broadcasting Corp., subsidiary of Okmulgee Times-Reynolds newspaper. For other newspaper and broadcast interests of Donald W. Reynolds, see Fort Smith Times Record and Southwest American.	Okmulgee, Okla.	KOKL	do	None	None	Do.
Ponca City News Station licensed to Ponca City Publishing Co., publisher of Ponca City News.	Ponca City, Okla.	WBZ	do	do	do	Do.
Shawnee News Star Station licensed to KGFF Broadcasting Co., Inc. Controlling stock interest (94 percent owned by Stauffer Publications, Inc., publisher of Shawnee-News Star. For other Stauffer interests, see Topeka State Journal and Capital.	Shawnee, Okla.	KGFF	Majority	do	do	Do.
Stillwater News-Press Stations licensed to Stillwater Publishing Co., publisher of Stillwater News-Press.	Stillwater, Okla.	KSPI-AM-FM	Licensese	1	do	Do.
Coos Bay World Station licensed to KOOS, Inc., Sheldon F. Sackett owner, is publisher of Coos Bay World.	Coos Bay, Oreg.	KOOS	do	1	1 VHF	Do.
Eugene Register-Guard Station licensed to Guard Publishing Co., publisher of Eugene Register-Guard.	Eugene, Oreg.	KERG	do	5+	2 VHF	1.
Grants Pass Courier Stations licensed to Southern Oregon Broadcasting Co., 50 percent	Grants Pass, Oreg.	KAGI, KGPO-FM	Majority	1	None	None.

owned by A. E. Voorhies, publisher of Grants Pass Courier and Earle and John Voorhies; Southern Oregon Broadcasting Co. also licensee of KBES-TV, Medford, Ore. and KOTI-TV, Klamath Falls, Ore. Same interests own KPIC-TV, Roseburg, Ore.	Medford Mail Tribune	Medford, Ore.	KVJC	4	2 VHF	Do.
Station licensed to Medford Printing Co., publisher of Medford Mail Tribune.	Portland Oregonian and Journal	Portland, Ore.	KOIN-AM-FM-TV	10+	3 VHF, 1 UHF	2.
Stations licensed to Mt. Hood Radio & Television Broadcasting Co., 50 percent owned by Newhouse Broadcasting Corp. For other Newhouse interests, see Syracuse Post-Standard and Herald Journal.	Bethlehem Gazette	Bethlehem, Pa.	WBFD	None	None	Do.
Station licensed to Inquirer Printing Co., publisher of Gazette.	Bethlehem Globe-Times	Bethlehem, Pa.	WGPA-AM-FM	do	do	Do.
Station licensed to Bethlehem's Globe Publishing Co., publisher of Bethlehem Globe-Times.	Bloomsburg Press	Bloomsburg, Pa.	WCNR	1	do	Do.
Station licensed to Columbia-Montour Broadcasting Corp. Robert B. and Paul R. Eyerly, copublishers of Press, and family own licensee.	Clarion Democrat and Clarion Republican (weeklies)	Clarion, Pa.	WWCH	None	do	Do.
Station licensed to Clarion County Broadcasting Co., 36 percent owned by Mrs. Harriet Hearst. Majority stockholder in Clarion Newspapers, Inc., publisher of Democrat and Republican.	Clearfield Progress	Clearfield, Pa.	WCPA	do	do	Do.
Station licensed to Clearfield Broadcasters, Inc., wholly owned by Progressive Publishing Co., publishers of Clearfield Progress and Danville (Pa.) News. Clearfield Broadcasters, Inc., also own 52 percent of WDAD, Indiana, Pa. Progressive Publishing Co. also licensee of WJCM, Sebring, Fla. W. K. Uerlich, its president, has 38 percent interest in WIMAJ, State College, Pa.	DuBois Courier Express	DuBois, Pa.	WGCD-AM-FM	do	do	Do.
Stations licensed to the Tri-County Broadcasting Co. Same ownership as Courier Express.	Easton Express	Easton, Pa.	WEEK-AM-FM (WGLV-TV off air; CP retained)	1	do	Do.
Stations licensed to Easton Publishing Co., publishers of Easton Express.	Erie News and Times	Erie, Pa.	WSEE-TV	4	1 UHF	Do.
Station licensed to Great Lakes Television Co., 29.7 percent owned by George J. Mead and John J. Mead, Jr., copublishers of Erie News and Times.	Gettysburg Times	Gettysburg, Pa.	WGET	None	None	Do.
Station licensed to Times and News Publishing Co., publisher of Gettysburg Times.	Harrisburg Patriot and News	Harrisburg, Pa.	WTPA-TV	5	1 UHF	Do.
Station licensed to Newhouse Broadcasting Corp., same ownership as Harrisburg Patriot and News. For other Newhouse interests, see Syracuse Post-Standard and Herald-Journal.						

TABLE A.—BROADCAST STATIONS IDENTIFIED WITH NEWSPAPER OWNERSHIP IN SAME CITY—Continued

Daily newspaper (except as otherwise indicated) and joint newspaper-broadcast interests	Location of newspaper	Call letter of associated station	Extent of newspaper ownership	Other stations, same city AM, AM-FM, or FM	TV, VHF or UHF	Other daily newspaper same city
Huntingdon News. Station licensed to Joseph F. Biddle Publishing Co., publisher of Huntingdon News. John H. Biddle, its president, has 50 percent interest in Inquirer Printing Co., publisher of Bedford (Pa.) Gazette (WBED); and is vice president of Progressive Publishing Co., Clearfield, Pa. (WCPA).	Huntingdon, Pa.	WHUN	Licensee	None	None	None.
Johnstown Tribune-Democrat Stations licensed to WJAC, Inc. Same ownership as Johnstown Tribune.	Johnstown, Pa.	WJAC-AM-FM-TV	do.	2	1 UHF	Do.
Lancaster Intelligencer-Journal and New Era Stations licensed to WGAL, Inc. Same ownership (Steinman family) as Lancaster Intelligencer-Journal and New Era. Steinman family also own WDEL, Wilmington, Del.; WORX; York; WEST, Easton; WKBO, Harrisburg, and WLEV-TV, Bethlehem; WRAK-AM-FM, Williamsport, Pa. (call in Pennsylvania).	Lancaster, Pa.	WGAL-AM-FM-TV	do.	2	None	Do.
North Penn Reporter Station licensed to Equitable Publishing Co., publisher of North Penn Reporter.	Lansdale, Pa.	WNPV	do.	None	do.	Do.
Lewistown Sentinel Station licensed to Lewistown Broadcasting Co.; 29 percent of stock owned by the Sentinel Co., publisher of Lewistown Sentinel. Also 29 percent owner of WJUN, Mextco, Pa.	Lewistown, Pa.	WMRF	Minority	1	do.	Do.
Philadelphia Inquirer and Daily News Stations licensed to Triangle Publications, Inc., publisher of Philadelphia Inquirer and Daily News, Seventeen Magazine, Official Detective, TV Guide, Television Digest, Morning Telegraph and Daily Racing Form, Triangle Publications also licensee of WNBZ-AM-FM-TV, Binghamton, N.Y.; WLYH-TV, Lebanon; WFBG-AM-TV, Altoona, both Pennsylvania; WNHG-AM-FM-TV, Lebanon; Connecticut; KFRE-AM-TV; KRFM (FM), Fresno, Calif.	Philadelphia, Pa.	WFIL-AM-FM-TV	Licensee	15+	2 VHF, 2 UHF	1.
Pittsburgh Post-Gazette TV station licensed to WTIC, Inc., 50 percent owned by P G Publishing Co. AM-FM station licensed to WWSW Radio, Inc., 50 percent owned by the P G Publishing Co.	Pittsburgh, Pa.	WWSW-AM-FM, WTIC-TV	Majority	9	3 VHF, 1 UHF	1.
Reading Times and Eagle Station licensed to WEEU Broadcasting Co., Reading Eagle Co., publisher of Reading Times and Eagle, own 51 percent of stock of licensee.	Reading, Pa.	WEEU	do.	3	None	None.
Scranton Times Station licensed to Scranton Times.	Scranton, Pa.	WEJL	Licensee	5	2 UHF	1.

Stroudsburg Record Station licensed to Pocomo Broadcasters, Inc., subsidiary of Otta- way Newspapers & Radio, Inc., publisher of Record. For other Otta- way interests, see Oneonta (N.Y.) Star.	Stroudsburg, Pa.	WVPO	Majority	None	None	None.
Sunbury Daily Item Stations licensed to Sunbury Broadcasting Corp., 83 percent owned by Harry H. Haddon and Basse A. Beck, majority owners of Sunbury Daily Item.	Sunbury, Pa.	WKOK-AM-FM	do	do	do	Do.
Providence Journal-Bulletin Stations licensed to Providence Journal Co., publisher of the Provi- dence Journal-Bulletin.	Providence, R.I.	WEAN, WPJB-FM	Licensee	5+	2 VHF	Do.
Woonsocket Call Stations licensed to Woonsocket Broadcasting Co., 100 percent owned by Evening Call Publishing Co.	Woonsocket, R.I.	WWON-AM-FM	do	1	None	Do.
Anderson Independent and Mail Stations licensed to Wilton E. Hall, publisher of Anderson Inde- pendent Mail.	Anderson, S.C.	WAIM-AM-TV, WCAC-FM	do	1	do	Do.
Greenville News-Piedmont Stations licensed to WMRC, Inc., controlled by Greenville News- Piedmont Co., which directly or indirectly controls WBIR-AM-FM-TV, Knoxville, Tenn., and WWNC, Asheville, N.C.	Greenville, S.C.	WFBC-AM-FM-TV	Majority	4	do	Do.
Greer Citizen (weekly) Station licensed to Greer Broadcasting Co. Partner E. A. Burch is publisher of weekly Greer Citizen. Partner W. R. Frier is owner of Bartow Herald (WBHF, Cartersville, Ga.).	Greer, S.C.	WEAB	do	1	do	Do.
Orangeburg Times and Democrat Stations licensed to WTND, owned by members of Sims family who own Sims Publishing Co., publisher of Times and Democrat.	Orangeburg, S.C.	WTND	do	2	do	Do.
Aberdeen American News Station licensed to Aberdeen News Co., publisher of the American News; 80 percent owned by Ridder Publications, Inc. For other Ridder interests, see Minneapolis Star and Tribune.	Aberdeen, S. Dak.	KSDN	Licensee	1	1 VHF	Do.
Mobridge Tribune (weekly) Station licensed to Mobridge Broadcasting Corp. L. L. Coleman, publisher of Tribune, and family 100 percent owners.	Mobridge, S. Dak.	KOLY	Majority	None	None	Do.
Athens Post-Athenian Station licensed to Helen M. Arterburn, publisher of Athens Post-Athenian.	Athens, Tenn.	WLAR	Licensee	do	do	1.
Dyersburg State Gazette Station licensed to State Gazette Broadcasting Co., controlled by Dyersburg State Gazette.	Dyersburg, Tenn.	WDSG	Majority	1	do	None.
Jackson Sun Station licensed to Sun Publishing Co., Inc., publisher of Jackson Sun.	Jackson, Tenn.	WTIS-AM-FM	Licensee	2	1 VHF	Do.
Johnson City Press-Chronicle Station licensed to Press, Inc., publisher of Johnson City Press- Chronicle.	Johnson City, Tenn.	WETB	do	1	1 VHF	Do.

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Kingsport News and Times. Station licensed to Kingsport Broadcasting Co., 100 percent owned by Kingsport Publishing Co., publisher of News and Times.	Kingsport, Tenn.	WKPT-AM-FM	Licensee	1	None	None
Knoxville News-Sentinel. Station licensed to Scripps-Howard Broadcasting Co., subsidiary of E. W. Scripps Co., holding company owning News-Sentinel. For other Scripps-Howard interests, see Cleveland Press.	Knoxville, Tenn.	WNOX	do	5+	2 VHF, 1 UHF	1
Memphis Commercial Appeal and Press Scimitar. Stations licensed to Scripps-Howard Broadcasting Co., holding company owning Commercial Appeal and Press Scimitar. For other Scripps-Howard interests see Cleveland Press.	Memphis, Tenn.	WMC-AM-FM, WMC-TV	do	5+	3 VHF	None
Amarillo News and Globe-Times. TV station licensed to Globe News Publishing Co., publisher of Amarillo News and Globe Times and Lubbock (Tex.) Aviancha and Journal, AM-FM station and KFYO, Lubbock, Tex., licensed to Plains Radio Broadcasting Co., 81 percent owned by Globe News Publishing Co.	Amarillo, Tex.	KGNC-AM-FM-TV	do	5+	2 VHF	Do
Brenham Banner-Press. Station licensed to Tom S. Whitehead, publisher of Brenham Banner-Press.	Brenham, Tex.	KWHI	do	None	None	Do
Dallas Times-Herald. Stations licensed to Times-Herald Printing Co., publisher of Dallas Times-Herald.	Dallas, Tex.	KRLD-AM-FM-TV	do	10+	2 VHF, 1 UHF	1
Dallas Morning News. Stations licensed to A. H. Belo Corp., publisher of Dallas Morning News.	do	WFAA-AM-FM-TV	do	10+	2 VHF, 1 UHF	1
Fort Worth Star-Telegram. Stations licensed to Carter Publications, Inc., publisher of Fort Worth Star-Telegram.	Fort Worth, Tex.	WBAP-AM-FM-TV	do	5	VHF	1
Gainesville Register. Stations licensed to Gainesville Broadcasting Corp. Mr. Joe M. Leonard, vice president and part owner of Gainesville Register, and sons own 100 percent of licensee.	Gainesville, Tex.	KGAF-AM-FM	Majority	None	None	None
Houston Post. Stations licensed to Houston Post Co., publisher of Houston Post.	Houston, Tex.	KPRC-AM-TV	Licensee	15	3 VHF	2
Houston Chronicle. AM stations licensed to KTRH Broadcasting Co., subsidiary of Houston Chronicle Publishing Co., publisher of Houston Chronicle. It has 32 percent interest in Houston Consolidated Television Co., licensee of KTRK-TV.	do	KTRH-AM-FM, KTRK-TV	Licensee (AM), minority (TV)	15	3 VHF	2

Lubbock Avalancha & Journal	Lubbock, Tex.	KFYO	Majority	5+	3 VHF	None.
Station licensed to Plains Radio Broadcasting Co., 81 percent owned by Glode News Publishing Co., publisher of Lubbock Avalancha & Journal, Amarillo (Tex.) News & Globe Times (KGNC).						
Navasota Examiner-Review (weekly)	Navasota, Tex.	KWBC	do	None	None	Do.
Station licensed to Whitten Broadcasting Co., owned by P. G. and R. H. Whitten, publishers of Examiner Review.						
New Braunfels Herald (twice weekly)	New Braunfels, Tex.	KGNB	Minority	do	do	Do.
Station licensed to Comal Broadcasting Co., Claude W. Scroggs, 20-percent stockholder owns twice weekly New Braunfels Herald.						
Rusk Cherokee (weekly)	Rusk, Tex.	KTLU	Licensee	do	do	Do.
Station licensed to E. H. Whitehead, publisher of weekly Rusk Cherokee and monthly Citizen.						
San Angelo Standard Times	San Angelo, Tex.	KCTV-TV	Majority	4	1 VHF	Do
Station licensed to Westex Television Co., 50-percent owned by Big Spring Broadcasting Co. which in turn is owned by Ed H. and Houston H. Hart, publisher of Standard Times. Marie-Hank Newspapers include Julie Harter News, Big Spring Herald, Corpus Christi Caller Times, Denison Herald, Marshall News-Messenger, and Greenville Herald Banner, San Antonio Express and News (KENS-TV).						
San Antonio Express and News	San Antonio, Tex.	KENS-TV	Licensee	10+	3 VHF, 1 UHF	1.
Station licensed to Express Publishing Co., publisher of San Antonio Express and News.						
Seminole Sentinel (weekly)	Seminole, Tex.	KTFO	Majority	None	None	None.
Station licensed to KSML, Inc. Fred V. Barbee, Jr., 50-percent owner in publication of Sentinel.						
Temple telegram	Temple, Tex.	KTEM, KCEM-TV	do	do	do	Do.
AW station licensed to Bell Broadcasting Co., Frank W. Mayborn, president and 85-percent owner is also president of Bell Publishing Co., publisher of Temple Telegram. Licensed to Channel 6, Inc., 95-percent owned by Mayborn. Mayborn also president of Sherman (Tex.) Democrat, and Taylor (Tex.) Press.						
Temple telegram	Temple, Tex.	KTEM, KCEM-TV	do	do	do	Do.
Station licensed to KCMC, Inc., subsidiary of Camden News Publishing Co., owner of Texarkana Newspapers, Inc., publisher of Gazette and News. Other Camden News Publishing Co. interests include Camden (Ark.) News (KAMD), Eldorado (Ark.) News and Times, Hope (Ark.) Star (XXAR), Hot Springs (Ark.) Sentinel and New Era, and Magrolia (Ark.) Banner News (KVMA).						
Texarkana Gazette and News	Texarkana, Tex.	KCMC, KTAL-TV	Licensee	2	do	Do.
Station licensed to Blackstone Broadcasting Co., 53-percent owned by owners of Tyler Courier-Times and Telegraph.						
Station licensed to Blackstone Broadcasting Co., 53-percent owned by owners of Tyler Courier-Times and Telegraph.						
Ogden Standard Examiner	Ogden, Utah	KLO	Licensee	3	1 VHF, 1 UHF	Do.
Station licensed to Interstate Corp., wholly owned by A. L. Glassman family, majority owners of the Standard Examiner. Members of the family have either 100-percent or majority interests in KUTV (TV) and KALL, Salt Lake City; KLIJ-AW-TV, Twin Falls and KGEW, Boise, both Idaho; and KMOJ, Great Falls; and KPOR, Butte, Mont.						

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				AM, AM-FM, or FM	TV, VHF or UHF	
Salt Lake City Tribune. Station licensed to KUTV, Inc., 35 percent owned by Salt Lake Tribune, and 65 percent by the Ogden Standard Examiner (see above).	Salt Lake City, Utah.	KUTV (TV)	Minority	10	3 VHF	1.
Newport News Press and Times Herald. Stations licensed to Hampton Roads Broadcasting Corp.; 100 percent of stock owned by Daily Press, Inc., publisher of Newport News Press and Times Herald.	Newport News, Va.	WGH-AM-FM	Licensee	1	See Norfolk	None.
Norfolk Virginian-Pilot and Ledger-Dispatch and Star. Stations licensed to WTAR Radio Corp., same ownership as Norfolk Virginian-Pilot and Ledger-Dispatch and Star.	Norfolk-Portsmouth, Va.	WTAR-AM-TV	do	5+	2 VHF, 2 UHF	Do.
Richmond Times Dispatch and News-Leader. Stations licensed to Richmond Newspapers, Inc., publisher of Richmond Times Dispatch and News Leader.	Richmond, Va.	WRNL-AM-FM	do	10+	2 VHF	Do.
Roanoke Times, and World News. Stations licensed to Times-World Corp., publisher of Roanoke Times and World News.	Roanoke, Va.	WDBJ-AM-FM-TV	do	5	1 VHF	Do.
Franklin News-Post (Weekly). Station licensed to Radio Franklin, Inc., K. W. Salyer, 50 percent owner is publisher of News-Post.	Rocky Mount, Va.	WKWS	Majority	1	None	Do.
Port Angeles News. Station licensed to Radio Pacific, Inc., subsidiary of Port Angeles News.	Port Angeles, Wash.	KNOP	Licensee	1	do	Do.
Spokane Spokesman-Review and Chronicle. Station licensed to KHQ, Inc., 100 percent subsidiary of Spokane Chronicle Co., publisher of Chronicle-Review newspaper operated separately, editorially, from Chronicle but under joint business management.	Spokane, Wash.	KHQ-AM-TV	do	5+	2 VHF	None (see note).
Tacoma News-Tribune. Stations licensed to Tribune-Publishing Co., publisher of Tacoma News-Tribune.	Tacoma, Wash.	KTRT-AM-FM-TV	do	5+	1 VHF, 2 UHF	None.
Bluefield News-Observer. Stations licensed to Daily Telegraph Printing Co., publisher of Bluefield News-Observer and Sunset News-Observer.	Bluefield, W. Va.	WHIS-AM-TV	do	1	None	Do.
Morgantown Post and Dominion News. Stations licensed to West Virginia Radio Corp. owned 51 percent by Mrs. A. J. Greer, and 48 percent by the W. Va. Publishing Co., publisher of Morgantown Post and Dominion News of which Mrs. Greer is 76 percent owner. Mrs. Greer also owns 99 percent of WJER, Doyer; WCNS, Canton, Ohio.	Morgantown, W. Va.	WAJR-AM-FM	Majority	1	do	Do.
Antigo Journal. Station licensed to Antigo Broadcasting Co. Artemas F. Berner, 90 percent owner is publisher of Antigo Journal.	Antigo, Wis.	WATK	do	None	do	Do.

Fond du Lac Commonwealth Reporter. Station licensed to KFIZ Broadcasting Co., majority owned by owners of Fond du Lac Commonwealth Reporter.	Fond du Lac, Wis.	KFIZ	do	do	do	Do.
Green Bay Press Gazette. Station licensed to the Green Bay Newspaper Co., publisher of Green Bay Press Gazette.	Green Bay, Wis.	WJPG	Licensee	2	3 VHF	Do.
Janesville Gazette. Stations licensed to Southern Wisconsin Radio, Inc., subsidiary of Gazette Printing Co., publisher of Janesville Gazette. Sydney H. Bliss, president of Gazette Printing Co., is licensee of WGEZ, Beloit, Wis.	Janesville, Wis.	WCLO-AM-FM	do	None	None	Do.
La Crosse Tribune. Station licensed to WKBH-TV, Inc., 27.5 percent owned by Lee Enterprises, Inc., owner of Tribune. For other Lee holdings, see Mason City Globe Gazette.	La Crosse, Wis.	WKBH, WKBT-TV	Minority	2	do	Do.
Madison Capital Times, Wisconsin State Journal. Note: Stations licensed to Badger Broadcasting Co., Inc., owned by the Capital Times Co., which under contract with Madison Newspapers, Inc., owner of the 2 papers, supplies editorial and news content for the Capital Times. Lee Enterprises, Inc., has part interest in Madison Newspapers, Inc. Lee Enterprises, Inc., also controls Forward Television Co., licensee of WMTV-TV. For other Lee holdings, see Mason City (Iowa) Globe Gazette.	Madison, Wis.	WIBA-AM-FM, WMTV	Majority	5	1 VHF, 2 UHF	Do.
Milwaukee Journal. Stations licensed to the Journal Co., publisher of Milwaukee Journal.	Milwaukee, Wis.	WTMJ-AM-FM-TV	Licensee	5+	3 VHF, 1 UHF	Do.
Racine Journal-Times. Stations licensed to Racine Broadcasting Corp., 100 percent subsidiary of Journal-Times Co.	Racine, Wis.	WRJN-AM-FM	do	1	None	Do.
Shawano Leader. Station licensed to Shawano County Leader Publishing Co., publisher of Shawano Leader. Jeanne P. Donald, 100 percent owner of publishing co., 25-percent owner of KOUR, Independence, Iowa.	Shawano, Wis.	WTCH	do	None	do	Do.
Wausau Record-Herald. Stations licensed to Wisconsin Valley Television Corp. 25 percent owned by Wausau Record-Herald.	Wausau, Wis.	WSAU-AM-FM-TV	Minority	3	do	Do.
Wisconsin Rapids Tribune. Station licensed to Wm. F. Hufiman Radio, Inc. 99 percent subsidiary of Wisconsin Rapids Tribune Co., publisher of Wisconsin Rapids Tribune. Tribune Co. has 6 percent interest in WSAU-AM-TV, Wisconsin Rapids, Wis.	Wisconsin Rapids, Wis.	WFHR-AM-FM	Licensee	None	do	Do.
Cheyenne Wyoming Eagle and State Tribune. Stations licensed to Frontier Broadcasting Co. Cheyenne Newspapers, Inc., publisher of Wyoming Eagle and State Tribune owns 24 percent of licensee. President Robert S. McCracken and family control Cheyenne Newspapers, Inc. Mr. McCracken and associates also publish Laramie Republican Boomerang and Bulletin. Rawlins Times, Rock Springs Rocket (KVR), Worland Northern Wyoming News. Cheyenne Newspapers, Inc., also 1/2 owner of KSTF (TV), Scottsbluff, Nebr.	Cheyenne, Wyo.	KFBC-AM-TV	Minority	3	do	Do.

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				AM, AM-FM, or FM	TV, VHF or UHF	
Rock Springs Rocket Station licensed to Wyoming Broadcasting Co., 90 percent owned by Rock Springs Newspapers, Inc., publisher of Rock Springs Rocket San Juan El Mundo Stations licensed to El Mundo, Inc., publisher of San Juan El Mundo.	Rock Springs, Wyo. San Juan, P.R.	KVRS WKAQ-AM-FM-TV	Majority 5+	None 5+	None 2 VHF	None 1.

Sources: Commission records; Broadcasting Yearbook, 1963; Editor and Publisher Yearbook, 1962.

TABLE B.—BROADCAST STATIONS IDENTIFIED WITH OUT-OF-TOWN NEWSPAPERS 1

Call letter	Location	Licensee	Principal newspaper interest	Extent of newspaper interest
WRLD	Lanett, Ala.	Valley Broadcasting Co.	P. C. Henderson, publisher of Alexander City Outlook (semiweekly) and Goodwater (Alabama) Enterprise (weekly), 40 percent interest.	Minority.
KVOA-TV	Tucson, Ariz.	Alverado Television Co.	40 percent owned by Clinton D. McKinnon, publisher of San Diego (Calif.) North Shores Sentinel and Coronado (Calif.) Journal (weeklies). Licensee also owns KOAT-TV, Albuquerque, N. Mex.	Do.
KXTV (TV)	Sacramento, Calif.	Great Western Broadcasting Corp.	90 percent subsidiary of Whitney Communications Corp. See WANE, Ft. Wayne, Ind.	Majority.
WRFC	Athens, Ga.	Radio Athens, Inc.	L. H. Christian, owner of weekly Oconee Enterprise, Watkinsville, Ga., owns 98 percent of licensee.	Do.
WANE-AM-TV	Fort Wayne, Ind.	Indiana Broadcasting Corp., 99 percent owned by Corinthian Broadcasting Corp.	John H. Whitney, publisher of New York Herald Tribune, owns Corinthian Broadcasting Corp. Same interests owns majority in WICH-AM-TV, Indianapolis, Ind.; KOTV (TV), Tulsa, Okla.; KHOU-TV, Houston, Tex.; KXTV (TV), Sacramento, Calif.; WVIP, Mt. Kisco; WFYI, Mineola; WVOX, Westchester; WGHO, Kingston; and WVOX, New Rochelle (all in New York); and 50 percent of WCOM-FM, Newark, N. J.	Do.
WISH-AM-TV	Indianapolis, Ind.	Indiana Broadcasting Corp.	Subsidiary of Corinthian Broadcasting Corp. C. H. Whitney, New York Herald Tribune; see WANE, Ft. Wayne, Ind.	Do.
KOAM-TV	Pittsburg, Kans.	Mid-Continent Telecasting, Inc.	33 1/3 percent owned by Poplin (Mo.) Globe Publishing Co.	Minority.
WKLO, WEZI-TV (suspended operations)	Louisville, Ky.	Mid-America Broadcasting Co.	100 percent owned by Charles Sawyer, publisher of Lancaster (Ohio) Eagle Gazette; Sawyer and majority owners, WING, Dayton; WIZE, Springfield; and (with its family) WCO, Columbus, Ohio.	Majority.
WOND	Pleasantville, N.J.	South Jersey Radio, Inc.	Harlan G. Murrie, publisher of Cape May (N.J.), 17 percent interest.	Minority.
KOAT-TV	Albuquerque, N. Mex.	Alverado Television Co.	See KVOA-TV, Tucson, Ariz.	Do.
WGRQ	Kingston, N.Y.	Skyark Corp.	100 percent subsidiary of Whitney Communications Corp. (see WANE, Ft. Wayne, Ind.).	Majority.
WFYI	Mineola, N.Y.	Media Enterprises, Inc.	Do.	Do.
WVIP	Mt. Kisco, N.Y.	Suburban Broadcasting Co.	Do.	Do.
WVOX	New Rochelle, N.Y.	Radio Westchester, Inc.	90 percent subsidiary of Whitney Communications Corp. (see WANE, Ft. Wayne, Ind.).	Do.
WALK	Patchogue, N.Y.	Suffolk Broadcasting Corp.	100 percent subsidiary of Whitney Communications Corp. (see WANE, Ft. Wayne, Ind.).	Do.
WRIN	Riverhead, N.Y.	do	Subsidiary of Consolidated Press, publisher of 8 Long Island weeklies.	Do.
WRUN	Utica, N.Y.	do	do	Do.
WCOL-AM-FM	Columbus, Ohio	Rome Sentinel Co.	Publisher of Rome (N.Y.) Sentinel.	Do.
WING	Dayton, Ohio	Air Trails, Inc.	Charles Sawyer. See WKLO, Louisville, Ky.	Do.
WIZE	Springfield, Ohio	Great Trails, Inc.	do	Do.
KOTV (TV)	Tulsa, Okla.	Radio Voice of Springfield, Inc.	do	Do.
WGD	Chester, S.C.	Dispatch Publishing Co.	90 percent owned by Whitney Communications Corp. (see WANE, Ft. Wayne, Ind.).	Do.
KHOU-TV	Houston, Tex.	Gulf Television Corp.	Publisher of Lexington (N.C.) Dispatch.	Do.
			89 percent owned by Whitney Communications Corp. (see WANE, Ft. Wayne, Ind.).	Do.

See footnote at end of table.

TABLE B.—BROADCAST STATIONS IDENTIFIED WITH OUT-OF-TOWN NEWSPAPERS I.—Continued

Call letter	Location	Licensee	Principal newspaper interest	Extent of newspaper interest
KRGV-AM-TV	Weslaco, Tex.	Kenco Enterprises, Inc.	Licensee publisher of Sioux Falls (S.D.) Argus-Leader.	Do.
WYVW	Gratton, W. Va.	WYVW, Inc.	100 percent owned by J. Patrick Beacom, publisher of weekly Mannington Times.	Do.
WJPB-TV	Weston, W. Va.	WJPB-TV, Inc.	50 percent owned by J. Patrick Beacom. (See above).	Do.
WHAW	do.	Central West Virginia Service Corp.	88 percent owned by Richard H. Raiston, publisher of weekly Buckhannon (W. Va.) Record, and wife.	Do.
KPUG	Bellingham, Wash.	KPUG, Inc.	50 percent owned by Jessica L. Longston, owner of St. Helens (Oreg.) Sentinel Mist (semiweekly) and Othello (Wash.) Outlook (weekly).	Do.
KSEM	Moses Lake, Wash.	KSEM, Inc.	56 percent owned by Jessica L. Longston (see KPUG, above).	Do.
KAYO	Seattle, Wash.	Washington Telecasters, Inc.	52 percent owned by Jessica L. Longston (see KPUG, above).	Do.
WEAU	Eau Claire, Wis.	Post Broadcasting Corp.	Publisher of Appleton (Wis.) Post.	Do.
WIGM	Medford, Wis.	WIGM, Inc.	57 percent owned by Harold R. Murphy, copwner of Northshore Publishing Co., Milwaukee, Wis., publisher of 4 Wisconsin dailies.	Do.

¹ Includes only stations affiliated with newspapers that do not publish in any community where the stations are located.

TABLE 1.—COMMUNITIES WITH 1 AM RADIO STATION AND 1 DAILY NEWSPAPER WITH NEWSPAPER HAVING OWNERSHIP INTEREST IN STATION

[Legend: D—Daytime; N—Nighttime; U—Unlimited hours of operation; SH—Specified hours of operation]

Radio station in which newspaper has interest	Year station began operations	Station under original license	Population code ¹	Extent of newspaper ownership	Class, power, and time ²
City and State	Call letter				
67 Communities Outside of Metropolitan Areas ³					
Camden Ark.....	KAMD	1946	Yes.....	14	Majority ⁴ III—1 kw, D, 500 w, N, U
Hope, Ark.....	KXAR	1947	Yes.....	15	do..... IV—250 w, S. H.
Magnolia, Ark.....	KVMA	1948	Yes.....	14	Minority ⁵ III—1 kw, D
Santa Cruz, Calif.....	KSCO	1947	Yes.....	13	do..... II—10 kw, D, 500 w, N, U.
Burley, Idaho.....	KBAR	1946	Yes.....	15	Majority..... IV—250 w, U.
Bloomington, Ill.....	WJBC	1924	No.....	13	do..... IV—1 kw, D, 250 w, N, U.
Canton, Ill.....	WBYS	1947	Yes.....	14	do..... II—250 w, D.
Kankakee, Ill.....	WKAN	1947	Yes.....	13	do..... III—1 kw, D, 500 w, N, U.
LaSalle, Ill.....	WLPO	1947	No.....	14	do..... II—1 kw, D.
McComb, Ill.....	WKAI	1947	No.....	14	do..... II—250 w, D.
Zionsville, Ind.....	WCNB	1948	Yes.....	14	do..... II—250 w, D.
New Castle, Ind.....	WCTW	1960	Yes.....	14	do..... II—250 w, U.
Vincennes, Ind.....	WAOV	1940	No.....	14	Minority..... IV—1 kw, D, 250 w, N, U.
Warsaw, Ind.....	WRSW	1951	Yes.....	15	Majority..... III—500 w, U.
Marshalltown, Iowa.....	KFJB	1923	No.....	14	do..... IV—250 w, U.
Burlington, Iowa.....	KBUR	1941	No.....	13	do..... IV—1 kw, D; 250 w, N, U
Arkansas City, Kans.....	KSOK	1947	Yes.....	14	do..... III—1 kw, D; IV—100 w, N, U
Coffeyville, Kans.....	KGGF	1930	No.....	14	do..... II—10 kw, D; 5 kw, N. U
Great Bend, Kans. ²	KVGB	1937	No.....	14	Minority..... III—5 kw, U.
Manhattan, Kans.....	KMAN	1950	Yes.....	14	Majority..... III—500 w, D
McPherson, Kans.....	KNEK	1949	No.....	15	do..... II—250 w, D
Middlesboro, Ky.....	WMIK	1948	Yes.....	14	do..... III—500 w, D
Ruston, La.....	KRUS	1947	Yes.....	14	do..... IV—250 w, U
North Adams, Mass.....	WMNB	1947	Yes.....	14	do..... IV—250 w, U
Benton Harbor, Mich.....	WHFB	1947	Yes.....	14	do..... II—1 kw, D
Iron Mountain, Mich.....	WMIQ	1947	Yes.....	15	do..... IV—250 w, U
Marquette, Mich. ²	WDMS	1931	No.....	14	do..... III—1 kw, U.
Niles, Mich.....	WNIL	1956	No.....	14	do..... III—500 w, D
Owosso, Mich.....	WOAP	1948	Yes.....	14	do..... II—250 w, D
Sault Ste. Marie, Mich.....	WSOO	1940	No.....	14	do..... IV—1 kw, D; 250 w, N, U
New Ulm, Minn.....	KNUJ	1949	Yes.....	14	do..... II—1 kw, D
Brookfield, Mo.....	KGHM	1955	No.....	15	do..... III—500 w, D
Warrensburg, Mo.....	KOKO	1953	No.....	15	do..... IV—1 kw, D; 250 w, N, U
Miles City, Mont.....	KATL	1941	Yes.....	15	do..... IV—1 kw, D; 250 w, N, U
Norfolk, Nebr.....	WJAG	1922	Yes.....	14	do..... II—1 kw, L-WBBM
Elko, Nev.....	KELK	1948	No.....	15	Minority..... IV—1 kw, D; 250 w, N, U
Asbury Park, N.J.....	WJLK	1926	No.....	14	Majority..... IV—250 w, U
Fredonia, N.Y.....	WBUZ	1958	No.....	15	do..... II—250 w, D
Oneonta, N.Y.....	WDOS	1947	Yes.....	14	do..... II—1 kw, D
Coshocton, Ohio.....	WTNS	1947	Yes.....	14	do..... II—1 kw, D
Findlay, Ohio.....	WFIN	1941	No.....	13	do..... III—1 kw, D
Newark, Ohio.....	WCLT	1949	No.....	13	do..... III—500 w, D
Wooster, Ohio.....	WWST	1947	Yes.....	14	do..... III—1 kw, D
Altus, Okla.....	KWHW	1959	Yes.....	14	do..... IV—1 kw, D; 250 w, N, U
Ardmore, Okla.....	KVSO	1935	Yes.....	14	do..... IV—250 w, U
Durant, Okla.....	KSEO	1947	No.....	14	do..... II—250 w, D
Henryetta, Okla.....	KHEN	1956	Yes.....	15	do..... III—500 w, D
Okmulgee, Okla.....	KOKL	1937	No.....	14	do..... IV—250 w, U
Ponca City, Okla.....	WBBZ	1927	No.....	14	do..... IV—250 w, U
Shawnee, Okla.....	KGFF	1930	Yes.....	14	do..... IV—1 kw, D; 250 w, N, U
Stillwater, Okla.....	KSPI	1947	Yes.....	14	do..... II—250 w, D
Bedford, Pa.....	WBFD	1955	Yes.....	16	do..... III—5 kw, D
Clearfield, Pa.....	WCPA	1947	Yes.....	15	do..... II—1 kw, D
DuBois, Pa.....	WCED	1941	Yes.....	14	do..... III—5 kw, D; 500 w, N, U
Gettysburg, Pa.....	WGET	1950	Yes.....	15	do..... III—1 kw, D; 500 w, N, U
Huntingdon, Pa.....	WHUN	1947	Yes.....	15	do..... III—5 kw, D
Stroudsburg, Pa.....	WVPO	1947	No.....	15	do..... II—250 w, D
Sunbury, Pa.....	WKOK	1933	Yes.....	14	do..... IV—250 w, U
Athens, Tenn.....	WLAR	1946	Yes.....	14	do..... IV—1 kw, D; 250 w, N, U
Brenham, Tex.....	KWHI	1947	Yes.....	15	do..... III—1 kw, D
Gainesville, Tex.....	KGAF	1947	Yes.....	14	do..... II—250 w, D
Antigo, Wis.....	WATK	1947	No.....	15	do..... II—250 w, D
Fond du Lac, Wis.....	KFIZ	1922	No.....	13	do..... IV—250 w, U
Janesville, Wis.....	WCLO	1930	Yes.....	13	do..... IV—1 kw, D; 250 w, N, U
Shawano, Wis.....	WTCH	1948	Yes.....	15	do..... III—1 kw, U
Wisconsin Rapids, Wis.....	WFHR	1940	Yes.....	14	do..... III—5 kw, D; 500 w, N, U
Rock Springs, Wyo.....	KVRS	1938	No.....	14	do..... III—1 kw, D; 500 w, N, U

See footnotes at end of table.

13 COMMUNITIES WITHIN METROPOLITAN AREAS⁶

Ontario, Calif.	KASK	1947	Yes	03	Majority	11-1 kw, U
San Rafael, Calif.	KTIM	1947	Yes	01	do	11-1 kw, D
Stamford, Conn.	WSTC	1941	No	07	do	1V-1 kw, D; 250 w, N, U
Waukegan, Ill.	WKRS	1949	Yes	01	do	11-1 kw, D
Council Bluffs, Iowa	KSWI	1947	Yes	04	do	11-1 kw, D
Attleboro, Mass.	WARA	1950	Yes	03	do	111-1 kw, D
Lockport, N.Y.	WUSJ	1949	Yes	02	do	1V-250 w, U
White Plains, N.Y.	WFAS	1932	Yes	01	do	1V-250 w, U
Alliance, Ohio	WFAH	1953	Yes	04	do	111-1 kw, D
Elyria, Ohio	WEOL	1948	Yes	06	Minority	111-1 kw U
Warren, Ohio	WHHH	1941	No	03	Majority	111-5 kw, U.
Bethlehem, Pa.	WGPA	1946	Yes	04	do	11-250 w, D.
Lansdale, Pa.	WNPV	1960	Yes	01	do	111-500 w, D.

¹ Population code:

01	2,000,000 or over	09	125,000 to 150,000
02	1,000,000 to 2,000,000	10	100,000 to 125,000
03	500,000 to 1,000,000	11	75,000 to 100,000
04	250,000 to 500,000	12	50,000 to 75,000
05	225,000 to 250,000	13	25,000 to 50,000
06	200,000 to 225,000	14	10,000 to 25,000
07	175,000 to 200,000	15	5,000 to 10,000
08	150,000 to 175,000	16	2,500 to 5,000

² Class, power, and time: Class I station—a "dominant" station operating on a clear channel and designed to render primary and secondary service over an extended area and at relatively long distances; class II station—a "secondary" station operating on a clear channel and designed to render service over a primary service area which is limited by and subject to such interference as may be received from class I stations; class III station—a station operating on a regional channel and designed to render service primarily to a principal center of population and the rural area contiguous thereto; class IV station—a station operating on a local channel and designed to render service primarily to a city or town and the suburban and rural areas contiguous thereto.

³ Corrected as per errata sheet.

⁴ Majority interest: 50 percent to 100 percent.

⁵ Minority interest: Less than 50 percent.

⁶ Of the 13 listed communities, 12 are in metropolitan areas which have other radio stations in the metropolitan area. The exception is Stamford, Conn.

TABLE 2.—SUMMARY BY POPULATION GROUPING AND CLASS AND TIME OF 80 RADIO STATIONS LOCATED IN COMMUNITIES WHERE THE ONLY RADIO STATION AND ONLY DAILY NEWSPAPER HAVE COMBINED OWNERSHIP INTERESTS¹

67 RADIO STATIONS OUTSIDE OF METROPOLITAN AREAS

Population grouping	Class II		Class III		Class IV	
	Unlimited	Limited	Unlimited	Limited	Unlimited	Limited
25,000 to 50,000	1		1	2	4	
10,000 to 25,000	2	13	8	5	13	
5,000 to 10,000		5	2	4	5	1
2,500 to 5,000				1		

13 RADIO STATIONS WITHIN METROPOLITAN AREAS

2,000,000 or over		2		1	1
1,000,000 to 2,000,000					1
500,000 to 1,000,000	1		1	1	
250,000 to 500,000		2		1	
200,000 to 225,000			1		
175,000 to 200,000					1

¹ See table 1, footnote 3.

² 1 station is class III daytime with power of 1 kilowatt; nighttime it is class IV with power of 100 watts.

TABLE 3.—COMMUNITIES WITH TWO AM RADIO STATIONS AND ONE DAILY NEWSPAPER WITH NEWSPAPER HAVING OWNERSHIP INTEREST IN ONE OF TWO STATIONS

[Legend: D—Daytime; N—Nighttime; U—Unlimited hours of operation; SH—Specified hours of operation]

Radio station in which newspaper has interest	Year station began operations	Station under original licensee	Population code ¹	Extent of newspaper ownership	Class, power, and time ²
City and State	Call letter				
35 COMMUNITIES OUTSIDE OF METROPOLITAN AREAS					
Danville, Ill.	WDAN	1938	No	13	Majority ³ IV—1 kw, D; 250 w, N, U
Effingham, Ill.	WCRA	1947	Yes	15	do II—250 w, D
Galesburg, Ill.	WGIL	1938	Yes	13	do IV—1 kw, D; 250 w, N, U
Jacksonville, Ill.	WLDS	1941	No	14	do II—1 kw, D
Elkhart, Ind.	WTRC	1931	Yes	13	do IV—1 kw, D, 250 w, N, U
Marion, Ind.	WMRI	1955	No	13	do II—250 w, D
Boone, Iowa	KWBG	1950	Yes	14	do III—1 kw, D; 500 w, N, U
Dodge City, Kans.	KGNO	1930	Yes	14	do III—5 kw, D; 1 kw, N, U
Pittsburg, Kans.	KSEK	1947	Yes	14	do IV—250 w, U
Corbin, Ky.	WCTT	1947	Yes	15	do II—1 kw, U
Madisonville, Ky.	WFMW	1947	No	14	do II—250 w, D
Owensboro, Ky.	WOMI	1938	Yes	13	do IV—1 kw, D; 250 w, N, U
Escanaba, Mich.	WLST	1958	Yes	14	do III—1 kw, D
Port Huron, Mich.	WTTH	1947	Yes	13	do III—1 kw, U
St. Cloud, Minn.	KFAM	1938	Yes	13	do IV—1 kw, D; 250 w, N, U
Viicksburg, Miss.	WQBC	1931	Yes	13	do III—1 kw, D; 500 w, N, U
Jefferson City, Mo.	KWOS	1937	Yes	13	do IV—1 kw, D; 250 w, N, U
Auburn, N. Y.	WMBO	1927	No	13	do IV—1 kw, D; 250 w, N, U
Olean, N. Y.	WHDL	1929	No	14	do IV—1 kw, D; 250 w, N, U
Hickory, N. C.	WHKY	1939	Yes	14	Minority ⁴ III—5 kw, D; 1 kw, N, U
Reidsville, N. C.	WREV	1950	Yes	14	Majority ³ II—1 kw, D
Muskogee, Okla.	KBIX	1936	Yes	13	do IV—250 w, U
Coos Bay, Oreg.	KOOS	1928	No	15	do IV—250 w, U
Grants Pass, Oreg.	KAGI	1939	Yes	14	do III—5 kw, D; 1 kw, N, U
Bloomsburg, Pa.	WCNR	1947	Yes	14	do III—1 kw, D
Lewistown, Pa.	WMRF	1941	Yes	14	Minority ⁴ IV—1 kw, D; 250 w, N, U
Anderson, S. C.	WAIM	1935	Yes	13	Majority ³ IV—1 kw, D; 250 w, N, U
Aberdeen, S. Dak.	KSDN	1947	Yes	14	do III—1 kw, U
Dyersburg, Tenn.	WDSG	1946	Yes	14	do IV—250 w, U
Kingsport, Tenn.	WKPT	1940	Yes	13	Minority ⁴ IV—250 w, U
Fredericksburg, Va.	WFLS	1960	Yes	14	Majority ³ III—500 w, D
Chehalis-Centralia, Wash.	KITI	1954	No	15	Minority ⁴ III—1 kw, D
Port Angeles, Wash.	KONP	1945	No	14	Majority ³ IV—250 w, U
Bluefield, W. Va.	WHIS	1929	No	14	do III—5 kw, D; 500 w, N, U
Morgantown, W. Va.	WAJR	1940	Yes	14	do III—5 kw, D; 500 w, N, U
9 COMMUNITIES WITHIN METROPOLITAN AREAS ⁵					
Dubuque, Iowa	KDTH	1941	Yes	11	Majority ³ III—1 kw, U
Brockton, Mass.	WBET	1946	Yes	09	do III—5 kw, D; 1 kw, N, U
Fall River, Mass.	WSAR	1921	No	09	do III—5 kw, U
New Bedford, Mass.	WNBH	1921	No	09	do IV—1 kw, D; 250 w, N, U
Jackson, Mich.	WIBM	1924	No	09	do IV—1 kw, D; 250 w, N, U
Easton, Pa.	WEEX	1956	Yes	04	do IV—250 w, U
Woonsocket, R.I.	WVO	1946	No	03	do IV—1 kw, D; 250 w, N, U
Newport News, Va.	WGH	1927	Yes	06	do III—5 kw, U
Racine, Wis.	WRJN	1926	Yes	09	do IV—1 kw, D; 250 w, N, U

¹Population code:

01	2,000,000 or over.	09	125,000 to 150,000.
02	1,000,000 to 2,000,000.	10	100,000 to 125,000.
03	500,000 to 1,000,000.	11	75,000 to 100,000.
04	250,000 to 500,000.	12	50,000 to 75,000.
05	225,000 to 250,000.	13	25,000 to 50,000.
06	200,000 to 225,000.	14	10,000 to 25,000.
07	175,000 to 200,000.	15	5,000 to 10,000.
08	150,000 to 175,000.	16	2,500 to 5,000.

² Class, power, and time: Class I station—a “dominant” station operating on a clear channel and designed to render primary and secondary service over an extended area and at relatively long distances; class II station—a “secondary” station operating on a clear channel and designed to render service over a primary service area which is limited by and subject to such interference as may be received from class I stations; class III station—a station operating on a regional channel and designed to render service primarily to a principal center of population and the rural area contiguous thereto; class IV station—a station operating on a local channel and designed to render service primarily to a city or town and the suburban and rural areas contiguous thereto.

³ Majority interest, 50 to 100 percent.

⁴ Minority interest, less than 50 percent.

⁵ Of the 9 listed communities, only 3 (Easton, Pa., Woonsocket, R.I., and Newport News, Va.) are in metropolitan areas which have more than 2 AM radio stations in the metropolitan areas.

TABLE 4.—SUMMARY BY POPULATION GROUPING AND CLASS AND TIME OF 44 RADIO STATIONS LOCATED IN 2-STATION COMMUNITIES WHERE 1 STATION HAS A COMBINED OWNERSHIP INTEREST WITH THE ONLY DAILY NEWSPAPER IN THE COMMUNITY¹

Population grouping	Class II		Class III		Class IV	
	Unlimited	Limited	Unlimited	Limited	Unlimited	Limited
35 radio stations outside of metropolitan areas:						
25,000 to 50,000.....		1	2	-----	10	-----
10,000 to 25,000.....		3	7	3	5	-----
5,000 to 10,000.....	1	1	-----	1	1	-----
9 radio stations within metropolitan area:						
500,000 to 1,000,000.....					1	-----
250,000 to 500,000.....					1	-----
200,000 to 225,000.....			1	-----		
125,000 to 150,000.....			2	-----	3	-----
75,000 to 100,000.....			1	-----		

¹ See table 3, footnote 3.

TABLE 5.—26 COMMUNITIES WITH 1 COMMERCIAL TELEVISION STATION AND 1 DAILY NEWSPAPER WITH NEWSPAPER HAVING AN OWNERSHIP INTEREST IN STATION

Television station in which newspaper has interest—		Extent of newspaper ownership	Station under original licensee	Year station began operations
City and State	Call letter			
13 communities with no other TV stations in the market:				
Fort Smith, Ark.....	KFSA-TV	Majority	No	1956
Dodge City, Kans.....	KTVC	Minority	Yes	1957
Topeka, Kans.....	WIBW-TV	Majority	Yes	1953
Columbus, Miss.....	WCBI-TV	do	Yes	1956
Meridian, Miss.....	WTOK-TV	Minority	Yes	1953
Watertown, N.Y.....	WCNY-TV	Majority	Yes	1954
Akron, Ohio.....	WAKR-TV	Minority	Yes	1953
Anderson, S.C.....	WAIM-TV	Majority	Yes	1953
San Angelo, Tex.....	KCTV	do	No	1953
Bluefield, W. Va.....	WHIS-TV	do	Yes	1955
LaCrosse, Wis.....	WKBT	Minority	Yes	1954
Wausau, Wis.....	WSAU-TV	do	Yes	1954
Cheyenne, Wyo.....	KFBC-TV	do	Yes	1954
6 communities with 1 other TV station in the market:				
Albany, Ga.....	WALB-TV	Majority	Yes	1954
Quincy, Ill. ¹	WGEM-TV	do	Yes	1953
Hannibal, Mo. ¹	KHQA-TV	do	Yes	1953
Jefferson City, Mo.....	KRCG	do	Yes	1955
Greensboro, N.C. ²	WFMY-TV	do	Yes	1949
Winston-Salem, N.C. ²	WSJS-TV	do	Yes	1953
7 communities with 2 or more other TV stations in the market:				
Daytona Beach, Fla.....	WESH-TV	Minority	No	1957
Mason City, Iowa.....	KGLO-TV	Majority	Yes	1954
Paducah, Ky.....	WPSD-TV	do	Yes	1957
New Bedford, Mass.....	WTEV	do	Yes	* 1962
Lancaster, Pa.....	WGAL-TV	do	Yes	1949
Greenville, S.C.....	WFBC-TV	Minority	Yes	1953
Texarkana, Tex.....	KTAL-TV	Majority	Yes	1953

¹ Quincy, Ill., and Hannibal, Mo., are in the same television market.

² Greensboro and Winston-Salem, N.C., are in the same television market.

* Station began operations last day of the year.

TABLE 6.—18 COMMUNITIES WITH 2 COMMERCIAL TELEVISION STATIONS AND 1 DAILY NEWSPAPER WITH NEWSPAPER HAVING OWNERSHIP INTEREST IN 1 OF 2 STATIONS

Television station in which newspaper has interest		Extent of newspaper ownership	Station under original licensee	Year station began operations
City and State	Call letter			
11 communities with 2 TV stations in the market:				
Birmingham, Ala.	WAPI	Majority	Yes	1949
Columbus, Ga.	WRBL	do	No	1953
Rockford, Ill.	WREX	Minority	Yes	1953
Sioux City, Iowa	KTIV	Majority	Yes	1954
Baton Rouge, La.	WBRZ	do	Yes	1955
Springfield, Mass.	WHYN	do	Yes	1953
Duluth, Minn. ¹	WDSM	do	Yes	1954
Springfield, Mo.	KYTV	do	No	1953
Fargo, N. Dak.	WDAY	do	Yes	1953
Dayton, Ohio	WHIO	do	Yes	1949
Erie, Pa.	WSEE	Minority	Yes	1954
7 communities with 3 or more TV stations in the market:				
Mobile, Ala.	WKRQ	Majority	No	1955
Portland, Maine	WGAN	do	Yes	1954
Syracuse, N.Y.	WSYR	do	Yes	1950
Oklahoma City, Okla.	WKY	do	Yes	1949
Harrisburg, Pa.	WTPA	do	Yes	1953
Johnstown, Pa.	WJAC	do	Yes	1949
Roanoke, Va.	WDBJ	do	Yes	1955

¹The other TV station is owned by an out-of-town newspaper.

TABLE 7.—COMBINED RADIO, TELEVISION, AND NEWSPAPER INTEREST AS AMONG THE ONLY AM RADIO, TELEVISION, AND DAILY NEWSPAPER IN THE CITY

City and State and nature of combined interest	AM call letters	TV call letter and channel number	Daily newspaper
Rock Island, Ill. ¹ J. W. Potter Co., publisher of Rock Island Argus, and members of Potter family have 75-percent ownership interest in both radio and TV station.	WHBF	WHBF-TV 4	Rock Island Argus.
Hastings, Nebr. ² Fred A. and Richard M. Seaton, Seaton Publishing Co., publisher of the Hastings Tribune, own 63 percent of the radio station and 51 percent of the television station.	KHAS	KHAS-TV 5	Hastings Tribune.
Zanesville, Ohio Zanesville Publishing Co., publisher of Times Recorder and Signal, has 60-percent ownership interest in radio station and 63-percent ownership interest in TV station.	WHIZ	WHIZ-TV 18	Zanesville Times Recorder and Signal.
Temple, Tex. ³ Frank W. Mayborn, president and publisher of Temple Telegram is 90-percent owner of radio station, and 95-percent of TV station.	KTEM	KCEN 6	Temple Telegram.

¹ There is 1 other TV station and 4 other AM radio stations in the Davenport-Rock Island-Moline market.

² There is 1 other TV station in the Hastings-Kearney market.

³ There is 1 other TV station in the Temple-Waco market.

TABLE 8.—ACQUISITIONS BY DAILY NEWSPAPERS¹ OF MAJORITY INTERESTS IN COMMERCIAL TELEVISION STATIONS NOV. 1, 1959 TO NOV. 1, 1962

Call letter and channel No.	Location	Date of purchase	Purchaser and principal publishing interest	Seller	Sales price (may include real estate or other commercial interests)
KGMB-TV (9)	Honolulu, Hawaii	Dec. 22, 1959	Honolulu Star Bulletin, Ltd.	Highland Development Corp.	Purchased with KGMB radio for \$2,350,000 for 75 percent interest (Star Bulletin had 25 percent).
KHBC-TV (9) ²	Hilo, Hawaii				
KMAU-TV (3) ²	Wailuku, Hawaii				
KSLA-TV (12)	Shreveport, La.	May 25, 1960	KSLA-TV, Inc., 61 percent owned by Journal Publishing Co., Inc., publisher of Shreveport Journal.	Shreveport Television Co.	\$3,396,916.
WJDM-TV (7)	Panama City, Fla.	June 29, 1960	Herald Publishing Co., publisher of Albany (Ga.) Herald.	WJDM-TV, Inc.	\$340,000.
WDAY-TV (6)	Fargo, N. Dak.	July 20, 1960	Forum Publishing Co., publisher of the Fargo Forum.	WDAY, Inc. (majority owners of Forum Publishing Co. had 13 percent interest in WDAY, Inc.)	Purchased with WDAY radio for \$900,000.
KDAL-TV (3)	Duluth, Minn.	Dec. 7, 1960	Minnesota Broadcasting Co., owned by WGN, Inc., wholly owned subsidiary of the Tribune Co., Chicago, Ill.	Red River Broadcasting Co., Inc.	Purchased with KDAL radio for \$3,300,000.
KMOS-TV (6)	Secalia, Mo.	July 26, 1961	Jefferson Television Co., owned by majority owners of Jefferson City (Mo.) Capital News and Post Tribune. (Also licensee of KCRG-TV, Jefferson City)	Cook Broadcasting Co.	\$200,000.
WBOC-TV (16)	Salisbury, Md.	July 26, 1961	WBOC, Inc., wholly owned subsidiary of A. S. Abell Co., publisher of the Baltimore Sun.	The Peninsula Broadcasting Co.	Purchased with WBOC radio for \$1,211,200.
KRGV-TV (5)	Weslaco, Tex.	Oct. 18, 1961	Kenco Enterprises, Inc., publisher of the Sioux Falls (S. Dak.) Argus-Leader.	The LBI Co.	Purchased with KRGV radio for \$1,400,000.
WPTV (5)	West Palm Beach, Fla.	Dec. 13, 1961	Scripps-Howard Broadcasting Co.	John H. Phipps	\$2,000,000.
KTVT (11)	Fort Worth, Tex.	Aug. 1, 1962	WKY Television System, Inc.—Oklahoma Publishing Co., publisher of The Daily Oklahoman and Oklahoma City Times.	NAFI Telecasting, Inc.	\$800,000.
WTAE (4)	Pittsburgh, Pa.	Aug. 1, 1962	WCAE, Inc., subsidiary of Hearst Corp. (50 percent owner of station at time of purchase).	Earl F. Reed and Irwin D. Wolf, Jr.	\$10,600,000 for 50-percent interest.

¹ Includes acquisitions by those having a majority interest in a daily newspaper.² Satellites of KGMB-TV.

TABLE 9.—SALES BY DAILY NEWSPAPERS 1 OF MAJORITY INTERESTS IN COMMERCIAL TELEVISION STATIONS, NOV. 1, 1959 TO NOV. 1, 1962

Call letter and channel No.	Location	Date of sale	Seller	Buyer	Sales price (may include real estate or other commercial interests)
KROD-TV (4)	El Paso, Tex.	Oct. 29, 1959	El Paso Times	Southwest States, Inc.	Sold with KROD Radio for \$3,450,019.59
KOVR (13)	Stockton-Sacramento, Calif.	Dec. 29, 1959	Gannett Co. (Gannett newspapers)	Metropolitan Broadcasting Corp.	\$2,857,879 for 96 percent of stock.
WTVH (19)	Peoria, Ill.	do	Peoria Journal Star, Inc.	do	\$610,000.
WRDW-TV (12)	Augusta, Ga.	Apr. 20, 1960	Southeastern Newspapers, Inc., publisher of Augusta (Ga.) Chronicle and Herald.	Friendly Group (WPIT, Inc.)	\$1,575,000.
WBGD (24) ²	Danville, Ill.	July 27, 1960	Gannett Publishing Co.	Plains TV Corp.	\$75,000.
KBAK-TV (29)	Bakersfield, Calif.	Oct. 12, 1960	The Chronicle Publishing Co., publisher of San Francisco Chronicle.	Reeves Broadcasting & Development Corp.	\$468,634.
WHTN (13)	Huntington, W. Va.	Dec. 21, 1960	Cowles Broadcasting Co.	do	\$1,925,000.
WSAZ-TV (3)	do	Mar. 29, 1961	Huntington Publishing Co.	WJR, The Goodwill Station, Inc.	Sold with WSAZ Radio for \$5,471,862.

¹ Includes sales by those having a majority interest in a daily newspaper.
² Sold as WDAN.

TABLE 10.—ACQUISITIONS BY DAILY NEWSPAPERS 1 OF MAJORITY INTERESTS IN STANDARD BROADCAST STATIONS, NOV. 1, 1959 TO NOV. 1, 1962

Call letter	Location	Date of purchase	Purchaser and principal publishing interest	Seller	Sales price (may include real estate or other commercial interests)
KKIS	Pittsburg, Calif.	Nov. 25, 1959	Kankakee (Ill.) Daily Journal Co.	Contra Costa Broadcasting Co.	\$350,000
WBLJ	Dalton, Ga.	Jan. 13, 1960	North Georgia Radio, Inc., majority owned by stockholders controlling the Marietta (Ga.) Journal.	L. C. McCall	84,000
WQUA	Moline, Ill.	Jan. 20, 1960	Radio Moline, Inc., 70-percent owned by Kankakee Daily Journal Co., publisher of Kankakee (Ill.) Daily Journal.	WQUA, Inc.	410,000
KSML (now KTFO)	Seminole, Tex.	Mar. 30, 1960	KSML broadcasters, owned by principals in Southwestern Dailies, publishers of 4 daily newspapers in Texas and Oklahoma.	Marshall Formby	40,000
KOKO	Warrensburg, Mo.	Nov. 22, 1960	William C. Tucker and Avis G. Tucker, publishers of Warrensburg Star-Journal.	Leslie P. Ware and Ruth A. Ware	57,000
WONE	Dayton, Ohio	June 7, 1961	WONE, Inc., The Brush-Moore Newspapers, Inc., 9 newspapers in Ohio, Pennsylvania, Maryland, and California.	Skyland Broadcasting Co.	\$ 1,650,000
KBUR	Burlington, Iowa	July 6, 1961	R.B., Inc., John P. Harris, director and stockholder, is editor and publisher of Burlington Hawkeye.	Burlington Broadcasting Co.	\$ 450,000
KMCD	Fairfield, Iowa	do	Attleboro Radio Association, Inc., licensee of WARA, Attleboro, Mass. Jerome Ottman, 60-percent owner of licensee, is president of the Attleboro Sun.	West Shore Broadcasting Co.	90,000
WYNG	Watwick-East Greenwich, R. I.	do	do	do	do

¹ Includes acquisitions by those having a majority interest in a daily newspaper.
² Purchased with WONE-FM and CP for UHF.
³ For both stations.

Note: AM stations acquired in combination with TVs not included. See TV table of acquisitions.

TABLE 11.—SALES BY DAILY NEWSPAPERS + OF MAJORITY INTERESTS IN STANDARD BROADCAST STATIONS, NOV. 1, 1959, TO NOV. 1, 1962

Call letter	Location	Date of sale	Seller and principal newspaper interest	Purchaser	Sales price (may include real estate or other commercial interests)
KTRY	Bastrop, La.	Dec. 2, 1959	Nathan R. Bolton, publisher of Bastrop Enterprises (50 percent interest)	Paul R. Schilling	\$15,000
KCOG	Centerville, Iowa	Jan. 13, 1960	Majority stockholders in Centerville Daily Iowegan	Hope Co., Inc.	55,000
WIRE	Indianapolis, Ind.	June 13, 1960	Central Newspaper, Inc., owner of Indianapolis Star and News	WIRE Broadcasting Co.	600,000
KLVE	Levelland, Tex.	Nov. 30, 1960	Forest W. Arnold, Jr., owner of Levelland Sun News	Levelland Broadcasters	100,000
WZEZ	Boston, Mass.	Dec. 7, 1960	Great Trails Broadcasting Co., 60 percent owned by Charles Sawyer, sole owner of Eagle-Gazette, (Ohio)	WZEZ, Inc.	240,000
KIMN	Denver, Colo.	Dec. 14, 1960	Five High Stations (Utah) Standard Exp., owned by family of A. L. Glasmann, owners of Ogden News Review Co.	KIMN Broadcasting Co.	402,000
KRNR	Roseburg, Ore.	Feb. 15, 1961	News Review Co., publisher of Roseburg News Review	Douglas County Tricasters, Inc.	80,000
WBEC	Pittsfield, Mass.	Mar. 29, 1961	Western Mass. Broadcasting Co., owned by Berkshire (Mass.) Eagle	WBEC, Inc.	195,000
WORD	Spartanburg, S.C.	Apr. 5, 1961	WORD, Inc., owned by Greenville (S.C.) News Piedmont Co.	WORD, Inc.	175,000
KWNO	Winona, Minn.	Apr. 7, 1961	M. H. White, owner of Winona Daily News	Herwin M. Allen and H. R. Hurd (at time of purchase, 40 percent owners of station)	120,000
WDCL (now WRBB)	Tarpon Springs, Fla.	June 14, 1961	Clearwater Broadcasting Co., 50-percent owned by publisher and general manager of Greenville (Miss.) Delta Times	Consolidated Communities Corp.	250,000
WENY	Elmira, N.Y.	Sept. 7, 1961	Elmira Star Gazette, Inc.	WENY, Inc.	240,000
KKIS	Pittsburg, Calif.	Apr. 25, 1962	Kay Kis Corp., owned by Kankakee (Ill.) Daily Journal	Pace-Shear Radio, Inc.	300,000
KRIC (now KAYC)	Beaumont, Tex.	May 23, 1962	The Enterprise Co., publisher of Beaumont Enterprise	Texas Coast Broadcasters of Beaumont, Inc.	150,000
KTHA	Little Rock, Ark.	July 25, 1962	Radio Broadcasting, Inc., 80-percent owned by Times Publishing Co., publisher of Shreveport (La.) Times	KAAV, Inc.	500,000
KILO	Grand Forks, N. Dak.	Aug. 28, 1962	Grand Forks Herald, Inc.	KILO, Inc.	125,000

Note: AM stations sold in combination with TVs not included. See TV table of sales.

¹ Includes sales by those having a majority interest in a daily newspaper.

² 60 percent of interest.

TABLE 12.—TV STATIONS IN TOP 25 MARKETS,¹ NETWORK-OWNED AND NEWSPAPER-OWNED

Total number of stations.....					97
NUMBER OF NETWORK-OWNED STATIONS					
	Total	ABC	CBS	NBC	
15.....		5	5	5	
NUMBER OF NEWSPAPER-OWNED STATIONS					
	Total	Affiliated with—			Unaffiliated
		ABC	CBS	NBC	
33.....		7	12	10	4

¹ Based on 1961 total broadcast revenues.

TABLE 13.—NEWSPAPER-OWNED RADIO STATIONS BY POWER AND HOURS OF OPERATION ¹

50 kw (class 1-A).....	6
50 kw (class 1-B).....	7
Other 50 kw.....	5
Unlimited.....	5
Limited.....	0
5 to 25 kw.....	110
Unlimited.....	101
Limited.....	9
1 kw and less.....	183
Unlimited.....	126
Limited.....	57
Total.....	311

¹ Many of the unlimited stations operate under less power at night than during the day. Because the daytime hours are economically more significant in radio, such stations are classified by the power with which they operate during the day.

TABLE 14.—VARIOUS MEASURES OF THE REVENUE SHARES OF NEWSPAPER-OWNED TV STATIONS, 1961¹

1. Newspaper-owned TV stations as a proportion of all commercial TV stations (excluding network-owned and operated stations):

Stations.....	Percent
Revenues.....	24
	36

2. Newspaper-owned TV stations as a proportion of all commercial TV stations in the top 25 TV markets, excluding New York, Chicago, and Los Angeles:

Stations.....	Percent
Revenues.....	37
	40

3. Newspaper-owned TV stations share of market revenues:²

<i>a. 19 2-station markets</i>	<i>b. 26 3-station markets</i>		
50 percent and over.....	9	33.3 percent and over.....	13
50 percent to 60 percent.....	6	33.3 percent to 43 percent.....	8
60 percent to 70 percent.....	1	43 percent to 53 percent.....	5
70 percent to 80 percent.....	0	Less than 33.3 percent.....	13
80 percent to 90 percent.....	2		
Less than 50 percent.....	10	20 percent to 33.3 percent.....	13
40 percent to 50 percent.....	6		
30 percent to 40 percent.....	3	<i>c. 7 4-station markets</i>	
20 percent to 30 percent.....	1	25 percent and over.....	6
		25 percent to 30 percent.....	1
		30 percent to 35 percent.....	3
		35 percent to 40 percent.....	2
		Less than 25 percent.....	1
		20 percent to 25 percent.....	1

¹ Based on annual financial reports for 1961.

² In each market, commercial TV stations are either all VHF or all UHF. In each market only 1 station is affiliated with a newspaper; the others are not. Excluded are 3 2-station markets, 9 3-station markets, and 2 4-station markets where more than 1 station is affiliated with a newspaper.

TABLE 15.—NEWSPAPER-OWNED AM RADIO STATIONS: SHARE OF TOTAL STATION REVENUES AND RANKING BY MARKETS, 1961¹

[1. Newspaper-owned AM radio stations as a proportion of all commercial AM radio stations (excluding network-owned stations), 1961: Stations, 9 percent; Revenues, 15 percent. 2. Ranking (by revenues) of newspaper-owned AM radio stations in markets classified by number of stations in each market;² 1961]

Rank in market	Total number of newspaper-owned stations in markets with 2 or more stations	Number of newspaper-owned stations in markets with—						
		16-31 stations (13 markets)	10-15 stations (18 markets)	8 or 9 stations (14 markets)	6 or 7 stations (24 markets)	4 or 5 stations (32 markets)	3 stations (29 markets)	2 stations (52 markets)
1.....	92	3	10	9	9	17	16	28
2.....	66	6	6	2	9	9	9	25
3.....	25	1	4	3	5	7	5	-----
4.....	14	2	3	4	1	4	-----	-----
5.....	6	0	2	0	2	2	-----	-----
6.....	1	0	0	1	0	-----	-----	-----
7.....	3	0	1	1	1	-----	-----	-----
8.....	1	1	0	-----	-----	-----	-----	-----
9.....	2	0	2	-----	-----	-----	-----	-----
10.....	2	1	1	-----	-----	-----	-----	-----
Below 10.....	10	10	-----	-----	-----	-----	-----	-----
Total stations (in 182 markets)....	222	24	29	20	27	39	30	53

¹ Based on 1961 Annual Financial Reports.

² For stations in communities within standard metropolitan statistical areas the market is the SMSA. For stations in communities outside of such areas, the community itself is the market.

The CHAIRMAN. Before adjourning, the next witnesses for the next session will be tomorrow, March 14, at 10 a.m., and they are the following:

Stanford Smith, general manager, American Newspaper Publishers Association, accompanied by Arthur B. Hanson, counsel, and Professors Jesse W. Markham and S. Chesterfield Oppenheim; also Loyal B. Phillips, former president and publisher of the St. Petersburg Evening Independent; Nelson Poynter, president and publisher, St. Petersburg Times and Evening Independent.

The subcommittee will now adjourn until tomorrow morning at 10 a.m.

(Whereupon, at 1:05 p.m., the subcommittee recessed, to reconvene at 10 a.m. Thursday, March 14, 1963.)

THURSDAY, MARCH 14, 1963

The subcommittee met at 10 a.m., pursuant to recess, in room 346, Cannon Office Building, Hon. Emanuel Celler (chairman) presiding.

Present: Congressmen Celler (presiding), Rodino, Rogers, Donohue, Brooks, Toll, Kastenmeier, McCulloch, Meador, and Cramer.

Also present: Stuart H. Johnson, Jr., chief counsel; Louis Rosenman, associate counsel; Philip Marcus, associate counsel; William H. Copenhaver, associate counsel; Alan Cors, assistant counsel; and Benjamin Zalenko.

(NOTE.—The first part of the statement of Sanford Smith is not given here.)

STATEMENT OF LOYAL B. PHILLIPS, FORMER PRESIDENT AND PUBLISHER, THE ST. PETERSBURG, FLA., EVENING INDEPENDENT

Mr. CRAMER. Mr. Chairman, Mr. Phillips being the former president and publisher of one of the two papers in my hometown of St. Petersburg, I would like to have the privilege of introducing him to the committee. He is a very close personal friend and a very fine gentleman and is well-known and respected in the newspaper circles. Loyal, we are delighted to have you before the committee.

Mr. PHILLIPS. Thank you, sir.

The CHAIRMAN. You may proceed, Mr. Phillips.

Mr. PHILLIPS. Thank you, Mr. Chairman. As I understand it, my main mission is to describe my own opinion of the reasons for the recent merger in St. Petersburg, Fla., which I hope to do first. On June 30, 1962, our corporation, The Independent, Inc., sold the name, circulation lists, and goodwill of the Evening Independent to the morning St. Petersburg Times.

Judiciary Committee staff members have asked me why we permitted the St. Petersburg newspaper field to be monopolized by our sale of the Independent to the Times. I have also been asked whether we made any effort to sell the Independent to anyone else other than the St. Petersburg Times.

After losing approximately \$250,000 annually for 3 years, our stockholders began searching for a buyer. We tried especially to find a buyer with sufficient profits from other enterprises to enable him to pour enough money into the Independent to enable it to compete effectively as an editorial product with the larger St. Petersburg Times. Although representatives of several large organizations inspected our property, none of them made us any sort of offer to purchase.

At one point we negotiated with our local competitor on a plan to set up a joint business office—mechanical operation with separately owned and separately controlled editorial department operations. No mutually satisfactory agreement could be reached.

St. Petersburg is a relatively low income retirement area with about 75,000 people who are past 65. Partly for these reasons we found it increasingly difficult to induce our St. Petersburg family units to subscribe to two newspapers. As the St. Petersburg Times increased its news content, and its circulation price, more and more families saw fit to subscribe to the larger morning and Sunday paper exclusively. It is, of course, natural for retired people to prefer a morning paper, which offers fresh reading matter during their idle daytime hours.

As the circulation gap widened between the two newspapers, national advertisers and chain retail stores concentrated higher percentages of their advertising dollars in the morning Times.

To be able to attract sufficient advertising to show profits a newspaper must reach a reasonably high percentage of the total families in its immediate trading area. This is the \$64,000 question: What percentage of its families can it reach? The March 31, 1962 Audit Circulation reports indicated that the morning Times reached about three out of four families in our metropolitan area whereas the Evening Independent effectively reached only one out of four. Since its purchase by the St. Petersburg Times, the Independent has shown substantial circulation losses, pointing up the fact that people in our market are content to get along with only one newspaper in their homes.

To succeed with a new publication or a smaller newspaper. I am convinced that it is necessary for the underdog editorial product to be sufficiently large and sufficiently attractive to be able to draw readers away from the established, larger newspaper. In a city where established newspapers reach two out of three families it seems necessary that any would-be contender divide up the readers to the point where advertisers must use both papers in order to obtain adequate coverage.

However, the task of building up the acceptance of a second-place newspaper product to the point where it can more evenly divide up the market with the leading publication may cost several million dollars, using prevalent methods of newspaper production.

Today's high cost of newsprint, heavy steel equipment, union wages, and short work-week necessitate the expenditure of around \$2,500,000 a year to turn out a consistently good newspaper in a city of 250,000 population.

Another problem for the underdog or new publication is the difficulty of obtaining good syndicated material. In many cases the dominant newspaper holds exclusive contracts on the best editorial columns, women's features, comics, and so forth. In some instances the metropolitan dailies control publishing rights on syndicated features for smaller nearby cities, thus preventing publication in small city newspapers. Sometimes the dominant newspapers tie up syndicated features without using them. This situation also exists with syndicated advertising selling material such as mat services.

In spite of competitive customs and economic problems there are rays of hope that the future will bring an increase in the number of America's daily newspapers. Millions are being spent on research to improve newspaper printing and to reduce the cost of producing a complete, well balanced daily paper. Facsimile processes may enable even a small daily to carry complete stock market reports. In spite of some unions' resistance, electronic typesetting, electronic engraving, offset printing, and other improved processes should make newspaper publishing a profitable venture once again in a competitive market. These new processes are rapidly being perfected and should be particularly helpful to publishers in the new suburban communities that are springing up around America's larger cities.

Mr. CRAMER. I want to thank you, Mr. Phillips, for your statement for the record. You referred on page 2 in a city where established newspapers reached two out of three families, it seems that it would be necessary to divide the readers to the point where advertisers must use both papers to obtain adequate coverage. How can this be done?

Mr. PHILLIPS. It wouldn't be practicable, I suppose, but it can be done. I believe given normal talent and ability and application, success in this business is almost purely a matter of resources. It would be a contender who is willing to spend the amount of money required to produce an editorial product as large and as attractive as the competition's will divide up a market to the point where the advertiser will have to use both newspapers.

Mr. CRAMER. I was very interested in your comment on page 3 in that there is little in the record at this point, and it may serve the purpose to go further into detail about it. I am not substituting my questions for whatever counsel may have in mind. But your discussion of the dominant newspaper, which I presume under the circumstances means your competitor or the former competitor, obviously, holds exclusive contracts on the best editorial columns, women's features, and so forth, metropolitan dailies control publishing rights of syndicated features in smaller cities, and dominate syndicated features without using them. Do you mean that one newspaper can contract for a syndicated feature and retain that feature even though the newspaper fails to make use of it? Is that a practice of the business?

Mr. PHILLIPS. Yes, sir. Not a widespread practice. I have seen the majority of the dominant newspapers do not do it. But some of them do. We have had instances. To be specific, in St. Petersburg, there is one mass service feature, the best one we considered, which the other paper had the right to contract exclusively for, but the other newspaper did go along with sharing the cost with us and letting us use it also. On the other hand there are some editorial features which they did buy and not us.

Mr. CRAMER. Is there no protection of a newspaper against a so-called dominant newspaper who has the contract with the syndicated feature to get the usage of that feature on the basis that the dominant newspaper fails to make use of it or any other basis?

Mr. PHILLIPS. There is no protection. In Louisiana where I operated a morning newspaper in a smaller city, we didn't have a single one of the larger mat services, advertising syndicated mat services. You could not agree that in a small town of that size could not use it.

Mr. CRAMER. Why is this? Explain the mat services and how this can happen?

Mr. PHILLIPS. A high percentage of advertising of medium sized retail stores, the illustrations come from a syndicated mat service. In the big stores they have the manufacturers doing it and they do their own original art. Most of the illustrations for medium sized stores come out of the syndicated mat service. There are three large ones, I believe, that most newspapers in the country do use. So if you are not able to get one of the syndicated mat services you are in a pretty bad spot to supply advertising illustrations to medium sized stores.

Mr. CRAMER. This was your experience in what city in Louisiana?

Mr. PHILLIPS. Lake Charles.

Mr. CRAMER. Was that your experience in the St. Petersburg area?

Mr. PHILLIPS. No, sir.

Mr. CRAMER. Is there any other explanation that you can give, other than which is contained in your statement, as to what caused—and particularly in this area of in effect monopolizing services—that might have caused the demise or the sale or economic difficulties of the—

Mr. PHILLIPS. I think it is pertinent, sir, to explain to you that in some large cities, for example, let us use Marjorie Case, and it may not be true here, that the morning paper with a widespread circulation were permitted to tie up the syndicated rights to Blondie or Peanuts or Ann Landers or Abby or for Alexandria, Falls Church, Hagerstown, and so on. That situation does exist in the larger cities to some extent.

Mr. CRAMER. I believe there must have been other economic factors that contributed to your lack of economic ability to continue. Did any of this relate to advertising or any other customs that were at a disadvantage to you as a competing newspaper?

Mr. PHILLIPS. Such problems were not generated by our competitor from the business office standpoint except insofar as our competitor published a larger newspaper. Morning newspapers, we think, have a big advantage in our area. Our biggest problem—if this is not of interest please stop me—started there 10 years ago when the national advertisers, generally speaking, began to reduce their use of secondary underdog newspapers in cities of a half million or less. The large stores have the largest big-name products in America and did not use a secondary newspaper for a period of 10 years, even though sometimes they reached a third or half of the market and more.

Mr. CRAMER. The national advertisers?

Mr. PHILLIPS. That is right. Next, 4 or 5 years ago the large retail chain stores began to knock off the secondary newspapers. Those two sources of revenue have shown great reductions so far as the underdog newspaper is concerned. As the top newspapers began to raise the rates and the competing media came into the field they began to get along without the secondary newspaper.

Mr. CRAMER. You have other newspapers in the area than the morning newspaper in St. Petersburg known as the "St. Petersburg Times." You have the Clearwater Sun as an independent newspaper and the Tampa Tribune in Tampa. To what extent did their existence or their practices affect the economic well-being of the afternoon independent in St. Petersburg?

Mr. PHILLIPS. Not appreciably. Neither one of them, in our opinion, affected our operations appreciably. St. Petersburg is a separate market. The Clearwater group got advertising from stores with whom we didn't because it covered 85 percent of its market, roughly. So it was indispensable to its market. That is all the advertisers were interested in reporting. You pay less for it but you get a coverage of a smaller market.

Mr. CRAMER. How about the Tampa Times? Did any of its advertising or other practices affect you?

Mr. PHILLIPS. Yes. The merger came into effect earlier than with us. Sarasota, Tampa, and Jacksonville, where the morning papers had absorbed the evening papers, the combined publisher dropped the rate on the evening paper so low that, when used in combination, it made our rate look ridiculous. For example, 30 or 50 cents an inch.

Mr. CRAMER. For the record, at that time that we are now discussing, the Tampa Times and Tampa Tribune had combined, the Tribune, the morning paper, buying the Times, is that right?

Mr. PHILLIPS. Yes, sir.

Mr. CRAMER. Go ahead with what you were explaining about combination rated.

Mr. PHILLIPS. Advertisers could buy the evening paper in Tampa or Sarasota or Jacksonville, even though the evening papers in Jacksonville and Tampa had more circulation than we did, for much less than our paper if they used it in combination with the dominant morning paper.

Mr. CRAMER. Would you explain what you mean by "buy" and how it operated?

Mr. PHILLIPS. Yes.

Mr. CRAMER. The combination rate that apparently was being put into effect at this time by the Tampa Tribune Times?

Mr. PHILLIPS. In those towns the evening papers did not get much national advertising and very little of the big retail stores. The advertising rates down there were running a minimum of a dollar and a half for an inch. When the combinations came along, relatively speaking, the rate would go down to 50 cents an inch for those same evening papers if used in combination with the morning papers.

Mr. CRAMER. Meaning for both papers and an inch of advertising which would be \$1.50 for the morning and 50 for the afternoon?

Mr. PHILLIPS. No. It would be a greater divergence than that. It would probably be two and a half to three and a half for the morning and 50 cents for the evening.

Mr. CRAMER. The result of that practice, when did this come into effect?

Mr. PHILLIPS. It began to affect us appreciably about 2 years ago. What happened was that the morning papers absorbed the evening papers and the evening papers continued to do poorly. Obviously the new owners of the merged operations wanted to improve their new stepchild, the evening paper. So they dropped the rate on it so low that it makes it almost mandatory for any advertiser to use them in following good rules of business.

Mr. CRAMER. What economic effect in advertising did this combination practice have upon your newspaper?

Mr. PHILLIPS. That is a good question. I understand now, sir. Most of the main retail stores advertising on the west coast of Florida is under control by one source, Tampa or Jacksonville. We had to call on the same advertising buyer as the people in Tampa. They were not going to pay us \$1.47, which was our food store rate, when they could buy the evening paper in Tampa for 50 cents an inch. It made ours look ridiculous.

Mr. CRAMER. Could you give an indication as to how much in money the newspaper lost during a given period as a result of this combination practice?

Mr. PHILLIPS. No, sir. We started looking very frantically for a buyer when this thing began to get rough. We didn't have too much of that, thank goodness. We figured it would increase our loss another \$200,000 a year to even halfway meet that price where we could make the sale or keep the advertising business.

Mr. CRAMER. Were there any other practices on the part of any other competitors on the part of any services rendered to you and other papers that put you in a competitive disadvantage?

Mr. PHILLIPS. I don't think so, sir, except this. I think in the case of Tampa and in Jacksonville the evening papers were improved. They were improved by the new owners and that made it more difficult for us to get advertising. They not only got a lower rate when they used the paper in combination with the morning but they were buying advertising in a better newspaper. I think that was a factor.

Mr. CRAMER. I would like to point out for the committee's information that this particular newspaper, the Independent, formerly the St. Petersburg Independent, for 30 years has been given away every day the sun doesn't shine in St. Petersburg, a free newspaper.

Mr. PHILLIPS. Four and a quarter times per year over 53 years.

Mr. CRAMER. I hope every reporter here prints that. St. Petersburg, Florida, sunshine. That is all. Incidentally, the new owner has continued that policy; Mr. Pointer, who will testify shortly.

Mr. ROSENMAN. Mr. Chairman.

Mr. Phillips, you mentioned that stockholders were seeking buyers for the St. Petersburg Independent. You were a 10 percent owner of the St. Petersburg Independent, is that right?

Mr. PHILLIPS. Yes.

Mr. ROSENMAN. Mr. Roy Thompson of the Canadian newspaper chain was the other owner, 90 percent?

Mr. PHILLIPS. Yes.

Mr. ROSENMAN. St. Petersburg is about 22 miles from Tampa. Would it be correct to say that St. Petersburg would be considered a distinct community from Tampa?

Mr. PHILLIPS. Yes, sir.

Mr. ROSENMAN. Notwithstanding the standard of metropolitan area, it would be considered two separate communities?

Mr. PHILLIPS. Yes. It is a separate tax community.

Mr. ROSENMAN. When you were publisher of the St. Petersburg Independent who did you consider as your major competitor?

Mr. PHILLIPS. I was only a contemporary with the St. Petersburg Times. I was not much of a competitor of the St. Petersburg Times. It is definitely the dominant competitor of the whole area except where the Tampa Tribune is still paramount.

Mr. ROSENMAN. You did have some competition from the Tampa Tribune and Times?

Mr. PHILLIPS. In the circulation area. Not much for an evening paper. The evening paper could not go very far anyway.

Mr. ROSENMAN. During the period 1951 to 1961 the population of St. Petersburg more than doubled, is that right?

Mr. PHILLIPS. Just about doubled.

Mr. ROSENMAN. From 90,000 to 200,000?

Mr. PHILLIPS. That is right.

Mr. ROSENMAN. As of July 1962 when the Independent was sold, the Independent's net daily circulation was 33,903 or less than one-third the Times circulation of 116,000, is that right?

Mr. PHILLIPS. Yes, sir.

Mr. ROSENMAN. In 1951 the Independent's circulation was approximately 22,000, is that right?

Mr. PHILLIPS. I believe so, approximately.

Mr. ROSENMAN. In other words, during a decade when St. Petersburg's population more than doubled, your circulation merely had a gain of approximately 11,000?

Mr. PHILLIPS. Fifty percent.

Mr. ROSENMAN. We have found in many areas where there is a big population explosion, particularly St. Petersburg in a decade doubled, that at least the second newspaper would increase proportionately. Here we find the St. Petersburg Times doubled its circulation in that 10 year period while yours increased 11,000 circulation. Is there any particular reason as to circulation why you could not gain much more circulation?

Mr. PHILLIPS. I think there are two distinct reasons. In the first place the St. Petersburg Times was vastly improved and did a more aggressive job outside of the city. Aside from that, the economy of that area, our people are the kind that in the main are not as easy to sell two papers a day, to, a morning and an evening, as younger people in areas where there is better employment and where the economic situation is better. Our living standard is lower.

Mr. ROSENMAN. The living standards are lower but here we have a distinct area where there is a great deal of leisure time on the part of retired people. Is it your view that people having this greater free time to do reading will not purchase a second newspaper?

Mr. PHILLIPS. I don't think leisure time is a great factor there except that the leisure time is during the daytime. Compared to other cities the leisure time is during the daylight hours. Those retired people want to buy a newspaper to read during the daytime when they have nothing else to do. Evenings they watch TV or go to bed early.

Mr. ROSENMAN. Then you really can't say that you expect another newspaper to come into that market under those circumstances?

Mr. PHILLIPS. Yes, sir.

Mr. ROSENMAN. During the years 1951, 1952, and 1956 the Independent did make some money?

Mr. PHILLIPS. Yes.

Mr. ROSENMAN. During the years 1953, 1954, and beginning with 1957 you began to lose money continuously?

Mr. PHILLIPS. Yes, sir.

Mr. ROSENMAN. In 1957 you tried to have a Sunday newspaper, is that right?

Mr. PHILLIPS. Yes, sir.

Mr. ROSENMAN. Did you feel any need of a Sunday newspaper in order to compete with the Times?

Mr. PHILLIPS. Yes, sir. I felt then and do now you cannot do well while permitting your competitor to be indispensable. As long as we had no Sunday paper he was indispensable.

Mr. ROSENMAN. Any 6-day newspaper would have to go to a 7-day newspaper to compete?

Mr. PHILLIPS. Yes, sir.

Mr. ROSENMAN. Was this very expensive to the Independent at the time?

Mr. PHILLIPS. Yes, sir, it jumped our loss for the year more than \$100,000 a year, as I remember. Not only did it increase our loss but the circulation of the Sunday paper, when it came out on Sunday morning at the same time as our competitor, the circulation didn't get off the ground.

Mr. ROSENMAN. You had to withdraw back into the Saturday paper?

Mr. PHILLIPS. Saturday evening at a time when there was no other newspaper just coming off the press.

Mr. ROSENMAN. Was it a good seller then?

Mr. PHILLIPS. The circulation went ahead of our weekday paper for a year or so when we moved back to Saturday evening.

Mr. ROSENMAN. But you still had a competitive disadvantage to the 7-day newspaper?

Mr. PHILLIPS. Yes, sir. You couldn't run sports and it was too late to wait for Monday morning.

Mr. ROSENMAN. Mr. Phillips, on June 30, 1962, the intangible assets of the Independent were sold to the St. Petersburg Times for \$300,000?

Mr. PHILLIPS. That is right.

Mr. ROSENMAN. As part of this sale the Independent agreed that its printing equipment "shall not be used directly or indirectly in the publication of a newspaper in St. Petersburg." Under the terms of the sale the material had to be removed from St. Petersburg by 1963.

Mr. PHILLIPS. I believe that is correct.

Mr. ROSENMAN. Was this agreement at the behest of the publisher of the Times?

Mr. PHILLIPS. I can't answer that. I would say that type of agreement is customary, I don't know.

Mr. ROSENMAN. Who drew the agreement up?

Mr. PHILLIPS. It was drawn between Mr. Thompson and Mr. Pointer.

Mr. ROSENMAN. As a newspaper man, would you say that this clause in effect prevented a new competitive newspaper to immediately begin publication in St. Petersburg, using your equipment?

Mr. PHILLIPS. It is barely possible. But I think it is almost inconceivable.

Mr. ROSENMAN. That a new newspaper could have started?

Mr. PHILLIPS. Yes, sir.

Mr. ROSENMAN. Why put a clause like that in sales?

Mr. PHILLIPS. As you probably know, it is customary that when one competitor sells out to the other he agrees not to compete in the business in that market for roughly 5 years.

Mr. ROSENMAN. That is part of the agreement not to compete. But here you were under a contract not to sell that publishing equipment within the St. Petersburg market. You said earlier that this is a common thing within the sale agreements of newspapers. There must be an economic business reason why a dominant newspaper purchasing would want that particular clause.

Mr. PHILLIPS. I don't know at whose behest it was included. So I can't answer.

Mr. ROSENMAN. Before, in discussing the question of syndicated features and exclusive contracts, during your experience as publisher, did the St. Petersburg Times ever exercise its exclusive tie to block out any features, stopping you from receiving any features?

Mr. PHILLIPS. They bought several they didn't use. I didn't know whether their motive in buying was preventing our getting them. They hoped to use it in the future perhaps. The Abby column they bought for several years and didn't use it. Their motive is something for them to answer.

Mr. ROSENMAN. That is the only situation that you know as to the St. Petersburg Times?

Mr. PHILLIPS. Yes.

Mr. ROSENMAN. What about the Tampa Times and Tribune? Did they have any exclusive features, which sort of broke or blocked out, that perhaps you were interested in?

Mr. PHILLIPS. Yes. Eight or nine years ago the evening paper in Tampa made agreements with the syndicates to tie up syndicated material, giving them exclusive rights for Tampa, St. Petersburg, and Clearwater. That one has been broken down in that particular market.

Mr. ROSENMAN. The Tampa Times and Tribune did have exclusive rights?

Mr. PHILLIPS. Just the Times.

Mr. ROSENMAN. Is this a feature that the Independent felt it needed?

Mr. PHILLIPS. Yes.

Mr. ROSENMAN. Inasmuch as the Tampa Times did not compete that strongly with the Independent, you felt you should have the right to purchase?

Mr. PHILLIPS. Yes. I think it is a bad practice, and an unfair practice, generally speaking.

Mr. ROSENMAN. Now you come to the question of mat service. As I understand correctly you told Congressman Cramer that the St. Petersburg Times did arrange with you a way of dividing the cost of the mat services?

Mr. PHILLIPS. That is right.

Mr. ROSENMAN. You had not been able to receive the mat service from which companies?

Mr. PHILLIPS. This particular one, Stamps-Conhaim-Whitehead.

Mr. ROSENMAN. Mr. Chairman, I would like to insert in the record at this time two indictments or two complaints, civil complaints, filed against Stamps-Conhaim-Whitehead, Inc., and Metro Research Services, Inc., by the Department of Justice, to enjoin the two largest suppliers of mats in the country from violating antitrust laws by making exclusive distribution agreements with their customers.

Evidently, these two firms account for 80 percent of the \$5 million annual sales of newspaper advertising mats in this country. These mats supply the readymade artwork for the advertiser.

This complaint was filed on December 28, 1962, after the committee had started its investigation, and, in a way, foreclosed us from going into this matter.

Mr. ROSENMAN. Mr. Phillips, we were discussing previously with Mr. Cramer the national advertising rates and the decline of national advertising in the St. Petersburg Independent. You said about 10 years ago the national advertisers stopped advertising in the St. Petersburg Independent.

Do you think this was a policy as applied to all newspapers in this city or only to that market?

Mr. PHILLIPS. I think it applied to all second newspapers all over the country, even with population of half a million.

Mr. ROSENMAN. You think it was a general policy followed by the advertising agencies?

Mr. PHILLIPS. Yes.

Mr. ROSENMAN. After that came the retail chain stores.

Mr. PHILLIPS. Yes.

Mr. ROSENMAN. Were the retail sales stores locally located in St. Petersburg or were these chain stores with a regional office?

Mr. PHILLIPS. In all cases I am speaking of, chain stores with regional offices being in Tampa, Jacksonville, New York, Atlanta, or somewhere else.

Mr. ROSENMAN. Is it your view that many of the regional offices do not recognize the particular services that the second newspaper can play in the market?

Mr. PHILLIPS. I can describe it this way: I think in their mind their thinking is wrong. The top newspaper is never as strong as they think it is, and the underdog is never as weak as they accuse it of being.

Mr. ROSENMAN. In effect, you believe that if the chain buyers for retail stores would have a better knowledge of the market they would not follow this particular policy.

Mr. PHILLIPS. That is right. If they could feel the local editorial strength and see the things that an underdog newspaper does for the community by way of exposes or benefits or public services projects, they would use them.

Mr. ROSENMAN. In fact, for the national advertising agencies sitting in Madison Avenue which play a numbers game as to circulation.

Mr. PHILLIPS. That is right.

Mr. ROSENMAN. Is it your view that they buy circulation numbers and not actually what the second newspaper can actually serve?

Mr. PHILLIPS. Precisely.

Mr. ROSENMAN. If the national advertising agencies and the retail chain stores were more local in knowledge of the area, you feel they would support a second newspaper?

Mr. PHILLIPS. Yes, sir. I think so completely and strongly.

Mr. ROSENMAN. One more question, Mr. Phillips: At the time in 1962 when you sold the Independent, it had less national advertising than it had in 1951; is that correct?

Mr. PHILLIPS. That is right.

Mr. ROSENMAN. And you would attribute it directly to the point of a policy of the national advertising agencies not to advertise in second newspapers?

Mr. PHILLIPS. Yes, sir. Under 500,000 population it became difficult 10 years ago, except automobiles, it became difficult to get the national advertisers to use the second paper.

Mr. COPENHAVER. Mr. Phillips, although you were in a St. Petersburg paper, I want to ask you a question concerning your competing papers in Tampa. You indicate that the second paper is losing out on national advertising and chain store advertising where the circulation falls below a certain percentage of the families covered.

You also indicate that in Tampa, when the morning and afternoon papers merged, they put in combination advertising rates which considerably cut your advertising rates. Were they able to hold national advertising on their afternoon paper to an extent considerably greater than you were able to do in St. Petersburg?

Mr. PHILLIPS. Yes, sir. The evening paper there, after they put in the low combination rate, it runs almost as much as the morning in Tampa. We run about one-third or one-fourth as much as the morning paper in Tampa.

Mr. COPENHAVER. How would the afternoon Tampa paper compare in circulation with the morning paper?

Mr. PHILLIPS. About the same relationship as ours; about a third.

Mr. COPENHAVER. So it was the joint combination rate that was put into effect that held it and that would somewhat deviate from your statement concerning the loss of the national and chain store advertising; is that correct?

Mr. PHILLIPS. I don't see any contradiction.

Mr. COPENHAVER. This is strictly hypothesis. Do you believe that if the afternoon Tampa paper had not put in a joint advertising rate that it, too, would have lost the national chain store advertising?

Mr. PHILLIPS. Yes, sir; it had already lost it. It didn't have the resources of a large organization as ours had to keep pouring in to make it better, carry stock market and weekend editions, so they got in trouble before we did.

Mr. COPENHAVER. To your knowledge, has the morning St. Petersburg Times put in a joint advertising rate with the afternoon Independent after the acquisition?

Mr. PHILLIPS. Yes, sir.

Mr. COPENHAVER. And yet am I not correct that the Independent has lost circulation since its acquisition?

Mr. PHILLIPS. Yes, sir. There are two factors. Keep the thing in focus. The evening paper in St. Petersburg, the rates now are less than half of what we were charging, which is a bargain for the community advertisers. They knock out the stock market edition and a few things that you have to do to face the economic inevitability or they would lose money, as we did, because they lost circulation and advertising.

People would rather have two newspapers. They would rather have competition there. One ownership is not popular. So they have to make some economies. Some of these economies resulted in a circulation loss.

Mr. COPENHAVER. The fact remains that the afternoon paper in Tampa and the afternoon paper of St. Petersburg had relatively the same proportion of the circulation to the morning. They both have instituted combination advertising rates and yet the Tampa afternoon has been able to hold their national and chain advertising and the St. Petersburg afternoon has not been able to.

Mr. PHILLIPS. The St. Petersburg paper has held its advertising, but lost circulation.

Mr. COPENHAVER. I thought you indicated earlier the afternoon St. Petersburg paper had lost its national and chain store advertising and was the main financial cause.

Mr. PHILLIPS. Either you or I are confused. The evening paper in St. Petersburg has lost circulation, but has gained national advertising since the merger.

Mr. COPENHAVER. Because of the joint combination rate.

Mr. PHILLIPS. That is right.

Mr. COPENHAVER. Mr. Phillips, at one time—am I correct that the afternoon Independent contemplated a joint production arrangement with the morning Times?

Mr. PHILLIPS. Yes, sir.

Mr. COPENHAVER. And for, perhaps, personality reasons or otherwise, it didn't go into effect. If you had been able to put that into effect, do you believe it possible that the afternoon Independent might have survived financially?

Mr. PHILLIPS. I think it is a dead cinch that it would have survived because it would have done better than it does now. There would have been two editorial policies and there would not have been a feeling against it that it is a great monopoly and gives only a one-sided story.

I think the ideal operation, where two can't survive as separately owned entities, that the mechanical merger is the logical choice.

Mr. COPENHAVER. Finally, Mr. Phillips, the afternoon Independent at one time did attempt to start up a Sunday paper. Is it possible that the losses that were acquired on that also contributed to the Independent's leaving the field?

Mr. PHILLIPS. No, sir; I don't think so. The company had sufficient resources. That would not have been a deciding factor. Had we started the weekend edition on Saturday evening at the outset, the circulation might have been better on June 30th of last year and maybe there would have been a difference. The loss there did not have a great deal to do with it.

Mr. COPENHAVER. Could you estimate approximately how much it cost to start up a Sunday paper?

Mr. PHILLIPS. It increased our loss \$100,000. It increased our revenue \$200,000 or \$150,000, so it cost about a quarter million dollars. It jumped our gross expenses probably a quarter of a million dollars.

Mr. COPENHAVER. Mr. Phillips, one quick question: Do you feel that your paper was faced with uneconomical practices that were perpetrated by technologically restrictive labor union contracts?

Mr. PHILLIPS. No, sir. We had no serious problem with unions. We had no union shop in the composing room and press and serial were completely cooperative. We had no complaint.

Mr. CRAMER. May I ask one question, Mr. Chairman?

During this period that you had your difficulties with television competition and some increased radio licenses, but principally television competition came into being in 1953.

Mr. PHILLIPS. Yes, sir.

Mr. CRAMER. Then TV-FLA came in with the second, and TV—it was the third, and now there is a fourth under consideration. Did this advent of television and increased television competition affect this economic picture of the newspaper during this period?

Mr. PHILLIPS. Very definitely, sir, particularly in the evening reading time. There is less evening reading time with three good television stations than there used to be. They also take some advertising, although I think television created a lot of advertising.

From our circulation standpoint, I would make a guess 10 or 15 percent adversely.

Mr. TOLL (presiding). Are there any further questions?

If not, thank you very much, Mr. Phillips.

Mr. PHILLIPS. Thank you.

Mr. TOLL. The next witness is Nelson Poynter, president and publisher of the St. Petersburg, Florida, Times and Evening Independent.

Mr. CRAMER. Mr. Chairman, may I have the privilege of introducing another resident of my district, although he and I philosophically disagree probably more often than we agree.

It is my privilege to introduce to you the president and publisher of the St. Petersburg Times, and now the Evening Independent, Nelson Poynter.

I would also like to call attention to the subcommittee that his wife, Henrietta Poynter, is present as well, and that Nelson Poynter also is owner and editor of the Congressional Quarterly, undoubtedly with which you are familiar.

Mr. TOLL. Thoroughly.

Mr. CRAMER. Mr. Poynter, welcome to the committee.

Mr. TOLL. You may proceed.

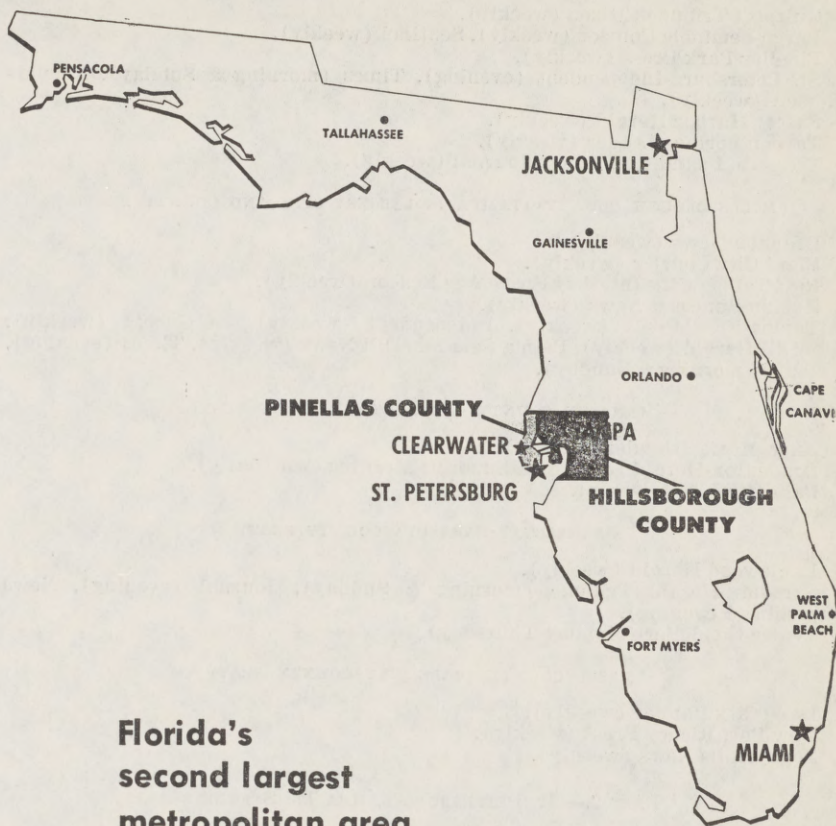
STATEMENT OF NELSON POYNTER, PRESIDENT AND PUBLISHER, THE ST. PETERSBURG TIMES AND EVENING INDEPENDENT

Mr. POYNTER. I want to express my appreciation to the committee for permitting this late testimony. I have been attending a committee meeting of the board of trustees of George Washington University and could not be here sooner.

The committee is familiar with the trend of the past 40 years toward a combined morning and afternoon newspaper operation. St. Petersburg is no exception, but I am proud of the fact that due to the enlightened policies of The Times—and an afternoon publisher who could afford to meet the deficit—St. Petersburg is one of the last cities to yield to the trend.

St. Petersburg is part of the metropolitan market defined by the U.S. Department of Commerce as Pinellas and Hillsborough Counties. St. Petersburg is the leading city, and Clearwater is the county seat in Pinellas. Tampa is the biggest city in the area and is the county seat of Hillsborough County. The three cities are roughly 20 miles apart in a triangular pattern, as shown on the map, exhibit A.

(The map referred to follows:)



**Florida's
second largest
metropolitan area**

EXHIBIT A

Mr. POYNTER. The Clearwater Sun is an evening and Sunday newspaper. The St. Petersburg Times is a 7-day morning newspaper, and since July 1, 1962, has published the Evening Independent 6 days a week. The Tampa Tribune is a 7-day morning newspaper and also publishes The Tampa Times 6 afternoons a week.

The two largest newspapers in the metropolitan area are the Tampa Tribune and the St. Petersburg Times, which have been fierce rivals for more than 35 years. The Tampa Tribune publishes a Pinellas County edition. The Clearwater Sun is a good daily and Sunday paper. In addition, there are 32 other daily and weekly newspapers, 3 commercial television stations, and 29 radio stations in the metropolitan area and adjoining counties, as shown on exhibit B.

(Exhibit B follows :)

EXHIBIT B

PART 1. DAILY AND WEEKLY NEWSPAPERS IN ST. PETERSBURG-TAMPA AREA

PINELLAS COUNTY (ST. PETERSBURG, LARGEST CITY; CLEARWATER, COUNTY SEAT)

Clearwater Sun (evening and Sunday).
Dunedin Times (weekly).

Gulfport Tribune-Citizen (weekly).
 Largo-Seminole Courier (weekly), Sentinel (weekly).
 Pinellas Park Press (weekly).
 St. Petersburg-Independent (evening), Times (morning & Sunday), Pinellas
 Review (weekly).
 Safety Harbor Herald (weekly).
 Tarpon Springs Leader (weekly).
 Treasure Island-Gulf Beach Journal (weekly).

HILLSBOROUGH COUNTY (TAMPA IS LARGEST CITY AND COUNTY SEAT)

Brandon News (weekly).
 Plant City Courier (weekly).
 Port Tampa City-Interbay Space Age Beacon (weekly).
 Ruskin Suncoast News (weekly).
 Tampa-Free Press (weekly), Independent (weekly), La Gaceta (weekly),
 MacDill Herald (weekly), Palma Ceia MacDill News (weekly), Times (evening),
 Tribune (morning & Sunday).

MANATEE COUNTY (BRADENTON COUNTY SEAT)

Anna Maria Islander (weekly).
 Bradenton-Herald (evening & Sunday) Morning Call (daily).
 Palmetto Life (weekly).

SARASOTA (SARASOTA COUNTY SEAT)

Englewood Herald (weekly).
 Sarasota-Herald Tribune (morning & Sunday), Journal (evening), News
 (morning & evening).
 Venice Gondolier (Monday-Thursday).

PASCO COUNTY (DADE CITY COUNTY SEAT)

Dade City Banner (weekly).
 New Port Richey Press (weekly).
 Zephyrhills News (weekly).

PART 2.—ST. PETERSBURG-TAMPA TV STATIONS

WEDU, Channel 3, Educational.
 WFLA, Channel 8, Owned by Tampa Tribune and Times.
 WSUN, Channel 38, Owned by City of St. Petersburg.
 WTVT, Channel 13, Owned by Oklahoma Publishing Co., publishers of The
 Oklahoman and Times, Oklahoma City.

PART 3.—ST. PETERSBURG-TAMPA RADIO STATIONS

PINELLAS COUNTY

Clearwater: WAZE, WTAN.
 St. Petersburg: WLCY; WPIN; WSUN, City of St. Petersburg; WTCX (FM);
 WILZ; WGHF (FM).
 Tarpon Springs: WRBB.

MANATEE COUNTY

Bradenton: WBRD, WTRL.

PASCO COUNTY

Dade City: WDCE.

HILLSBOROUGH COUNTY

Plant City: WPLA.
 Tampa: WALT; WDAE and FM; WFLA and FM, Tampa Tribune; WHBO;
 WINQ; WPKM (FM); WSOL; WTMP; WTUN (FM); WZST.

SARASOTA COUNTY

Sarasota: WKXY, WSAF, WSPB, WYAK (FM), WYND.
 Venice: WAMR.
 Mr. POYNTER. For years it had been evident to professional newspapermen that
 the St. Petersburg Independent was losing money. Losses brought deterioration

in quality. The usual hypodermics to boost circulation, such as magazine tie-ins, trading stamp offers, and subscription drives with charities, were used regularly.

When the sale of the Evening Independent was announced, Loyal Phillips, resident publisher, in a printed statement referred to the "sustained fantastic financial losses for the past 5 years" and that "neither its circulation nor its advertising lineage had gained in relation to increased costs." This is shown in exhibit C.

(Exhibit C follows:)

STATEMENT BY LOYAL PHILLIPS, FORMER EDITOR AND PUBLISHER OF THE EVENING INDEPENDENT, JUNE 29, 1962

After ten years under the present owners, The Independent is being taken over by The Times starting Monday. The Independent will be published from The Times plant and is to be continued as a six-day evening newspaper.

Although The Independent's circulation average has increased by approximately 15,000 since it was acquired by the Thomson Company, neither its circulation nor its advertising lineage has gained in ratio to increased costs. The number of employes has jumped from 116 to 197, and the mechanical wage scale has gone from \$72.50 to \$97.50 per week.

Just two of The Independent's expense items, newsprint and payroll exceeded a million and a quarter dollars during 1961.

In a determined effort to increase circulation, The Independent started a Sunday issue, installed new printing equipment, and added complete stock market reports. New features were added and more space was provided for local and wire news coverage. However, these costly endeavors have not produced either circulation or advertising increases sufficient to meet spiralling expenses.

The Independent's national advertising lineage is actually less than it was ten years ago, and its revenue from chainstore advertising is only a small fraction as compared to that of The Times.

After sustaining fantastic financial losses for the past five years, The Independent's stockholders reluctantly reached the conclusion that it is not realistic to expect The Independent as a separately owned publication, to become a profitable business during our lifetime. Consequently, we had a choice between discontinuing The Independent or selling its name and circulation lists to The Times.

This represents a sad turn of events for The Independent's employes, who have struggled valiantly against a strong national trend toward mergers. Less than a dozen other cities in the United States in St. Petersburg's population category still have newspaper competition. The combined efforts of some 200 dedicated employes were not sufficient to prevent the inevitable.

Roy H. Thomson, chairman of the board of Thomson Newspapers Limited, issued the following statement: "When I bought the Evening Independent ten years ago, I expected to make St. Petersburg my winter home, like many other Canadians. But newspaper and broadcasting opportunities in the United Kingdom, Canada, U.S., and Africa have made it necessary for me to make my home elsewhere. Because of rising production costs, only a few large cities can now support two newspapers with separate plants and production facilities.

"I regret that St. Petersburg will no longer be included among the Thomson newspapers, but I know The Evening Independent can be an even better newspaper, and live up to its rich heritage of civic responsibility by its affiliation with the St. Petersburg Times. I have known Nelson Poynter since before I bought the Evening Independent, and I share the opinion of other publishers that he is dedicated to all that is best in American journalism."

We relinquish control of The Independent with keen regret. We have enjoyed the rugged but clean competition, and we are sorry we can't be around to see the fulfillment of our optimistic dreams for Pinellas County's future growth and development.

In behalf of all employes and stockholders, we express genuine gratitude to the thousands of readers and advertisers whose encouragement and patronage sustained us through many tough but interesting experiences.

Mr. POYNTER, I heard of various publishers and local groups exploring the idea of buying the Evening Independent, but none elected to purchase.

Last June 19th I received a call from Roy Thomson, the British-Canadian publisher who owned the Evening Independent along with more newspapers than anyone else in the world. He asked if I could meet him in New York the following Monday, and I agreed. When we met he told me he was ready to close the Evening Independent.

My associates and I had surmised that Mr. Thomson was determined to close down or sell. Reluctantly, we agreed to buy the Evening Independent's name, goodwill, and circulation, because we believe St. Petersburg deserves a good afternoon newspaper. We needed none of the other assets of the Evening Independent.

We anticipated the Evening Independent would be a financial burden for as long as 5 years. After almost 9-months' experience, we find the burden greater than we projected, but we are confident that a better afternoon newspaper ultimately will yield a profit.

I want to emphasize that competition for readership and advertising in St. Petersburg, the metropolitan area, and adjacent counties, is abundant and aggressive. It is commonplace for five or more competing reporters to attend a city council or county commission meeting in the area. TV and radio stations are urged to editorialize, and many respond.

Also attached to this statement are two more exhibits:

Exhibit D, a copy of The Standards of Ownership laid down in 1947 by me to perpetuate local ownership.

Exhibit E, a copy of The Times editorial principles set forth on its 75th anniversary.

(The exhibit D referred to follows:)

EXHIBIT D

STANDARDS FOR OWNERSHIP OF NEWSPAPER OR RADIO ENTERPRISE

(By Nelson Poynter, Aug. 6, 1947)

This is a guide for my heirs, trustees, executors, advisors who have any responsibilities in disposing of any of my newspaper properties and equities. These standards shall be used as a yardstick in choosing the purchaser of the *St. Petersburg Times*, or other properties which I own. A fair and equitable price must be realized from my properties but my executors shall be under no obligation to sell my interests to the highest bidder, but they may accept any offer from any bidder for any amount deemed by them to be fair and reasonable and upon any terms deemed by them to be acceptable in view of the following:

1. Ownership or participation in ownership of a publication or broadcasting property is a sacred trust and a great privilege.
2. Any publication or broadcasting property has unusual obligations to the community in which it operates, and any new owner must be sensitive to this.
3. The owners of a publication or broadcasting station cannot compromise with the integrity of the news and information that is sold or given to the public.
4. A publication or broadcasting station must be aggressive in its service to the community and not wait to be prodded into rendering that service. A publisher or broadcaster must share the zeal and enthusiasm for what is new each day. He does not belong as an owner unless he has such enthusiasm.
5. Adequate and modern equipment is vital for successful publishing or broadcasting, but it is secondary to staff.
6. A "chain" owner cannot do justice to local publications or radio stations. His devotion and loyalty to any one area is bound to be diluted or divided if he has other ownerships and interests.
7. I expect every member of any staff to be above average in his respective job. I expect my successor to demand standards of his staff as high or higher than mine. A concern that expects its staff to be above average must be willing to pay staffers above average.
8. Any modern capitalistic institution must expect to provide pensions that promise honest and dignified retirement to members of the staff who have devoted their lives to the institution.
9. Mere ownership in a paper or broadcasting station does not entitle an individual to a salary. All salaries should be commensurate with the services rendered to the institution.
10. A publication or broadcasting station cannot best serve its community if it is encumbered with outside interests. Its editorial policy should not be tinged with ownership in enterprises not related to newspapering or broadcasting.

11. To maintain a strong editorial policy, a newspaper or broadcasting concern must be in a sound financial condition. Reserves must be built. Debts must be reduced and extinguished.

12. To qualify as an owner of a newspaper or broadcasting station, a prospect should have a well-rounded appreciation of the contribution that is made by all departments in publishing or broadcasting—the technical—sales—distribution departments—and above all, the creative or editorial departments.

13. A payment of not more than six per cent dividends on the present capitalization should be considered fair until debts are discharged, reserves built and technical equipment brought up to a position of second to none on the West Coast of Florida.

14. Dividends beyond six per cent should be equalized with bonuses to employes on a formula which I expect to perfect in the coming several years, a formula that recognizes length of service and contribution to the enterprise.

15. A publication is so individualistic in nature that complete control should be concentrated in an individual. Voting stock should never be permitted to scatter.

NOTE: AUGUST 6, 1960

I wrote the above when I completed buying the majority of stock and took complete control of The Times Publishing Company. During the past 13 years these "Standards" have been further implemented.

No inheritance tax will undermine the financial stability of The St. Petersburg Times.

We have the best possible equipment. (See No. 5 above.)

Although we still have funded debt, our financial position is the strongest in history (See No. 11 above.)

Dividends have been held to less than 1½% on "net invested capital"—one of the most conservative programs of any private enterprise in America. (See No. 13 above.)

Point 14 above was accelerated in 1955 with adoption of The Times Profit Sharing Plan—without any dividend increase. Our needs for equipment and building are massive. In order that Profit-Sharing not be postponed, dividends were held to less than 1½% on actual capital invested in building and equipment.

The biggest accomplishment in the past 13 years: More and more staffers and executives are determined to make *The Times* and its affiliates "The Best".

Mr. TOLL. Mr. Rosenman?

Mr. ROSENMAN. Mr. Poynter, during the same period of 1951–1961, when the St. Petersburg area population had more than doubled, the St. Petersburg Times grew with the area and its circulation also doubled; is that correct?

Mr. POYNTER. It more than doubled.

Mr. ROSENMAN. During the same period, the St. Petersburg Times retained its normal 4.6 million lines of national advertising and increased retail advertising by 2.4 million lines.

Mr. POYNTER. Those figures were supplied to you by our general manager and I assume they are correct.

Mr. ROSENMAN. In previous testimony, Mr. Phillips stated that during the mid-1950's national advertisers instituted a policy of not placing their advertisements in a second newspaper in any one city. Is this policy still in effect as to the Evening Independent?

Mr. POYNTER. I think Mr. Phillips overlooked a thing called TV. There are plenty of cities where two papers are used. The St. Petersburg Times had more than 75 percent coverage of the immediate market because many of our readers are gone for months at a time, especially in the summer. It is the average that he used on that.

I take exception that the buying power of this readership is inferior. Sales Management magazine shows that the effective buying power in our area is one of the highest in the country per capita. So there is no economic disadvantage there as far as an afternoon newspaper was concerned. It simply was that they didn't put out a good enough newspaper. It didn't pull for the advertising. Our coverage was higher in our area, for instance, in Pinellas County, than the Tampa Tribune coverage was in Hillsborough County, or higher in its city area than the morning newspaper in Miami or Jacksonville or practically any morning newspaper I know anywhere.

When advertisers tried both newspapers with coupons, we made it our business to check up, and our paper outpulled. The Tampa Tribune had more total circulation, but we charged the same advertising for our advertising in the department store category than the Tampa Tribune charged identical advertisers in the department store category.

They bought that because our paper pulled, because it was an effective newspaper. There is no question in my mind that we will make the afternoon newspaper an effective newspaper. We will make it profitable for the advertisers. That means that we will have to develop new sources of revenue because all advertising dollars are competitive whether they are on streetcars—that is a little out of date—on bus signs or blotters or Christmas gifts, billboards.

All those advertising dollars are competing, as far as the media are concerned, We expect to develop new sources of revenue and new readers and we will have a profitable afternoon newspaper without in any way undermining the viability of the morning newspaper.

Mr. ROSENMAN. The point was made by Mr. Phillips that the national advertisers follow a policy of not advertising in the second newspaper in the town. Since you have taken over the Independent, has the national advertising increased?

Mr. POYNTER. I really don't know. National advertising is down right now. I know the general figures on that. I think the committee, as long as it is getting into this, should be aware of the fact that a second newspaper separately owned enjoys quite a bit of advertising patronage by those who do not want a competitive situation to go out of existence. I have had chain store advertisers tell me that they were going to give a certain amount of business to the afternoon paper; that they were under orders to do so, regardless of what its circulation was and regardless of its merits as an advertising medium.

Mr. ROSENMAN. Were these orders primarily to be sure that competition would exist?

Mr. POYNTER. That is what they hoped.

Mr. ROSENMAN. Are you aware of the policy of the other chain stores not to advertise in a local second paper in a town?

Mr. POYNTER. No.

Mr. ROSENMAN. On page 1 of your prepared statement you note that the Tampa Tribune and St. Petersburg Times have been fierce rivals for more than 35 years. Prior to July 1962, did you consider the Tampa Tribune and Times as your major competitor?

Mr. POYNTER. Yes. I considered the Tampa Tribune our major competitor since the early 1940's. We began falling substantially away from the Evening Independent.

Mr. ROSENMAN. In view of the fact that the Tampa Tribune and Times had a net circulation of approximately 11,000 in Pinellas County against the Independent's 30,000 circulation in Pinellas County, would you please explain why you considered the Tampa Tribune as your major competitor?

Mr. POYNTER. Tampa traditionally was the metropolitan paper of the west coast of Florida. It was the center of railroad, communications, and shipping. We were an upstart morning newspaper.

Gandy Bridge, which connected the two communities, Pinellas County was a part of Hillsborough County. It was a fight that the St. Petersburg Times made as a weekly newspaper that got it separated from Hillsborough County as a separate political entity. The Tampa Tribune in its national advertising promotion, which looks good on a map, indicated that they dominated our county. We put in full wire services, full market reports, (when Gandy Bridge was finished, or before it was finished, that is) and began to compete substantially with the Tampa Tribune to keep it from completely overwhelming the morning newspaper market.

Mr. ROSENMAN. In other words, your first rivalry with the Tampa Tribune was primarily to keep it out of Pinellas County, but as to circulation, there is no question that the Tribune and Times had less circulation in St. Petersburg as a separate community than the Independent.

Mr. POYNTER. That is because we worked at it for 35 years. I realize none of you gentlemen buy advertising, so these words are wasted. Mr. Cramer buys some now and then, but we have a better newspaper than the Tampa Tribune. We charge more to the reader for it than the Tampa Tribune.

This sounds boastful, and perhaps it is, but we have been far more successful at keeping them out and cultivating that field than a great many papers in similar circumstances.

Mr. ROSENMAN. Mr. Poynter, you did make a comment that none of us buy advertising. Mr. Cramer indicated that some do. Is it a practice of newspapers to charge political candidates twice the going rate as to advertising during campaign time, twice the going retail rate?

Mr. POYNTER. I am very proud to say that I think we were one of the first papers in the country to stop that practice through no law. The Times exposed this in the Florida Legislature in the late 1940's when it succeeded in getting through the "Who gave it, who got it" campaign contribution law.

Mr. ROSENMAN. But it is a general practice of other newspapers to charge twice the retail rate.

Mr. POYNTER. I think that has declined. I have not followed that in recent years.

Mr. ROSENMAN. Could you explain to the committee, inasmuch as your newspaper does not follow that practice, what is the logic or reasoning, or is there any, why newspapers would charge a political candidate a higher rate for the same space they would charge another person?

Mr. CRAMER. It is a national rate, isn't it?

Mr. POYNTER. No, it is sometimes higher. It is like circus advertising used to be. You know, the circus came along every 1 or 2 years but you had to keep publishing every week, so the political candidates use it occasionally. That is the justification for it. I will leave it to you as to whether it is sound.

Mr. CRAMER. Let me ask you this, Mr. Poynter, if I may: It was indicated earlier by Mr. Smith, ANPA General Manager—are you a member of that organization?

Mr. POYNTER. Yes.

Mr. CRAMER. That he felt newspapers were a service as well as a business organization. As such, I have, along with others, of course, lived under the difficulties of double-cost advertising in campaigns and, as you say, you are one newspaper that has cut it out and I congratulate you for it.

Can you give some idea as to what the justification is if newspapers are a service? Is not one of the best services a newspaper can render to make known to the public, and sometimes the only method he has is on advertising, what his qualifications are as a public servant? I am not criticizing you because you say you have done away with it.

Don't you think it would be in the public interest throughout the country if newspapers considered political advertising in a sense as a service rather than an opportunity to get a little extra gravy?

Mr. POYNTER. I am here to speak for the St. Petersburg Times, and Evening Independent. Since the honorable gentleman from Florida has led me, ever since I took over the St. Petersburg Times we have published a "Know Your Candidate" special section where we give that free service to every candidate. In fact, in doing that, it is abused because filing fees are low and it does mean that some people get publicity and they are not serious candidates. But we do render that as a free service.

We had a radio station. We had a program called "Radio Rally" in which we also provided a certain amount of free time to every candidate. We render that service when we endorse a candidate and we invite his opponents to provide us copy and some of them are smart enough not to take advantage of it.

Mr. CRAMER. The point I was getting at, Mr. Poynter, apparently you feel that there is something wrong with double-charging candidates and, therefore, you quit it. Could you suggest to us what is wrong with it? I don't like it either.

Mr. POYNTER. I just don't think it is good business. We cut theater rates the same way. It was just sound business policy as far as I am concerned.

Mr. CRAMER. This may be unfair, but there must have been some public service involved as well (or shouldn't there be, since a newspaper is a service and business), some degree of service impetus design behind it as well as business?

Mr. POYNTER. I don't know of any newspaper that doesn't render an infinite number of services free.

Mr. CRAMER. I am talking about advertising.

Mr. POYNTER. I am talking about listing radio and TV programs, for instance, even though they are competitors. I agree with Mr. Smith that the newspaper is a service. It is not a commodity. It is not a bag of potatoes. It is nothing but a collection of services, whether it is ball scores or weather or political reporting.

The advertising itself is not a commodity. It is a service that we get into the home every day. The advertiser can take it when he wants to. All we can do is to carry his message into the home. That is a service. It is not a commodity.

Mr. CRAMER. Do I understand, so we can get this into focus, as far as you are concerned your motive in cutting the price of political advertising was economic rather than as a service to people running for public office, or was it a combination of both?

I am not trying to prejudice you one way or another. I would like to lay a foundation so that other people will treat other candidates the same way.

Mr. POYNTER. I think it is very difficult to differentiate in motivation of that kind. For instance, if you stick to your advertising rate card and do not have secret rates for some advertising, are you doing that because of your inherent honesty or is it good business? I think it is both. I will leave it to you.

Mr. ROSENMAN. We had discussed this matter with Mr. Phillips. The question of a sale on July 2, 1962, of the insertion of the clause in the agreement that the printing equipment of the Independent shall not be used directly or indirectly in the publication of a newspaper in St. Petersburg. Did you insist on the insertion of that particular clause?

Mr. POYNTER. I did not. I heard you ask Mr. Phillips about that and since he was not present in New York I probably know more about it.

Mr. ROSENMAN. That is why I thought I would ask you.

Mr. POYNTER. You will notice that Mr. Thomson wrote the letter confirming our oral agreement. What he was most interested in, because of the situation of the Canadian dollar at that moment, was that this agreement that we had would be paid in United States dollars, which you will notice is in the agreement.

We had some discussion about the possibility of our using the land on which the Independent, or most of the Independent, was published. It is an unusual situation. The two newspapers were contiguous on First Avenue South, between 3rd and 4th Streets. The land on which the Independent was published was not owned by Mr. Thomson. The building equipment was. The land is valuable to us as a parking space.

It was our desire to make a deal with the former owner of the Independent, Mr. Brown, who owned that land, that would facilitate that. They had tax losses that they could have made up by demolishing the building. We had discussed that, Mr. Thomson and I. He had no authority to speak for Mr. Brown. It was up to him to untangle that lease.

As far as I am concerned, the Independent had been shopped around. Every possible prospect had looked it over. The least of my worries was that someone would come along and start another afternoon newspaper. They can still do so.

Mr. ROSENMAN. So in effect the clause was inserted in the contract to facilitate your being able to take over the new land and expand?

Mr. POYNTER. To get a parking lot. It is contiguous to our newspaper operation. As a matter of fact, I don't even recall discussing it in New York, and I felt remiss that I hadn't sent a letter confirming that. It didn't occur to me that it was necessary. Mr. Thompson wanted it fully understood that I wouldn't pay him in Canadian dollars at that time.

Mr. ROSENMAN. After purchasing the Independent, did you institute combination rates for the Times and Evening Independent as to national advertising?

Mr. POYNTER. Yes, sir.

Mr. ROSENMAN. As to retail advertising?

Mr. POYNTER. Yes, sir.

Mr. ROSENMAN. And as to classified advertising?

Mr. POYNTER. Yes, sir. Well, it was a forced combination in the case of classified.

Mr. ROSENMAN. As to the national advertising, is it a forced combination?

Mr. POYNTER. No.

Mr. ROSENMAN. As to retail advertising?

Mr. POYNTER. It is not.

Mr. ROSENMAN. It is optional?

Mr. POYNTER. Yes.

Mr. ROSENMAN. Is your combination rate as to national advertising or as to retail advertising pretty close or competitive with the Times and Tribune combination rate?

Mr. POYNTER. I think we are a little higher.

Mr. ROSENMAN. You are a little higher?

Mr. POYNTER. Yes, sir. I am not an authority on that. I think that you have the figures there.

Mr. ROSENMAN. To your knowledge, is the Tampa News Tribune rate higher as to national advertising or as to retail advertising?

Mr. POYNTER. Their national advertising rate would be higher.

Mr. ROSENMAN. Is it a forced combination rate or is it an optional rate?

Mr. POYNTER. It is optional as to national and in retail, and it is a forced combination in classified. I think you gentlemen only have to look at the classified pages of the Evening Star or the morning Post to see how difficult it would be to make up those pages separately and sell them separately.

I am not certain, as long as you are discussing that, that the forced combination is a good thing. We would have raised our classified rates because of our circulation increases for the morning Times even if we had not bought the Independent.

As it is, we probably priced ourselves out of the market with small advertising. It might run exclusively in the Independent, and we are considering doing something about that. It is quite a mechanical problem.

Mr. ROSENMAN. You mean the reason, perhaps, that the St. Petersburg Independent and the Tampa Times and Tribune have a forced combination rate as to classified advertising is purely a mechanical problem of resetting the type and resetting the pages?

Mr. POYNTER. Yes, sir.

Mr. ROSENMAN. Wouldn't the same mechanical problem be as to retail advertising or national advertising?

Mr. POYNTER. No, because they are bigger units to handle.

Mr. ROSENMAN. And it would not be as costly?

Mr. POYNTER. Those pages have to be made over anyway.

Mr. ROSENMAN. And in talking with Mr. Phillips he did mention that you had exercised your exclusive contract on some features that you did not publish. Would you care to comment on that?

Mr. POYNTER. We buy new features regularly and sometimes withhold them until they have been tried in other markets, and drop them. We are in a constant change. Features have a way of having slumps, and good writers will go into a slump, and we withhold them. We don't regard anything as sacred in the way of syndicated articles.

In view of Mr. Phillips' testimony, I might say for instance that we have never asked for exclusive territory with Clearwater which is in our own country. We fought against the Tampa Times being exclusive territory for the west coast of Florida.

Mr. ROSENMAN. Exhibit D, attached to your prepared statement, includes what you consider guides of ownership; and as a guide to those who have difficulty in disposing of a newspaper, you state:

"A fair and equitable price must be realized from my properties but my executors shall be under no obligation to sell my interests to the highest bidder, but they may accept any offer from any bidder for any amount deemed by them to be fair and reasonable, and upon any terms deemed by them to be acceptable in view of the following:"

and then you set out a number of points.

You say, "These standards shall be used as a yardstick in choosing the purchaser of the St. Petersburg Times."

Mr. POYNTER. That is not the only purpose. It is to find a good editor and president.

Mr. ROSENMAN. Well, do you favor a statute prohibiting the sale of a newspaper to its only competitor if there is a bona fide offer to purchase the newspaper at a fair and reasonable price?

Mr. POYNTER. I didn't understand your question.

Mr. ROSENMAN. Would you favor a statute which would prohibit a second newspaper's being sold to a dominant newspaper if there is a bona fide offer to purchase that second newspaper at a fair and reasonable price?

Mr. POYNTER. I certainly would not favor such a statute. I am not a lawyer but I think that you would run into some constitutional trouble on that; and no one is obliged to stay in business if he is losing money.

Mr. ROSENMAN. Assuming he is not losing money, but he was going to sell out to a competitor and make it, as Mr. Smith took exception to, as we call a "monopoly town," a one-newspaper town?

Mr. POYNTER. I also take exception to that word myself.

Mr. ROSENMAN. Let us call it a one-newspaper city.

Mr. POYNTER. Well, there are two newspapers there in the first place.

Mr. ROSENMAN. Yes, but if there were two newspapers, both making money, and one was going to sell out to its competitor.

Mr. POYNTER. I think you would be getting into—let me put it this way: I have watched this trend toward consolidations for 40 years or more, since I was in the field. I was reflecting yesterday when I came down here for the start of this hearing. Suppose that we were as wise 40 years ago as now, but all of the other social and economic trends had been the same, would the newspaper situation be materially different than it is today by any statute that you might pass? I don't think that it would.

Mr. ROSENMAN. Well, your paragraph 10 provides that a publication or broadcasting station cannot best serve its community if it is encumbered with outside interests. Its editorial policy should not be tintured with ownership in enterprises not related to newspapering or broadcasting.

I understand from a Newsweek article that when you did take over full control of the St. Petersburg Times, you divorced yourself of a number of local interests in real estate.

Mr. POYNTER. Oh, no, when I took over the ownership of the Times, that was long before the Independent.

Mr. ROSENMAN. At the time you took over the ownership of the Times, you did divorce yourself of other local interests?

Mr. POYNTER. That is right.

Mr. ROSENMAN. Is it your view that the ownership of enterprises not related to newspapers tend to influence the editorial policy of that newspaper?

Mr. POYNTER. I won't speculate on that. I just don't want to run the risk.

Mr. ROSENMAN. Do you think other newspapers run the same risk, possibly of tincturing their editorial policy by their owning other outside interests?

Mr. POYNTER. I don't want to speculate on that.

Mr. ROSENMAN. Would you say this type of ownership could also lead to what is popularly known today as "management" of the news by the manager, to reflect his own local interests?

Mr. POYNTER. I just think running a newspaper is so important that you shouldn't be cluttered up with other interests. Perhaps other very able newspaper people can handle both, but I think that you need a dedication and a single-mindedness there.

Mr. ROSENMAN. Well, I did want to quote your standard of ownership, which states: "Its editorial policy should not be tintured with ownership in enterprises not related to newspapering or broadcasting."

Mr. POYNTER. Let me cite an example. Anyone would have been a fool not to recognize the Florida Power Corporation stock was going to increase enormously. We couldn't be investing millions of dollars in presses and equipment and not be betting that Florida Power Corporation was going to improve a great deal. Yet, I would hate to be accused of taking a position in regard to a rate increase of the Florida Power Corporation, because we had bet that Florida Power Corporation stock was going to increase.

I think even though we might not be influenced by that, we would have to avoid even the appearance of it.

Mr. ROSENMAN. In effect you are stating, Mr. Poynter, that this same situation happens across the country. Anybody who owns a newspaper and has outside interests is subject to the same temptation or the same ability to rationalize his editorial policy as to the particular issues, and it is your view that they ought to at least try to divorce themselves of any local interests which would possibly affect their editorial policy?

Mr. POYNTER. I think so.

Mr. ROSENMAN. Item no. 6 of your standard says:

"A 'chain' owner cannot do justice to local publications or radio stations. His devotion and loyalty to any one area is bound to be diluted or divided if he has other ownerships and interests."

Is it your view that chain ownership of newspapers or broadcasting facilities should be discouraged?

Mr. POYNTER. No, I just wanted to discourage it in St. Petersburg.

Mr. ROSENMAN. As to yourself?

Do you think that your standards are good enough to be accepted or at least read by others in the business?

Mr. POYNTER. I am not self-righteous about these. I worked for Scripps-Howard, and I have tremendous respect for Scripps-Howard. I ran the Washington Daily News here and we had five daily newspapers and five different plants,

and five different ownerships. We were the least in the field, and yet we were able to get along.

It may be that some of this will become obsolete. This was written in 1947 but it is the way we run things. You were down there, and I thought the other members of the committee might get a glimpse of our way of doing things from reading that.

Mr. ROSENMAN. Well, Mr. Poynter, you have presently an application for a VHF color television station in St. Petersburg.

Mr. POYNTER. Yes, sir.

Mr. ROSENMAN. I think that Mr. Minow testified that newspaper publishers who do not have an interest in television are subject to a competitive disadvantage. The Tampa Tribune and Times owns WFLA-TV, and station WFLA and FM; is that correct?

Mr. POYNTER. That is right.

Mr. ROSENMAN. There are three stations?

Mr. POYNTER. Yes, sir.

Mr. ROSENMAN. Has ownership of these facilities placed you in a competitive disadvantage to what you consider your chief rival?

Mr. POYNTER. Well, they make a great deal more money than we do, and therefore potentially they can hire more reporters or pay more for features and all of that. I tried to get that. Again, I don't want to seem self-righteous. I tried my best to get the Channel 8 which the Tampa Tribune had, and we had a battle that lasted all of the way up to the Supreme Court here.

Mr. ROSENMAN. But from your experience, now, of operating in a competitive market against the Tampa Times' and Tampa Tribune's owning a TV station and two other radio facilities, you find that they do have a competitive advantage over you as to advertising dollar, national advertising, and any aspect?

Mr. POYNTER. Not in national advertising dollars. They have no combination rates, and they sell quite separately on that.

Mr. ROSENMAN. Well, do they combine their news facilities as to the two papers, and the television?

Mr. POYNTER. They don't do a very good job of that. Sometimes the television station will have a story at night, at 11 o'clock that is not in the Tampa Tribune, and the next morning we will have it in our paper. There is a certain promotion prestige value, and there is a very real economic one.

I heard Chairman Minow's statement on that. I don't see why the Federal Government should make it its policy to prop up a weak newspaper by giving it a TV station.

Mr. ROSENMAN. Your feeling is that on Chairman Minow's presentation, what he is really doing is getting a greater concentration of more media communication for the purpose of solvency of a weak newspaper?

Mr. POYNTER. I just think the license ought to go to the guy who can do the best job of public service on it.

Mr. ROSENMAN. I have no more questions.

Mr. CRAMER. May I set the record straight?

The testimony to which you refer relates to Mr. Minow's personal views, in the economic aspects, and his testimony relating to the Commission's position indicated that he felt, and I asked him the question, that all things being equal, he felt that newspaper ownership and television ownership in the public interest and in the light of the antitrust laws, all other things being equal between two applicants, that that might weigh it in favor of a nonnewspaper owner. And then on his own personal testimony, he said he thought economic factors should be considered. I certainly wouldn't want to have anything in this hearing in any way affect a TV application presently pending and I would be the last to contribute to such a result. So therefore, we should get the record I think, so that Mr. Poynter will have an opportunity to comment on both aspects. He has commented on the Commissioner's personal position, of Mr. Minow, relating to economic assistance. Would you care to comment, and in view of an application you certainly have no duty to comment. Possibly you shouldn't have been asked the other question. But being on the record would you care to comment on what the Commission's announced public opinion yesterday is, and that is, all things being equal that the dual ownership, newspaper and television, weighs against the owner of a newspaper in applying for television because of the thrust of the public interest involved in carrying out fully the antitrust laws and intentions of Congress.

I think that is a fair statement of the Commission's position.

Mr. ROSENMAN. The Commission's position, yes.

Mr. POYNTER. I think he also said that he knew of no other case where all things were equal.

Mr. CRAMER. He did say that.

Mr. POYNTER. I will leave it there.

Mr. ROSENMAN. Is it your view, that the grant of a TV license for Tampa Tribune and the denial to the Tampa Times had anything to do with the subsequent acquisition of the Times by the Tribune? What I am asking is this: Is the fact that the Tribune had a TV station, the Times did not, did that affect that market in Tampa, in your personal view on that? Do you understand the question?

Mr. POYNTER. I don't think you make yourself very clear.

Mr. ROSENMAN. The TV grant was given to the Tampa Tribune, is that correct?

Mr. POYNTER. Yes, sir.

Mr. ROSENMAN. At the same time one of the applicants was the Tampa Times, the afternoon newspaper, is that correct?

Mr. POYNTER. That is correct.

Mr. ROSENMAN. But the morning paper acquired the TV station?

Mr. POYNTER. It is not the same license, no. These were two different licenses.

Mr. ROSENMAN. It went to the Tampa Tribune and not the Tampa Times?

Mr. POYNTER. No.

Mr. JOHNSON. As I understand there was an application first by the Tribune for a channel in Tampa, isn't that so?

Mr. POYNTER. No, we made the first application.

Mr. JOHNSON. At any rate the Tampa Tribune succeeded in getting a broadcast station, a television station in Tampa, is that correct?

Mr. POYNTER. That is correct.

Mr. JOHNSON. And the Times subsequently applied for another channel and lost, is that right?

Mr. POYNTER. That is correct.

Mr. JOHNSON. And I think what Mr. Rosenman wants to know is, was there a cause and effect relationship between the grant of the channel to the Tribune on the one hand, and the rejection of the application of the Times on the other hand, and the ultimate merger.

Mr. POYNTER. Well, only to this effect, that Mr. Phillips has testified on how the Tampa Times found it difficult to survive by itself. Now, if you would prop that up with the license that sold for \$3 million within less than a year after it was granted to a group of local businessmen in Tampa who did solemnly swear that they just wanted it for the public service and so forth, then the Tampa Times with the TV would have been worth more than the Tampa Times.

Mr. JOHNSON. In other words, Tampa Times would have been much better off had it had another pocket to dig into?

Mr. POYNTER. The Tampa Times would have been.

Mr. TOLL. Thank you very much, Mr. Poynter, and we appreciate your patience. The hearings will continue tomorrow at 10:30 a.m., and the witnesses will be Floyd Maxwell, Baker, Oreg.; Arthur G. Poler, Los Angeles, Calif.; and Norman Chandler, President of the Times Printing Co., Los Angeles, Calif.

(Whereupon, at 5:50 p.m., the subcommittee was recessed until 10:30 a.m. of the following day, Friday, March 15, 1963.)

FRIDAY, MARCH 15, 1963

The subcommittee met at 10:30 a.m., pursuant to recess, in room 346, Cannon Building, Hon. Emanuel Celler (chairman) presiding.

Present: Congressmen Celler, Rodino, Brooks, Toll, Kastenmeier, McCulloch and Cramer.

Also present: Stuart H. Johnson, Jr., chief council, and associate councils Leonard Appel, Louis Roseman, Philip Marcus, and William H. Copenhaver.

(NOTE.—Part of the continued statement of Stanford Smith is not given here.)

Mr. MARCUS. Mr. Smith, in the very comprehensive statements that ANPA has filed with the committee, I fail to find a reference to the cost factor of newsprint. During the 82d Congress, this committee conducted an extensive investigation of the newsprint industry and issued a report on that industry. H.R. 505, part I, 1951. It is apparent that this committee has more than a casual interest in the problem of newsprint. I believe at this time the Chairman would like to

read a statement he made on January 18, 1957, when newsprint manufacturers last acted in concert to raise the price of newsprint by \$4 to its present price of \$135 per ton.

The CHAIRMAN. I made the statement on January 18, 1957, and I will ask Mr. Johnson to read it.

Mr. JOHNSON:

"Celler Seeks Antitrust Enforcement Action by Justice Department Following Latest Concerted Hike in Newsprint Prices.

"Representative Emanuel Celler (D., N.Y.), Chairman of the House Judiciary Committee and also Chairman of its Antitrust Subcommittee, today issued the following statement concerning the recent announcement by the Bowater Paper Company of a prospective \$4 per ton increase in the price of newsprint, the ordinary paper on which newspapers are printed:

"We are again confronted with a course of conduct which those who must depend upon newsprint suppliers have seen repeated with monotonous regularity and frequency over the years. The familiar pattern here presented was clearly etched upon the record of our Antitrust Subcommittee when it completed its extensive investigation of this problem in 1950.

"The current round of price increases was set off initially by the Abitibi Power Corp., Ltd. The two other major Canadian producers besides the giant Bowater international paper organization, promptly fell in line in a process sometimes politely referred to as price leadership.

"The millions of Americans in urban or rural life who take for granted the regular appearance of their newspaper have a compelling interest in this issue. A spokesman for the American Newspaper Publishers Association asserts that, in view of the chronic newsprint shortage, publishers are in a strait-jacket and at the mercy of the first mill which decides to raise the price. Similar price increases a year ago likewise touched off a series of sharp protests by both American and Canadian publishers and by public officials who contended then that the profits of the papermakers were more than adequate even at the old prices. They further point out that newsprint prices have risen further and faster than the general level of wholesale commodity prices.

"The country's newspaper publishers, both large and small, may well ask if collusive pricing by newsprint manufacturers exists in the year 1957 when newsprint prices rise to the same level at about the same time, and remain identical for almost all producers; when interlocking contracts of a long-term nature still relate to the price charged by many newsprint mills to that established by their competitors; and when the so-called zone system is still generally adhered to in quoting newsprint prices in the U.S.

"The zone system, to single out only one of these factors, underscores the extent to which the newsprint producing concerns may have departed from accepted principles of free and open competition. The map of the U.S. has been sectioned into ten different pricing zones by the major newsprint producers. Under this arrangement, prices for each zone are identical for almost all producers, regardless of how far each is located from the point where the newsprint is to be received and used. This system makes no allowance for the varying freight rates which would ordinarily be applicable between different plants and the point of consumption. The proof of the pudding is that phantom freight must be paid to certain producers in those instances where the charge for freight included in the predetermined zone price is greater than the actual freight costs from the mill to the destination point.

"The continuing trend in this industry is cause for serious concern. Monopoly here would pose a threat to a free and healthy press, which is one of the cornerstones of our representative form of government. The freedom to write, to report news, to express ideas, to differ—all these become meaningless if the materials for mass communication are lacking, whether because of insufficient supplies of newsprint paper or because of prices beyond a newspaper's ability to pay.

"In this connection I am particularly disturbed by the fact that the hardest hit are the publishers of small dailies and weeklies as well as the newspapers of civic groups, labor unions, religious organizations, and co-operative movements—to mention a few of the chief victims, who are sometimes forced to pay exorbitant prices for this vital commodity on the gray or the black market.

"Moreover, the past two decades have witnessed the disappearance of hundreds of daily newspapers in the U.S. through merger, consolidation, or failure. The danger is real that the increased price of newsprint may accelerate this trend, particularly by driving small papers out of business.

"The time is ripe for the Antitrust Division of the Department of Justice to take a new look at the newsprint problem which has been under investigation in every session of Congress since 1943. The story of this industry has already been fully developed; the pertinent facts are spread upon the Congressional records for all to see.

"Admittedly, the tactical obstacles that would face the antitrust enforcement officers of the Government cannot be minimized, but neither can the good that would result from successful legal action in this long-neglected area.

"Painstaking examination of key witnesses by our Antitrust Subcommittee brought out these highlights in the newsprint picture. For at least 15 years newsprint has risen steadily in cost and has been generally scarce, with requirements of American publishers mounting each year to a new high. The booming demand coupled with a tightness of supply has inflated the price to \$134 a ton, in terms of the current increase, a figure that is more than double the price at the end of World War II.

"Nearly 90 percent of the newsprint used in this country now comes from Canada, where the relative handful of producers enjoy low cost facilities, to say nothing of duty-free entry for their product into the U.S. and the additional advantage that accrues from the exchange rate between the two countries. Efforts to open up and develop additional production sources in this country, which our Antitrust Subcommittee and other Congressional committees have sought to promote in cooperation with Department of Commerce experts, have a long way to go.

"From the viewpoint of antitrust enforcement, this situation calls attention to the rebuff which the Department of Justice met in 1947, when one of the Canadian provinces where most of the mills are located, enacted a statute in effect barring the Justice Department from utilizing essential corporate records of Canadian firms. While this still served to impede the orderly functioning of American law enforcement agencies, a possible solution may be found by vigorous application of the provisions of the Sherman Act authorizing seizure of property owned by antitrust violators shipped in U.S. commerce.

"I would hasten to emphasize that the significance of newsprint transcends national boundaries and that responsible Canadian officials and publishers are no less distressed than their American counterparts by the apparent failure of the large producers to exercise reasonable self-restraint in the public interest."

The CHAIRMAN. The cartel existed then, existed before that date, and exists now and places the business of newspapers into a vise. I am curious to know what your association, Mr. Smith, has done in connection therewith.

I am curious to know what, if anything, your association has done in connection with that cartel that holds newspapers business, supplying of newsprint to your members in a sort of a vise.

Mr. SMITH. If your question relates to what the association has done, it has supplied as much information as it can get to its members on all facets of newsprint production, supply and demand. We do this on a regular monthly basis on consumption data and once a year we compile all the pertinent data pertaining to production, consumption, shipments, et cetera.

The CHAIRMAN. To whom did you supply that information?

Mr. SMITH. Through bulletins to ANPA members.

The CHAIRMAN. To whom? To the public, generally?

Mr. SMITH. To ANPA members and we also supply the newsprint bulletins to the U.S. Department of Commerce and any other government agency that is interested. I think you, sir, have been on our mailing list for those bulletins.

The CHAIRMAN. Did you ever make specific complaint to the Department of Justice concerning this?

Mr. SMITH. We have not, sir.

The CHAIRMAN. Do you think it would be proper for you to do so?

Mr. SMITH. Mr. Chairman, yesterday I was asked about a policy determination of our association. Policy is determined by the ANPA board of directors and the statements which we presented here were the results of policy determinations by the association.

I was not directed to come in and express any editorial views in this particular field. In the absence of policy direction from the officers and directors of our association I feel that I should not make any personal expressions of view with respect to whether such request should or should not be made.

The CHAIRMAN. You do not have to answer this if you do not wish.

Are some of the newspaper owners a part of this cartel? American newspaper owners.

Mr. SMITH. Sir, I suggest that question could more appropriately be asked of the owners. I am not informed.

The CHAIRMAN. It is true, is it not, that because of the practices of this cartel that a number of newspaper publishers have acquired control or certain interests in newspaper print mills. Is that true?

Mr. SMITH. I do not know that this is a true statement.

The CHAIRMAN. You do not know that?

Mr. SMITH. I do not know the reasons why anyone acquires stock in any company. I am not personally knowledgeable as to the reasons for any action taken by individuals in buying stock in any company.

The CHAIRMAN. But you do know that a number of newspaper owners have acquired interests in newsprint mills. You know that, do you not?

Mr. SMITH. That is a fact.

The CHAIRMAN. Beg pardon?

Mr. SMITH. That is a fact.

The CHAIRMAN. Have you got a list of those newspaper owners?

Mr. SMITH. I do not, sir.

The CHAIRMAN. Could you supply us with a list of those newspaper owners?

Mr. SMITH. I do not believe I could do that.

The CHAIRMAN. Why not?

Mr. SMITH. I would not know how to go about gathering such information.

The CHAIRMAN. You could certainly ask the membership whether they have interests in newspaper mills and to what degree that interest is. I can give you the names of five or six right offhand. I am quite sure you can, too. There ought to be a simple method by which you can trace that information and get it for us. Will you try to do it?

Mr. SMITH. I prefer not to do so, Mr. Chairman.

The CHAIRMAN. We should like to have that information.

Mr. SMITH. I really feel this is not an appropriate ANPA—

The CHAIRMAN. I ask that for this reason: I would like to know whether or not these newspaper publishers that have these interests in newsprint mills, whether they follow what is known as "price leadership." If Bowater in Canada set a price for the newsprint per ton, do those mills which are wholly or in part owned by American newspaper publishers follow that price automatically, ipso facto.

Mr. HANSON. Mr. Chairman, I think Mr. Smith's reluctance on this is very easily understandable. This is not the type of information that we normally try to get from members. In fact, we have no interest in their ownership of anything.

On the other hand, I am certain that we would state to our membership that you have made a request and then it is up to them whether they desire as individuals to honor it or not. You have the power to get this, of course.

The CHAIRMAN. I would not ask you to do any more than that.

Mr. HANSON. Fine.

The CHAIRMAN. That is perfectly agreeable.

Mr. HANSON. You appreciate why we don't have this type of information at our fingertips. It is really none of our business as an association.

The CHAIRMAN. All we want are the facts in the matter.

Mr. HANSON. Surely.

The CHAIRMAN. We want to know also the price that they pay for their newsprint. Have you got a schedule of the rise in cost of newsprint over the last 20 years?

Mr. SMITH. Yes, sir.

The CHAIRMAN. Has that been put in the record yet?

Mr. SMITH. I don't know whether it has or not. We have supplied it to the committee staff.

The CHAIRMAN. Will you tell us 20 years ago what was the cost of newsprint per ton?

Mr. SMITH. 1943, \$51 at the beginning of the year, \$59 at the end of the year.

The CHAIRMAN. Read the progressive amounts as you go along from 1943. What followed after that? What was the next price rise?

Mr. SMITH. 1943, there were three prices: \$51 at the beginning of the year, \$55, then \$59. The year 1944, \$59. The year 1945, \$59; then \$62, then \$63. 1946, \$68. I am skipping repetitive items, Mr. Chairman. \$74.80, \$75, \$85 \$84.80. 1947, \$84.80. \$85. \$91. \$89. \$88.50.

1948, \$88.50, \$89, \$91, \$94, \$95, \$97. \$101.

1949, \$101. 1950, \$101, \$111, \$107. 1951, \$106, \$107, \$117, \$112, \$117, \$116, \$115, \$117.

There are numerous variations in here. 1952, \$117, \$127, \$122, \$123, \$124, \$122.50, \$127. 1953—

Mr. JOHNSON. What year are you now?

Mr. SMITH. I just completed the year 1952. 1953, \$124, \$116, \$117. 1954, \$127, \$126, \$131, with various footnotes, 1957, \$135, with numerous footnotes. Since that date, no change.

The CHAIRMAN. What are the dates now?

Mr. SMITH. Since that date, no change.

The CHAIRMAN. How much?

Mr. SMITH. \$135, with numerous footnotes; but since 1957, no change.

The CHAIRMAN. So that the price has risen since 1943 from \$51 to \$135. It strikes me that those are startling facts and ought to be an object of major inquiry by your own organization because it means so much to your own members. It means that they have to shell out a very large sum of money which has advanced progressively through the last 20 years.

I do not know, and I do not think you can point out any kind of a product that has had such advancements and such enhancements in price as has newsprint in 20 years.

During the recent newspaper strike, when I imagine there was less demand for newsprint, did the price go down? Did the price go down as a result of the lessening of demand for newsprint during the recent New York and Cleveland strikes?

Mr. SMITH. Not so far as I know.

The CHAIRMAN. So that regardless of supply or demand the price is fixed in Canada by a group of willful men, I might say?

Mr. SMITH. Mr. Chairman, I suggest we might be most helpful to the committee by giving you for the record our entire annual statistical bulletin which does carry considerable additional data such as the operating ratios, production as related to total capacity, of North American newsprint mills.

Those figures reflect changes downward in the operating ratio to total capacity in the years since 1957, the date of the last price increase.

The CHAIRMAN. I understand we have that. I would like to ask you, do your members import newsprint from countries other than Canada?

Mr. SMITH. Yes.

The CHAIRMAN. Is the price lower when purchased, say, from Finland, than it is from Canada?

Mr. SMITH. I don't know.

The CHAIRMAN. It strikes me that is an important factor of your industry. What other countries besides Finland and Canada has newsprint been purchased from?

Mr. SMITH. Sweden.

Mr. JOHNSON. What page are you reading from?

Mr. SMITH. Page 42. The table at the top of the page.

Mr. JOHNSON. Thank you.

Mr. SMITH. Sweden, 988 tons in 1962. France, 525. Finland, 183,399 tons. Others, 918 tons. Total of European newsprint imported into the U.S. in 1962, 185,830 tons.

Again, Mr. Chairman, I suggest that this entire bulletin would be appropriate as far as the record is concerned.

The CHAIRMAN. We are glad to receive that bulletin.

Mr. JOHNSON. Just one question, Mr. Smith: What is the total annual consumption of newsprint? In the U.S., that is.

Mr. SMITH. Newsprint consumption in the U.S. in 1962, 7,486,000 tons.

Mr. JOHNSON. Again, the total figure on imports from abroad from countries other than Canada.

Mr. SMITH. Imports from other than Canada, 128,600 tons.

Mr. JOHNSON. A pretty insignificant portion of the total, is it not?

Mr. SMITH. You have to look at this—this is the table on top of page 25—U.S. production of newsprint has been steadily increasing so that it has become a higher percentage of total supply available to U.S. publishers than in the past.

U.S. mills now supply 27.8 percent. Canadian mills, 69.7 percent. European sources, 2.5 percent.

Mr. JOHNSON. And the U.S. mills still charge \$135 a ton; is that not so?

Mr. SMITH. Yes, I think that is right.

Mr. McCULLOCH. Mr. Chairman, I would like to know, though not connected with this inquiry, whether or not there is any newsprint of any consequence produced in Central or South America?

Mr. SMITH. The same bulletin includes tables of worldwide production of newsprint by countries. The tonnages are much smaller in the countries of Central and South America than the tonnages produced in the U.S. and Canada because there are fewer newspapers and their number of pages printed is much fewer. But some newsprint is produced in Cuba, Mexico, Argentina, Brazil, and Chile.

Mr. McCULLOCH. Mr. Chairman, since we have the record of the increase in the cost of newsprint from 1941 to 1963, as I recall, and as my hasty computations on those figures show, the increase in cost has been about 160 percent. That is a rough figure.

I wonder if the witness has prepared or will prepare, if he hasn't, or if the committee has not already prepared, a general chart showing the increase in price of commodities, raw commodities, at wholesale over that period of time.

In other words, I would like to know whether the increase of newsprint is inordinately higher in comparison with other raw materials, including goods and services, or whether it is about on a level with it or even lower than other commodity prices. Otherwise, our conclusions may be wholly erroneous.

Do you have that information?

Mr. SMITH. We have not prepared such a chart. I don't know whether the committee staff has or not.

The CHAIRMAN. We have not.

Mr. SMITH. If not, we would attempt to do so or collaborate with the committee staff in doing so.

The CHAIRMAN. That is fine. Do you know whether or not the price of newsprint from Finland or Sweden is cheaper than the cost of newsprint from Canada?

Mr. SMITH. I don't know whether it is or not, Mr. Chairman. Frankly, I have no knowledge of that.

The CHAIRMAN. Do you have anything about the quality of the two kinds of paper?

Mr. SMITH. The quality is virtually the same because of the fact that it can only be imported duty-free if it meets the specifications of the Treasury Department definition of standard newsprint paper.

The CHAIRMAN. It strikes me that this phase of the inquiry is very important because what we hear, and very properly so, is that one of the contributing factors to the demise of newspapers is the rising cost of newsprint. If this rising cost is due to some illegal means I think we should attempt to remove those illegal means if we can. We conducted an inquiry into newsprint way back in 1950. But we were balked in our efforts. Some American concerns who operate in Canada took their records across the border. The province of Ontario, as was indicated in the statement read, passed a law making it a criminal offense for anybody to give any testimony concerning newsprint or wood pulp before any legislative tribunal, meaning our own. That balked us. We had a number of witnesses here.

In view of the quick passage of that legislation we were unable to interrogate them because if they had been interrogated or if they had appeared they would have had invoked against them the sanctions of imprisonment in the province of Ontario.

That shows you to what extremes these companies have gone in the operations of their so-called cartel. We just can't find out the information that is required so we can make a true estimate of this situation. That is a sorry state of affairs.

I am free to confess at that time our own State Department did not give us very much help in this matter. They were conspirators, as it were, in balking our efforts.

Mr. BROOKS. Would the Chairman yield?

The CHAIRMAN. Yes.

Mr. BROOKS. I would say we might be interested in learning the total production of newsprint in this country, in Canada, Australia, Finland, and other parts of the world. It might be helped by taking a look at the study that was put out August 27th of this past year which reflects production figures in all of the countries in the world, that is, the free world, though it doesn't have the figures that you are interested in on cost. It does give the production figures.

I will submit this for counsel to take a look at. It means that the significant figures, as reflected by these production studies, the mill capacity, is determined largely by what is done in the Canadian mills who are the dominant figure in the newsprint world.

Mr. MARCUS. I may say that the report of the Royal Commission contains a good deal of data with respect to production and prices in all countries concerning newsprint.

With the Chairman's permission we will place into the record the information contained in that report with respect to newsprint.

Mr. SMITH. May I, for the record, state at this point that the ANPA bulletin has more recent information than either of the other sources in that this bulletin has world production of newsprint by countries including the year 1962.

Mr. BROOKE. Projected through what year?

Mr. SMITH. You have a report projecting future production?

Mr. BROOKS. Current to August 1962 and projecting the estimated production figures of newsprint in these various countries, including Canada and the U.S. for the years up through 1964 and later, which I think would be helpful to the committee in determining the amounts of capacity.

Mr. SMITH. That is different.

Mr. BROOKS. If you could get us some figures on those prices, you would be a lot more helpful.

Mr. SMITH. It is in this bulletin.

Mr. McCULLOCH. By reason of the various ramifications that this competition may have, if it be within your power to do so I would be glad to have the financial statements of the U.S. companies which have been producing newsprint in the last 10 years. I had the same feeling of frustration that the chairman had in the hearings of 1950, but there are many ramifications, I repeat, in the pricing of newsprint. I think there is some significance in the figures that your association, I believe, supplied, which shows that there is an annual newsprint capacity in the U.S. at this time of 2,376,000, and the production is 2,093,000 tons, which means that there are not enough customers to take all of the capacity.

I would judge that the law of the marketplace in due course, if the price of newsprint in America were lower than in Canada or Finland or Timbuctoo, that they would be selling newsprint in a volume substantially equal to capacity.

So the profit, the profit I repeat, is of considerable importance to me in not only the newsprint field but in the world economics, and for that reason I would be glad to have the financial statements of the American companies and the Canadian if obtainable, and I am sure they are, over the last decade.

Mr. HANSON. Mr. McCulloch, as you know, we have no right to go into anything other than published financial statements of these people. We will endeavor to get anything that they publish. But we have no right to even ask them.

Mr. McCULLOCH. I won't pursue it. We can get the information.

Mr. HANSON. We will be glad to oblige the committee in any way we can. But you can realize our position on that.

Mr. McCULLOCH. Yes.

Mr. Chairman, I would suggest that the staff provide that information for the record at this point.

Mr. RODINO (presiding). The staff will.

Mr. MARCUS. Mr. Smith, it is true, is it not, that a number of newsprint companies expressly key their prices to prices charged by certain dominant newsprint companies?

Mr. SMITH. The price clauses in newsprint contracts as we understand them are quoted in that same bulletin which we placed into the record just a few minutes ago.

Mr. MARCUS. Is the answer "Yes" or "No," Mr. Smith?

Mr. SMITH. The answer is "Yes."

Mr. MARCUS. I would like at this time with the Chairman's permission, to put in the record ANPA Newsprint Bulletin of February 27, 1962, another ANPA Bulletin of February 6, 1963, and a study prepared for the ANPA entitled "Newsprint for 1970".

Mr. RODINO. That will be placed in the record at this point.

Mr. SMITH. May I ask a question, Mr. Marcus?

I didn't hear you mention Newsprint Bulletin No. 10 of February 28, 1963. That is the one I have been talking from. I just want to be absolutely certain that one is in the record because it has more recent information up-to-date than the February 1962 bulletin would have.

Mr. MARCUS. I thought we had already accepted that.

Mr. RODINO. If it has not been accepted, it will be accepted.

Mr. MARCUS. Mr. Smith, during the period 1945 to the present, is it not true that the price of woodpulp did not decrease proportionately with the price of newsprint?

Mr. SMITH. I am without knowledge to answer that question.

Mr. MARCUS. Are you in a position to supply us with that information?

Mr. SMITH. I don't know whether I am or not. I will find out.

Mr. MARCUS. Is it not also true—

Mr. RODINO. Can that be supplied for the record, Mr. Smith?

Mr. SMITH. I will make the effort.

Mr. MARCUS. In 1962, woodpulp prices were down from 6½ percent to 5 percent from what they were in 1957; is that not true?

Mr. SMITH. I don't know.

Mr. MARCUS. Will you supply us with that information?

Mr. SMITH. That is the same data you just asked for.

Mr. MARCUS. Assuming that is so, have newsprint prices gone down proportionately since 1957?

Mr. SMITH. I am not going to make any assumption that I know nothing about. So if you will eliminate that clause from your sentence, as far as I know newsprint prices today are the same as they were in 1957.

Mr. MARCUS. Among the observations on newsprint by the Royal Commission on the press was the following:

“The United Kingdom price for Canadian newsprint—

That is on page 53—

is based upon the New York market price for Canadian newsprint which in turn has to meet some competition from domestic sources of supply within the U.S. Neither we nor, for that matter, the monopolies commission of any jurisdiction to inquire whether or not there is cartelization in Canada which results in unduly high prices of pulp or newsprint.

“We must point, however, that the major publishers in New York are presumably in a powerful bargaining position and are protected by very stringent antitrust laws.”

Do you agree that the major publishers in New York are in a powerful bargaining position vis-a-vis the Canadian newsprint cartel?

Mr. SMITH. I am not competent to speculate on the extent to which the major publishers in New York are presumably in a powerful bargaining position.

I have nothing to do with their purchasing arrangements. So therefore I am without knowledge sufficient to speculate on whether they are or are not.

Mr. MARCUS. You are familiar with their position in the industry and their financial position, are you not? You do gather statistics as to newsprint purchasers, do you not?

Mr. SMITH. We collect statistics on newsprint consumption which, of course, they cannot consume unless they purchase it. Specifically, we measure on a monthly basis the amount of newsprint in tons consumed and the number of tons on hand and in transit. Once a year we ask the sources of supply by mills.

Mr. MARCUS. Mr. Smith, do you regard yourself as competent to comment on the statement that appears in that British report that the publishers are protected from the Canadian newsprint cartel by very stringent antitrust laws?

Mr. SMITH. No.

Mr. MARCUS. Going back for an instant to something which has confused me quite a bit, and that is as to the more or less simultaneous printing of newspapers owned by the same company or publisher in various parts of the country.

Is it your position that there is no difference in cost in publishing the New York Times, for instance, on the west coast and in publishing the New York Times on the east coast?

Mr. SMITH. That is certainly not my position. I didn't make any such statement.

Mr. RODINO. What is your position, Mr. Smith? Have you any position?

Mr. SMITH. I don't really understand that there is any question before me, sir.

Mr. RODINO. Will you repeat the question?

Mr. MARCUS. The question had to do with whether you believe that the cost of producing the west coast edition of the New York Times was the same as the cost of producing the New York edition.

Mr. SMITH. I said I certainly would not assume that it is the same. The only way I could elaborate would be to suggest that you ask the New York Times. I do not have their financial figures on the west coast edition.

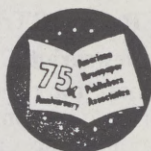
(NOTE.—Part of the continued statement of Stanford Smith is not given here.)

(ANPA Newsprint Bulletin referred to in the preceding testimony follows:)

American Newspaper Publishers Association

STANFORD SMITH, *General Manager*
750 Third Avenue, New York 17, N. Y.

1887



1962

Newsprint Bulletin

No. 11

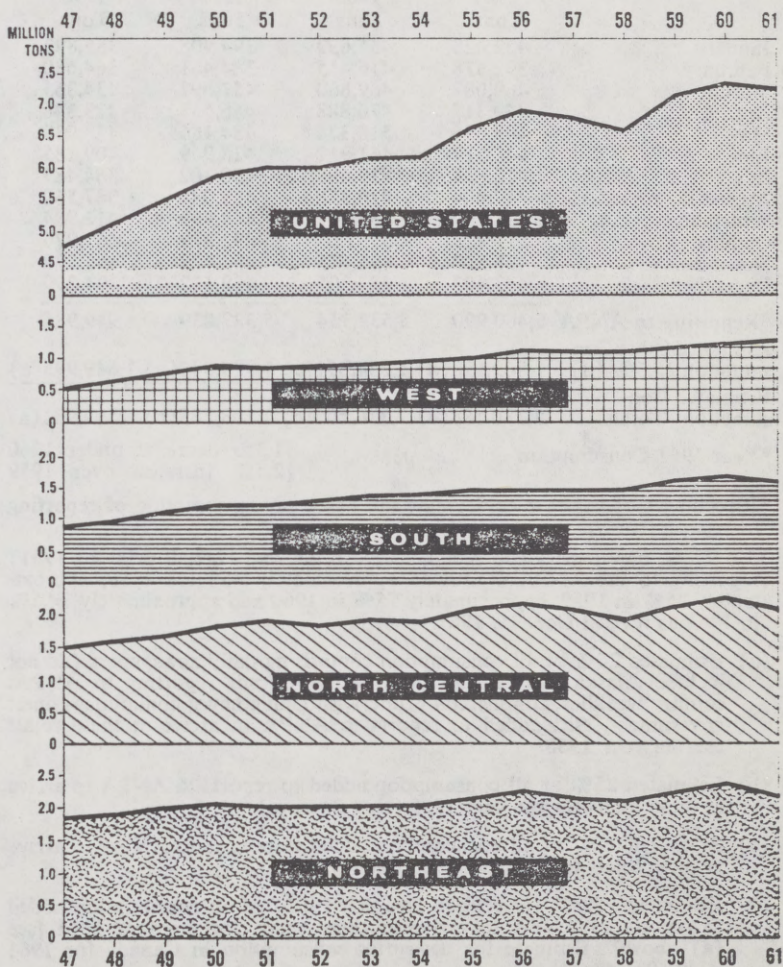
Feb. 27, 1962

NEWSPRINT STATISTICS

1961

VOLUME XIX

U. S. Newsprint Consumption 1947-1961



U. S. NEWSPRINT SUPPLY AND SOURCES

Following is report on U. S. newsprint supply from all sources in tons and percentage of total:

Year	Thousands of tons from:			Percent of total from:		
	Canada	Europe	U. S.	Canada	Europe	U. S.
1947	3,897	129	824	80.3	2.7	17.0
1948	4,128	267	858	78.6	5.1	16.3
1949	4,380	255	884	79.4	4.6	16.0
1950	4,748	171	1,002	80.2	2.9	16.9
1951	4,784	206	1,108	78.5	3.3	18.2
1952	4,835	183	1,076	79.3	3.0	17.7
1953	4,861	164	1,057	79.9	2.7	17.4
1954	4,875	128	1,121	79.6	2.1	18.3
1955	5,070	145	1,374	77.0	2.2	20.8
1956	5,230	311	1,583	73.4	4.4	22.2
1957	5,055	155	1,698	73.2	2.2	24.6
1958	4,827	109	1,675	73.0	1.7	25.3
1959	5,118	124	1,909	71.6	1.7	26.7
1960	5,279	147	1,954	71.5	2.0	26.5
1961	5,227	155	1,965	71.2	2.1	26.7

CONSUMPTION OF NEWSPRINT IN THE UNITED STATES

Year	Population	Newsprint Used	
		Thousand Tons	Per Capita
1930	123,076,741	3,563	57.9lbs.
1937	128,824,829	3,825	59.4
1938	129,824,939	3,422	52.7
1939	130,879,718	3,520	53.8
1940	131,970,224	3,731	56.5
1941	133,202,873	3,930	59.0
1942	134,664,924	3,816	56.7
1943	136,497,049	3,627	53.1
1944	138,083,449	3,243	47.0
1945	139,585,518	3,481	49.9
1946	141,235,000	4,296	60.8
1947	144,024,000	4,753	66.0
1948	146,571,000	5,141	70.2
1949	149,215,000	5,529	74.1
1950	150,697,361	5,937	78.8
1951	153,384,000	5,975	77.9
1952	155,761,000	5,988	76.9
1953	158,313,000	6,143	77.6
1954	161,191,000	6,163	76.5
1955	164,302,000	6,638	80.8
1956	167,261,000	6,899	82.5
1957	170,295,000	6,820	80.1
1958	173,239,000	6,600	76.2
1959	176,511,000	7,104	80.5
1960	179,977,000	7,376	82.0
1961	182,953,000	7,330	80.1

Source for population figures: U. S. Bureau of the Census.

NEWSPRINT CONSUMPTION BY STATES IN 1961

The ANPA has compiled figures giving newsprint consumption by states for the year 1961 based on reports received from 1,669 daily newspapers which consumed 6,346,550 tons in 1961. This represents 86.58% of the estimated total consumption of 7,330,188 tons by all users, including daily and weekly newspapers, commercial printers, shopping news and free distribution publications, comics publications, the government, etc. Reports for 1961 include users of flat as well as roll newsprint.

1961 newsprint consumption of daily newspapers by states, as reported to ANPA, follows:

	Tons		Tons
Alabama	55,289	Montana	8,699
Alaska & Hawaii.....	21,018	Nebraska	40,918
Arizona	45,802	Nevada	6,212
Arkansas	23,695	New Hampshire	5,749
California	739,662	New Jersey	164,109
Colorado	72,446	New Mexico	10,968
Connecticut	75,171	New York	1,006,801
Delaware & Maryland	97,373	North Carolina	76,285
District of Columbia..	143,573	North Dakota	7,533
Florida	218,137	Ohio	397,043
Georgia	93,910	Oklahoma	57,173
Hawaii (see Alaska)		Oregon	57,105
Idaho	7,081	Pennsylvania	464,279
Illinois	453,507	Rhode Island	29,177
Indiana	132,216	South Carolina	31,572
Iowa	64,827	South Dakota	7,883
Kansas	35,977	Tennessee	87,769
Kentucky	55,137	Texas	271,960
Louisiana	80,593	Utah	26,578
Maine	15,029	Vermont	3,604
Maryland (see Delaware)		Virginia	74,279
Massachusetts	216,543	Washington	89,096
Michigan	276,947	West Virginia	28,244
Minnesota	109,928	Wisconsin	146,553
Mississippi	15,836	Wyoming	2,765
Missouri	194,499	Total	6,346,550
Puerto Rico and Bermuda.....			10,825

PRODUCTION AND SHIPMENTS

For production of North American mills and for shipments from North American mills to U. S., see tables on pages 33-35.

For imports of European newsprint into U. S. by countries and for U. S. and Canadian exports of newsprint by countries, see tables on page 46.

PUBLISHERS AND MILL STOCKS OF NEWSPRINT

U. S. Publishers stocks of newsprint represent (in tons) stocks on hand in city of publication and in transit (that is tonnage already billed by the mill to the publisher) at end of month, as reported to the ANPA by the publisher. "Days Supply" represents the number of days the stocks on hand and in transit will last, based on average consumption during the month covered by the report. In other words, "Days Supply" at the end of month means the amount of newsprint in possession of the publishers and in transit calculated to run at the rate of consumption in that month.

"Mill Stocks" represent total stocks at all United States and Canadian mills reporting to the Newsprint Service Bureau. This also includes tonnage at destination warehouse not yet invoiced to customers.

U. S. PUBLISHERS STOCKS

(525 newspapers)

	1961		1960		1959		1958	
	Tons	†Days Supply	Tons	†Days Supply	Tons	†Days Supply	Tons	†Days Supply
January	632,687	46	651,830	47	651,790	51	710,104	57
February	648,435	46	670,127	47	636,276	46	719,729	55
March	610,661	40	646,148	43	578,459	39	689,788	49
April	594,428	37	651,092	41	567,915	37	694,872	49
May	589,449	38	593,161	36	562,362	36	683,182	48
June	593,557	40	605,258	39	579,792	40	667,774	49
July	618,314	46	623,696	46	625,840	48	698,123	59
August	670,708	50	645,969	48	642,828	47	724,376	58
September	664,182	44	654,408	43	660,352	44	697,180	51
October	623,436	38	615,126	37	646,222	41	655,299	43
November	612,456	37	626,009	38	644,720	40	632,782	41
December	583,949	38	628,092	43	658,772	44	651,698	51

† "Days Supply" represents overall "average" stocks on hand and in transit calculated on consumption of 525 reporting newspapers during current month.

NORTH AMERICAN MILLS STOCKS

	1961 Tons	1960 Tons	1959 Tons	1958 Tons
January	219,313	217,741	236,985	173,548
February	257,974	258,053	281,351	213,868
March	310,041	321,590	342,532	261,925
April	286,055	274,961	292,225	251,187
May	301,724	270,288	260,020	240,098
June	282,132	240,213	265,123	245,134
July	291,388	236,086	246,594	227,446
August	273,702	262,808	263,010	252,970
September	256,952	237,092	228,860	245,915
October	267,574	241,438	217,336	230,933
November	235,932	198,121	185,198	223,312
December	200,105	165,291	171,695	201,184

PRODUCTION—NORTH AMERICA

Year 1961	{ 0.6% increase over 1960 5.6% increase over 1959 12.4% increase over 1958
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(Continued on next page)

PRODUCTION—CANADA AND UNITED STATES

Year 1961 compared with year 1960 shows production as follows:

	Canada Tons	U. S. Tons
Year 1961	6,734,759	2,093,901
Year 1960	6,738,611	2,038,422
Increase or decrease	} —3,852	55,479
	} —0.6%	2.7%

PRODUCTION—CANADA, UNITED STATES AND NORTH AMERICA**CANADA**

	1961	1960	1959	1958
January Tons	545,426	527,440	491,138	498,274
February "	511,929	533,596	465,974	473,800
March "	571,658	575,033	511,864	521,763
April "	549,110	547,069	534,580	522,601
May "	591,923	563,072	551,317	547,988
June "	558,259	566,295	534,212	482,484
July "	554,947	555,943	535,823	508,445
August "	585,359	570,173	541,472	510,975
September "	547,751	570,577	532,838	490,784
October "	596,464	591,363	593,181	544,107
November "	593,781	604,153	563,323	518,100
December "	528,152	533,897	538,450	476,232
Total Tons	6,734,759	6,738,611	6,394,172	6,095,553

UNITED STATES

	1961	1960	1959	1958
January Tons	184,323	179,416	165,676	157,037
February "	163,208	157,139	149,566	140,361
March "	186,045	172,330	161,773	148,389
April "	162,825	168,737	161,250	148,588
May "	185,931	173,299	172,396	149,038
June "	165,834	171,170	167,861	141,752
July "	169,162*	157,242	149,157	134,864
August "	188,293*	179,908	173,760	148,523
September "	163,759*	161,596	149,184	137,209
October "	182,884*	184,531	177,325	154,771
November "	178,354*	174,304	169,027	152,550
December "	163,283	158,750	167,156	144,714
Total Tons	2,093,901	2,038,422	1,964,131	1,757,796

*Revised Dec. 31, 1961.

NORTH AMERICA

	1961	1960	1959	1958
January Tons	729,749	706,856	656,814	655,311
February "	675,137	690,735	615,540	614,161
March "	757,703	747,363	673,637	670,152
April "	711,935	715,806	695,830	671,189
May "	777,854	736,371	723,713	697,026
June "	724,093	737,465	702,073	624,236
July "	724,109*	713,185	684,980	643,309
August "	773,652*	750,081	715,232	659,498
September "	711,510*	732,173	682,022	627,993
October "	779,348*	775,894	770,506	698,878
November "	772,135*	778,457	732,350	670,650
December "	691,435	692,647	705,606	620,946
Total Tons	8,828,660	8,777,033	8,358,303	7,853,349

*Revised Dec. 31, 1961.

CANADA: Capacity, Production, Shipments

Year	Annual Capacity	Annual Production	Oper. Ratio	Ship. to U.S.A.	Ship. to Overseas	Ship. in Canada	Total Shipments
1942	4,763,235	3,454,528	72.5	3,006,592	278,791	203,484	3,488,867
1943	4,677,951	3,219,004	68.8	2,680,790	398,640	193,848	3,273,278
1944	4,726,464	3,264,581	69.1	2,529,693	553,457	188,261	3,271,411
1945	4,672,080	3,591,901	76.9	2,665,947	685,469	201,492	3,552,908
1946	4,640,944	4,506,063	97.1	3,563,124	684,770	248,366	4,496,260
1947	4,728,724	4,820,164	101.9	3,897,300	700,839	275,144	4,873,283
1948	4,883,127	4,982,834	102.0	4,127,970	532,589	306,485	4,967,044
1949	5,113,108	5,176,327	101.2	4,380,250	448,697	335,385	5,164,332
1950	5,226,675	5,278,585	101.0	4,748,228	207,803	354,602	5,310,633
1951	5,359,816	5,516,279	102.9	4,783,549	360,067	359,895	5,503,511
1952	5,510,397	5,687,051	103.2	4,835,065	462,616	368,768	5,666,449
1953	5,722,640	5,721,296	100.0	4,861,372	472,914	398,277	5,732,564
1954	5,919,917	5,984,207	101.1	4,875,031	674,534	420,896	5,970,461
1955	6,064,489	6,190,647	102.1	5,070,211	734,902	430,444	6,235,557
1956	6,242,514	6,468,815	103.6	5,229,748	741,944	477,130	6,448,822
1957	6,756,071	6,396,501	94.7	5,054,729	852,664	456,728	6,364,121
1958	7,238,516	6,095,553	84.2	4,826,696	782,328	434,292	6,043,316
1959	7,520,681	6,394,172	85.0	5,117,766	834,938	472,576	6,425,283
1960	7,611,194	6,738,611	88.5	5,279,227*	986,072*	487,102	6,752,401
1961	7,734,058	6,734,759	87.1	5,226,673*	988,867*	491,931	6,707,471

*Revised Dec. 31, 1961.

UNITED STATES: Capacity, Production, Shipments

Year	Annual Capacity	Annual Production	Oper. Ratio	U.S. Ship. in	Ship. to Overseas	Total Shipments
1942	1,126,000	952,616	84.6	932,931	17,670	950,601
1943	1,033,000	804,853	77.9	788,932	14,530	803,462
1944	1,033,000	719,802	69.7	708,815	14,622	723,437
1945	981,000	724,448	73.8	707,433	18,032	725,465
1946	839,000	770,890	91.9	753,631	8,381	762,012
1947	845,000	825,554	97.7	824,020	8,451	832,471
1948	850,000	867,494	102.1	857,540	9,309	866,849
1949	876,000	899,528	102.7	883,657	14,003	897,660
1950	992,000	1,014,703	102.3	1,002,125	15,151	1,017,276
1951	1,050,000	1,124,748	107.1	1,107,552	17,869	1,125,421
1952	1,165,000	1,146,864	98.4	1,075,540	67,166	1,142,706
1953	1,170,000	1,083,982	92.6	1,057,288	30,394	1,087,682
1954	1,280,000	1,211,156	94.6	1,120,590	92,388	1,212,978
1955	1,409,000	1,552,294*	104.3**	1,373,638	176,543	1,550,181
1956	1,625,000	1,717,243*	100.5**	1,582,742	132,628	1,715,370
1957	1,921,000	1,825,897	95.0	1,698,477	118,278	1,816,755
1958	2,100,000	1,757,796	83.7	1,675,508	85,126	1,760,634
1959	2,390,000	1,964,131	82.2	1,909,242	53,267	1,962,509
1960	2,399,000	2,038,422	85.0	1,953,681	77,355	2,031,036
1961	2,376,000	2,093,901	88.1	1,964,825	121,550	2,086,375

*Includes marginal mill production not included in capacity figure.

**Operating ratio excluding marginal mills.

NORTH AMERICA: Capacity, Production, Shipments

Year	Annual Capacity	Annual Production	Oper. Ratio	Ship. to U.S.A.	Ship. to Overseas	Ship. to Canada	Total Shipments
1942	5,889,235	4,407,144	74.8	3,939,523	296,461	203,484	4,439,468
1943	5,710,951	4,023,857	70.5	3,469,722	413,170	193,848	4,076,740
1944	5,759,464	3,984,383	69.2	3,238,508	568,079	188,261	3,994,848
1945	5,653,080	4,316,349	76.4	3,373,380	703,591	201,492	4,278,373
1946	5,479,944	5,276,953	96.3	4,316,755	693,151	248,366	5,258,272
1947	5,573,724	5,645,718	101.3	4,721,320	709,290	275,144	5,705,754
1948	5,733,127	5,850,328	102.0	4,985,510	541,898	306,485	5,833,893
1949	5,989,108	6,075,855	101.4	5,263,907	462,700	335,385	6,061,992
1950	6,218,675	6,293,288	101.2	5,750,353	222,954	354,602	6,327,909
1951	6,409,816	6,641,027	103.6	5,891,101	377,936	359,895	6,628,932
1952	6,675,397	6,833,915	102.4	5,910,605	529,782	368,768	6,809,155
1953	6,892,640	6,805,278	98.7	5,918,660	503,308	398,277	6,820,246
1954	7,199,917	7,195,363	99.9	5,995,621	766,922	420,896	7,183,439
1955	7,473,489	7,742,941*	102.5**	6,443,849	911,445	430,444	7,785,738
1956	7,867,514	8,186,058*	103.0**	6,812,490	874,572	477,130	8,164,192
1957	8,677,071	8,222,398	94.8	6,753,206	970,942	456,728	8,180,876
1958	9,338,516	7,853,349	84.1	6,502,204	867,454	434,292	7,803,950
1959	9,910,681	8,358,303	84.3	7,027,008	888,205	472,579	8,387,792
1960	10,010,194	8,777,033	87.7	7,232,908†	1,063,427‡	487,102	8,783,437
1961	10,110,058	8,828,660†	87.3	7,191,498‡	1,110,417‡	491,931	8,793,846

*Includes U. S. marginal mill production not included in capacity figure.

**Operating ratio excluding U. S. marginal mills.

†Revised Dec. 31, 1961.

WORLD PRODUCTION OF NEWSPRINT

Country	Average 1935-1939	1959	1960	1961
Canada	3,336,786	6,394,172	6,738,611	6,734,759*
U.S.A.	907,804	1,964,131	2,038,422	2,093,901*
Cuba	—	10,000	16,000	18,000
Mexico	—	11,000	13,000	16,000
Argentina	—	16,000	10,600	10,000
Brazil	4,000	58,608	59,184	65,000
Chile	4,350	54,399	56,805	66,000
Britain	961,800	752,632	831,100	810,000
Ireland	—	4,000	5,000	7,000
Finland	436,125	716,013	744,301	955,000
Norway	205,500	230,900	247,000	274,000
Sweden	299,015	557,443	641,274	700,000
Austria	70,550	151,271	151,637	155,000
Belgium	51,820	90,202	104,384	115,000
France	397,000	476,000	485,000	485,000
German Republic	216,000	267,997	253,998	249,000
Netherlands	99,285	144,281	160,373	170,000
Portugal	2,000	13,700	18,000	22,000
Switzerland	34,500	85,000	99,000	105,000
Greece	—	1,000	1,000	1,000
Italy	74,500	269,483	324,669	330,000
Spain	27,600	64,000	66,000	70,000
Turkey	—	9,500	11,210	12,000
Yugoslavia	—	31,907	31,365	32,000
Israel	—	2,300	5,000	7,000
South Africa Republic	—	—	—	18,000
India	—	23,699	25,310	30,000
Pakistan	—	3,000	23,938	28,000
Japan	406,200	763,378	810,191	874,000
Republic of Korea	In. Japan	23,387	29,665	37,000
Taiwan (Formosa)	In. Japan	12,244	13,294	13,500
Australia	—	96,526	100,137	97,000
New Zealand	—	85,200	94,600	104,000
Sub-Total	7,534,835	13,383,373	14,210,068	14,704,160
Communist Bloc	494,000	906,136	939,159	1,010,000
World Total	8,028,835	14,289,509	15,149,227	15,714,160

Source: Newsprint Association of Canada.

* 1961 Canada and U. S. actual; all others estimated.

1962 NORTH AMERICAN NEWSPRINT MILL CAPACITY IS 10,450,588 TONS

Based on reports of Newsprint Association of Canada and Newsprint Service Bureau, 1962 North American newsprint mill capacity is 10,450,588 tons, an increase of 340,530 tons over 1961 capacity of 10,110,058 tons.

Canadian Newsprint Mill Capacity For 1962 Is 7,979,588 Tons

Newsprint Association of Canada announced Canadian rated mill newsprint capacity in 1962 is 7,979,588 tons, an increase of 245,530 tons over 1961, when Canadian capacity was 7,734,058 tons.

Following is list of all Canadian regular newsprint producers, showing mill capacity in 1962 compared with 1961, as reported by

Newsprint Association of Canada:

Company and Mill Location	Newsprint Capacity (in Short Tons)	
	1961	1962
Anglo-Canadian Pulp & Paper Mills, Ltd., Quebec, Que.	284,896	327,636
Beaver Wood Fibre Co., Ltd., Thorold, Ont.	35,919	36,652
Donohue Bros., Ltd., Clermont, Que.	109,457	112,287
The E. B. Eddy Co., Hull, Que.	56,669	58,689
Great Lakes Paper Co., Ltd., Fort William, Ont.	357,328	356,356
James Maclaren Co., Ltd., Buckingham, Que.	126,484	142,002
Richmond Pulp & Paper Co. of Canada, Ltd., Bromptonville, Que.	119,244	121,790
St. Raymond Paper, Ltd., St. Raymond, Que.	27,323	27,412
Spruce Falls Power & Paper Co., Ltd., Kapuskasing, Ont.	277,835	282,128
Abitibi Power & Paper Co., Ltd. Group		
Abitibi Power & Paper Co., Ltd., Iroquois Falls, Ont.	276,914	281,820
Abitibi Power & Paper Co., Ltd., Sault Ste. Marie, Ont.	95,784	93,632
Abitibi Power & Paper Co., Ltd., Fort William, Ont.	165,166	168,784
Abitibi Power & Paper Co., Ltd., Port Arthur, Ont. (Thunder Bay Division)	136,623	137,069
Manitoba Paper Co., Ltd., Pine Falls, Man.	146,746	147,224
Ste. Anne Paper Co., Ltd., Beupre, Que.	131,416	132,767
Total Abitibi Group	952,649	961,296
Bowater Corp. of North America (Canadian Mills) Group		
Bowater's Newfoundland Pulp & Paper Mills, Ltd., Corner Brook, Nfld.	322,697	327,446
Bowater Mersey Paper Co., Ltd., Liverpool, N. S.	144,904	163,268
Total Bowater Group	467,601	490,714
Canadian International Paper Co. Group		
Canadian International Paper Co., Three Rivers, Que.	338,678	339,416
Canadian International Paper Co., Gatineau, Que.	317,208	355,005
New Brunswick International Paper Co., Dalhousie, N. B.	280,592	312,130
Total Canadian International Group	936,478	1,006,551
Consolidated Paper Corp., Ltd. Group		
Belgo Division, Shawinigan Falls, Que.	258,494	262,416
Laurentide Division, Grand Mere, Que.	162,096	164,164
Port Alfred Division, Port Alfred, Que.	245,293	256,256
Wayagamack Division, Three Rivers, Que.	80,741	79,772
Wayagamack Cape Division, Cape de la Madeleine, Que.	108,371	108,724
Total Consolidated Group	854,995	871,332
Crown Zellerbach Canada Ltd. Group		
Elk Falls Co., Ltd., Campbell River, B. C.	188,149	195,579
Crown Zellerbach Canada, Ltd., Ocean Falls, B. C.	106,101	105,040
Total Crown Zellerbach Group	294,250	300,619
Dominion Tar & Chemical Co., Ltd. Group		
Donnacona Paper Co., Ltd., Donnacona, Que.	127,542	130,900
St. Lawrence Corp., Ltd., Dolbeau, Que.	135,387	154,007
St. Lawrence Corp., Ltd., Three Rivers, Que.	240,074	267,883
St. Lawrence Corp., Ltd., Red Rock, Ont.	61,947	67,534
Total Dominion Tar & Chemical Co. Group	564,950	620,324

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MacMillan, Bloedel & Powell River, Ltd. Group		
MacMillan, Bloedel & Powell River, Ltd., Port Alberni, B. C.	249,662	250,376
MacMillan, Bloedel & Powell River, Ltd., Powell River, B. C.	541,870	526,848
Total MacMillan, Bloedel & Powell River Group	<u>791,532</u>	<u>777,224</u>
Ontario-Minnesota Pulp & Paper Co., Ltd. Group		
Fort Frances Division, Fort Frances, Ont.	78,899	85,008
Kenora Division, Kenora, Ont.	216,435	217,140
Total Ontario-Minnesota Group	<u>295,334</u>	<u>302,148</u>
Ontario Paper Co., Ltd. Group		
Ontario Paper Co., Ltd., Thorold, Ont.	212,751	214,060
Quebec North Shore Paper Co., Baie Comeau, Que.	178,674	179,564
Total Ontario Group	<u>391,425</u>	<u>393,624</u>
Price Bros. & Co., Ltd. Group		
Anglo-Newfoundland Development Co., Ltd., Grand Falls, Nfld.	284,040	284,760
Price Bros. & Co., Ltd., Kenogami, Que.	270,160	267,960
Price Bros. & Co., Ltd., Riverbend, Que.	235,469	238,084
Total Price Bros. Group	<u>789,669</u>	<u>790,804</u>
Total Canadian capacity as reported by Newsprint Association of Canada	<u><u>7,734,058</u></u>	<u><u>7,979,588</u></u>

1962 U. S. MILL CAPACITY 2,471,000 TONS

Total rated newsprint capacity figure for U. S. mills in 1962, estimated by Newsprint Service Bureau, is 2,471,000 tons—an increase of 95,000 tons over 1961 figure of 2,376,000 tons.

Individual capacity is based on reports by mills to ANPA.

Total does not agree exactly with that of Newsprint Service Bureau, probably because some mills submitted rounded figures and some mills supplied estimated production figures rather than capacity figures. List follows:

Company and Mill Location	Newsprint Capacity (in Short Tons)	
	1961	1962
Bowaters Southern Paper Corp., Calhoun, Tenn.	410,000	415,000 ✓
Coosa River Newsprint Co., Coosa Pines, Ala.	270,000	270,000 ✓
Garden State Paper Co., Garfield, N. J.		* 50,000
Inland Empire Paper Co., Millwood, Wash.	24,000	24,000
Manistique Pulp & Paper Co., Manistique, Mich.	32,000	32,000
Publishers' Paper Co., Oregon City, Ore.	130,000	135,000
St. Croix Paper Co., Woodland, Me.	150,000	150,000 ✓
Southland Paper Mills, Inc., Lufkin, Texas	235,000	235,000
Southwest Forest Industries, Inc., Snowflake, Ariz.		** 75,000
West Tacoma Newsprint Co., Steilacoom, Wash.	68,000	68,000
Crown Zellerbach Corp. Group		
Crown Zellerbach Corp., West Linn, Ore.	82,320	82,320
Crown Zellerbach Corp., Port Angeles, Wash.	171,020	171,020
Total Crown Zellerbach Corp., Group	<u>253,340</u>	<u>253,340</u>
Great Northern Paper Co. Group		
Great Northern Paper Co., Millinocket, Me.}	514,000	474,400
Great Northern Paper Co., East Millinocket, Me.}		
Total Great Northern Group	<u>514,000</u>	<u>474,400</u>

(Continued on next page)

International Paper Co. Group

International Paper Co., Mobile, Ala.	124,000	126,000
International Paper Co., Pine Bluff, Ark.	134,000	145,000
Total International Group	258,000	271,000
Total as reported to ANPA by individual mills	<u>2,344,340</u>	<u>2,452,740</u>
Total U. S. Capacity reported by Newsprint Service Bureau	<u>2,376,000</u>	<u>2,471,000</u>

* Started operations Oct. 21, 1961.

** Started operations December, 1961.

HISTORY OF NEWSPRINT CONTRACT PRICES SINCE 1933

Following are the contract prices per ton for U. S. consumers since 1933. The prices shown are the delivered base zone prices with the port price \$1 less in each case. This list is not necessarily complete because some mills do not make public announcements of price changes and some mills have their prices tied to the average price charged by two or more major producers. List follows:

1933

- \$46 — Jan. 1 to March 31 by some major mills;
\$41 — April 1 to Dec. 31 by all announcing mills.

1934 and 1935

- \$41 — full year by all announcing mills.

1936

- \$42 — full year by all announcing mills.

1937

- \$43.50 — full year by all announcing mills.

1938 and 1939

- \$49 — full year by all U. S. mills making announcements;
\$51 — full year by all Canadian mills making announcements.

1940

- \$49 — full year by St. Croix;
\$50 — full year by all other U. S. mills making announcements;
\$51 — full year by all Canadian mills making announcements.

1941

- \$50 — full year by St. Croix;
\$50 — Jan. 1 to Sept. 30 by all other U. S. mills making announcements;
\$51 — Oct. 1 to Dec. 31 by all other U. S. mills making announcements;
\$51 — full year by all Canadian mills making announcements.

1942

- \$51 — full year by all mills making announcements.

1943

- \$51 — Jan. 1 to Feb. 28 by all mills making announcements;
\$55 — March 1 to Aug. 31 by all mills except St. Croix which did not raise until April 1 (Maximum increase of \$4 allowed by OPA effective March 1);

(Continued on next page)

History of Newsprint Contract Prices since 1933—Continued

\$59 — Sept. 1 to Dec. 31 by all mills (Maximum increase of \$4 allowed by OPA effective Sept. 1).

1944

\$59 — full year by all announcing mills.

1945

\$59 — Jan. 1 to March 31 by all announcing mills;

\$62 — April 1 to Dec. 31 by all announcing mills (Maximum increase of \$3 allowed by OPA effective March 29);

\$63 — Dec. 11 to Dec. 31 by Great Northern (Maximum increase of \$6 allowed by OPA effective Dec. 11, 1945).

1946

\$68 — Jan. 1 to July 10 by all announcing mills;

\$68 — July 11 to Aug. 7 by Great Northern;

\$74.80 — July 11 to July 24 by all announcing mills except Maine mills (OPA expired June 30);

\$68 — July 25 to Aug. 7 (Decrease due to reinstatement of OPA controls);

\$74.80 — Aug. 8 to Nov. 17 by Great Northern;

\$74.80 — Aug. 8 to Aug. 25 by all other announcing mills (Maximum increase of \$7 allowed by OPA on Aug. 22 effective on all shipments since Aug. 8);

\$75 — Aug. 26 to Oct. 14 by all announcing mills except Great Northern;

\$85 — Oct. 15 to Dec. 31 by all announcing mills except Great Northern (Maximum increase of \$10 allowed by OPA effective Oct. 11); all price controls on newsprint dropped Nov. 10 by order of the President;

\$84.80 — Nov. 18 to Dec. 31 by Great Northern.

1947

\$84.80 — Jan. 1 to July 31 by Great Northern;

\$85 — Jan. 1 to March 31 by all other mills making announcements;

\$91 — April 1 to Dec. 31 by mills making announcements except St. Croix and Great Northern;

\$89 — June 2 to Dec. 31 by St. Croix;

\$88.50 — Aug. 1 to Dec. 31 by Great Northern.

1948

\$88.50 — Jan. 1 to Jan. 31 by Great Northern;

\$89 — Jan. 1 to Jan. 31 by St. Croix;

\$91 — Jan. 1 to Feb. 29 by Consolidated, Price Bros. and Southland;

\$94 — Feb. 1 by Great Northern;

\$94 or \$95 — Jan. 1 by Donnacona depending on price clauses in its contracts;

\$95 — Jan. 1 by Anglo-Canadian, Anglo-Newfoundland, M. & O. and Maclaren;

\$95 — Feb. 1 by St. Croix;

\$97 — Jan. 1 by Abitibi, Bowater, Great Lakes, St. Lawrence and

(Continued on next page)

History of Newsprint Contract Prices since 1933—Continued

- I. P.; Powell River increased \$4 to \$6 Jan. 1 depending on price clauses in its contracts; Crown Zellerbach increased \$6 Jan. 1 to \$96 Pacific Coast ports;
 \$97 — March 1 by Consolidated, Maclaren, Price Bros. and Southland;
 \$97 — July 1 by St. Croix;
 \$97 — Aug. 1 by Great Northern;
 \$101 — Aug. 1 by all mills making announcements except Great Northern, St. Croix and Southland which remained at \$97;
 \$101 — Sept. 1 by Southland;
 \$101 — Oct. 1 by St. Croix;
 \$101 — Nov. 1 by Great Northern.

1949

- \$101 — All North American mills which make price announcements. Powell River continued \$101 for all customers except for Jan. 1, 1949 increase of \$2 per ton to \$102 San Francisco port and \$3 per ton to \$103 Los Angeles port with full water freight allowed instead of limited freight allowance. Bowater and Montmorency likewise charged several dollars more for shipments to some parts of the Southeast than the prevailing price for deliveries to that area.

1950

- \$101 — Jan. 1 to Nov. 1 by all announcing mills except: Powell River, Bowater and Montmorency which eliminated extra delivery charges in certain zones to meet competition, effective prior to or on Jan. 1, 1950;
 \$111 — Oct. 16 to Dec. 31, 1950 by Powell River, with freight allowed to main Pacific Coast ports. Nov. 1 to Dec. 31, 1950 \$111 to Southwest on water shipments to ports. \$117 shipped by rail to port or interior.
 \$107 — Nov. 1 by all announcing mills except: Crown Zellerbach, Pacific Mills and Publishers' Paper Co. which increased Nov. 6; St. Croix and Southland increased Dec. 1; James Maclaren, Mersey and Great Northern held to \$101 throughout 1950.

1951

- \$106 — Jan. 1 by Great Northern;
 \$107 — Jan. 1 by James Maclaren and Mersey; all other mills continued at \$107 except Powell River;
 \$117 — July 1 by Powell River with freight allowed to main Pacific Coast ports. \$121 to Southwest on water shipments to ports; \$127 shipped by rail to ports or interior;
 \$117 — July 1 by all Canadian mills which make price announcements;
 \$112 — Aug. 1 by Coosa River, \$115 F.O.B. mill with an allowance (with certain limitations) in lieu of freight equal to the carload rate of freight to destination;
 \$117 — Aug. 1 by Crown Zellerbach;
 \$117 — Aug. 15 by Inland Empire;
 \$117 — Aug. 22 by Coosa River, \$120 F.O.B. mill with an allowance (with certain limitations) in lieu of freight equal to the carload rate of freight to destination;
 \$116 — Sept. 1 by Great Northern;
 \$115 — Sept. 3 by St. Croix;
 \$117 — Oct. 1 by Southland.

1952

- \$117 — April 1 by St. Croix and Great Northern;

(Continued on next page)

History of Newsprint Contract Prices since 1933—Continued

- \$127 — June 15 by all Canadian mills making announcements except Powell River;
 \$127 — June 16 by Powell River with freight allowed to main Pacific Coast ports. \$131 to Southwest on water shipments to ports; \$137 shipped by rail to ports or interior;
 \$127 — July 18 by Crown Zellerbach;
 \$127 — Aug. 1 by Inland Empire;
 \$122 — Oct. 1 by St. Croix;
 \$123 — Oct. 1 by Southland;
 \$124 — Oct. 1 by Great Northern;
 \$122.50 — Nov. 1 by Coosa River, \$125.50 F.O.B. mill with an allowance (with certain limitations) in lieu of freight equal to the car-load rate of freight to destination;
 \$127 — Dec. 1 by West Tacoma.

1953

- \$124 — May 1 by St. Croix;
 \$126 — July 1 by Great Northern;
 \$127 — Oct. 1 by Powell River with freight allowed to main Pacific Coast ports. \$131 to Southwest on water shipments to ports; \$136 shipped by rail to ports or interior.

1954

- \$126 — Jan. 1 by St. Croix with allowance for 3% transportation tax.

1955

U. S. Mills	Price Increase	Effective Date	Base Price
Southland	\$5	Dec. 1	\$131(d)

1956

Canadian Mills

Abitibi	\$4	Jan. 1	\$131
*Anglo-Canadian	\$4	Jan. 1	\$131
*Anglo-Newfoundland	\$4	Jan. 1	\$131
Bowater's Newfoundland	\$4	Jan. 1	\$131
*Canada Paper(b)	\$4	Jan. 1	\$131
Consolidated	\$4	Jan. 1	\$131
*Donnacona	\$4	Jan. 1	\$131
International	\$4	Jan. 1	\$131
*Minnesota & Ontario	\$4	Jan. 1	\$131
*Powell River	\$4.00 and \$4.50	Jan. 1	\$131-\$131.50
*Richmond Pulp & Paper	\$4	Jan. 1	\$131
*St. Lawrence	\$4	Jan. 1	\$131
*Spruce Falls	\$4	Jan. 1	\$131
Price Bros.	\$4	Jan. 16	\$131
*Maclaren	\$4	Feb. 1	\$131
*Mersey Paper	\$4	Feb. 1	\$131

U. S. Mills

Bowaters Southern	\$4	Jan. 1	\$131
Crown Zellerbach Corp.	\$4	Jan. 1	\$131
Coosa River	\$4	Feb. 1	\$129.50(c)
*Great Northern	\$5	Feb. 1	\$131
*Inland Empire	\$4	Feb. 1	\$131
*St. Croix	\$5	Mar. 1	\$131

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History of Newsprint Contract Prices since 1933—Continued
1957

	Price Increase	Effective Date	Base Price
Canadian Mills			
Abitibi	\$4	Mar. 1	\$135(g)
*Anglo-Canadian	\$4	Mar. 1	\$135
*Anglo-Newfoundland	\$4	Mar. 1	\$135
Bowater's Newfoundland	\$4	Mar. 1	\$135
Consolidated	\$4	Mar. 1	\$135
*Donnacona	\$4	Mar. 1	\$135
International Paper	\$4	Mar. 1	\$135
*Mersey Paper	\$4	Mar. 1	\$135
*Powell River	\$4	Mar. 1	\$135-\$135.50(a)
Price Bros.	\$4	Mar. 1	\$135
*St. Lawrence	\$4	Mar. 1	\$135
Spruce Falls	\$4	Mar. 1	\$135
U. S. Mills			
Bowaters Southern	\$4	Mar. 1	\$135(e)
Crown Zellerbach Corp.	\$4	Mar. 1	\$135
*Great Northern	\$4	Mar. 1	\$135
International Paper	\$4	Mar. 1	\$135(f)
Southland	\$4	Mar. 1	\$135(d)
Coosa River	\$5.50	Apr. 1	\$135(c)
*St. Croix	\$4	Apr. 1	\$135

* Price increase governed by price tie-in clauses in contracts.

(a) \$135 for newsprint on non-returnable cores and \$135.50 on returnable cores.

(b) Canada Paper sells through Donnacona Sales Co.

(c) F.O.B. mill, less allowance in lieu of freight equal to full carload rate of freight in effect at time of shipment to destination. Mill does not sell on zone basis.

(d) F.O.B. mill, with freight allowed to destination up to maximum of \$12.00 per ton. Mill does not sell on zone basis.

(e) \$135 for shipments to South; some prices higher in Southwest. Mill does not sell on zone basis.

(f) For change in International zone, see Newsprint Bulletin No. 26, April 26, 1956 and No. 67, Oct. 31, 1956.

(g) For change in Abitibi zone, see Newsprint Bulletin No. 25, April 3, 1957.

1962 Up to Date of this Bulletin

Prices same as announced by various mills in 1957 and maintained in 1958, 1959, 1960 and 1961.

PRICE CLAUSES IN NEWSPRINT CONTRACTS

Canadian Mills:

Abitibi: Sets own price which is that most commonly sold by Canadian manufacturers.

Anglo-Canadian (Montmorency Paper Co.): Montmorency Paper Co. is a sales agent, in its own name, for the products of the mill. The price at which Montmorency sells newsprint is based on the average price of the three largest Canadian manufacturers selling newsprint to publishers in New York City.

Bowater: Sets own price which goes up or down whenever a general change takes effect.

Consolidated: Sets own price "which is generally, but not necessarily universally in effect. . . ."

Donnacona: Price "usually based on those of Canadian International, Abitibi and Consolidated."

Great Lakes: Price determined by three Canadian manu-

(Continued on next page)

Price Clauses in Newsprint Contracts—Continued

facturers, other than Great Lakes, with production of not less than 100,000 tons annually.

International: Sets own price which "shall increase or decrease from time to time when and to the extent that a change occurs in the contract market for newsprint."

Maclaren: General Canadian contract price but not to exceed average of Canadian International, Abitibi and Consolidated.

M. & O.: Price shall be average charged by International, Consolidated and Abitibi.

Mersey Paper Co.: Not to exceed average price of Consolidated, Abitibi, Price Bros. and International.

Powell River: Some contracts permit seller to set own price. Others are based on average of Price Bros., Abitibi and International. Some West Coast contracts give buyer right to require reduction in price to meet competitive price of West Coast large producers (375,000 tons or more), and give seller right to increase price to meet competitive conditions.

Price Brothers: Sets own price with purchaser privileged to cancel within 90 days of notice of increase in some contracts, and within 30 days notice of increase in some other contracts. ANPA is advised some contracts of Price Bros. provide that price "shall never exceed the average of the contract price as quoted for destination by the International Paper Co., the Consolidated Paper Corp., and the Abitibi Power and Paper Co., Ltd., respectively; or by their affiliates or by their respective successors."

Richmond Pulp and Paper: "Price of standard Canadian newsprint shall be average per ton charged by three largest Canadian newsprint manufacturers whose product is at that time being purchased by New York City publishers."

St. Lawrence: Price based on average price of International and Consolidated. Abitibi is mentioned in some contracts.

St. Raymond: Some contracts mention Abitibi, International and Consolidated. Others say price will be no higher than International.

Spruce Falls: Price is prevailing Canadian contract market price. If disputed, price shall be average of three largest North American producers.

U. S. Mills:

Coosa River: Seller sets price but may not be more than \$4.00 per ton over generally accepted contract market price for newsprint in North America and delivered in New York City.

Crown Zellerbach: Sets own price.

Great Northern: Price shall not exceed "highest contract market price at which a substantial tonnage of standard newsprint is sold by another established North American newsprint manufacturer for delivery east of the Mississippi River."

Inland Empire: Price set by seller but may not exceed prevailing prices of North American newsprint.

(Continued on next page)

Price Clauses in Newsprint Contracts—Continued

St. Croix: At no time "shall the price be in excess of the average contract market price charged" by International and Abitibi.

Southland: Seller sets own price but may not exceed general contract market price of Canadian mills.

West Tacoma: Seller sets own price.

**SPECIFICATIONS FOR DUTY FREE
STANDARD NEWSPRINT**

Following are the current specifications for duty-free standard newsprint as prescribed by the U. S. Treasury Department:

Weight: 500 sheets, each 24 by 36 inches, shall not weigh less than 30 pounds or more than 35 pounds. (Samples used in determining weight shall be conditioned in an atmosphere at 50% relative humidity under 23° C. temperature with a tolerance of plus or minus 2 in percentage relative humidity and of plus or minus 2° C. in temperature.)

Thickness: The thickness shall not exceed .004 inch, with a tolerance of 5% to be deducted from the actual thickness determined to allow for swelling from the absorption of atmospheric moisture.

Rolls and Sheets: The paper shall be in sheets or rolls, the rolls to measure not less than 13 inches in width and 28 inches in diameter. The sheets shall measure not less than 20 by 30 inches.

Stock: Not less than 70% of the total fiber in the paper shall be groundwood; the remainder shall be unbleached sulphite. This specification was modified to permit paper to be classified as standard newsprint paper when it contained 70% groundwood pulp and 30% bleached sulphate, and 80% groundwood pulp and 20% bleached sulphate. (It was further modified to include paper made with partially bleached sulphate or a mixture of unbleached sulphite and partially bleached sulphate and in which the total of the chemical pulp does not exceed 25%, the remainder being groundwood.)

Finish: The average of five tests in the machine direction and five tests in the cross direction on both sides, moving the paper after each test, made with the Ingersoll glarimeter, shall be not more than 50% gloss.

Ash: Up to 6½%.

Degree of Sizing: The time of transudation of water shall be not more than 10 seconds by the ground-glass method or 5 seconds either by the curl method or with a Valley size tester.

Color: Must be a color chiefly used in the printing of newspapers. Canary or railroad manila excluded; other colors included or excluded according to the chief use of that class of paper.

[**Ed. Note:** Paper which is similar to the paper described above but which does not meet all the specifications would probably be dutiable at 0.17 cents per pound plus 4% ad valorem as uncoated printing paper, not especially provided for, according to tariff laws, treaties, etc., now in effect. For reference to Bill H.R. 10277 signed into Public Law No. 85-645, Aug. 14, 1958 to permit duty-free entry of newsprint in roll widths down to 13 inches, see Newsprint Bulletin No. 46, Aug. 20, 1958.]

IMPORTS OF EUROPEAN NEWSPRINT INTO THE UNITED STATES

January 1, 1947—December 31, 1961 (Tons)

Year	Sweden	France	Finland	Norway	Other	Total
1947	25,048	9,674	84,108	5,929	4,177	128,936
1948	69,756	27,860	131,714	27,806	10,298	267,434
1949	36,664	2,033	150,631	29,738	35,683	254,749
1950	18,525	2,023	144,307	5,427	751	171,033
1951	29,744	5,356	159,741	9,480	1,998	206,319
1952	15,614	.....	161,891	4,251	952	182,708
1953	16,239	.....	144,577	3,232	49	164,097
1954	5,620	.....	121,692	728	184	128,224
1955	1,529	.....	135,449	654	7,890	145,522
1956	18,753	1,690	159,796	17,809	113,405	311,453
1957	803	.....	145,948	1,450	6,720	154,921
1958	55	.....	108,266	.....	615	108,826
1959	1,259	.....	121,877	.....	1,014	124,150
1960	2,644	.....	143,662	.....	262	146,568
1961	3,991	9	150,105	.....	547	154,652

Source: U. S. Department of Commerce.

U. S. EXPORTS OF NEWSPRINT

	1961	1960	1959	1958	1957	1956
Europe	37,191	2,877	214	9,828	21,910	20,039
Central America	4,192	4,473	4,469	4,623	5,248	5,127
Mexico	14,573	21,619	21,777	13,221	32,708	13,619
Cuba	.....	3,305	1,891	2,410	7,859	12,870
South America	52,863	47,098	44,138	58,496	61,859	68,389
Hong Kong	167	102	21	49	168	1,621
India and Pakistan	14,425	5	111	153	56	129
Other Asia	11,404	26,948	14,485	17,425	16,190	7,230
Philippine Islands	33,404	25,222	28,197	17,760	23,886	21,627
Africa	12,882	749	41	.....	10	4
Others	917	2,224	4,417	3,152	3,795	1,680
Total	182,018	134,622	119,761	127,117	173,689	152,335

Source: U. S. Department of Commerce.

NOTE: Above figures are based on physical movement of newsprint past customs points and will not agree with export figures shown elsewhere which are based on shipments from U. S. mills at date of sale.

CANADIAN NEWSPRINT EXPORTS BESIDES U. S.

	1961	1960	1959	1958
Central America and Caribbean	154,764	160,387	171,074	146,759
South America	117,287	74,174	36,153	54,947
British Isles	459,151	479,496	415,392	394,355
Other European and Balkans	7,918	12,879	5,207	23,882
Mediterranean and Near East	15,440	2,750	1,329	2,675
Africa	57,998	72,200	64,244	53,917
India and Middle East	11,932	5,562	6,890	6,870
Orient	17,744	16,150	32,120	18,974
Australia and New Zealand	146,633	162,474	102,282	79,730
Others	.....	.....	247	219
Total	988,867	986,072	834,938	782,328

Source: Newsprint Association of Canada.

For Newsprint Statistics—1960—Volume XVIII—See Newsprint Bulletin No. 10, Feb. 28, 1961

For Newsprint Statistics—1959—Volume XVII—See Newsprint Bulletin No. 11, Feb. 26, 1960

AFTER RECESS

(The subcommittee reconvened at 2 p.m., Chairman Emanuel Celler, presiding.)

Present: Congressmen Celler, Rodino, Rogers, McCulloch, and Cramer.

Also present: Roland V. Libonati of Illinois and James C. Corman of California.

The CHAIRMAN. The subcommittee will be in order.

Our first witness this afternoon is Mr. Floyd Maxwell. Will you step forward, please?

STATEMENT OF FLOYD MAXWELL, BAKER, OREG.

The CHAIRMAN. Will you give your name and address and employment?

Mr. MAXWELL. My name is Floyd Maxwell. I live at Baker, Oregon.

The CHAIRMAN. Prior to the year 1944, what background or employment did you have in the newspaper field?

Mr. MAXWELL. I was graduated from the School of Journalism and I worked as a working reporter on the Oregonian, Portland.

The CHAIRMAN. What other positions did you hold prior to 1944?

Mr. MAXWELL. I was in public relations work for the American Petroleum Institute in Seattle.

The CHAIRMAN. In about May 1944, did you accept a position as chairman of the organization in Los Angeles known as the Los Angeles Newspaper Publishers Association?

Mr. MAXWELL. That is right, sir.

Mr. McALLISTER. I am here as counsel for the Hearst.

The CHAIRMAN. Will you step forward and use the microphone?

Mr. McALLISTER. Indeed I will. I am here as counsel for the Hearst Corporation.

The CHAIRMAN. What is your address?

Mr. McALLISTER. Two Wall Street, New York City. With the Chairman's permission I should like to make a very brief statement. This witness as he has just stated is the former chairman of the Los Angeles Newspaper Publishers Association. The only questions that could be addressed to this witness must necessarily relate to the activities of that association. This association virtually ceased to exist 2 years ago and was subsequently dissolved. Its activities and related matters during earlier years are now under scrutiny by the Antitrust Division of the Department of Justice. The Hearst Corporation, in fact, has fully complied with a civil investigative demand that called for all material in its possession that related to this subject.

It is obvious to us that at the present time this inquiry is still underway. The matter in short is in the hands of the Department of Justice. That, it seems to me, is where it properly belongs.

The subject matter of their inquiry would obviously be the same as the subject matter that has apparently prompted the calling of this witness. In view of this situation I most respectfully request that inquiry by this subcommittee into matters involving the Los Angeles Publishers Association and related matters should not be carried forward through this witness or in any other way. I most respectfully ask that the chairman rule upon my request.

The CHAIRMAN. The chair was aware of your intended objections and gave deep thought to it, and is prepared to rule. The ruling is as follows: The objection, as I understand it, is that the Department of Justice has served the Hearst Corporation with a civil investigative demand relating to the Los Angeles Newspaper Publishers Association. This subcommittee recommended the civil investigative demand legislation, which was enacted in the last Congress, and is completely familiar with all of the provisions of that legislation. The services of the civil investigative demand does not constitute the commencement of a proceeding. Its purpose is to permit the Department of Justice to ascertain whether a proceeding should be commenced under the antitrust laws. Hence the mere service of a civil investigative demand, generally speaking, will not and in the Chair's view should not inhibit or prevent any committee of the Congress from proceeding with an inquiry. However, in this particular case, in which the subcommittee has amassed considerable information, it does appear that the Department of Justice is now actively inquiring into the matter and is, as the Chair understands it, the objection, that it would be inadvisable and inappropriate for this subcommittee to take testimony on this matter at this time.

Hence, the Chair rules that we will not take the testimony of this witness at this particular time. The subcommittee will await developments and in the meantime will retain the information in its possession on this subject until such time as inquiry into this matter would be appropriate. So your objection, Mr. McAllister, is sustained.

Mr. APPEL. Mr. Chairman, I should like to call attention to the fact that the next scheduled witness, Mr. Arthur G. Pollock likewise served as a chairman of the Los Angeles Newspaper Publishers Association, and his testimony would therefore relate to that organization.

The CHAIRMAN. We will not question him either. He is dismissed as is Mr. Maxwell, Mr. McAllister.

Mr. McALLISTER. Thank you, Mr. Chairman.

The CHAIRMAN. Our next witness is Mr. Norman Chandler.

Give your name and address and identify the gentleman who is with you.

STATEMENT OF NORMAN CHANDLER, PRESIDENT, THE TIMES-MIRROR COMPANY, LOS ANGELES, CALIF., ACCOMPANIED BY JULIAN VON KALINOWSKI

Mr. CHANDLER. I am Norman Chandler, and I am the chairman of the board and president of the Times-Mirror Company from Los Angeles. The gentleman on my right is Mr. Julian Von Kalinowski, who is my counsel.

Mr. CORMAN. If the Chairman would yield, I would like to say although I can't claim Mr. Chandler as my constituent, all my constituents read his newspaper.

I realize that bigness may not be a virtue at the moment but Mr. Chandler publishes the largest newspaper in the largest city in the largest State in the greatest Nation in this world and he has and his family has made a substantial contribution to every industrial and cultural development in that area, including among others our acquisition of a very fine baseball team, the Los Angeles Dodgers.

The CHAIRMAN. The only complaint I have is that they took my Dodgers away from me and gave them to Los Angeles.

Mr. CHANDLER. I am very grateful to the Congressman for his very kind remarks.

The CHAIRMAN. Mr. Chandler, you are the president and chairman of the Times-Mirror Company; is that correct?

Mr. CHANDLER. Yes, sir.

The CHAIRMAN. And the owner of the morning Sunday Times and the evening Mirror News?

Mr. CHANDLER. The Times-Mirror Company publishes the Los Angeles Times and in addition did publish the Los Angeles Mirror.

The CHAIRMAN. When did you cease to publish the Mirror?

Mr. CHANDLER. January 5th, 1962.

The CHAIRMAN. At that time your brother, Phillip Chandler, was the publisher of the morning-Sunday Los Angeles Times; is that correct?

Mr. CHANDLER. No, Mr. Phillip Chandler is my brother, but he has not been associated with the Times-Mirror Company for the last 2 years.

The CHAIRMAN. And your son, Otis, was publisher of the Mirror News.

Mr. CHANDLER. My son Otis is now publisher of the Los Angeles Times as of April 1960.

The CHAIRMAN. After the Mirror News ceased publication, I take it Mr. Otis Chandler became the publisher of the Los Angeles Times.

Mr. CHANDLER. He was publisher before that took place.

The CHAIRMAN. Doesn't the Times-Mirror Company have a newspaper operation division which published the Times and until January 5, 1962, the Mirror News?

Mr. CHANDLER. That is correct.

The CHAIRMAN. In addition, doesn't the Times-Mirror Company have other divisions. Namely, a television division, which until recently operated Station KT-TV, Los Angeles?

Mr. CHANDLER. That is correct.

The CHAIRMAN. That station was sold, was it not?

Mr. CHANDLER. It has not been sold as yet and will not be sold until the FCC makes formal approval. But the deal has been negotiated and to all intents and purposes—

The CHAIRMAN. You still operate it, the TV station?

Mr. CHANDLER. Yes, sir.

The CHAIRMAN. The Times-Mirror Company also has a subsidiary that produces paper with its own timberland and newsprint to supply newsprint for the Los Angeles Times; is that correct?

Mr. CHANDLER. We do not own it in total. We own 66.67 percent of the stock and the remainder of the stock is owned by the Deseret News, which is the Mormon Church publication in Salt Lake City.

The CHAIRMAN. Are those timberlands and plants located in Northern California and Oregon?

Mr. CHANDLER. No, they are all in Oregon.

The CHAIRMAN. Finally, the Times-Mirror Company also has a Times-Mirror Press Division, does it not?

Mr. CHANDLER. That is a division wholly owned which publishes mainly telephone directories as well as job printing.

The CHAIRMAN. Does that do job printing, too?

Mr. CHANDLER. Yes, sir.

The CHAIRMAN. Do you also have extensive real estate holdings?

Mr. CHANDLER. Yes, we do.

The CHAIRMAN. Are there any other corporate subsidiaries or affiliates of the Times-Mirror Company?

Mr. CHANDLER. Yes, we have several of them. We can be considered a holding company. We have the Times-Mirror Triangle Company which is a rotoviewer printing establishment.

We have in New York the New American Library of World Literature which is a paperback book company.

We have an aerial map company in Denver which prints maps and charts for the Army, the Defense Department, for the commercial airlines.

Mr. ROGERS. Known as Jefferson and Company?

Mr. CHANDLER. Yes.

The CHAIRMAN. Is the parent company a public corporation?

Mr. CHANDLER. We have 2,700 stockholders in the Times-Mirror Company.

The CHAIRMAN. The Mirror commenced publication in 1948; is that correct?

Mr. CHANDLER. That is correct.

The CHAIRMAN. In 1954 the Evening News was merged into the Mirror, is that correct? About that time.

Mr. CHANDLER. About that time.

The CHAIRMAN. From 1954 to 1962 there were generally four newspaper dailies in Los Angeles, were there not?

Mr. CHANDLER. That is correct, sir.

The CHAIRMAN. That is the Morning Sunday Times and the Evening Mirror owned by the Times-Mirror Company. The Hearst Morning Examiner and the Hearst Evening Herald Express?

Mr. CHANDLER. That is correct, sir.

The CHAIRMAN. Now I show you a chart, Mr. Chandler, showing the net paid circulation of the four Los Angeles daily newspapers as of March 31 of each year from 1956 to 1961. Would you say in general that these figures show that the Times widened its morning circulation lead over the Hearst Morning Examiner, although both papers showed a circulation increase over this circulation year period? Would you say that is generally so?

Mr. CHANDLER. If these are ABC Publishers' statements, then the figures are correct, sir.

The CHAIRMAN. That chart will be put in the record.

I show you a chart prepared for media records from 1956 to 1961. Wouldn't you say, after you peruse those figures for a moment, that these figures show that the Morning Times steadily increased its lead over the Hearst Morning Examiner, which had an absolute decrease in linage during that 6-year period.

Mr. CHANDLER. Those figures, I think, are correct, sir.

The CHAIRMAN. That will be accepted for the record.

The CHAIRMAN. Does this chart also show that the Hearst Evening Herald Express in 1961 increased both its linage and its share of the market while the Evening Mirror's linage dwindled over this period?

Mr. CHANDLER. Yes, sir, that is correct.

The CHAIRMAN. Now comparing the total circulation of all the papers—that is, the Hearst Examiner in the morning, the Chandler Times in the morning, the Hearst Express in the afternoon, and the Chandler Mirror in the afternoon, for 1956 and 1961, shown on chart 1—comparing that total circulation with the total advertising linage shown on chart 2, there apparently appears to be a

steady increase in circulation but a decrease in the total advertising lineage during this period; is that so?

Mr. CHANDLER. Yes, sir, that is correct.

The CHAIRMAN. Now I show you a chart, Mr. Chandler, breaking down advertising lineage by categories for each of the four Los Angeles papers for the first 6 months of 1961. This shows, does it not, that the Times, your paper, enjoyed a substantial lead over the other three papers in every single advertising category? That is, the Times carried more lineage than the other three Los Angeles papers combined, the total advertising, the total display advertising, retail advertising, department store advertising, new passenger advertising, and classified advertising.

Mr. CHANDLER. The figures are correct and I am very proud of them.

The CHAIRMAN. All those charts will be printed in the record.

Isn't it true, Mr. Chandler, for the past several years the Los Angeles Times has been the leading newspaper in the Nation in the following categories: total advertising lineage, total display advertising, retail advertising, classified advertising, and financial advertising?

Mr. CHANDLER. Yes, sir, that is correct.

The CHAIRMAN. It might be immodest for me to have you boast that way, but I guess that is the case.

Mr. CHANDLER. In addition, Mr. Chairman, we also carried more reading matter 7 days out of the week than any newspaper in the world.

The CHAIRMAN. So that in both circulation and advertising the Times was the predominant newspaper in Los Angeles and has had that dominant position for quite a number of years?

Mr. CHANDLER. Yes, sir.

The CHAIRMAN. From its beginning in October 1948 until it ceased publication in June 1962, the afternoon paper, the Mirror, had incurred heavy losses, is that not so?

Mr. CHANDLER. Yes, sir.

The CHAIRMAN. And, in March 1959, was there not a report to your board of directors, the board of the Times-Mirror Company, that if the Mirror News continued on its then operating basis, it would not be expected to break even during the next 5 years? Do you recall that?

Mr. CHANDLER. Yes, sir, I have that in my formal statement here if you want me to get to that.

The CHAIRMAN. Do you care to read anything of it? Feel free to read anything you wish of that or anything else.

Mr. CHANDLER. I think, Mr. Chairman, a lot of these questions will be answered in my formal statement that I am going to file with the committee.

The CHAIRMAN. You have a statement?

Mr. CHANDLER. Yes.

The CHAIRMAN. Do we have copies?

Do you want to read it now or later, whatever you wish?

Mr. CHANDLER. I think I could read it right now, Mr. Chairman.

The CHAIRMAN. Go ahead. We have no copies.

Mr. VON KALINOWSKI. That is what I was going to point out to you. We have some 50 copies of Mr. Chandler's statement. As I told you previously, we did not have a chance to get it written until the other day and we had to bring it with us rather than filing with the committee ahead of time.

The CHAIRMAN. Of course, the rule is that the committee must be supplied with a copy. Have you got a copy?

Mr. VON KALINOWSKI. I have the copies with me.

The CHAIRMAN. Let us distribute them.

I think I would like to have staff look over this statement if you don't mind and we will ask these questions, first, because we should know what the statement contains.

Did you not at the director's meeting or soon thereafter forecast, "Sooner or later there is bound to be a change in the Los Angeles metropolitan news field"?

Mr. CHANDLER. Yes, sir, more or less along those lines I made that statement to our board of directors.

The CHAIRMAN. Didn't you at that same meeting, Mr. Chandler, refer to the "long-time trend toward metropolitan newspapers' shrinking profits"?

Mr. CHANDLER. Yes, sir, I believe I did.

The CHAIRMAN. Didn't you attribute this trend to several key reasons, such as high fixed costs, increasing labor costs, and problems, diversion of retail advertising dollars into suburban newspapers, and the continuing competition of TV?

Mr. CHANDLER. Yes, sir.

The CHAIRMAN. In your opinion, Mr. Chandler, does that situation persist today?

Mr. CHANDLER. Not at the same rapid trend that it did, but it is still persisting as was shown by the figures I believe Mr. Smith verified this morning.

The CHAIRMAN. Isn't the crux of the problem that many newspapers have been unable to increase revenues from advertising and circulation enough to keep pace with the rising costs?

Mr. CHANDLER. That is basically the trouble with most newspapers that are having difficulty.

The CHAIRMAN. Coming to the problem of the Mirror, Mr. Chandler, did not the directors of the Times-Mirror Company at a meeting on September 12, 1957, resolve to explore and analyze the Mirror News because of its difficulties?

Mr. CHANDLER. Yes, I think that is included in the statement.

The CHAIRMAN. All these questions are based upon documentary evidence that we have.

Mr. CHANDLER. Yes, sir.

The CHAIRMAN. That evidence will be placed in the record alongside of the answers. Was not a committee appointed for this purpose on September 16, 1957, which included yourself and Mr. Otis Chandler?

Mr. CHANDLER. Yes, sir.

The CHAIRMAN. Is one of the basic points pertaining to the Mirror News that was to be explored by this committee, which was then appointed of which you were a part, the possibilities "of coordination and cooperation between KT-TV and retail advertising, particularly department stores and the Mirror News"? Was that the case?

Mr. CHANDLER. I don't recall where KT-TV came into the picture.

The CHAIRMAN. What is meant by coordination and cooperation with the television station?

Mr. CHANDLER. I don't think there was any cooperation with the television station, Mr. Chairman. This committee was formed to devise ways and means of coordinating our production departments more and more, our circulation departments more and more, in order to cut down on expenses.

The CHAIRMAN. The reason why I ask that question is because sticking up like a sore thumb are the words "possibilities of coordination and cooperation with KT-TV." What was the reason for that?

Mr. CHANDLER. I don't recall that, but the only thing I can think of is that it was cooperation in publicizing the Mirror, as far as the people were concerned, to get more home delivery and more street sales and publicizing features that were appearing in the paper and the like.

The CHAIRMAN. Let me ask you along those lines, not necessarily being critical, when you have a radio or television station and have a newspaper, do you think it is a competitive advantage over other newspapers to be able to have over your television station plugs for your newspaper and advertising your features and so forth?

Mr. CHANDLER. Whatever plugs were used over our own station were also used on other stations and we paid the going rate for it.

The CHAIRMAN. You paid to yourself, you mean?

Mr. CHANDLER. Yes, sir.

The CHAIRMAN. You took it out of one pocket and put it in the other?

Mr. CHANDLER. That is correct.

The CHAIRMAN. Because in this public corporation I take it that the TV station was a subsidiary?

Mr. CHANDLER. The TV has to stand on its own feet as all of our other subsidiaries do. So there are no cross charges or anything like that. It is cash.

The CHAIRMAN. I take it vice-versa there were plugs in the newspaper for the TV stations?

Mr. CHANDLER. Yes, sir.

The CHAIRMAN. It was mutual?

Mr. CHANDLER. They would acquire space in the newspapers and we would acquire air time on the station to plug one another.

The CHAIRMAN. Now, Mr. Chandler, in a 6 months progress report to the president of the Times-Mirror Company, dated May 28, 1958, was there not described the operating losses of the Mirror News, and I show it to you as follows?

Mr. CHANDLER. Mr. Chairman, the same figures and even more current ones are attached to the report that you and the committee members have.

The CHAIRMAN. The more current than I have asked for. They all show losses, too, do they not?

Mr. CHANDLER. This goes down to 1957 and the one you have goes through 1962.

The CHAIRMAN. We put in the record, then, the operating losses from the years 1948 to 1962.

Mr. CHANDLER. That is correct.

The CHAIRMAN. They show in 1948, \$1,281,705; and in 1956, \$1,302,000; and in 1957, \$1,888,000; 1962, \$485,065; showing a total since 1948 to 1962 of a loss of \$25,728,285.

In that report dated May 28, 1958, was it not stated that the Mirror "was not suffering now as much as we were a few months ago from the purposeful plot on the part of these advertisers, department store advertisers, to prevent any more revenue going to the Times-Mirror Company, and to prevent the Mirror News from passing the Herald, which they feel, that is the department store people, would then make Los Angeles a one-paper market with resultant rate monopoly."

What is meant by that?

Mr. CHANDLER. Mr. Chairman, I could not follow you on there. If you could tell me what page that is on, I might be able to follow you.

The CHAIRMAN. Page 10 in that document.

Mr. CHANDLER. Incidentally, this report was not written by me. It was written by Mr. Otis Chandler, but I do recall reading it. I have not refreshed my memory for several years.

The CHAIRMAN. Could you give some interpretation of that language? Could you tell us what is meant?

Mr. CHANDLER. I have to find it, first.

The CHAIRMAN. I thought you had it. Page 10.

Mr. CHANDLER. If I could have that report back that was given to me a minute ago I have it in the file.

The CHAIRMAN. I thought you had it. I beg your pardon.

Mr. CHANDLER. The way I interpret that, is that the Los Angeles Times put in a very substantial rate increase in advertising because our circulation had moved forward, and then, when the Mirror had not raised its rate, the department stores were trying to force us, presumably, not to increase the rates in the Times; and they thought they were hurting us on the Mirror and they withdrew advertising for a certain length of time from the Mirror.

The CHAIRMAN. Wasn't it a little different than that? Didn't the advertisers want the Mirror News—the advertisers did not want the Mirror News, possibly, to fail because they didn't want you, the Times, to become too great and too powerful and be the sole newspaper left in Los Angeles?

Mr. CHANDLER. No, I am not familiar with that.

The CHAIRMAN. Apparently, then, the Mirror News from the very beginning was a steady money loser?

Mr. CHANDLER. That is correct. The figures that you have show that.

The CHAIRMAN. At that time, did you not list five possible alternatives concerning the News Mirror?

Mr. JOHNSON. You might follow this, Mr. von Kalinowski, and see the top of the page, LAC, 147 to 155.

Mr. VON KALINOWSKI. Yes.

The CHAIRMAN. You list five possible alternatives. One, to cease publication of the Mirror News. Two, to combine the Times and the Mirror News into an all-day paper. Three, to continue to publish the Mirror "as a protection or curb on or insurance policy for the Times." Four, to continue to operate the Mirror News as it had been administered for the previous 6 months. Five, to regard the Mirror News as eventually a potential profitable enterprise.

I read that correctly, do I not?

Mr. CHANDLER. Yes.

The CHAIRMAN. Was not the purpose of continuing to publish the Mirror in view of its past losses and doubtful prospects, was it not to keep Hearst off balance by holding circulation and advertising revenues in the Mirror out of reach of the Hearst papers?

Mr. CHANDLER. I don't think Mr. Hearst wanted to have two papers against one any more than we wanted to have one paper against two.

The CHAIRMAN. That is one of your alternatives there. Was your purpose to continue to publish the Mirror to keep Hearst off balance?

Mr. CHANDLER. No, our purpose in continuing to publish the Mirror was the hope that some day we could make it into a profitable newspaper.

The CHAIRMAN. Look at that paper, LAC 149, and see if you want to continue your answer. I think your son reports to you.

Mr. CHANDLER. Yes, sir.

The CHAIRMAN. Will you read it?

Mr. CHANDLER. Yes, sir.

Mr. Chairman, this is just speculation on his part. He presented these various alternatives and they were all given consideration and evaluated by our management committee.

The CHAIRMAN. My only question is— I didn't make up that language, that language appears in the document that you have—namely, the purpose was to keep Hearst off balance?

Mr. CHANDLER. That was Otis Chandler's speculation.

The CHAIRMAN. Was it not the purpose in short to force the Hearst organization to commit themselves to some sort of consolidation move?

Mr. CHANDLER. As matters went along over the years, it was inevitable that something was going to have to give, with the Los Angeles Times being the only paper in the field that was making money and Heart's Examiner, his Herald and our Mirror all losing large sums of money. So there was one newspaper out of four that was surviving.

The CHAIRMAN. Was your purpose to, if possible, force some sort of consolidation or merger?

Mr. CHANDLER. No, it was not our purpose. But as time went on we knew that something like this had to happen.

The CHAIRMAN. Something like what?

Mr. CHANDLER. Putting our evening paper together with our morning paper and Hearst putting his morning paper together with his evening paper.

The CHAIRMAN. That proposal had been made, had it not?

Mr. CHANDLER. Pardon?

The CHAIRMAN. That proposal had been made and had been turned down?

Mr. CHANDLER. There were several proposals made over the course of years as we were evaluating our difficulties. Several proposals.

The CHAIRMAN. Did you not also suggest that as the Mirror News was regarded as a potentially profitable enterprise—that is your language—consideration should be given to special Times-Mirror combination advertising rates based upon combined circulation coverage and saturation? That is LAC, page 152.

Mr. CHANDLER. Yes, those are Otis Chandler's evaluations and thinking. We evaluated over the years a number of different things that we could do.

The CHAIRMAN. In common.

Mr. CHANDLER. Among ourselves in the Times-Mirror Company. We evaluated as to whether we should have an all-day newspaper, whether we should consolidate the Mirror into the Times. We had a number of things that we worked out P and L's on as to what was the best solution to our dilemma.

The CHAIRMAN. Did you not also recommend an advertising and circulation campaign for the Mirror News "to singe the Herald Express or at least force an Examiner-Herald Express combination"? This is page 152.

Mr. CHANDLER. These are not my words, sir.

The CHAIRMAN. That is the language that you have before you.

Mr. CHANDLER. That is Mr. Otis Chandler's speculation again.

The CHAIRMAN. Did you not also conclude that "the available advertising and circulation dollars, although still slightly increasing, are being split into too many pieces among competing media to adequately support four mets, particularly with a preponderance of the Times"? Page 154 of the document.

Mr. CHANDLER. Yes, sir, that is the thinking of all of us. It was very, very obvious.

The CHAIRMAN. The suggestion is made that, if possible, Mr. Chandler, you speak closer to the microphone. Some of the members cannot hear you.

Did you not also conclude, "Something has to give here and soon"? Page 154.

Mr. CHANDLER. I think I have made that on a number of occasions over the years.

The CHAIRMAN. Did you not add, "If we look at the Mirror News' potential profitability as marginal, the only apparent advantage in continuing publication is to act as a wedge against the Hearst papers and as an insurance policy for the Times in the market"? In other words, you wanted to keep the News as a sort of fighting ship.

Mr. CHANDLER. This was Otis Chandler's speculation again, sir.

(The CHAIRMAN. Exactly that is what was done at that time, too. You followed the advice of Mr. Otis Chandler. You did exactly that for a time.

Mr. CHANDLER. We continued throughout the life of the Mirror to promote it strenuously and sell it strenuously at all times.

The CHAIRMAN. Now, Mr. Chandler, a subcommittee was appointed, was it not, to study a merger of the Mirror News and the Los Angeles Times on or about June 13, 1958. Those are your two papers. June 13, 1958, a subcommittee was appointed to study a merger of the Mirror News and the Times.

Mr. CHANDLER. I think I referred to that before as making it an all-day newspaper, a morning edition of the Times and run it and print it throughout the entire day a Times or Mirror in the evening. Our figures showed that would have cut down our losses very substantially.

The CHAIRMAN. At that same time, was there a discussion of merging the Herald Express with the Chandler Mirror News?

Mr. CHANDLER. Informal discussions were had on several occasions as to the possibility of the Times Mirror Company buying the Herald Express.

The CHAIRMAN. Was that conversation with the Hearst officials, that type of conversation held frequently at that time?

Mr. CHANDLER. I would not say frequently but on several occasions. I have that in my report if you would like to have me read it now.

The CHAIRMAN. What would have been the effect of that merger of the Hearst Herald Express with the Chandler News? That would have meant that you would have had the morning field and Hearst would have the afternoon field, is that it?

Mr. CHANDLER. No, we would have had a morning newspaper and an afternoon newspaper and they would have had a single morning paper and a Sunday.

The CHAIRMAN. Hearst would have a morning paper and you would have an afternoon and morning paper?

Mr. CHANDLER. That is correct, if we had been able to purchase the Herald Express.

The CHAIRMAN. Did you not receive at about the same time a memorandum entitled "Consolidation of Times and Mirror News versus Hearst Combination," considering the factors involved if publication of the Mirror News were suspended and if the Hearst papers were combined? Did you have any kind of a memorandum on that?

Mr. CHANDLER. I do not recall this particular document, Mr. Chairman. But I do know that we made innumerable evaluations of what various combinations would do as far as eliminating losses of the Mirror were concerned.

The CHAIRMAN. In and about April 1959, did you propose to the Hearst Corporation that the Examiner discontinue publication in the daily morning field and that the Mirror News do likewise in the evening field? That is about April 1959, propose to the Hearst Corporation, Examiner discontinue publication in the morning field and the Mirror News discontinue in the evening field.

Mr. CHANDLER. I am a little hazy on that, Mr. Chairman.

The CHAIRMAN. You are a little hazy on that. This memorandum, page 737, will that refresh your recollection? Excuse me, that is not our document.

Mr. CHANDLER. I am a little hazy as whether we proposed it or they proposed it, but it was proposed.

The CHAIRMAN. Was this ultimately done in January 1962?

Mr. CHANDLER. Yes, sir.

The CHAIRMAN. Who was Milton Day, Mr. Chandler?

Mr. CHANDLER. He is the comptroller of the Times Mirror Company.

The CHAIRMAN. There is an interoffice memorandum dated November 9, 1960, signed by Mr. Day. Do you see that memorandum?

Mr. KALINOWSKI. Mr. Johnson, if you can give us the number of the document I have our list here.

Mr. JOHNSON. LAH, your number 39.

The CHAIRMAN. This memorandum projects the circulation of a morning and Sunday Times and an evening and Sunday Hearst newspaper, does it not? Is that not correct? It projects the circulation of the Chandler morning and Sunday Times and the evening and Sunday Hearst newspapers?

Mr. CHANDLER. Yes, that is what it appears to be.

The CHAIRMAN. Mr. Day concluded, did he not, in that memorandum, that such a situation "would load the whole future circulation pattern very heavily in favor of the Times morning and Sunday and probably, rather than increase competition in Los Angeles, would place the Times in such a dominant position that both the evening and Sunday Hearst papers would be in a very difficult competitive position."

Is that not what appears in Mr. Day's memorandum?

Mr. CHANDLER. Yes, sir; that is what his findings were. That is what we believed. We used that or I used that as an argument as to why Hearst would be better off to remain in the morning field with his Examiner and sell us the Herald Express in the afternoon.

The CHAIRMAN. As a matter of fact, in light of experience, Mr. Day was pretty accurate because the Hearst operation is an operation at a loss even now?

Mr. CHANDLER. We don't know that.

The CHAIRMAN. What is that?

Mr. CHANDLER. We do not know that.

The CHAIRMAN. That is a public corporation?

Mr. CHANDLER. Not as far as the particular paper in Los Angeles is concerned. What I was talking about is these figures are where we would have a morning and an evening and Hearst would have just the morning and the Sunday.

The CHAIRMAN. On or about March 3, 1961, you sent a memorandum to W. H. Kern and J. D. Gortatowski of the Hearst organization, and did you not offer to buy the Hearst Evening Herald Press for \$5 million?

Mr. CHANDLER. Yes, sir.

The CHAIRMAN. There was a memorandum. Do you know what that memorandum was about?

Mr. CHANDLER. I don't believe I have a copy of it, sir. This is the only formal offer that was ever made, which was eventually turned down. I would like to make a statement.

The CHAIRMAN. Surely, make any statement you wish.

Mr. CHANDLER. Mr. Chairman, you mentioned the figure of \$5 million but if we had been able to retain a certain amount of additional circulation, we were prepared to go substantially higher than the \$5 million.

The CHAIRMAN. I am coming to that in a minute. As to this, the first offer of purchase of \$5 million, would you say that your thinking at the time was that if you bought the Herald Express from Hearst you would then have two dominant papers in Los Angeles and would not the result have been to force the Examiner ultimately out of business?

Mr. CHANDLER. No, sir; I think we would have had two dominant papers but I think there would have been room for a morning Los Angeles Examiner. In other words, three papers could have survived.

The CHAIRMAN. It was your purpose to merge the Herald Express and Mirror News into one afternoon paper; is that right?

Mr. CHANDLER. Yes, sir.

The CHAIRMAN. And you proposed that any agreement of purchase would contain a covenant, I understand it, not to compete, whereupon Hearst would agree not to publish a newspaper in the evening market for a period of 5 years in the Los Angeles metropolitan area?

Mr. CHANDLER. Yes, sir; that is in the document.

The CHAIRMAN. There was to be release time between 6 o'clock a.m. and 6 o'clock p.m.?

Mr. CHANDLER. That was all speculative. Nothing ever came of it.

The CHAIRMAN. In this connection, did you not offer to undertake not to inaugurate for a stated period of years named, forced, or optional combination rates or circulation rates?

Mr. CHANDLER. That I do not recall, sir. We have never had forced rates or combination rates.

The CHAIRMAN. You do not know whether you undertook not to inaugurate?

Mr. CHANDLER. If they asked if we would inaugurate them, I undoubtedly said no we would not.

The CHAIRMAN. You obtained a memorandum from Mr. Day dated March 20, 1961, projecting the probable effects of such a combination, did you not? That is 221.

Mr. JOHNSON. Your number 44.

Mr. CHANDLER. Would you repeat the question, please?

The CHAIRMAN. You obtained a memorandum from Mr. Day, dated March 20, 1961, projecting the probable effects of such a combination, did you not?

Mr. CHANDLER. Yes, sir.

The CHAIRMAN. Did Mr. Day point out that "In view of the local department stores and their apparent fear of a Chandler monopoly, a \$3 million gain to the Examiner might be low"? Is that not what was indicated in that memorandum by Mr. Day?

Mr. CHANDLER. I recall it. I haven't found it in the memorandum but I do recall it.

The CHAIRMAN. Mr. Day suggested an alternative proposal, which would have resulted in the downpayment of \$3.8 million, with possible additional payments depending on the circulation of the Herald Express ranging up to \$1.5 million or a total of \$5.3 million. Is that not so?

Mr. CHANDLER. Yes, sir; that is correct.

The CHAIRMAN. After it was all over, in a way there was a discontinuance of the Mirror by Chandler and the Examiner by Hearst; is that correct?

Mr. CHANDLER. Pardon?

The CHAIRMAN. Finally, there was a discontinuance of the Mirror by Chandler and the Examiner by Hearst; is that correct?

Mr. CHANDLER. That is correct, sir.

The CHAIRMAN. Now would you care to explain to this committee in your own language how this was brought about?

Mr. CHANDLER. Sir, I have that written down. I would like to read it precisely.

The CHAIRMAN. Certainly. What page are you reading from?

Mr. CHANDLER. Page 10. This brings me to the circumstances surrounding the decision to consolidate the Mirror into the Times and the events which took place in that connection. The actual decision by the management of the Times-Mirror Company to consolidate the Mirror into the Times was made on December 26, 1961, following a special meeting of the board of directors of the company where this action was authorized.

This decision followed meetings with representatives of the Hearst organization at which the matter was discussed by way of background. The Times Mirror had discussed with the Hearst organization an offer by Times Mirror to buy Hearst's Evening Herald-Express. As I recall, these discussions took place in late 1960 and early 1961 and terminated with the Hearst organization's rejecting the offer by Times Mirror.

The Hearst organization indicated it favored some plan whereby its morning Examiner, which was losing heavily, would cease publication along with the Mirror. Richard Berlin, president of the Hearst Corporation, advised me that he had retained counsel to explore the matter with the Department of Justice since it was felt that any such plan conceivably could present antitrust questions. He said he would keep me advised, and I indicated Times Mirror would consider the matter upon learning of the decision of the Department of Justice.

Mr. Berlin called me from time to time and advised me that the matter was still under discussion with the Department of Justice.

In December 1961, Mr. Berlin called and asked if I could meet with him in New York to hear a report from his counsel regarding his discussions with the Department of Justice. As that time I did not know exactly what had been discussed with the Department of Justice.

With my counsel, Mr. von Kalinowski, I met with Mr. Berlin, Mr. Markuson, Randolph Hearst, and Hearst's counsel in the Hearst offices in New York. This meeting took place on December 5, 1961.

At the meeting Mr. Berlin introduced James McInerney of Washington, D.C., the lawyer retained by Hearst to present the matter to the Department of Justice. Mr. McInerney said he had met with various officials of the Department of Justice to discuss the closing of the morning Examiner and the evening Mirror due to their continuing heavy losses.

He said he had several discussions with the Antitrust Division regarding the proposed plan and that ultimately he received oral assurance from responsible Justice Department officials that the two companies could cease publication, simultaneously, of the Examiner and the Mirror.

The CHAIRMAN. You say "could cease publication simultaneously." Is that the language?

Mr. CHANDLER. Yes, sir.

The CHAIRMAN. I just note in the heading you say Department of Justice's oral clearance. Why do you use the word "oral"?

Mr. CHANDLER. That is what it was, an oral commitment, as we understood it. The CHAIRMAN. Ordinarily, clearance with the Department of Justice is in writing and not oral. However, I accept your explanation.

Go ahead.

Mr. CHANDLER. He said he had received such assurances as recently as the preceding Friday.

After Mr. McInerney finished, Mr. Berlin asked me if, in light of Mr. McInerney's report, I would consider ceasing publication of the Mirror. I said I felt the Los Angeles market would not sustain four metropolitan dailies and that under the circumstances the only method of halting the heavy losses of the Mirror was to cease publication.

I asked my counsel for his views on the antitrust problems and he said based on the assurances of the Justice Department officials he did not oppose proceeding. Mr. McInerney affirmed that these assurances had been given to him.

The CHAIRMAN. They were still oral assurances?

Mr. CHANDLER. Yes, sir; as we understood them. I told Mr. Berlin that the final Times Mirror decision would have to wait until I had discussed the matter with other executives of Times Mirror in Los Angeles. As I have already said, the decision to consolidate the Mirror into the Times on January 5, 1962, was made by Times Mirror on December 26, 1961.

This decision was communicated to the Hearst organization at that time. It was my understanding from previous discussions with Hearst officials that the Examiner would cease publication on January 7, 1962.

I would like to emphasize that although Times Mirror and the Hearst organization were aware of their respective decisions to cease separate publication of the Mirror and the Examiner, no agreements restricting competition between the two companies were made.

May I continue, Mr. Chairman? The rest of my report is not very long. You have gone over the previous part and I need not read that. Would you like me to continue this?

The CHAIRMAN. Continue the paragraph.

Mr. CHANDLER. Today the Times and the Herald-Examiner have overlapping editions and compete vigorously for circulation and advertising. The financial conditions which faced each of us made the solution to our problem obvious. We could not continue to suffer losses indefinitely. We had tried all manner of methods to otherwise solve the problem. We felt we could not be compelled to continue to suffer losses with no expectation of improvements. We had received assurances from responsible officials in the Department of Justice that we could proceed.

Under the circumstances, the answer as to what should be done was self-evident. Faced with the same decision today our answer would have to be the same.

There is not very much left, just two pages to my report. I would be happy to finish that and then you may continue to quiz me.

In my opinion, the consolidation of the Mirror into the Times and the Examiner with the Herald-Express has not adversely affected the news situation in Los Angeles.

As I said, the Times and Herald-Examiner compete vigorously for circulation and advertising. There has not been the elimination of a particular editorial point of view since the same two organizations that published before the consolidations remain. Both papers incorporated many features from the paper which ceased publication. The Times staff was augmented by writers from the Mirror and the Examiner.

I believe the editorial excellence of the Times is improved as a result of the consolidation. Competition remains from the many suburban dailies. These papers, in general, benefited from the consolidations by increased circulation and advertising gains. There is no monopoly on the sources of news in Los Angeles today.

As I pointed out earlier, the huge Los Angeles metropolitan area is served by 27 community newspapers ranging in size up to more than 100,000 circulation every day.

Then there are, as I said, an additional 170 weekly and semiweekly newspapers, each with its own point of view. Then there are 7 television stations and more than 30 radio stations, all heavily committed toward news coverage and editorial opinion. All of that, plus national newspapers and regional news magazines, makes our area highly competitive. Los Angeles is not suffering from a monopoly of news media. I assure you of that.

In this connection I would like to refer you to a report entitled "The Community Press and the Metropolis" prepared by the Bureau of Government of the University of California at Los Angeles, which emphasizes the intense newspaper competition present in the Los Angeles metropolitan area and the wide choice of news media available to the reader.

The closing of two of the four metropolitan dailies in Los Angeles understandably aroused considerable concern. We at Times Mirror made every effort to make the Mirror a success, and I assure you it was a sad moment for me to cease publication of the Mirror, but I had no choice. A newspaper is more than a business, but it cannot meet its public responsibilities unless it is operated on a sound financial basis.

What happened to the Mirror, in my opinion, is a product of the unique Los Angeles environment. Los Angeles is suburbia. Los Angeles is automobile commuting, decentralized shopping centers, outdoor living. In Los Angeles any publication must compete with all these factors as well as a myriad of other media.

In my opinion and from experience, under these circumstances there is not room for more than two successful metropolitan dailies in Los Angeles, unless basic urban conditions change.

The CHAIRMAN. Going back to December 1, 1961, when there was a meeting between the Hearst and Chandler interests, do you know if there was any discussion at that meeting of a cross sale, that is Chandler sale of the Mirror to the Hearst Herald Express and the Hearst sale of the Examiner to the Chandler Times? Was that discussed, if you know?

Mr. CHANDLER. No, sir.

The CHAIRMAN. You testified that you have a substantial or more than majority interest in a newsprint plant?

Mr. CHANDLER. Yes, sir.

The CHAIRMAN. Is that plant on a profitable basis?

Mr. CHANDLER. Yes, sir, it is.

The CHAIRMAN. What do you charge yours or what does the newsprint company charge the Los Angeles Times per ton for its newsprint?

Mr. CHANDLER. \$134.

The CHAIRMAN. The same price that is charged in the market?

Mr. CHANDLER. The same as any other customer.

The CHAIRMAN. Would you say, of course, having an interest in a newsprint plant gives you considerable leverage over other papers that do not have such an interest in a newsprint plant?

Mr. CHANDLER. No, I would not say that because as far as the operations of a newspaper we pay exactly what the others pay for theirs.

The CHAIRMAN. But you make profit on the newsprint plant which inures to your parent company of which the newspaper is a subsidiary?

Mr. CHANDLER. That comes in through another source, of course.

The CHAIRMAN. It comes in, though?

Mr. CHANDLER. Yes, sir.

The CHAIRMAN. Do you feel that the cost of newsprint is too high?

Mr. CHANDLER. I am quite close to the production of newsprint, ever since 1949, and I have seen costs, labor costs go up, stumpage costs go up to the point where we have a difficult time of keeping our return on investment at a modest and fair rate.

The CHAIRMAN. Is it not true that the cost of wood pulp has been reduced around an average of 6 percent?

Mr. CHANDLER. Not to my knowledge, sir, I don't know it.

The CHAIRMAN. We had that information this morning.

Mr. CHANDLER. I heard that information given but I was not personally aware of it.

The CHAIRMAN. Is it not true that the cost of the wood pulp, the raw material that goes into newsprint is reduced, should that not have an effect on the price of newsprint sold to newspapers?

Mr. CHANDLER. No, I think the cost stumpage fluctuates. It is up one 6-months period and then it is down again. You have to look at these things over a period of years as to what your actual basic costs are. Our figures do not show that our mill could have reduced newsprint prices.

The CHAIRMAN. Can you give us the information as to what the costs per ton to produce a ton of newsprint is?

Mr. CHANDLER. I could give you the information if I had it with me. I would not object to giving it to you. But I don't have it.

The CHAIRMAN. You might supply it to us.

Mr. CHANDLER. I would be happy to.

I would like to say, Mr. Chairman, when we bought this mill in 1949 it was a broken down old mill that was producing the papermaking machines running, about 800 and 900 feet a minute. We have reinvested in this mill, without taking out one penny, \$14 million of the profits that were made, to modernize this mill, to make it competitive, so it could compete with other newsprint manufacturers.

The CHAIRMAN. That is very creditable. Nobody can criticize that. How do you determine the price at which you would sell your newsprint. Do you follow the price of the Canadian companies?

Mr. CHANDLER. We generally follow along sooner or later, I can tell you that.

The CHAIRMAN. If Bowater jacks its price up to \$135, you do the same thing?

Mr. CHANDLER. No, we would not with those mills but with the west coast mills we would. We have lagged as much as 3 or 4 or 5 months behind our competitors at times.

The CHAIRMAN. Would you jack up your price in the interest of following the Bellwether or the Canadian outfits even though your costs have not increased or cost of raw material has not increased, the cost of the labor has not increased. Would you just follow the price leadership for the sake of following price leadership?

Mr. CHANDLER. Not necessarily. We have a financial interest in another mill in West Tacoma that is owned by 40 newspapers, large and small. They have been under the market price by 4 to 6 dollars for the last 5 years.

The CHAIRMAN. Do you buy from them also?

Mr. CHANDLER. Yes, sir. A small amount of tonnage.

The CHAIRMAN. In other words, you buy where you can get the newsprint cheaper.

Mr. CHANDLER. That is right. We buy some from Finland. I heard you discussing that this morning and we buy that cheaper than domestic newsprint.

The CHAIRMAN. I would think that newspapers ought to make a beaten track to the door of that company?

Mr. CHANDLER. They don't have enough capacity.

The CHAIRMAN. Mr. Rodino.

Mr. RODINO. How much of the newsprint that you produce do you actually utilize in your newspaper?

Mr. CHANDLER. Our mill produces about 250,000 tons of newsprint and 50,000 tons of other than newsprint.

Mr. RODINO. Then you go outside of your own production area to purchase other newsprint?

Mr. CHANDLER. The Times-Mirror Company consumes about 200,000 plus tons a year, and we buy 90,000 tons from our own mill and the rest from Crown-Schelenbach, in British Columbia and Finland.

Mr. RODINO. Yet your own newsprint production is how much did you say?

Mr. CHANDLER. It is about 250,000 tons.

Mr. RODINO. What is the reason for going outside when you say you pay more in some of the other areas?

Mr. CHANDLER. Our mill is running at capacity 7 days a week, 365 days a year. We have other customers. In the newsprint business it is just not good wisdom to have all of your sources of supply come from one mill. You could have a strike, you could have a war, you could have an accident of one kind or another and be out of newsprint.

Mr. RODINO. Wouldn't that in some way have some effect on the cost factor if you were to buy from your own at a lesser price instead of having to go outside as you do to purchase the balance?

Mr. CHANDLER. We don't buy at a lesser price. We have other customers buying at the same price we pay for it. So it doesn't make any difference.

The CHAIRMAN. You stated before that your parent corporation is a public corporation?

Mr. CHANDLER. Yes, sir.

The CHAIRMAN. And its figures are made public?

Mr. CHANDLER. Yes, sir.

The CHAIRMAN. Would you care to have counsel supplying us with a statement as to the figures that have been made public on your general operations, parent-company-wise, subsidiary-wise?

Mr. CHANDLER. We would be very happy to.

Mr. KALINOWSKI. I have the 1961 annual report of the Times-Mirror.

Mr. RODINO. That will be accepted in the record.

The CHAIRMAN. There is one more question, Mr. Chandler. Were you satisfied in your own mind that you had the proper approval from the Department of Justice to effectuate this change that has been testified to in Los Angeles?

Mr. CHANDLER. Yes, sir, I did.

The CHAIRMAN. And you had your counsel advise you that was so, likewise?

Mr. CHANDLER. Yes, sir, that is right. I had confidence in the Hearst organization that they were telling us the facts and the truth and we proceeded.

Mr. CRAMER. Mr. Chairman, I have a couple of questions. On page 3 of your statement, you say the management deems—

The CHAIRMAN. Your statement will be accepted in the record in full at this point, Mr. Chandler.

PREPARED STATEMENT OF NORMAN CHANDLER, CHAIRMAN OF THE BOARD AND PRESIDENT OF THE TIMES MIRROR COMPANY, BEFORE THE ANTITRUST SUBCOMMITTEE OF THE HOUSE COMMITTEE ON THE JUDICIARY

Mr. CHANDLER. My name is Norman Chandler. I am chairman of the board and president of The Times Mirror Company. The Times Mirror Company publishes the Los Angeles Times and formerly published the Los Angeles Evening Mirror.

It is a pleasure for me to appear here today and to cooperate in your study of newspapers and other communications media. I understand you are interested in hearing about the consolidation of the Los Angeles Mirror into the Los Angeles Times which took place in the first week of January 1962.

First, I would like to tell you about the Mirror.

THE FOUNDING OF THE MIRROR

The management of The Times Mirror Company decided in the mid-1940's that the Los Angeles area needed and would support another metropolitan afternoon newspaper.

This decision was based on several factors. The area had become heavily industrialized during the war years. Many thousands of new families had moved into Los Angeles, attracted by the jobs and living conditions of southern California.

There was every indication that this population growth would continue, as indeed it has. Plans for a metropolitan rapid transit system were being discussed and gave strong indications of being implemented. The end of the wartime scarcity of newsprint, and the fact that press equipment, machinery, building materials, and other necessary items again were available made the time seem ripe for the new newspaper.

Because of the increasingly urban nature of Los Angeles, the growing population density, and the anticipated advent of rapid transit, it was decided that the new newspaper should be tabloid in size for the convenience of commuters, and bright, fresh, and modern in content; a newspaper new in concept; a newspaper designed to attract and hold the interest and loyalty of the active, youthful-minded new residents of the Los Angeles metropolitan area.

THE COSTS INVOLVED IN FOUNDING THE MIRROR

The Mirror was the only metropolitan newspaper to begin publication in the United States in the years since World War II. Undoubtedly this was due to the expense in launching a new newspaper in a major American market. Some idea of the expense involved may be derived from the following items:

A new 11-story building, primarily designed to house the new publication, was constructed in Times Mirror Square in downtown Los Angeles.

Extensive facilities designed to enable the Mirror to produce and distribute newspapers efficiently at high speed; special press equipment, an enlarged composing room, ultramodern photographic equipment and darkrooms, a large fleet of new trucks, and many other kinds of equipment were designed and acquired.

An eager and ambitious staff of several hundred was assembled; a staff which approached its new assignment with enthusiasm, new ideas, and a strong determination to succeed.

A management team believed to be capable of directing the new enterprise was put in control and given carte blanche on all matters pertaining to the new newspaper. Mirror management was given a large operating budget and was told to compete strongly with all other media in the area, including the Los Angeles Times.

A major advertising campaign, costing in excess of \$200,000, was launched to introduce the Mirror to its community. Full-page advertisements in the Los Angeles Times and other newspapers, hundreds of radio announcements, billboards, direct mail announcements, and other advertising media were employed during the introductory promotion campaign.

The total cost of launching a new metropolitan newspaper in a major American market runs into many millions of dollars.

THE INITIAL DIFFICULTIES OF THE MIRROR

The Mirror published its first edition on October 11, 1948, creating a wave of interest and excitement seldom equalled in Los Angeles. The first day's issue sold out as fast as the papers could be printed. Circulation that day exceeded 400,000, all the presses could produce. Sales continued at a relatively high level during the first few weeks of publication.

After the initial curiosity subsided, circulation dropped sharply. The first publisher's statement, dated March 31, 1949, about 5 months after the birth of the Mirror, showed an average circulation of 115,118.

It soon became evident that advertising had failed to materialize in the expected volume. The Mirror began a long and strenuous campaign to enlist advertising and circulation support, entering into a struggle which was to last for the rest of its life.

Naturally, I did not really expect the Mirror to become an overnight success, although I will admit to you that I secretly hoped that it would. We had planned for a period of losses. We were prepared for a number of years of loss operations, but we did expect that after the expected heavy losses of the first few years, the loss would diminish year by year, reach the break-even point and perhaps turn into profit after a reasonable period of time, say, 5 to 10 years. This did not happen, nor could we find any solid indication that it would happen.

EFFORTS TO MAKE THE MIRROR A SUCCESS

I assure you that every effort was made during the 13-year life of the Mirror to make it a success.

Management teams studied its audience, its editorial strengths and weaknesses, its sales and distribution organizations in an intensive and continuing effort to develop a successful product and winning team.

Heavy expenditures were made in editorial improvements, promotional campaigns, and in circulation and advertising sales efforts.

Reader contest, daily zone sections, new editorial features, and makeup—every conceivable device and idea was tested.

In February 1954, after surveys indicated that the tabloid format was not desirable from the readers' or the advertisers' point of view, the Mirror became a standard-sized newspaper. A number of Mirror departments, including the circulation department, were combined with Times departments under unified management in an effort to lessen losses and increase efficiency.

This resulted in increased circulation; the Mirror achieved a circulation high mark of 319,636 in 1956. But it was still found necessary to obtain more than 300,000 new subscriptions every year to maintain the Mirror's total circulation at about the same figure. There was little or no voluntary circulation growth. It was necessary to spend heavily and continuously to acquire circulation and maintain circulation volume.

Despite the circulation increase, advertising failed to materialize in sufficient volume to offset losses which continued to run as high as in excess of \$2 million a year. Altogether the operating losses of the Mirror in its 13-year history exceeded \$25 million, as shown on the exhibit attached to this statement.

THE REASONS FOR THE FAILURE OF THE MIRROR

Why did the Mirror fail?

The reasons as I see them fall into several areas.

1. Rapid transit has not come to Los Angeles. The area has become increasingly a metropolis strung together by freeways. The private automobile remains the primary mode of transportation, which has the effect of depressing afternoon newspaper street sales. With street sales potential thus limited, the Mirror had to seek home delivery circulation. Home delivery is far more costly, particularly in the sprawling Los Angeles metropolitan market.

Furthermore, freeway travel in the crowded afternoon rush hours was difficult and necessitated larger truck fleets and tighter press schedules, all of which boosted delivery costs further. The net revenue per copy from home delivery is only about one-half the rate of return from street sales.

Whereas I had originally envisaged the Mirror as a newspaper having a high percentage of street sales so that circulation revenue would be an important factor, only about one-third of the Mirror's total circulation was from street sales.

2. Partly as a result of the failure of centralized rapid transit to become a reality, strong shopping areas have grown up in the suburbs of Los Angeles. These have had the effect of strengthening existing suburban newspapers, and have brought new suburban newspapers into existence, all of which derive advertising support from local shopping centers, often at the expense of the downtown dailies. Almost all of the suburban newspapers are afternoon newspapers, and thus were in direct competition with the afternoon Mirror for subscribers, for the readers' time, and for advertising.

Currently there are 27 suburban daily newspapers in the Los Angeles metropolitan area, plus 170 weeklies and semiweeklies, or a total of 197 newspapers besides the downtown metropolitan dailies.

The Mirror, selling at the home-delivered subscription rate of \$1.75 per month, averaged about 35 pages per day. Many of the suburban dailies, because of greater support by advertisers, were larger in size, carried more news and sold at a lower subscription rate. And, let me clarify one point. Many of the suburban dailies in Los Angeles carry a respectable volume of State, national and international news. They do not compare with the Los Angeles Times in this respect in my opinion, but they were able to compete successfully with the Mirror, when their coverage of purely local news was thrown into the balance.

As an indication of the growth of suburban newspapers, I might point out that between 1952 and 1961, the combined daily circulation of the suburban newspapers in the Los Angeles area grew by 50.5 percent, or from 478,939 to 720,646. In the same period, the combined daily circulation of the Los Angeles metropolitan newspapers increased by only 12.7 percent, from 1,417,774 to 1,598,475.

3. The Mirror's founding coincided with the advent of television to Los Angeles. Within a year or two after the first publication of the Mirror, Los Angeles had seven highly competitive television stations in operation, competing for the time of readers during the evening hours and draining off advertising dollars.

4. Newspapers in Los Angeles must compete with its climate and geography which offer its residents year-round opportunities to pursue a variety of outdoor leisure-time activities.

5. Another problem was that the Mirror suffered a price disadvantage when compared to its two main competitors, the community newspapers, and the other metropolitan dailies. The community newspapers were equal to or larger than the Mirror in size and yet sold at a lower rate to readers and advertisers. The other metropolitan dailies were all larger in size than the Mirror.

For example, the Times, which sold at approximately the same 6-day subscription price as the Mirror, offered its readers more than twice the news and advertising volume. The Mirror was unable to compete successfully against these two forces.

Surrounding and underlying all these considerations was one more major factor, a factor perhaps more important than any of the others. The Mirror was caught in a rapidly rising spiral of production and distribution costs which created difficulties too great for its strength.

From 1948 to 1961 the cost of newsprint increased 40 percent and labor costs doubled.

NO SOLUTION TO MIRROR'S PROBLEMS APPEARED LIKELY

In 1959, I reported to our Times Mirror Board of Directors that despite the continuing and growing strength and success of The Times, we could no longer overlook the many problems confronting newspapers like the Mirror. I said at that time that the outlook for the Mirror was discouraging, and that it could not be expected that the Mirror could break even in the foreseeable future, even though large sums of money were spent to improve its editorial content and sales activities.

I expressed doubt, based on experience, that there was enough potential in the Los Angeles market to support the four metropolitan newspapers then in existence because of high fixed costs, increasing labor costs, the diversion of retail advertis-

ing dollars into the suburbs, and the continuing and increasing competition of electronic media.

I pointed out that this was not just a local problem. In the January 16, 1959 issue of U.S. News and World Report, an article entitled "Why Newspapers Are Having Trouble" reported that 217 daily newspapers have disappeared across the nation in the past 10 years.

Over the last decade, the article stated, the average cost of getting out a newspaper has gone up by more than 50 percent. Advertising rates have had to be increased. Subscription rates have gone up sharply. More and more newspapers have found themselves unable to keep pace with rising costs. Weaker newspapers have succumbed.

In Los Angeles, at the time of which I speak, only the Los Angeles Times, of the four metropolitan newspapers, was showing a profit. All of the three other newspapers were losing money. Obviously, this condition could not continue indefinitely. Something had to give.

THE DECISION TO CONSOLIDATE THE MIRROR INTO THE TIMES

This brings me to the circumstances surrounding the decision to consolidate the Mirror into the Times and the events which took place in that connection.

The actual decision by the management of The Times Mirror Company to consolidate the Mirror into the Times was made on December 26, 1961, following a special meeting of the board of directors of the company where this action was authorized.

This decision followed meetings with representatives of the Hearst organization at which the matter was discussed.

BACKGROUND OF THE CONSOLIDATION

By way of background, Times Mirror had discussed with the Hearst organization an offer by Times Mirror to buy the Hearst's Evening Herald-Express.

As I recall, these discussions took place in late 1960 and early 1961 and terminated with the Hearst organization rejecting the offer by Times Mirror. The Hearst organization indicated it favored some plan whereby its morning Examiner which was losing heavily, would cease publication along with the Mirror.

Dick Berlin, President of the Hearst Corporation, advised me that he had retained counsel to explore the matter with the Department of Justice since it was felt any such plan conceivably could present antitrust questions. He said he would keep me advised and I indicated Times Mirror would consider the matter upon learning of the decision of the Department of Justice. Mr. Berlin called me from time to time and advised me that the matter was still under discussion with the Department of Justice.

THE DEPARTMENT OF JUSTICE'S ORAL CLEARANCE OF THE CONSOLIDATION

In December of 1961 Mr. Berlin called and asked if I could meet with him in New York to hear a report from his counsel regarding his discussions with the Department of Justice. At that time I did not know exactly what had been discussed with the Department of Justice. With my counsel, Mr. von Kalinowski, I met with Mr. Berlin, Mr. Markuson, Randolph Hearst, and Hearst's counsel in the Hearst offices in New York. This meeting took place on December 5, 1961.

At the meeting Mr. Berlin introduced James McNerney of Washington, D.C., the lawyer retained by Hearst to present the matter to the Justice Department. Mr. McNerney said he had met with various officials of the Department of Justice to discuss the closing of the morning Examiner and the evening Mirror due to their continuing heavy losses. He said he had several discussions with the Antitrust Division regarding the proposed plan and that ultimately he received oral assurance from responsible Justice Department officials that the two companies could cease publication, simultaneously, of the Examiner and the Mirror. He said he had received such assurances as recently as the preceding Friday.

After Mr. McNerney finished, Mr. Berlin asked me if, in light of Mr. McNerney's report, I would consider ceasing publication of the Mirror. I said I felt the Los Angeles market would not sustain four metropolitan dailies and that under the circumstances the only method of halting the heavy losses of the Mirror was to cease publication.

I asked my counsel for his views on the antitrust problems and he said, based on the assurances of the Justice Department officials, he did not oppose proceeding. Mr. McInerney affirmed that these assurances had been given to him.

I told Mr. Berlin that the final Times Mirror decision would have to wait until I had discussed the matter with other executives of the Times Mirror in Los Angeles. As I have already said, the decision to consolidate the Mirror into the Times on January 5, 1962, was made by Times Mirror on December 26, 1961. This decision was communicated to the Hearst organization at that time. It was my understanding from previous discussions with Hearst officials that the Examiner would cease publication on January 7, 1962.

I would like to emphasize that although Times Mirror and the Hearst organization were aware of their respective decisions to cease separate publication of the Mirror and the Examiner, no agreements restricting competition between the two companies were made. Today the Times and the Herald-Examiner have overlapping editions and compete vigorously for circulation and advertising. The financial conditions which faced each of us made the solution to our problem obvious. We could not continue to suffer losses indefinitely. We had tried all manner of methods to otherwise solve the problem. We felt we could not be compelled to continue to suffer losses with no expectation of improvement. We had received assurances from responsible officials in the Department of Justice that we could proceed. Under the circumstances, the answer as to what should be done was self-evident. Faced with the same decision today our answer would have to be the same.

THE CONSOLIDATION HAS NOT ADVERSELY AFFECTED NEWS MEDIA IN LOS ANGELES

In my opinion, the consolidation of the Mirror into the Times and the Examiner with the Herald-Express has not adversely affected the news situation in Los Angeles. As I said, the Times and Herald-Examiner compete vigorously for circulation and advertising. There has not been the elimination of a particular editorial point of view since the same two organizations that published before the consolidation remain. Both papers incorporated many features from the paper which ceased publication. The Times staff was augmented by writers from the Mirror and the Examiner. I believe the editorial excellence of the Times is improved as a result of the consolidation. Competition remains from the many suburban dailies. These papers, in general, benefited from the consolidations by increased circulation and advertising gains. There is no monopoly on the sources of news in Los Angeles today. As I pointed out earlier, the huge Los Angeles metropolitan area is served by 27 community newspapers ranging in size up to more than 100,000 circulation every day. Then there are, as I said, an additional 170 weekly and semiweekly newspapers, each with its own point of view. Then there are 7 television stations and more than 30 radio stations, all heavily committed toward news coverage and editorial opinion. All of that, plus national newspapers and regional news magazines, makes our area highly competitive. Los Angeles is not suffering from a monopoly of news media. I assure you of that. In this connection I would like to refer you to a report entitled, "The Community Press and the Metropolis" prepared by the Bureau of Government of the University of California at Los Angeles, which emphasizes the intense newspaper competition present in the Los Angeles metropolitan area and the wide choice of news media available to the reader.

The closing of two of the four metropolitan dailies in Los Angeles understandably aroused considerable concern. We at Times Mirror made every effort to make the Mirror a success and I assure you it was a sad moment for me to cease publication of the Mirror, but I had no choice. A newspaper is more than a business, but it cannot meet its public responsibilities unless it is operated on a sound financial basis. What happened to the Mirror, in my opinion, is a product of the unique Los Angeles environment. Los Angeles is suburbia. Los Angeles is automobile commuting, decentralized shopping centers, outdoor living. In Los Angeles any publication must compete with all these factors as well as a myriad of other media. In my opinion and from experience under these circumstances, there is not room for more than two successful metropolitan dailies in Los Angeles unless basic urban conditions change.

The CHAIRMAN. Thank you, Mr. Chandler.

Mr. CRAMER. In page 13, the third sentence in the second paragraph you say that, "there has not been the elimination of a particular editorial point of view since the same two organizations that published before the consolidations remain."

Is that inconsistent? You are saying in one instance you had a separate editorial point of view within your own organization.

Mr. CHANDLER. Yes, sir; we did, Mr. Cramer. The Mirror had a publisher, Mr. Virgil Pinckley and he was given carte blanche to run the Mirror as he saw fit and he often came out with editorials that disturbed me and supported some candidates that disturbed me.

Mr. CRAMER. Then there has been, contrary to your first sentence on page 13, the elimination, contrary to that statement of one editorial and newspaper point of view, and therefore from the standpoint of competition very likely has adversely effected the news situation in Los Angeles.

Mr. CHANDLER. I don't agree with you, sir.

Mr. CRAMER. Why not? You had three points of view before. You have two now. Maybe four. I do not know what the afternoon Hearst paper did.

Mr. CHANDLER. As a result of being the only morning paper in a large city like Los Angeles, the dissemination of varying opinions is today more prevalent than it has ever been before. I think that the Los Angeles Times does an excellent job in presenting all points of view in its pages.

We now have three—

Mr. CRAMER. Then it would follow that you would not need any competition?

Mr. CHANDLER. We now have three editorial pages, two of which are primarily devoted to nationally syndicated columnists of all viewpoints. We carry the columns of Walter Lippmann, Roscoe Drummond, Barry Goldwater. I catch the dickens from some of my old-time friends because we carry Drew Pearson. Dave Lawrence, Henry J. Taylor. We give all different points of view to our readers. We feel we have a deep responsibility as the only morning paper to do more of that than we ever did before.

Mr. CRAMER. But your editorial policies that you germinate as an editor are singular, whereas before they were doubled, both morning and afternoon being separate in policy; is that right?

Mr. CHANDLER. You could interpret it that way but the publisher of the Mirror didn't always think exactly as I did, and when he didn't he had the prerogative to go ahead and expound his viewpoints.

Mr. CRAMER. That is exactly what I am saying. He often had differing editorial viewpoints.

Mr. CHANDLER. Yes, sir.

Mr. CRAMER. That differing viewpoint is now extinct?

Mr. CHANDLER. No, there are 27 daily newspapers around Los Angeles. There is radio, there is television, there is everything to give you every point of view you want including the morning Times, the Wall Street Journal, Washington Observer. We are loaded.

Mr. CRAMER. There is one less of general circulation, is there not? A metropolitan daily newspaper, there is one less?

Mr. CHANDLER. There are two less.

Mr. CRAMER. Which if they did the same thing as your paper did, then the community is now minus two separate editorial and possibly news-coverage points of view?

Mr. CHANDLER. The suburban papers, Pasadena, Long Beach.

Mr. CRAMER. I am talking about daily metropolitan papers in the Los Angeles area. I think the facts speak for themselves. I mainly wanted your testimony which you gave, to the effect that there was separate editorial policy and news coverage in the afternoon paper which no longer exists.

Mr. CHANDLER. That is correct.

The CHAIRMAN. Let me interrupt a minute.

Did you not buy three suburban newspapers in and around Los Angeles after the arrangement made with the Hearst people?

Mr. CHANDLER. We bought a small paper down in Costa Mesa in Orange County with 17,000 circulation. It had two or three editions that they put out from the same plant. They in turn bought a little small paper in Newport Beach with 2,500 or 3,000 circulation.

The CHAIRMAN. So that in agreement with my distinguished colleague from Florida, three other voices have been stilled, although they may not be as loud as the Los Angeles Times. They have been stilled because they are under your control.

Mr. CHANDLER. Mr. Chairman, they operate separately. The publisher that started the paper a number of years ago is still the publisher. We never say boo to him.

The CHAIRMAN. I know but you always have the power. The power is present to control the editorial policy of those papers that you purchased. It may be that you give them autonomy. But you always have the check rein in your own hand.

I would like to ask you something else, Mr. Chandler. I have before me the statement of the Times Mirror Company, the 75th Annual Report, page 12. It speaks of the Publishers' Paper Company. That is your newsprint company. We have the following significant statement. "Although overcapacity exists in the newsprint industry, it is anticipated that Publishers' Paper will continue to operate at or near capacity through 1961."

In other words, despite the fact that overcapacity exists, according to your own statement, in the newsprint industry, the price of newsprint since 1957 has remained the same at \$135. Despite the overcapacity.

Mr. CHANDLER. Yes, sir.

The CHAIRMAN. So supply and demand does not seem to operate in the newsprint industry?

Mr. CHANDLER. We run at capacity because we assign our contracts to other mills in such a way that we make sure that our mill does run at capacity.

The CHAIRMAN. I do not like to say it but I can't help but saying it: Newsprint people just charge what the traffic will bear and a little more. They have the whiphand and we are almost helpless.

Some years ago we had a tariff on newsprint coming from Canada and we took that tariff off. I think it was 10 percent. This was on the score that the Canadian newsprint operators would behave themselves because in those days there was experience by the American newspapers of a lot of difficulty.

In return for the taking off of the 10 percent they showed their gratitude on the other side of the border by jacking up these prices inordinately. So a tabulation was made roughly this morning, since the time of the Second World War the prices advanced 160 percent. That seems to me unconscionable, Mr. Chandler.

Mr. CHANDLER. On the record it looks that way, Mr. Chairman. But as I have become interested in the manufacture of newsprint and other products, I am a little more sympathetic with the newsprint manufacturers today than I was 15 or 20 years ago. There was a time when I felt that their profits were too high. They did boost this cost more abnormally than they should have been.

The CHAIRMAN. In other words, am I right you felt it was too high until you got in the business yourself?

Mr. CHANDLER. That is a good explanation.

The CHAIRMAN. Are there any other questions?

Mr. CRAMER. May I continue, Mr. Chairman? I have just a couple of questions.

The Chairman asked you a question concerning a statement on page 11 of your prepared statement, relating to the Department of Justice oral clearance of consolidation. I find difficulty in understanding why you would rely on an oral assurance secondhand from the Justice Department, particularly realizing that administrations have a way of changing periodically.

Mr. CHANDLER. Mr. McInerney was there present and Mr. von Kalinowski and I quizzed him very thoroughly and he just convinced us that he did have an oral clearance and we went ahead. It is just as simple as that.

Mr. CRAMER. Who did he have the clearance from?

Mr. CHANDLER. Various people in the Department of Justice.

Mr. CRAMER. Who did he say he had a clearance from?

Mr. CHANDLER. He mentioned Mr. Loevinger as one.

Mr. CRAMER. Anybody else?

Mr. CHANDLER. He mentioned that he had talked personally to the Attorney General.

Mr. CRAMER. What time was this? December 1961?

Mr. CHANDLER. Yes, sir.

Mr. CRAMER. Did he indicate that he had clearance from the Attorney General?

Mr. CHANDLER. He didn't specify from the individual but gave the impression, and I believe him, that he had talked to these two individuals, that we were to be permitted to proceed and discontinue our publications simultaneously.

The CHAIRMAN. I will say, Mr. Cramer, we expect the subcommittee to call Mr. Lovinger on this score.

Mr. CRAMER. Not the Attorney General?

The CHAIRMAN. Possibly, I do not know. It all depends on what facts come forth.

If there are no further questions, we will dismiss you, Mr. Chandler. Thank you very much. Thank you, Mr. Kalinowski.

Mr. CHANDLER. Thank you.

The CHAIRMAN. That will conclude the hearings today and we will resume next Wednesday.

(Whereupon, at 3:35 p.m., the subcommittee recessed, to reconvene at 10:30 a.m., Wednesday, March 20, 1963.)

TUESDAY, APRIL 9, 1963

The subcommittee met at 10:50 a.m., pursuant to recess, in room 346, Cannon Building, Hon. Emanuel Celler (chairman) presiding.

Present: Congressmen Celler, Rodino, Rogers (Colo.), Donohue, Kastenmeier, McCulloch, Miller (N.Y.), and Meader.

Also present: Stuart H. Johnson, Jr., chief counsel, and associate counsels Philip Marcus, William H. Copenhaver, and Alan Cors.

(NOTE: The statement of the Hon. George Meader, a Representative in Congress from the State of Michigan is not given here.)

The CHAIRMAN. Our first witness this morning is Mr. G. O. Markuson, who is the general manager of the Hearst newspapers. He is accompanied, as I understand it, by Mr. W. H. Kern and Mr. Edward Becker. Will those three named men please come forward to the witness table?

I want to state at the outset that the Hearst Corporation has given the most earnest cooperation to the members of the staff and to the committee in listing information and documents. We are very grateful to the Hearst Corporation for that cooperation.

Mr. Markuson, you have a statement I understand you care to read.

STATEMENT OF G. O. MARKUSON, GENERAL MANAGER, HEARST NEWSPAPERS; ACCOMPANIED BY H. G. KERN, EDWARD BECKER, AND JAMES HAYES, COUNSEL

Mr. MARKUSON. I would like to read it. I would also like to introduce Mr. James Hayes, our counsel.

Shall I read it?

The CHAIRMAN. Yes.

Mr. MARKUSON. My name is G. O. Markuson. I am general manager of the Hearst newspapers.

It is our understanding that today's hearing is to be confined to the discontinuance of the morning Los Angeles Examiner and to the consolidation of the Sunday Examiner with the Evening Herald & Express.

The CHAIRMAN. When you say "the consolidation of the Sunday Examiner," does that not also include the daily Examiner, too?

Mr. MARKUSON. No, sir. We discontinued the daily Examiner and merged and consolidated the Sunday Examiner with the evening paper.

The CHAIRMAN. You may proceed.

Mr. MARKUSON. We are, therefore, limiting our statement at this time to these matters. We would appreciate a later opportunity to give this subcommittee a general and more comprehensive statement relating to the numerous and serious problems affecting the urban press of our Nation, if the subcommittee so desires.

The CHAIRMAN. We expect to go into other features involving Hearst publications, for example, in San Francisco and Albany, and when we go into those features you might have that opportunity that you request.

Mr. MARKUSON. Thank you.

For nearly 80 years, the Hearst Newspapers have been privileged to serve the citizens of California. Indeed, California was the scene of Mr. William Randolph Hearst's first newspaper venture on March 4, 1887.

The Los Angeles Herald-Examiner is one of the Hearst newspapers, as were its predecessors, the Los Angeles Examiner and the Los Angeles Herald & Express.

The American Newspaper Publishers' Association has considered with you many of the problems confronting the newspaper industry. As a result of that presentation and your own independent inquiry, this subcommittee is well aware of the onerous costs and related economic factors which have thinned the ranks of the urban and metropolitan newspapers.

Mr. McCULLOCH. Mr. Chairman, if I might interrupt the witness there, because I am impressed with that statement.

I wonder if the witness could furnish us a complete breakdown, within reason, of the various segments of cost in the operation of his newspaper; newsprint, labor, every item that a good accounting firm would set forth in determining the cost of publishing a given newspaper or a series of newspapers in a town that size?

Mr. MARKUSON. We would be glad to.

Mr. McCULLOCH. And over a period of long enough time so that we can intelligently look at those figures and follow the trend and see whether the conclusion in our opinion is necessarily identical with the conclusions of others who see and use the record.

Mr. MARKUSON. Certainly; we would be glad to.

Mr. McCULLOCH. I would be glad if they would be furnished in detail, Mr. Chairman.

The CHAIRMAN. Fine.

(The material referred to was not furnished.)

Mr. MARKUSON. Newsprint and labor costs are by far the most burdensome and significant expenses in producing a newspaper. These costs are virtually beyond the control of a newspaper publisher.

As you know, today newsprint is at an all-time high of \$134 per ton. Labor constantly demands increased wages and salaries, without regard to whether the newspaper or newspapers concerned are profitable or unprofitable. An unprofitable newspaper faced with such demands may either meet them and incur further substantial losses, suspend publication, or attempt to interest some prospective purchaser in acquiring that newspaper.

If it rejects such demands, it thereby incurs a disastrous strike. The recent 114-day newspaper shutdown in New York City is an example.

These and other related cost factors compelled us to reexamine our position in the Los Angeles area and inevitably contributed to the consolidation of the Hearst newspapers situated in that market.

Prior to January 8, 1962, Los Angeles was represented by the Examiner and the Times in the morning and Sunday field, and by the Herald & Express and the Mirror in the evening field, the Examiner and the Herald & Express being Hearst newspapers and the Times and the Mirror being Chandler newspapers.

For several years, it had become increasingly evident that Los Angeles could not profitably support four metropolitan papers. Each paper was vying with the others in attempting to capture as much advertising and circulation revenue from this market as it could in order to survive.

Yet, these efforts, designed to promote vigorous, profitable competition, succeeded only until 1956.

The CHAIRMAN. You say there was a vying between the papers and competition. Both the Chandler papers and your papers were members of the Los Angeles Newspaper Publishers Association, were they not?

Mr. MARKUSON. Yes.

The CHAIRMAN. Haven't the charges been made that there were cross-agreements there which would have stifled competition? Is not the subject now under inquiry by the Department of Justice?

Mr. MARKUSON. I believe that is correct, sir. Let me say to you the competition was terrific not only between Hearst and Chandler—

The CHAIRMAN. I do not want to go into the question of the Los Angeles Newspapers Publishers Association because as was stated at one of these previous hearings, the civil investigative demand has been served on you and we have agreed not to go into that feature.

I just wanted to checkmate you on your statement that there was intensive competition. It may be modified a bit by what may happen as a result of the investigation of the Department of Justice.

Mr. MARKUSON. Yes.

Thereafter, it became apparent to us that profitable operation of both of the Hearst Los Angeles Newspapers was impossible. The combined Hearst operating loss in Los Angeles for 1960 and 1961 exceeded \$4 million.

I would like to add an addendum that I think would be of interest to the subcommittee. That is this: In the years 1958 through 1962, Hearst Consolidated Publications, Inc., and its subsidiaries, of which the Los Angeles papers are included, lost a total of \$27,878,000. Of that amount, the Los Angeles newspapers contributed to the loss, \$10,212,000.

The CHAIRMAN. When you say that there was a loss in Los Angeles in 1960 to 1961 in excess of \$4 million, do you include therein the termination cost?

Mr. MARKUSON. No, sir. That is excluded. You can add another \$1¼ million to that. This is without that figure, the \$4 million figure.

The CHAIRMAN. That is without the terminal cost?

Mr. MARKUSON. Yes. But in the other figure I gave you for the 5-year period from 1958 to 1962, it does include those severance payments. Los Angeles newspapers lost a total of \$10,212,000.

Mr. McCULLOCH. Mr. Chairman, of course the matter of which you inquired will be supported by that material which I requested earlier today, the complete financial statements broken-down into understandable items for a 10-year period to and including the time that the sale was made. I understand that kind of information will be furnished us in complete detail.

Mr. MARKUSON. Do you want it for 10 years? I thought of giving it to you for about 5. If you want it for 10, we can do it.

Mr. McCULLOCH. Unless there is a great amount of time and effort consumed, the 10-year period would be much more enlightening, obviously, than the 5-year period.

Mr. MARKUSON. That would be the 10 years ending through 1961?

Mr. McCULLOCH. Yes, whenever the consolidation or sale was completed.

Mr. MARKUSON. Yes, we can do it for 10 if that is what you want.

The CHAIRMAN. It might be well if you did that newspaper by newspaper.

Mr. MARKUSON. Yes, for the two newspapers in Los Angeles.

The CHAIRMAN. Yes. May I interrupt there to try to get your reasoning focused a bit on this situation. There were times when the Examiner made money; is that not correct?

Mr. MARKUSON. Yes, sir.

The CHAIRMAN. For example, the Examiner made money in 1957 and they made money in 1959. In other years they lost money. The Herald & Express consistently lost money; is that correct?

Mr. MARKUSON. Consistently lost money; that is true.

The CHAIRMAN. Was it not your basis of thought that you might have gone on and conducted the Examiner so as to make it a profitable newspaper, but you had one other paper, an evening paper, which was constantly losing money, and it seemed hopeless.

If you let that paper go, that is, the evening paper, or sold it, that would have left you in the position of having one paper, whereas the Chandler's would have had two papers; is that correct?

Mr. MARKUSON. That is correct.

The CHAIRMAN. They would have had a morning paper and an afternoon paper and you would have had only a morning paper. That would have put the Hearst interests at a grave disadvantage, would it not?

Mr. MARKUSON. Yes, sir.

The CHAIRMAN. The Chandler's could have sold advertising on a group basis or combination basis. They could have produced two newspapers at one plant with a single facility. Whereas you would have to produce your one paper at one facility. They would have been able to produce their papers at an expense far less than your production; is that correct?

Mr. MARKUSON. That is true.

The CHAIRMAN. Eventually, they might have starved you out; is that correct?

Mr. MARKUSON. That is right.

The CHAIRMAN. That would have been the same situation whether it was the morning paper or the evening paper that you dispossessed, either by purchase or suspension; is that not correct?

Mr. MARKUSON. Yes.

The CHAIRMAN. Was that not the basis of your reasoning?

Mr. MARKUSON. Let me explain, Mr. Chairman. We didn't discontinue anything in Los Angeles that was making money. The Los Angeles 6-day morning paper was losing money. The Sunday paper was making money, substantial money. We merged the Sunday paper with the evening paper.

The figures that show on these P&L statements that you have looked at are for the 7-day operation. It does not show how much is daily and how much is Sunday. The years that it shows they lost money, the Sunday is the one that made money but the daily lost more than the Sunday made.

So all we did was consolidate the Sunday with the daily evening paper. We were moving forward in the evening field in circulation. We were pulling away

from Chandler's Mirror substantially more circulation at the time that they folded. I think we were about 90,000 ahead of them, and our advertising was moving up in the evening paper. It was going down in the morning paper.

If we had sold the evening to Chandler we would have ended up with the third paper in the city. He would have dominated the situation on morning and Sunday and had the evening field to himself. We would have been the third newspaper in that community. It would be just a matter of time and there would be one ownership.

The CHAIRMAN. Proceed.

Mr. MARKUSON. All of our studies and analyses pointed to the inescapable conclusion that the financial situation would not improve, but on the contrary, would become more and more aggravated.

While the Chandler organization was losing large sums in its publication of the Mirror, it possessed a successful publication in the morning and Sunday fields.

On the other hand, Hearst had a commanding lead in the evening field, both in advertising and circulation. Mr. Norman Chandler had been attempting for some time to purchase our evening Herald & Express for the purpose of consolidating it with his evening Mirror. In due course, he submitted an offer.

After careful consideration by our management, it was concluded that if a Hearst newspaper were to continue in Los Angeles, it must be in the evening and Sunday field. To attempt to remain in the morning field presented too many obstacles to profitable operation. Therefore, we rejected Mr. Chandler's offer.

Thereupon, Hearst retained counsel to consult on the Los Angeles situation with the Department of Justice and was advised by him that in the view of the Department, the Los Angeles publishers, or either of them, were free under the antitrust laws to cease publication of a losing newspaper, even though the Department would not approve a cross-sale of the papers.

As a result, Hearst consolidated its Sunday Examiner with its evening Herald & Express, known thereafter as the Herald-Examiner, and the Chandler organization discontinued publication of the Mirror in January of 1962.

The CHAIRMAN. Were you told by counsel at that time that you could do that and Chandler could do it simultaneously and by agreement?

Mr. MARKUSON. We were told by our counsel that they had checked with the Antitrust Division of the Department of Justice. First, he went to them and asked if we could have a cross-sale and the Department said no, they would not approve a cross-sale.

That is, Hearst selling the Examiner to the Times and Hearst buying the Mirror from the Chandler's. They said "no." Then they said, "If, as you say, these newspapers are losing money, there is nothing to prevent the owners from discontinuing publications of those papers if they want to, whether it is done simultaneously or any other way.

The CHAIRMAN. The word "simultaneously" was used?

Mr. MARKUSON. Yes.

The CHAIRMAN. I take it from that that it could even be by agreement.

Mr. MARKUSON. I would say it could be by agreement.

The CHAIRMAN. Personally, in my view, that goes to the crux of this whole matter. I have given a great deal of thought to it. If it were by agreement simultaneously, I think there might be deemed a technical violation or a violation of the antitrust laws.

We have to be realistic here. If, as you say, something would happen if there were not some sort of arrangement here, your papers would be elbowed off the sidewalk, as it were. They would have to suspend.

In the interest of maintaining a free press and competitive press in Los Angeles, I think it would be most unrealistic to proceed to prosecute under those circumstances, because it would mean, without prosecution, the maintenance of two independent papers.

In my book, papers loom so large, newspapers are so important, for the enlightenment of the community, for the edification of the citizenry, for a true democracy, that I want newspapers to prevail even as against a technical violation of the antitrust laws.

What would it avail the Antitrust Division to bring any kind of an action after the event, for example? They could not compel you to operate a failing newspaper. They couldn't compel you to lose money. If the money were being lost, it would be unrealistic on the part of the Government to compel the operation of a paper, whether it is by Chandler or Hearst or anybody else.

There is a rather unusual circumstance here. While it may be that we have a conflict here between what Mr. McInerney told you and what he told the Department of Justice, in the final analysis, as far as I can see, it does not make too great a degree of difference.

As I said, there may have been a violation, but there are lots of violations where it would be most inequitable and unjust to proceed by way of prosecution. That is how I feel about it. That is my own personal view. It is not the view necessarily of the members of this committee.

Go ahead, you may proceed.

Mr. MARKUSON. Even this unfortunate but unavoidable economy move was not without substantial and immediate expense to Hearst. Termination payments made to those employees whose services were no longer required approximated \$1.3 million. Other substantial costs were incurred.

The CHAIRMAN. What happened to the employees that were let out? What happened to them?

Mr. MARKUSON. Most of the time they find positions elsewhere. I think some of them went over to the Times. Some of them to other newspapers in the area, or scattered throughout the country.

The CHAIRMAN. Did you show concern for those men?

Mr. MARKUSON. Yes. We set up an employment office, sir; and advertised the situation. We advertised it that a lot of these people were available.

The CHAIRMAN. How many men were deprived of their jobs? Approximately?

Mr. MARKUSON. 800 or 900 people.

The CHAIRMAN. Does that include the Chandler employees?

Mr. MARKUSON. No, just Hearst.

The CHAIRMAN. How many in the Chandler outfit?

Mr. BECKER. I imagine in the same area, sir.

The CHAIRMAN. Of course, that is a very serious situation, too. I would hope that newspapers would exercise a major concern with reference to those men who have been deprived. Actually, severance pay is granted but that does not help very much for a man who has been in the service for a good many years, has seniority, and then finds himself without a job. It is a rather onerous prospect for a family man.

I presume from what you say you did exercise concern. What was the nature of that concern?

Mr. MARKUSON. What is that again?

The CHAIRMAN. What was the nature of that concern that you exercised for those men who lost their jobs?

Mr. MARKUSON. We tried to find positions for them. We advertised and said if anybody wants capable people to contact us and we would try to send them the people that they needed for interviews.

We have done that in other places, too, and it has been quite successful.

Mr. RODINO. Were you successful in locating many of those people?

Mr. BECKER. I think I can throw some light on that, if I may. We set up an employment office and put up notices that any employees who wanted us to try to help them get relocated, we would be happy to do so.

We also ran ads in Editor and Publisher, after checking the list of employees in various categories that were available for employment elsewhere. We also found within 30 days after the new Herald-Examiner was established that we had underestimated our employment requirements in a number of divisions.

In the editorial department, in the press room, and in the circulation department. So we thereupon rehired a lot of people, some of whom had already been paid severance pay.

Mr. RODINO. When you say "a lot," how many do you mean?

Mr. BECKER. I would say several hundred. Including the production divisions. I also recall receiving a report from the gentleman we put in charge of this employment office that it was an amazing thing that very few apparently were unsuccessful in finding jobs within a matter of weeks after the Examiner was discontinued.

Mr. RODINO. You say very few of those 700 or 800?

Mr. BECKER. I would say relatively few; yes, sir. Also, I recall this: That we were looking for some editorial department people with specific qualifications within a short time after the discontinuance of the paper and we had a difficult time finding them. It seems that the Los Angeles market, particularly in regard to production workers and editorial workers—and they constituted the largest part of the group that lost their jobs—that they were phenomenally successful in obtaining employment.

Mr. RODINO. Did they obtain employment in the newspaper field or relocated in other activities?

Mr. BECKER. In newspaper or related fields. In the printing fields. Some may be what are known as job shops that do commercial printing, and things of that sort. It is my distinct impression that there was very little hardship caused following this thing on the part of professional newspapermen.

I am not sure but there may have been people who were not trained in the business, that is, people in it a short time as clerical workers, messenger boys, and things of that sort.

I cannot say whether those people got jobs. But with the market being the way it is in Los Angeles I would presume that those young people were pretty successful in finding jobs.

Mr. RODINO. Thank you.

Mr. DONOHUE. What formula did you use in granting severance pay? How many weeks?

Mr. MARKUSON. The formula is provided for in the contract. The severance pay, depending on the years of employment, goes up as high, with 2 weeks notice, to 64 weeks pay. They get about 2 weeks for each year of service, with a maximum—plus 2 weeks notice—would be a 62 weeks plus 2 weeks notice, making 64 weeks.

Mr. DONOHUE. Would you tell the committee this: Would they get that severance pay notwithstanding that they relocated elsewhere?

Mr. MARKUSON. That is correct.

Mr. ROGERS. What about the unemployment benefits under the State law, would they be entitled to severance pay and that, also?

Mr. MARKUSON. Not until the severance had been extended over the period of time. In other words, if they get 64 weeks pay, they are not entitled to unemployment until after the 64 weeks are up.

Mr. ROGERS. I am sure that you have a report from the California Unemployment Office as to how many may have drawn unemployment pay at the end of the severance weeks. Do you have any information on that?

Mr. BECKER. I have no information on that at this point, but I presume it could be gotten.

Mr. ROGERS. Usually if a company has a good record, at least my State law is, of no employees having to draw benefits under the act he gets a corresponding reduction in the rate that he must pay.

So I assume that the same thing applies in California.

Mr. BECKER. I believe in the period we are discussing, because of a shortage in the unemployment fund in California, that everybody in the last couple of years has been paying the maximum regardless of individual experience. That was to build up the fund to a point.

Mr. ROGERS. So you would not be given the information so that you could have any figures as to this matter?

Mr. BECKER. Our experience would not change because of this situation.

Mr. ROGERS. Thank you.

Mr. MARKUSON. I am convinced that Los Angeles can profitably support two large daily and Sunday newspapers. Competition for daily and Sunday readers and for advertising dollars is just as intense as it ever was. There is no reason to believe that it will diminish in vigor.

The CHAIRMAN. What is the circulation now of your evening paper, the Herald & Express?

Mr. MARKUSON. It is in excess of 700,000.

The CHAIRMAN. What is the circulation of the Times in the morning?

Mr. MARKUSON. About 765,000.

The CHAIRMAN. You are running nip and tuck out there.

Mr. MARKUSON. Nip and tuck in the daily field; yes, sir.

The CHAIRMAN. Very well.

Mr. MARKUSON. Economic and business necessity prompted the action which we took in Los Angeles. We do not believe that such action violated any law. If there should be any question as to the complete propriety of this action, we believe this subcommittee could make a constructive contribution to the survival of competitive urban newspapers by reviewing and clarifying with the cooperation and assistance of the Attorney General and the Assistant Attorney General in charge of the Antitrust Division the problems involved as they relate to newspaper operations.

The CHAIRMAN. We are doing just that.

Mr. MARKUSON. I hope that this subcommittee will present its view as to the need for clarification or restatement of the antitrust laws in this field.

Thank you very much and I respectfully request that this statement be included in the record.

The CHAIRMAN. Mr. Markuson, you are general manager of the Hearst Newspapers, are you not?

Mr. MARKUSON. Yes.

The CHAIRMAN. You have been such since October 1961?

Mr. MARKUSON. Yes.

The CHAIRMAN. Mr. Kern who is with you, what is his present position?

Mr. MARKUSON. His present position is publisher of the Boston Record-American & Advertiser.

The CHAIRMAN. Which is Mr. Kern?

Mr. MARKUSON. This is Mr. Kern on my right.

The CHAIRMAN. When did you serve as general manager of the Hearst papers, Mr. Kern?

Mr. KERN. From 1955 until the spring of 1961.

The CHAIRMAN. Mr. Gortatowsky served as general manager of the Hearst newspapers between your service until October 1961, when Mr. Markuson became general manager, is that right?

Mr. KERN. That is right.

Mr. MARKUSON. That is right.

The CHAIRMAN. Mr. Becker, you were general manager of the Hearst Los Angeles newspaper from 1958 to January 8, 1962?

Mr. BECKER. I held that position from January 1957 on.

The CHAIRMAN. 1957?

Mr. BECKER. Yes, sir.

The CHAIRMAN. Mr. Kern, was Mr. Franklin S. Payne the publisher of the Examiner?

Mr. KERN. Yes, sir; he was.

The CHAIRMAN. Do you know whether or not, Mr. Kern, in 1956 the Examiner was increasing in circulation or was it otherwise? That is in 1956?

Mr. KERN. I can't answer that offhand.

The CHAIRMAN. Do you remember whether you had a problem running the Examiner presses fast enough to keep its edition times at that time?

Mr. KERN. I can understand that happening. I don't remember exactly at what period.

The CHAIRMAN. I can't hear you.

Mr. KERN. I say I can understand that happening. I don't know whether it was exactly at that period or not.

The CHAIRMAN. Do you remember any proposals by the Chandlers or do you remember any proposals to the Chandlers by the Hearst organization to postpone the first edition of the Times and the Mirror if Hearst similarly postponed the edition time of the Examiner and the Herald-Express? Do you remember any proposition like that? Do any of you?

Mr. KERN. I might have talked about it. I don't know that we ever got to a point of making any proposal or not. I am not too sure that I did or did not.

(A letter pertaining to this discussion follows:)

LOS ANGELES EXAMINER,
Los Angeles, Calif., October 8, 1956.

Mr. H. G. KERN,
Hearst Newspapers,
New York, N.Y.

DEAR HAP: I am surely this time you have had an opportunity to talk to Gene Muller about our integration problems here in Los Angeles. Gene being a mechanical expert, is certainly in a position to advise you properly, but I did want to tell you that from the experiences we have had to date, we are not going to have the press equipment to take care of the expected growth of the Examiner and Herald-Express.

Right now, we have moved up our editorial deadlines as much as an hour or an hour and a half . . . which is not good. It certainly degrades the paper and doesn't permit us to put out as good a newspaper as we would like to, or as our competitor does. However, this is absolutely necessary at this time in order to try to get the papers off the presses in order to meet, as much as possible, the circulation competition of the Times and the Mirror-News.

Our tightest operation is the Peach edition of the Examiner, particularly when the Herald-Express has a collect run and whenever there is multiple color involved. We cannot run less than six presses for the Herald on collect runs up to and including the Night Final. This leaves only one press to be made ready for the Examiner Peach edition until the Herald can release a second press at 2:30 P.M. There are approximately 30,000 papers to be run off by 6:00 P.M. to meet the competition of the Times.

With two collect presses and by reason of this fact, this is the first edition of the Examiner, which in many cases requires new leads requiring much compensation of webs, it is highly improbable that we will ever be able to meet the circulation requirements of the Examiner on the Peach edition. Multiple color complicates the problem since there is considerable work involved in getting the 2:30 P.M. press ready to run by 5:00 P.M.

On straight run, the problem is not quite so acute, particularly if we can get one press going as close to 5:00 P.M. as possible and the second press by 5:30 P.M. However, until such time as we get more equipment, it seems as though we will have to continue to keep those very early editorial deadlines.

Our Friday night operation for the Saturday daily, limits us to two presses with a maximum of forty pages. We can print the required total number of papers but they do not come off in time to give the circulation department the service they require on Home Delivery. We have entirely too many thousands of home delivered papers that must be printed so early that the editorial department has to leave out a great part of late sports and other late news.

Hap, I wonder what your thinking is—if we could get the Times to agree to eliminate the first edition which, in our case, is the Peach and come out later, say around 7:00 or even 8:00. You will remember we approached the Chandlers on this before but at that time we insisted that if the Examiner and Times did it, that the two evening papers would also be required to come out an hour later in the morning. This, Norman Chandler and Virgil Pinkley absolutely refused to do. But it seems to me that possibly we could get the Chandlers to agree to the two morning newspapers coming out later because in that particular case, the Examiner exceeds the Times on this edition and they couldn't possibly think that we were doing this in order to take advantage of a weakness.

If we could get the two morning papers to come out at seven or even eight o'clock in the evening, it would certainly help us greatly on our production of the last edition of the Herald and give us greater opportunity to bring out a good newspaper with our first edition on the Examiner. Furthermore, I am sure we would affect a savings of from \$300,000 to \$500,000 a year for the Examiner.

If we did this, naturally we would lose some circulation to start with but maybe in the long run, we could pick it up.

I wonder if you would let me have your thinking on this because I certainly would not want to approach the Chandlers on it until I had your okay.

Sincerely,

FRANKLIN S. PAYNE.

The CHAIRMAN. Mr. Kern, David Hearst was the publisher of the Herald-Express in 1957, was he not?

Mr. KERN. Yes, sir.

The CHAIRMAN. Do you know whether an increase of 25 cents a month on the home delivery of all four Los Angeles papers was discussed by the Hearst organization with the Chandler organization around that time, 1957?

Mr. KERN. It might have been. I do not know.

The CHAIRMAN. Was it discussed at any time?

Mr. KERN. I wouldn't know. I am sorry I do not know.

The CHAIRMAN. Do any of you gentlemen know whether it was discussed?

Mr. BECKER. I don't recall any such discussion.

The CHAIRMAN. I hand you a memorandum dated February 19, 1957, and ask you to read the last paragraph. This is one of your documents.

Mr. KEEN. I don't see that it says anything. All that Mr. Hearst seems to say is if he got 25 cents more per month he would get this much money. There was no agreement reached there that I know of.

The CHAIRMAN. No, but did you discuss that with the Chandler group?

Mr. KERN. I don't remember if I did. I doubt it very much.

The CHAIRMAN. The statement is that:

"We reiterate that we are agreeable to an increase of 25 cents per month on our home-delivered circulation price if proportionate increases are put into effect by the other three Los Angeles newspapers."

Mr. KERN. I am assuming that he means people on his own newspaper, we, meaning his own group of executives.

(The letter referred to follows:)

HERALD EXPRESS,
Los Angeles, February 19, 1957.

Mr. H. G. KERN,
Hearst Newspapers,
New York, N.Y.

DEAR HAP: In response to your letter of January 21, please be advised that our newsprint budget for 1957 will be adversely affected by the newsprint price increase as follows:

2d quarter-----	\$18,900
3d quarter-----	25,300
4th quarter-----	28,200
Total-----	72,400

We reduced our news content by $3\frac{1}{2}$ columns daily effective February 11. We anticipate reducing the content by an additional $2\frac{1}{2}$ columns in the near future. This should nullify the total increased cost of newsprint.

We are unable to reduce our roll size or our column width. We are presently using 60" rolls and a 11.3 em column width.

Our budget already contemplated a reduction in returns of approximately 2,500 copies daily over the actual amounts of 1956.

We reiterate that we are agreeable to an increase of 25¢ per month on our home-delivered circulation price if proportionate increases are put into effect by the other three Los Angeles newspapers. Such a price increase would generate approximately \$300,000.00 of additional revenue in a year.

Kind regards.

Sincerely,

DAVID W. HEARST.

The CHAIRMAN. Mr. Kern, in April 1959, Mr. Chandler proposed "that the Examiner discontinue publication in the daily morning field and the Mirror-News do likewise in the evening field." Do you remember that?

Mr. KERN. I remember something like that, yes.

The CHAIRMAN. That would leave the Chandler Times exclusively for the morning and the Hearst Herald-Express exclusively for the evening, just two papers in Los Angeles, do you remember that?

Mr. KERN. Yes, sir.

The CHAIRMAN. Do you remember consulting Mr. Becker on that subject?

Mr. KERN. Yes, sir.

The CHAIRMAN. Mr. Becker, do you remember writing to Mr. Kern regarding this matter?

Mr. BECKER. Yes, I prepared several reports on that matter.

The CHAIRMAN. Do you remember writing to him on the specific matter?

Mr. BECKER. The report I have in mind in which I detailed my position in full was written or turned over to Mr. Gortatowsky. I may have written something to Mr. Kern but I do not recall the document that you are referring to.

The CHAIRMAN. Here is the document. I show it to you to refresh your recollection. These are not catch questions. I want you to understand that. It is just to round out the whole story.

(Document handed to the witness.)

(Letter referred to follows.)

HEARST LOS ANGELES NEWSPAPERS,
Los Angeles, Calif., April 23, 1959.

Mr. H. G. KERN,
Hearst Newspapers,
New York, N.Y.

DEAR HAP: Following is my evaluation of the proposal made by Norman Chandler that the Examiner discontinue publication in the daily morning field and the Mirror-News do likewise in the evening field.

CIRCULATION

Our first attention must be directed to the circulation pattern that would develop from such a program. For this purpose, let us take a look at the circulation of the papers from the latest available statements for the six months ending September 30, 1958.

	Home delivery	Single copy sales	Total
Daily:			
Examiner.....	262,800	93,700	356,500
Times.....	393,400	83,300	476,700
Total, morning field.....	656,200	177,000	833,200
Herald-Express.....	(A) 215,000	133,400	(B) 348,400
Mirror-News.....	188,000	119,400	(B) 307,400
Total, evening field.....	403,000	252,800	655,800
Sunday:			
Examiner.....	342,000	343,900	685,900
Times.....	438,800	418,400	857,200
Total Sunday.....	780,800	762,300	1,543,100

(A) Estimated Home Delivery: Herald-Express is only paper that does not have audited Home Delivery.

(B) Five-day averages: Herald total Saturday, 305,100; Mirror, 284,200. (Note: We have used figures for six months ending September 30, 1958, because Times and Mirror-News figures for six months ending March 31, 1959, are not yet available.)

With the daily morning field having a lead of 253,200 in Home Delivery circulation and 177,400 in total circulation, it is immediately apparent that under the proposed program the Times would continue to dominate the field, but to a much greater degree than heretofore because we would be putting together the two papers with greater circulations against the two with lesser circulations.

For purposes of demonstration, let's presume that in the daily morning field the Chandlers retained all of their present circulation and we were able to salvage two-thirds of the Examiner's circulation and in the evening field we were able to do likewise. The figures would be as follows:

	Home delivery	Single copy sales	Total daily
Times, present circulation.....	393,400	83,300	476,700
% of Examiner's circulation.....	175,200	62,467	237,667
Chandlers total daily circulation.....	568,600	145,767	714,367
Herald-Express present circulation.....	215,000	133,400	348,400
% of Mirror-News' circulation.....	125,333	79,600	204,933
Total.....	340,333	213,000	553,333
Morning field lead over evening.....	228,267	(67,233)	161,034

It may be argued that the two-thirds retention figure used above is too high or too low, or that because of the differing characteristics of the circulations of the papers involved that it is not a sound yard stick in any event. I would agree immediately because I believe the foregoing represents a somewhat too optimistic evaluation of the position we would occupy in the proposed alignment. My reason for saying this is that we have used a common factor to arrive at the foregoing figures, but in actual practice I think the Chandlers would have a much better opportunity of salvaging a larger proportion of the Examiner's Home Delivery circulation than we would salvage of the Mirror's. The Times would offer the Examiner's seven-day readers a complete seven-day replacement package at the time they wanted it, while we would be offering a seven-day package to two groups of readers some of which may not want either Sunday paper.

At this point, I wish to express the considered opinion that even though we carried over into the evening paper all of the Examiner's key writers and features, we would not thereby switch an appreciable number of morning paper

readers to the evening field. Of course, we should carry over all key writers and features into the evening paper in order to make the strongest possible appeal to all readers, but the result, I believe, would be the retention of evening paper readers, with little switching of readers from one field to the other. In other words, reading habit from the standpoint of time is a paramount factor and I think this is particularly applicable to the Examiner's 262,800 Home Delivery readers. These people first of all want a morning paper and I fear that the foregoing estimate of 175,200 of these subscribers going to the Times is on the conservative side.

This brings us to the Sunday and I believe our greatest danger lies in this area. If the Times picks up 175,000 daily home delivery readers—as discussed above—it is a practical certainty that these readers will also take the Sunday Times and drop the Sunday Examiner because they will no longer be able to get it as part of seven-day *morning* package.

On the basis of the foregoing projection, the daily Times would also pick up about 62,500 of the Examiner's single copy sales and some of these Examiner readers also would switch to the Sunday Times. We must not forget in our consideration of the entire circulation problem that the Times would be retaining its basic seven-day package and adding subscribers thereto almost automatically, while we would be trying to persuade evening paper readers—whose readership is now divided between the two Sunday papers—to take the Sunday Examiner. I think our Sunday paper would take a bad beating in the proposed set-up.

There is another reason we would be in a badly inferior position in the fight for circulation. The Times would retain its present strong daily and Sunday dealer set-up. We, perforce, would retain the employee district man and employee distributor arrangement under Guild jurisdiction in the evening field, with the drivers also being members of the Guild. But, what would happen to the Examiner's dealer set-up? We could not get rid of the Guild in the evening field, and it would not make sense to have dealers handling the Sunday paper only, either from our standpoint—because it would be basically unsound—or from the dealers' standpoint—because they could not make a living handling only the Sunday.

The probable outcome would be that at the outset the Times would take over the Examiner dealer set-up intact and thereby have a ready-made organization to grab off almost all of the Examiner's daily and Sunday home delivery circulation. While this was going on, we would be trying to work out, with many union labor problems, a new seven-day set-up, including the integration therein of at least some of the Mirror's outside circulation employees.

Because of the foregoing factors, I think we would lose at least 100,000 Sunday circulation that would go to the Times.

Summarizing the foregoing I estimate the respective circulations after the shake-down as follows:

	Daily	Sunday
Chandler.....	714,400	957,200
Hearst.....	553,300	585,900

ADVERTISING

Advertising linage in the Los Angeles newspapers in 1958 was as follows:

MORNING PAPERS (DAILY ONLY)

	Examiner	Times	Total
Retail.....	8,935,000	17,565,000	26,500,000
National.....	4,570,000	6,539,000	11,109,000
Classified.....	5,497,000	12,994,000	18,491,000
Total.....	19,002,000	37,098,000	56,100,000

EVENING PAPERS

	Herald-Express	Mirror-News	Total
Retail.....	9,088,000	7,342,000	16,430,000
National.....	4,018,000	3,173,000	7,191,000
Classified.....	865,000	2,544,000	3,409,000
Total.....	13,971,000	13,059,000	27,030,000

SUNDAY PAPERS (INCLUDING SUNDAY SUPPLEMENTS AND COMICS; EXCLUDING TIMES PART-RUN)

	Examiner	Times	Total
Retail.....	6,906,000	10,913,000	17,819,000
National.....	2,218,000	3,312,000	5,530,000
Classified.....	2,119,000	6,254,000	8,373,000
Total.....	11,243,000	20,479,000	31,722,000

Under the proposed plan, we would be abandoning a field wherein we had approximately 19,000,000 lines of advertising last year to take over a paper with 13,000,000 lines. This would give the Times to start off with a shot at an additional 6,000,000 lines in excess of our target. But the big problem is what would happen to the Examiner's classified lineage, particularly on the daily, but the Sunday, too, would be involved because of the Times' present dominance in the classified field and its greatly improved Sunday circulation position under the new set-up.

You will have noted that on the basis of the foregoing projections our Sunday circulation would be only 586,000, whereas the Times' would be 957,000, a lead of 371,000 against their present lead of 171,000; on the daily the Times' lead would be about 160,000, compared with its present lead of 120,000 in the morning field.

Here again with classified—as is the case with circulation—we would be faced with the problem of changing an established pattern (namely, the long-time acceptance of the morning papers as primary classified media) in respect to both classified advertisers and classified readers. I think it is probable that we would retain in the new evening and Sunday set-up a substantial part of the Examiner's classified, but it is by no means certain that such would be the case.

Publishing in the evening field alone, I think the Herald would pick up about 4,000,000 lines of retail advertising and about 1,750,000 lines of national. However, on Sunday we would be hard-pressed to retain our present volume because of our weakened circulation position; in fact, I think we would lose about 15% of our over-all Sunday advertising volume.

Following is a comparison of our 1958 (Herald-Express) evening and (Examiner) Sunday advertising and my estimates based on the foregoing discussion of our volume under the proposed set-up:

	1958, Herald-Express	Proposed set-up	Increase (decrease)
Evening:			
Retail.....	9,088,000	13,088,000	4,000,000
National.....	4,018,000	5,768,000	1,750,000
Classified.....	865,000	5,000,000	4,135,000
Total.....	13,971,000	23,856,000	9,885,000

	1958, Sunday Examiner	Proposed set-up	Increase (decrease)
Sunday:			
Retail.....	6,906,000	5,870,100	(1,035,900)
National.....	2,218,000	1,885,300	(332,700)
Classified.....	2,119,000	1,801,150	(317,850)
Total.....	11,243,000	9,556,550	(1,686,450)

In the evening field, the foregoing projection of an increase of 9,885,000 lines represents a gain of approximately 70%; the estimated loss of 1,686,450 lines on Sunday is 15%.

In considering this specific problem and our situation in Los Angeles generally, I cannot refrain from reviewing what has happened here in the past two years. In 1957 the two papers lost \$1,946,000; in 1958 in a bad business year, this loss was reduced \$813,000, to \$1,133,000. For 1959 our last budgets project a combined loss of \$980,000. However, I think there is a good chance that the total loss for the two papers together this year will be not more than \$800,000, an improvement of approximately \$1,150,000 since 1957. I do not believe it is beyond the range of probability that the papers together could be operating in the black within a few years, particularly if we are able to obtain increased circulation prices on a sound basis.

I conclude finally that the Chandler proposal is a bad deal for us.

Sincerely,

E. D. BECKER.

The CHAIRMAN. As a matter of fact, I understand you rejected the proposal. Mr. KERN. That is right.

The CHAIRMAN. While you are pondering, I will ask you, Mr. Kern, not only did you reject the proposal, but isn't it true that Mr. Payne of the Examiner also rejected it?

Mr. KERN. Yes.

The CHAIRMAN. Is that right?

Mr. KERN. Yes, sir.

The CHAIRMAN. I show you a memorandum, Mr. Kern—I don't know who signed it—Payne signed it—which is along the same lines. I ask you to identify it so we can put it in the record.

(Document handed to the witness.)

The CHAIRMAN. The Payne idea was rejected. The whole idea was rejected?

Mr. KERN. That is right. Not alone Payne's idea.

The CHAIRMAN. Do you remember who in the Hearst organization saw Mr. Norman Chandler on that? Did any in the Hearst organization see Mr. Chandler at that time?

Mr. KERN. Yes, I saw him.

The CHAIRMAN. Yourself?

Mr. KERN. Yes, sir.

The CHAIRMAN. Would you say that Mr. Chandler proposed in 1959 precisely what was done in January 1962?

Mr. KERN. Mr. Chandler proposed?

The CHAIRMAN. Would you say that Mr. Chandler, through Mr. Payne, proposed in 1959 precisely what was done in January 1962?

Mr. KERN. No.

The CHAIRMAN. Was there a difference?

Mr. KERN. Chandler wanted to buy our evening newspaper and presumably do what we did.

The CHAIRMAN. Here is a letter to you, Mr. Kern, dated April 23, 1959, and I ask you to read the first paragraph.

(Document handed to the witness.)

Mr. MILLER. Could he read it aloud so we know what is in it?

The CHAIRMAN. Yes.

Mr. BECKER. Mr. Chairman, I can throw some light on this situation if you want me to do so.

The CHAIRMAN. You might read that first paragraph.

Mr. KERN. Yes, sir, I did.

Mr. MARKUSON. Mr. Chairman, Mr. Becker said—

Mr. MEADER. Would you read it aloud so we know what it is, too?

Mr. KERN. I am sorry. The letter written to me by Mr. Becker on April 23, 1959:

"Dear Hap: Following is my evaluation of the proposal made by Norman Chandler that the Examiner discontinue publication in the daily morning field and the Mirror-News do likewise in the evening fields.

The CHAIRMAN. What happened after that?

Mr. KERN. Nothing.

The CHAIRMAN. In other words, it didn't go through? It was rejected?

Mr. KERN. That is right.

The CHAIRMAN. Here is a letter written by Mr. Payne to Mr. Kern, April 24, 1959:

"I have read Ed Becker's letter of April 23 to you in regard to the Chandler's proposition of going to exclusive fields.

"I agree with Ed 100 percent. I think it would be a terrific deal for the Chandlers—but I do not believe it would be for the Hearst newspapers.

"I have always felt that we should follow the same plan, if possible here in Los Angeles that we have been considering in San Francisco. In other words—the merging of two evening newspapers—if, of course, it is done on a proper and equitable basis."

That was signed by Franklin S. Payne, written to you. It seems that would imply that what was rejected in 1959 was accomplished in 1962.

Mr. KERN. That is right.

Mr. BECKER. I would like to give the reasons for that if I may.

The CHAIRMAN. Let us have it.

Mr. BECKER. In 1959, the year that these considerations were made, the financial picture of the papers in Los Angeles was quite different than what it was in 1961. For example, in 1959 the Examiner had made over a million dollars. Now, obviously, I think, at that point it seemed to me that the Examiner still had a chance in the fight against the Times. It was at that point in a profit position.

The CHAIRMAN. You made a profit in 1959, too, then?

Mr. BECKER. That is what I mean. That is why I took the position at that time in 1959 that the Examiner should not get out of the morning field. In 1961, I took a diametrically opposite position and the reason for that, there were a number of reasons. I was much more acquainted with the field in 1961 than I was in 1959. But in addition to that, the competitive position of the papers in Los Angeles had changed materially. The Examiner went from a profit position to a loss position of more than \$650,000 in 1960, and I believe the loss was a similar amount or somewhere in that area—it was also in a loss position in 1961. Also during that period the Times continued to improve its circulation and advertising position materially against the Examiner. On the other hand the Herald Express, our evening paper, improved materially its position in both circulation and advertising. In other words, the Examiner was on a down trend and the Herald Express was on an up trend. Somewhere in there, I don't know where it was, I reached the conclusion that the Examiner's future was all behind it. At that point in March 1961 I wrote a very careful and complete analysis of the fields in Los Angeles and reached the conclusion that our only hope of continuing in that field was with an exclusive evening along with a Sunday against an exclusive morning along with a Sunday Times. I was fully convinced that decision was sound at that time and is sound today.

The CHAIRMAN. In other words, conditions had changed in 1962 from what they were in 1959.

Mr. BECKER. Absolutely.

The CHAIRMAN. Which caused you to come to a different conclusion?

Mr. BECKER. Yes, sir.

Mr. KERN. Mr. Chairman, is it clear to you that Mr. Payne was not for what has been done there? Mr. Payne was for the continuance of the morning Examiner.

Mr. JOHNSON. Mr. Chairman, as I understand it, Mr. Kern, Mr. Payne is or was for a continuance of the morning Examiner, the paper of which he was the publisher?

Mr. KERN. That is right.

Mr. JOHNSON. He concluded in his letter to you of April 24, 1959, that you should follow the same plan, if possible, here in Los Angeles that you have been considering in San Francisco. In other words, the merging of the two evening papers.

Mr. KERN. That is right.

Mr. JOHNSON. That was the proposal that Mr. Chandler later made to Mr. Markuson, isn't that so?

Mr. KERN. I don't know what he made.

Mr. JOHNSON. He offered to buy the Herald Express for \$5 million.

Mr. KERN. Sure.

Mr. JOHNSON. That was the proposal, I believe.

Mr. KERN. It is not the same thing, however. The San Francisco merger that he was talking about was a 50-50 ownership.

Mr. JOHNSON. You were thinking of a joint production agreement for the two evening papers?

Mr. MARKUSON. No, he was thinking of the deal we made with Scripps Howard where they merged their paper with our evening paper in San Francisco on a 50-50 deal. This is what they are talking about. Chandler didn't talk about that. He wanted to buy us out.

Mr. JOHNSON. In other words, you understood, Mr. Kern, that Mr. Payne meant that you should have an arrangement similar to the one you reached with the News Call Bulletin in San Francisco where one party handled the mechanical end and one the editorial and you split the profits?

Mr. KERN. On a 50-50 ownership.

Mr. JOHNSON. But it would be a joint ownership?

Mr. KERN. That is right.

The CHAIRMAN. In 1960, Mr. Kern, did you receive a communication from Payne where he says the following, among other things: "I have repeatedly said that the merchants of Los Angeles cannot and will not support four daily Los Angeles newspapers. With the continual and necessary increase in local rates, plus the growing strength of some of the suburban newspapers that are necessary for coverage, I am beginning to wonder if they can or will support more than two metropolitan Los Angeles newspapers."

Do you recall that communication?

Mr. KERN. No, sir.

The CHAIRMAN. I will show you the communication from Mr. Payne.

(Document handed to the witness.)

Mr. KERN. I can understand his saying it. I don't know what it means particularly. Nothing was done about it.

(The letter referred to follows:)

LOS ANGELES EXAMINER,
September 26, 1960.

Mr. H. G. KERN,
Hearst Newspapers,
New York, N.Y.

DEAR HAP: I know that Ed Becker has kept you fully advised of his conversations with Robert Nelson, who seems to be spokesman for Otis Chandler, regarding the plans for increased Local rates for the Times and Mirror.

It would seem to me to be good common sense for the Herald-Express and Examiner to work very closely to determine their Local rate increases. Whatever decision is made should be for the benefit and protection of both Hearst newspapers.

The fact that the Times is putting in a percentage increase rather than a flat raise across the board makes me think that possibly we should revise our previous recommendation to you. We cannot afford to antagonize the real big department store advertisers who have done so much to help us build up our volume and retail acceptance in the past few years.

Retail business in Los Angeles and Southern California is very, very soft. Merchandising managers and buyers are insisting that with reduced budgets in effect, the bulk of their copy must go to the Times which has been the one proven producer of the four Los Angeles newspapers.

To prove this point, up through Friday, September 23rd, for the month, the daily Times is up 91,024 in department store lineage. The Examiner is down 37,188 lines. The Herald is down 37,006 lines, and the Mirror who carried practically no department store advertising, is down 27,449 lines.

Fortunately, in the All Other retail classification the daily Examiner has been able to show a gain of 47,825 lines as compared with the daily gain of the Times of 41,651 lines, the Herald, a gain of 382 lines; and the Mirror; a loss of 40,398 lines.

On Total Retail The Examiner has a gain of 10,637 lines; the daily Times, 132,675 lines; the Herald, a loss of 36,624 lines; and the Mirror, a loss of 67,847 lines.

The Times is sitting in the golden seat with their tremendous circulation leadership, and their proven and accepted ability to produce results. I am sure that they are working on the theory that they can get away with almost any Retail rate increase, and the higher they can get their Retail rate, the bigger portion of the department store appropriation they will get . . . leaving just that much less to be divided among the other three Los Angeles daily newspapers.

The Chandlers must be feeling the need for additional revenue, just as we are. The tremendous loss on the Mirror, plus their big loss on Classified and National on the Times, plus their tremendous increased cost of putting out their TV

Channels should put the Chandlers into a more cooperative mood with our organization as far as increasing home delivery rates is concerned, and I am sure in the not too distant future they will be thinking more favorably about an increase to 25¢ for Sunday street sales.

I have repeatedly said that the merchants in Los Angeles cannot and will not support four daily Los Angeles newspapers. With the continual and necessary increase in Local rates, plus the growing strength of some of the suburban newspapers that are necessary for coverage, I am beginning to wonder if they can or will support more than two metropolitan Los Angeles newspapers.

I only mention these few facts to you, Hap, to impress upon you that whatever decision the Herald-Express and Examiner make at this time is a very important decision and whatever we do decide upon should be done by working very closely together to be sure that the Hearst interests are protected in the long run. Don't you agree with me?

Sincerely,

FRANKLIN S. PAYNE.

The CHAIRMAN. Mr. Kern, by October 1960, the Hearst organization was considering an exclusive Hearst evening operation and the Chandlers an exclusive evening and morning operation in Los Angeles, is that right?

Mr. KERN. There is something I don't quite understand.

The CHAIRMAN. Excuse me. They were considering an exclusive Hearst evening and Sunday and the Chandlers were considering an exclusive morning and Sunday operation in Los Angeles. I show you a document that might enlighten you on that—the first paragraph of this communication. It was sent to you, Mr. Becker. Just read the first paragraph.

(Document handed to the witness.)

Mr. KERN. Without taking the time to read the whole letter—

The CHAIRMAN. It is not too important. I think you will find that is the gist of it. Then you conferred, according to that document, with Mr. Becker, and Mr. Becker in that connection recommended that the Hearst organization insist on exclusive publishing hours from 8 a.m. to 6 p.m. for its evening papers. Isn't that so, Mr. Becker? Would you agree to that?

Mr. BECKER. I made that recommendation, yes, sir.

(Part of the letter referred to follows:)

HEARST LOS ANGELES NEWSPAPERS,
Los Angeles, Calif., October 17, 1960.

Mr. KERN,
Hearst Newspapers,
New York, N.Y.

DEAR HAP: This is in response to your request for an appraisal of the adequacy of our production facilities on the basis of an exclusive evening and Sunday Hearst operation and an exclusive morning and Sunday Chandler operation in Los Angeles.

The pressroom is the only mechanical division which at the outset would present a serious problem from the standpoint of sufficient equipment for such an operation.

As you know our pressroom facilities consist of 40 units and 6 folders. This equipment permits the use of (?) straight run presses with a capacity of 56 pages with multi-color; or a maximum of 64 pages with single color. On a collect run basis, it provides us with 7 presses with a capacity of 64 pages with multi-color; or a maximum of 80 pages with single color.

The CHAIRMAN. Now, Mr. Becker, on March 21, 1961, Mr. Norman Chandler wrote to the Hearst Consolidated Publishers, offering to buy the Herald Express for 5 million dollars cash, or in accordance with an alternative proposal providing for a down payment of \$3 million 800 thousand with an additional payment to be paid on the combined circulation of the Los Angeles evening newspapers as of March 31, 1962, and March 31, 1963. Isn't that so?

Mr. BECKER. That communication did not come to me, but I remember having seen it.

The CHAIRMAN. The letter itself refers to conversations. I will put that in the record. That is part of the document we have here.

(The letter referred to follows:)

THE TIMES-MIRROR Co.,
Los Angeles, Calif., March 21, 1961.

Mr. J. D. GORTATOWSKY,
Chairman of the Board,
Hearst Consolidated Publications, Inc.,
New York, N.Y.

DEAR GORTY: At the conclusion of our discussion last Thursday I asked you if it was in order for me to make a formal offer for the purchase of the Herald-Express.

On this basis I am submitting to you an offer by The Times-Mirror Company to purchase the business and the following assets of the Herald-Express for \$5,000,000 cash, namely, all subscribers lists, good will, street racks, library records and material, features and the name "Herald-Express."

We are also making an alternative proposal which is described in the schedule attached to this letter. You will note that under this alternative purchase price considerably in excess of \$5,000,000 might result, depending upon the amount of combined circulation of the two newspapers during the next several years.

In connection with our purchase of the Herald-Express, we would expect to have the right to employ certain key staff members of the Herald-Express.

Further, in addition to the usual release clauses, you would agree to release us from any liability as to your severance payments or other obligations to your employees by reason of this purchase.

Finally, any agreement which is entered into would contain a covenant to compete in language satisfactory to us, wherein it will be agreed that you and your associates will not publish a newspaper for a period of five years in the Los Angeles metropolitan area with edition times during the same span of the day as now being covered by the Herald-Express. In other words you and your associates will agree not to publish any daily newspaper with release times between 6 o'clock a.m., and 6 o'clock p.m. We would expect to allocate a considerable part of the purchase price to such a covenant.

If either one of these alternative proposals is acceptable to you we would then expect to have our respective attorneys work out the actual details of a contract.

Since we are in the process of formulating our long-range plans, we feel it is reasonable to request that you advise us as to whether either of these proposals is acceptable to you within thirty (30) days from the date of this letter. In the event we do not hear from you within that time it is understood that this offer will terminate.

You asked if I expected to be in town all of this week. I do plan to be in my office all week and will also beat my home over the week-end.

Sincerely yours,

NORMAN CHANDLER.

(Enclosure)

ALTERNATIVE PROPOSAL

The purchase price shall depend upon the combined circulation of the two newspapers (but in no event shall be less than \$4,500,000):

1. \$10 per unit of circulation as reported in the Herald-Express publishers' statement for the 6 months ended Mar. 31, 1961 (Estimated circulation 380,000)-----	\$3, 800, 000
2. Additional \$10 per unit of circulation in excess of 500,000 as reported in the publishers' statement of the combined newspapers for the 6 months ended Mar. 31, 1962 (Estimate of additional payment based on 575,000 circulation)-----	750, 000
3. Additional \$10 per unit of circulation, in excess of 500,000, as reported in the publishers' statement of the combined newspapers for the 6 months ended Mar. 31, 1963 (Estimate of additional payment based on 575,000 circulation)-----	750, 000
Total estimated purchase price-----	5, 300, 000

Under this formula, if, for example, combined circulation averages 600,000 for the six months ending March 31, 1962 and 1963, an additional \$250,000 would be payable each year. A figure of 600,000 is a very realistic one and, when attained, the total purchase price would be \$5,800,000.

The CHAIRMAN. The letter itself refers to a conversation between Mr. Norman Chandler and Mr. Gortatowsky of last Thursday, which would be March 16, 1961. Do you want to see that or do you take that for granted?

Mr. BECKER. I recall that, sir.

The CHAIRMAN. Mind you, I am asking you these questions and I want you to know that they are asked in the light of the previous statements I made with reference to what I called a "technical", for want of another word, violation of the antitrust laws.

So that there had been conversations between the Hearst organization and Chandler organization prior to Mr. Chandler's formal offer in his letter of March 21, 1961; namely, the purchase for \$5 million, is that correct?

Mr. BECKER. I say I recall having seen that memorandum. I don't think I have ever had a copy permanently in my possession. But I recall having read it somewhere along the line.

The CHAIRMAN. Mr. Markuson.

Mr. MARKUSON. I have seen the letter. I know of the letter.

The CHAIRMAN. As a matter of fact, Mr. Becker, as the result of these prior discussions you prepared a memorandum dated March 20, 1961, canvassing at least two alternatives open to the Hearst newspapers in Los Angeles: "1. Dispose of our interests in the evening field and continue publication in the morning and Sunday fields only.

"2. Dispose of our interests in the daily morning field and continue publication in the evening and Sunday fields only." Isn't that so?

Mr. BECKER. Yes, sir.

(Memorandum referred to follows:)

MARCH 20, 1961.

There are a number of courses the Hearst newspapers could pursue in Los Angeles. Among other alternatives are the following:

(1) Dispose of our interests in the evening field and continue publication in the morning and Sunday fields only.

(2) Dispose of our interests in the daily morning field and continue publication in the evening and Sunday fields only.

* * * * *

To serve as a basis for various comparisons and evaluations that will be made later herein, we are setting forth the latest available audited circulation figures—for the six-month period ended September 30, 1960—and Media Records lineage figures for the year 1960.

The CHAIRMAN. In other words, there were two alternatives. To publish one paper, either the morning or evening, plus Sunday, is that correct?

Mr. BECKER. That memorandum in the first alternative; namely, that we continue in the morning field, contemplated at that time the continuation of the Mirror in the evening field. But I did go on to point out in that report that if we could attain an exclusive evening field along with the Sunday, that would be superior to either of the alternatives evaluated in that report.

The CHAIRMAN. Now, Mr. Kern, this proposal by Mr. Chandler for the purchase for \$5 million, or in the alternative for \$3 million 800 thousand and to determine the balance on a few years thereafter, that received intensive consideration by the Hearst organization, did it not?

Mr. KERN. I would say so, yes, sir.

The CHAIRMAN. Mr. Gortatowsky prepared a comprehensive memorandum canvassing the alternatives open to the Hearst organization, did he not?

Mr. KERN. I believe so.

The CHAIRMAN. Now, Mr. Kern, I show you a memorandum made available to us at the Hearst offices in New York bearing the handwriting notation on the cover of the folder, "Report of J. D. Gou," and ask you whether this was a report prepared by Mr. Gortatowsky which was used as the framework of discussion by the Hearst organization on this subject.

Mr. KERN. Yes, sir; it seems to be a complete report that I have seen before.

(Testimony resumes on page 2502.)

(Report with exhibits follow.)

In a later discussion with Mr. Chandler about this proposal, he repeated a statement he had made to Mr. Kern and myself several weeks before, i.e., that he would agree that if he did acquire our evening paper, he would not for a stated period of years inaugurate any forced combination rates or even optional

combination rates in advertising. He also told me, in response to a question, that he would institute a similar program on circulation rates.

I asked him why he did not include that in his written proposal and he indicated that it was because of his fear that there might be some violation of the law involved. He said, however, that since writing this memorandum he had consulted his attorney and he would give us a letter that would protect us against such combinations.

I pointed out to him also that in one of the discussions he had said there would be no problem involved with respect to the features but that in his memorandum he had provided that he would take over the features. He said he felt sure that we could work out the feature problem. I think myself the problem could be worked out by our having the first right of selection of the evening features to go into our morning paper.

In my last talk with him, which was about ten days ago, he told me of another memorandum he had received from his business manager, Mr. Day, as to why it would be advantageous for us to stay in the morning field rather than the evening. He gave me a copy of that memorandum and it is attached hereto.

(EXHIBIT 1)

MEMO

An 8 to 10% circulation gain plus, conservatively, 3,000,000 lines of advertising should produce additional sales revenue of \$2,500,000 if the circulation gain is converted into advertising rates.

Seems logical that at 35,000 daily gain to the Examiner would be a minimum, with that much coming from hard-core Union members currently taking Herald, plus long-time Hearst clientele.

In 1955, after the demise of the Daily News, the Examiner picked up 6,000,000 lines of advertising over 1954. Part of this may have been the economy, but their per cent of field jumped from 25.5% to 27.5%.

FINANCIAL EFFECTS OF MOVE

1. To Hearst Group

(a) Cash, assuming 575,000 circulation of the new Mirror-Herald. This would probably be tax free in view of Hearst prior losses -----	\$5, 300, 000
(b) Release of Herald receivables (estimate)-----	1, 500, 000
Total -----	6, 800, 000
Less: Estimate of severance-----	1, 000, 000
Cash gain-----	5, 800, 000

Plus: Elimination of Herald loss; Increase in Examiner revenue; Lightening of production burden; forestall need for plant expansion; No disturbance of well entrenched Examiner.

Report continues:

Before proceeding further with this presentation of our Los Angeles problems I would make it clear that every time this subject was mentioned, i.e., the subject of our selling him the evening paper, I told him that I was opposed to it but I would accept any memorandum that he wanted to give me outlining his reasons in favor of our acceptance. I also told him over and over again that it would be better if he sold us the Mirror-News and that we would be willing to talk terms of such a transaction any time. If, during the progress of this meeting, we decide definitely and positively that we will or will not go ahead with any such plan as Mr. Chandler proposes in the evening field, we should also decide exactly what, if anything, we should say or write to Mr. Chandler at this time. You will note in his letter dated March 21 states that he would expect a reply within thirty days.

Parenthetically, I point out at this time that his business manager's estimate of severance is way out of line. He estimates it was 1,000,000 and the actual liability is \$2,641,128. This will be discussed in more detail as we go along in this presentation.

To serve as a basis for various comparisons and revaluations that will be made later herein, I am setting forth the latest available auditors' circulation figures for the six months ended December 30, 1960 and Media Records lineage figures for the year 1960.

(EXHIBIT 2)

CIRCULATION—6 MONTHS ENDED SEPT. 30, 1960

DAILY

	Home delivery	Single copy sales	Total
Examiner.....	285,400	99,350	384,750
Times.....	448,400	83,700	532,100
Total, morning field.....	733,800	183,050	916,850
Herald-Express.....	1,241,000	123,700	² 364,700
Mirror.....	195,200	108,500	² 503,700
Total, evening field.....	436,200	232,200	668,400

SUNDAY

	Home delivery	Single copy sales	Total
Examiner.....	369,000	309,300	678,300
Times.....	505,950	401,100	907,050
Total, Sunday field.....	874,950	710,400	1,585,350

¹ Estimated home delivery; Herald-Express only paper that does not have audited home delivery.² 5-day averages; Herald total Saturday 316,500; Mirror total Saturday 283,000.

MEDIA RECORDS ADVERTISING LINAGE FOR YEAR 1960, MORNING AND SUNDAY PAPERS

	Examiner			Times		
	Daily	Sunday ¹	Total	Daily, full run	Sunday, ² full run	Total, full run
Retail.....	11,045,100	7,406,300	18,451,400	19,998,100	11,101,100	31,099,200
National.....	5,507,000	1,764,100	7,271,100	7,949,900	3,471,200	11,421,100
Classified.....	5,953,400	2,243,300	8,196,700	15,306,200	7,932,300	23,238,500
Total.....	22,505,500	11,413,700	33,919,200	43,254,200	22,504,600	65,753,500

¹ Includes American Weekly 318,200 lines; Science Weekly 202,200; Pictorial Living 932,900; total Sunday supplements 1,453,300.² Includes This Week 718,900; comics 125,500; Home Magazine 2,133,100; total Sunday supplements, 2,977,300.*Report continues:*

The foregoing daily and Sunday 1960 advertising linage figures for the Los Angeles Times do not include part-run linage that appeared in their daily and Sunday zone editions. In 1960 linage in these part-run zone editions was as follows:

(EXHIBIT 3)

	Times			Evening papers	
	Daily part run	Sunday part run	Total part run	Herald- Express	Mirror
Retail.....	2,405,500	7,263,600	9,669,100	9,830,900	7,357,400
National.....	498,700	1,797,300	2,296,000	4,348,900	3,834,800
Classified.....	1,046,900	1,586,000	2,632,900	1,143,600	3,344,400
Total.....	3,951,100	10,646,900	14,598,000	15,323,400	14,536,600

Report continues:

Following are the average news content figures of the Los Angeles newspapers for the year 1960; all figures based on 250 lines per column and Media Records measurements:

(EXHIBIT 4)

DAILY

[Average columns per issue]

Examiner	Times	Herald-Express	Mirror
165	205	160	156

SUNDAY

[Average columns per issue]

Examiner	Times		
Run of paper.....	1 329	Run of paper.....	1 433
American Weekly.....	39	This Week.....	47
Scenic Weekly.....	71	Comics.....	92
Pictorial Living.....	55	Home Magazine.....	111
Total Sunday.....	494	Total Sunday.....	2 683

¹ Examiner's TV Weekly and Times' TV Channels included in run of paper figures.

² Does not include news content appearing in part-run zone sections, which averaged 289 columns per issue in the daily sections (published Thursdays) and 275 columns per issue in the Sunday zone sections.

Report continues:

Before proceeding any further, let me now tell you what appear to me to be sound reasons against giving Chandler exclusivity in the evening field. This can be considered as my answer to the arguments made by Mr. Day of the Chandler outfit why we should confine our activities exclusively to the morning and Sunday field.

Mr. Day concludes that the combined evening paper under Chandler ownership would have a circulation of 575,000 and annual advertising volume of 20,000,000 lines. It was not Mr. Day's purpose to present a rosy picture of the projected new Chandler property, but even granting his estimates are accurate, they represent a gain of almost 100% over the Mirror's present circulation (estimated to be between 295,00 and 300,000) and a gain of approximately 5,500,000 lines of advertising or 38%.

However, if we get out of the evening field, our paramount interest is no longer in that area—except as it would affect us competitively—but what happens to the morning and Sunday Examiner.

Our basic problem in Los Angeles has been brought about by the dominant position of the daily and Sunday Times. Its circulation lead of approximately 150,000 daily and 230,000 Sunday, together with carrying just about twice as much advertising as the daily and Sunday Examiner, have provided the financial resources to keep the Examiner in a badly inferior position and to maintain the unsuccessful and costly Mirror operation against the Herald.

Our competitive position would be much worse under the proposed set-up. The Chandler's new 6-day evening paper might not make a lot of money, but with increased circulation and advertising, and with no competition in the evening field it certainly would not lose about \$2,500,000 annually as it is under present conditions. With this improvement in their financial position, there is no doubt that the Chandlers would direct all their strength against our remaining morning and Sunday operation. They could and would do this with their exclusive evening and their dominant morning and Sunday by maintaining low advertising millines in their morning, evening and Sunday papers with which we could not compete—and it would not be necessary for the Chandlers to offer combination rates to attain this end. Merely keeping the rates low would be sufficient. I think it is also realistic to assume that the Chandlers would refuse to raise circulation prices. Thus, before too long we would be caught in a squeeze from which I believe there would be no escape.

Some further comments on Mr. Day's projections are in order. In an effort to make the Chandler proposal appear more palatable, he estimates that the daily Examiner would have a circulation gain of 35,000 and an advertising gain of 3,000,000 lines annually because of the evening field merger. I disagree completely with these estimates. I believe strongly that the daily Examiner would gain nei-

ther circulation nor advertising in the proposed deal and it is not necessary to go any further than San Francisco to demonstrate it. In a parallel

Forward	\$8, 400
Expense:	
Mechanical	130
Advertising	300
Accounting department.....	135
Building and general service.....	335
Light, power, etc.....	100
Rent	580
Insurance	600
Unemployment and old-age taxes.....	250
Taxes—all other.....	1, 450
Maintenance and repairs.....	500
Depreciation, buildings.....	600
Depreciation, exclusive of buildings.....	2, 650
Total weekly increased expense.....	7, 730

Total weekly estimated increased payrolls and expense.....	16, 130
Total estimated increased payrolls and expense per year.....	\$38, 760

In every evaluation of the Chandler proposal, even by the Chandlers themselves, it has never been suggested that the morning Examiner would be anything but a bad last in circulation in both the daily and Sunday fields. When our papers in Chicago, Detroit and Pittsburgh were in that position, we found them too expensive to operate.

Before closing this portion of the discussion, I should point out again that it would cost approximately \$1,000,000 more for severance pay to get out of the evening field than to get out of the daily morning field as follows:

	Estimated sever- ance liability to dispose of Herald and publish morning and Sunday only	Estimated sever- ance liability to dispose of Daily Examiner and publish evening and Sunday only
Editorial.....	\$613, 500	\$709, 900
Mechanical.....	236, 320	252, 770
Paper handlers.....	10, 800	14, 175
Circulation.....	1, 416, 933	337, 313
Advertising.....	263, 142	203, 258
General and administrative.....	97, 649	117, 192
Miscellaneous (Job press, credit union, etc.).....	2, 784	17, 105
Total.....	2, 641, 129	1, 651, 713

You will note from the above that the estimated severance liability of approximately \$1,000,000 to get out of the evening field is more than accounted for by the difference in the Circulation Department. The reason for this is that the Herald's outside circulation operation is conducted and supervised by employees and they would receive severance up to 62 weeks under the Guild contract. Herald drivers also are under the Guild contract. On the other hand, the Examiner's circulation operation is conducted primarily under a dealer-independent contractor set-up where there is no severance obligation. Also, Examiner drivers would receive only three weeks' severance pay compared with as high as 62 weeks to Herald drivers.

* * * * *

The second alternative:

Dispose of our interests in the daily morning field and continue publication in the evening and Sunday fields only.

The following discussion is based upon the assumption that we will continue to be unable to work out at this time a program whereby we would operate exclusively in the evening field and the Chambers exclusively in the morning field and with both publications continuing their Sunday papers.

It is immediately apparent that if we abandon the morning field the Times will have a clear shot at the Examiner's approximate 285,000 daily home delivery circulation and will also pick up a substantial part of the Examiner's 100,000 daily single copy sales. If we assume that the daily Times would take over $\frac{2}{3}$ of the Examiner's home delivery and single copy sales—which I think is a conservative estimate—the Times' daily circulation increment would be approximately 190,000 home delivery and 67,000 single copy sales for a total increase of 257,000, which added to their present 542,000 would give them a total daily figure approaching 800,000. Our Sunday paper would continue to be available to our present Sunday readers, but because of the transfer of 190,000 daily Examiner and delivery readers to the daily Times, there is every likelihood that these readers would also take the Sunday Times. Adding this 190,000 to the Times' 907,000 (as shown on their September 30, 1960 statement) would give them a total Sunday circulation of about 1,100,000. (Note: In recent weeks the Times has announced in their news columns that their Sunday circulation had exceeded 1,000,000 on several issues. Thus, it is entirely possible that if we got out of the morning field that their Sunday circulation would be close to 1,200,000.

From the foregoing it is reasonable to assume that if the Examiner abandons the morning field, the Times' circulation will approximate 800,000 daily and 1,200,000 Sunday. (Note: Mr. Day, in a memorandum, estimates the Times' circulation under this set-up would be 775,000 daily and 1,060,000 Sunday. However, he projected this Sunday figure on the basis of the September 30, 1960, statement of 907,000, instead of 1,000,000 that the Times is now claiming.)

With the Times attaining the foregoing circulation figures, it would continue to divide the evening field with the Mirror.

The September 30, 1960 circulation statement showed the Herald with 364,700, a lead of 61,000 over the Mirror's 303,700. For the six months ending March 31, 1961, the Herald will have approximately 377,000 compared with our estimate of from 295,000 to 300,000 for the Mirror. Thus, our lead on the next statement will approximate 75,000, an improvement of more than 50,000 since the March, 1958, statement, when our lead was only about 21,000. The purpose of citing these figures is to show that the Herald has made very substantial progress against the Mirror in the past few years and with sufficient time could further strengthen its position and probably bring about the withdrawal of the Mirror from the field.

There is little doubt that with Hearst operating in the evening and Sunday fields only, we would continue to maintain and possibly increase our daily circulation lead over the Mirror—but the important question is what would happen to our Sunday circulation. I have shown above that the Times would pick up 190,000 daily Examiner home delivery readers and it is a practical certainty that these readers would also switch to the Sunday Times. This would reduce our Sunday circulation to about 500,000. However, we would of course do everything possible to get Herald home delivery readers (approximately 241,000) to take the Sunday Examiner. It is difficult to estimate the success of this effort. In a somewhat similar situation the Post-Gazette in Pittsburgh was conspicuously unsuccessful in persuading Sunday readers to switch from evening and Sunday to morning and Sunday. Instead, the Sun-Telegraph evening readers switched to the evening Press and took the Sunday Press also. The result was a loss in Sunday circulation by the new Post-Gazette-Sun-Telegraph combination. Another consideration is that many Herald home delivery readers are already taking the Sunday Examiner and are included in the Examiner's 309,000 single copy sales. My guess is that there would be a net pick-up of about 100,000 Herald home delivery readers by the Sunday Examiner, which would bring our total Sunday figure to 600,000. Mr. Day projects our Sunday circulation under this program at only 535,000. He could be right.

With the Mirror remaining in the evening field and with the much improved position of the morning and Sunday Times, I do not believe we could come close to maintaining in the evening Herald the present classified volume of the morning Examiner. I also believe that we would lose a substantial portion of our Sunday classified volume. Nor can I foresee any improvement whatever in either retail or national as long as we would continue to compete with the Mirror in the evening field and the stronger Times in the morning and Sunday fields.

I should also point out that if we operated in the evening and Sunday field only we would lose the benefits of the savings attributable to our present joint operation in the same manner that we would be sacrificing such savings if we were operating only morning and Sunday.

One further observation: the argument has been advanced that we should not dispose of our interests in the daily Examiner in preference to remaining in the evening and Sunday field because the Examiner for many years has been the top Hearst paper in national advertising. That is true, but I do not believe it should be a decisive factor in our overall consideration of the problem. Regardless of which way we went we would continue to operate the Sunday Examiner and its future as a national advertising medium, in my opinion, would depend upon whether we are able to attain an exclusive position in the evening field. The Sunday Examiner will be in a difficult position regardless of whether it operates with our morning or evening paper, if the Mirror remains in the evening field. Now from the standpoint of daily national advertising: in 1960 the Examiner carried approximately 20% more daily national linage than the Herald; in revenue the figures were: Examiner, \$4,469,500; Herald, \$3,409,000; Examiner over Herald, \$1,060,500 or about 24%. I have already shown that if we give up the Evening Herald we will be a bad third in the three-paper daily field; however, if we give up the morning Examiner—and the Mirror remains in the field—we would at least be second in the three-paper field. I do not believe we should pursue either of these courses.

I believe it must be concluded from the foregoing that neither of the alternatives discussed above offers any reasonable hope for a successful Hearst operation in Los Angeles. However, if we are forced to a choice, there is one over-riding consideration in favor of the evening-Sunday field versus the morning-Sunday field and it is simply this: If we go into the morning-Sunday field, we will have no future hope of attaining an exclusive daily field. However, if we go to the evening-Sunday field, there remains the possibility that sooner or later we could attain an exclusive evening operation along with our Sunday. But I hasten to add that I believe there is a much better chance of attaining an exclusive evening field by continuing publication of both of our papers in Los Angeles. I am firmly convinced that if we give up either of our daily papers, with the Mirror remaining in the field, that it is only the first step toward an exclusive Chandler operation.

If the foregoing is a sound evaluation of the situation, it means that if we are to stay in Los Angeles we must continue to operate both papers but that we must also reduce the huge operating deficits now being sustained until such time as the Chandlers are ready to give up on the Mirror, or until an improved economic climate permits the joint properties to be restored to a profitable basis. The earnings record of the Hearst Los Angeles newspapers for the past ten years—as set forth below—does not preclude the possibility that they can again be operated profitably.

PROFIT OR (LOSS) BEFORE TAXES

Year	Examiner	Herald-Express	Total
1951	\$710,384	(\$25,499)	\$684,885
1952	1,070,754	431,298	1,502,058
1953	64,009	228,048	890,057 ^{1/2}
1954	(2,939)	(147,233)	(150,172)
1955	1,367,006	203,797	1,570,803
1956	322,062	(564,969)	(42,907)
1957	(936,414)	(949,581)	(1,945,995)
1958	137,707	(1,270,658)	(1,132,951)
1959	1,026,397	(947,774)	78,625
1960	(653,756)	(1,620,495)	(2,274,251)

I direct attention to the fact that as recently as 1959 the joint properties operated on a profitable basis.

It is interesting to note that the Mirror started publication October 11, 1948, and that the Mirror and News merged December 20, 1954. You will see that in the last ten years the Los Angeles Examiner has been in the black seven years and that the Herald-Express has been in the black three years, which includes one year after the Mirror and News has merged.

After weighing in my mind all of the arguments and all of the facts and factors I could gather, I came to the conclusion that it is not advantageous to us to abandon either the morning field or the evening field at the present time under present conditions.

The question that might arise is: Can we afford to maintain both of them or how can we pay the losses if we maintain both of them? My first answer to that is that it would cost us more in the immediate future to operate the morning and Sunday with Chandler competing against us with his morning, evening and Sunday, than if we maintain both papers.

Similarly, it would cost us more if we operate an evening and Sunday against Chandler's morning, evening and Sunday.

Omitting the idea of selling all of our papers in Los Angeles, which might be catastrophic to our organization, that leaves only one worthwhile alternative for the present, which is to maintain our morning and Sunday and our evening.

I will discuss later the method I have in mind for doing that. Meanwhile, I would revert back to the conversation I had with Norman Chandler. I asked him not once but several times if he would revive negotiations for an understanding wherein he would have a morning and Sunday and we would have an evening and Sunday, if a satisfactory assurance can be obtained from Washington that there would be no interference or opposition by the Justice Department. He said he would but he told me he didn't think it was possible. I think myself that the chance is remote but I would not rule out that possibility. I do believe we should consider ways and means of obtaining such an assurance. There are many valid arguments that could be presented in Washington why the Justice Department should give us and Mr. Chandler that assurance.

I am sure you have all given that some thought and it is not necessary for me to present the arguments in this memorandum, but before we adjourn we should make a decision to go ahead or not to go ahead, and if so—who, when and how.

Before proceeding further, let me say again if we abandon the morning and go in the evening exclusively, we would in the immediate future lose more money in Los Angeles that we are losing now. Our entire classified, daily and Sunday, would be in jeopardy and we could build up our opposition Sunday to such an extent that we would no longer be in the slightest competition.

On the other hand, if we abandon the evening field to Chandler, Chandler would then have a morning and evening paper and Sunday paper—each so much greater than ours—that we could not possibly hope to stay in business for a long period of time or for any period of time to get a decent share of local, classified or national advertising.

It is true that as of now, when there are two-paper evening buys, the Examiner-Times combination is far ahead of the Times-Herald Express combination, but if the Times continues with its great leadership in the morning field and then has in the evening field a paper which has hundreds of thousands more circulation than our one remaining paper, I cannot escape the conclusion that the combination buys in Los Angeles would be Chandler's Times in the morning with its great leadership and Chandler's exclusive evening paper which would in circulation be far ahead of our one remaining paper in Los Angeles.

We would be a bad and hopeless third in a three-paper field, whereas now we are second and third in a four-paper field.

All the circumstances and all the facts force me to the conclusion that if we are not to sell our two papers in Los Angeles, we must, for the time being at least, continue our two newspapers. Now the question is, what is the best and most practical way to do this.

The immediate step is to ascertain what economies could we make which would be effective within a reasonable period of time and which, in most cases, need not be permanent. I talked to both of our publishers and to Ed Becker, who was extremely helpful in compiling the information that I needed and in other ways assisting me.

Mr. Payne's letter on this subject follows, and attached to his letter is a two-page memorandum from Mr. Griffiths, indicating what we could save in the Editorial Department. I do not recommend that all of these things be done and neither does he. For one thing, union problems are involved. The savings per year in this memorandum amount to a little over \$200,000.

(EXHIBIT 5)

LOS ANGELES EXAMINER,
*Los Angeles, Calif., March 22, 1961.*Mr. J. D. GORTATOWSKY,
*Sheraton-West Hotel,
Los Angeles, Calif.*

DEAR GORTY: I am convinced your thinking is correct in that we should do everything to make it possible to continue publishing both The Examiner and Herald-Express.

If this objective could be accomplished, I am sure the Chandlers would not only refuse to stand the tremendous increased yearly loss of the Mirror, but would change their arbitrary attitude in regard to the sale of the Mirror or the two organizations going to exclusive morning and evening fields.

The attached marked paragraph in a talk recently given by Robert Chandler, General Manager of the Mirror, simply reflects the thinking and planning of the Chandler family. They firmly believe we are about broke and ready to give up in one manner or another. There is no question but that they definitely feel that they will end up with the morning, evening and Sunday fields exclusively.

You asked that I submit to you my ideas in the way of economy and savings that would not be detrimental to our product, but would help carry us through this business recession and enable us to reach our objective. Most of my suggestions could be considered on a permanent basis because we must face the reality of increasing annual labor costs. Some of my suggestions might bring about some labor problems, but I am sure there must be a way to overcome them.

There is no question but that we have too many papers in Los Angeles. Something has to give. Common sense says that no two newspapers in Los Angeles today, owned by the same organization, will ever get anywhere fighting each other. However, that is exactly what our two papers are doing. The attached memorandum, and Thrifty advertisement is an example to prove my point.

The Examiner and Herald-Express should be placed under one publisher. The fundamental policies of our two newspapers should be the same—even though the two newspapers have entirely different personalities. This was the original recommendation when our integration program was planned. Only in this way will you ever get these two newspapers working together and helping each other. To prove to you that this is not a selfish recommendation, I will be happy to step out as publisher of The Examiner and retire on any date you desire. A one publisher operation would bring in an immediate savings of \$52,000 per year—and much greater efficiency and cooperation would be obtained.

Furthermore, it is my opinion that we have too many high priced men in our administration, business management and labor activities—Payne, George Hearst, Becker, Griffiths, MacMillan and Fred Mannon. To me, this is a lush setup even if our papers were making money, but especially so when both papers are fighting for survival. I am sure a study will show that big savings could be made.

My secretary, Marie Rabey, will retire May 1st. I will not replace her until business conditions greatly improve. This will represent a savings of \$7,500 a year.

I ask Tommy Griffiths to compare his estimate of savings in certain classifications and activities in the Editorial Department. Attached is his memorandum which is self-explanatory and it shows a saving of a little over \$20,000 per year.

Bill Townes, according to his attached memorandum, recommends the removal or a reduction in salary of Vince Flaherty. This saving would amount to \$13,000 to \$23,400 per year.

In addition, it might be advisable to reduce Warden Woolard's salary from \$100 to \$200 per week—a saving of around \$5,000 to \$10,000 per year. However, I would like to go on record that regardless of what you think and what you have been told, in my opinion Warden Woolard is the top editorial Editor in Los Angeles and is one of the greatest assets The Examiner has.

Attached is a memorandum from Jack Salm, our Classified Advertising Director, which has the approval of Charley Horn, outlining a saving of \$876.95 per week, or \$45,601.40 per year. Included in this recommendation is the removal of Charles Holmers, formerly Classified Manager of the Herald-Express, and Frank Root, formerly a Herald-Express salesman. Neither of these men seems to fit, into our classified operation.

Attached is a memorandum from Bill Merritt, Circulation Director, which clearly outlines an additional savings of \$1,513.52 per week, or a yearly saving of \$81,730.00. Speaking of Circulation departments, I think we have two good ones. Under one publishership, the circulation executives of both papers could work closer together and be of help to each other. This certainly is not true today.

I would recommend consolidating the entire Retail staffs of The Examiner and Herald-Express. Charley Horn agrees with me that this plan can work successfully if properly supervised and managed—and it certainly would bring in a tremendous annual savings. Both the Times-Mirror and Examiner-Herald-Express have done this successfully in Classified. I have heard this same Retail plan is being considered by the Times-Mirror at a reduced combination rate. I would not recommend a combination rate for the Examiner-Herald-Express unless forced to do so by competition—except possibly giving the Herald-Express credit for Sunday linage used in The Examiner by an advertiser to apply on volume discounts.

This combined Retail selling staff would put responsibility of securing the business in both newspapers, rather than having two large staffs fighting to take business away from each other. Eventually this plan will be forced upon you—better take the lead and do it now. Never forget that the merchants of this city do not want a Chandler monopoly. I am sure they will give us excellent support to see that a monopoly does not become a reality. This plan would further give us greater control to fit our own plans and I am sure, in the long run, would increase our Retail volume. The annual savings certainly would be in six figures.

I would recommend Hearst Advertising Service taking over the national representation on both papers. This would retain more dollars in the Hearst organization and lower our national selling costs. I know that this plan can and will work.

The Examiner can discontinue its annual Christmas party for the independent unions in Retail, Classified and Business departments. This would give us another \$3,700 in annual savings.

I would estimate that the savings that have been suggested would exceed over \$600,000 per year and I am confident that with further studies, additional savings could be made. Add to this figure the potential savings that could be made in the Mechanical department along the lines that you, Ed Becker and I discussed, and I am confident the total would reach from \$800,000 to a million dollars per year.

It is my honest opinion that if we do not put into practice some kind of an integrated management and operational program, as I have suggested, we are only kidding ourselves in attempting to publish both The Examiner and Herald-Express—the combined losses will kill you—and we will be playing right into the hands of the Chandlers.

However, with a successful integrated program we would then be in a position to guide our future plans in whatever direction good judgment would dictate.

Sincerely,

[Enclosure]

FRANK.

To: Franklin S. Payne
From: C. T. Griffiths

MARCH 21, 1961.

In accordance with your request :

	Savings per week	Savings per year
Sports information service..... Total payroll for this service averages \$330 per week, telephone and miscellaneous other expenses are approximately \$170 per week. Discontinuance of this service (race results, football, baseball scores, etc.) to the public would provide an estimated weekly savings of \$500.	\$500	\$26, 00
School notebook..... The cost of the school notebook prior to February 1961 average approximately \$381 per week, or \$13,716 over the 36-week school year. As you know, a program of expansion has been underway and, as of the past week (Mar. 19), approximately 104,000 copies were distributed to 148 schools in Los Angeles and Orange Counties. The present expanded distribution is costing approximately \$416 per week and, if discontinued, this would be a savings. [Note: It is my understanding that further expansion is contemplated and, if tentative plans are carried out, the weekly cost would be increased to \$589.50 per week, or \$21,222 for 36-week school year.]	416	14, 976
Scholastic Sports Association..... During the year 1960, the cost of Scholastic Sports Association amounted to \$62,465 or an average of \$1,200 per week. In the event the program is discontinued, it will be necessary for the editorial department to assume the entire responsibility for getting scholastic sports news and results. The cost to the editorial department for this news would be entirely dependent upon the degree or extent of the coverage. If the present coverage is to be maintained, I would estimate that the savings would approximate \$300 per week or \$15,600 per year. Integration of the Herald-Express and Examiner libraries, photographic departments and their reportorial staffs covering beats would pose some serious labor problems. Strong resistance to such a move can be expected from the Examiner Editorial Association, as well as the Newspaper Guild. However, if such a program could be accomplished, it would result in substantial savings. I have consulted with Mr. Townes and Mr. Riblett as to the possible savings with the following resultant estimates:	300	15, 600
Photographic department..... Of 32 photographers presently employed on both newspapers (19 Examiner, 13 Herald-Express), Mr. Townes estimates that the staff could be reduced by 7 persons. Savings in salaries and car allowances would approximate a total of \$1,120 per week for the 2 newspapers.	1, 120	58, 240
Reporters-beat men..... About 24 reporters (12 Examiner, 12 Herald-Express) are covering the city beats for the two newspapers at the present time. It is the opinion of Mr. Townes and Mr. Riblett that 16 reporters could provide the necessary coverage for both newspapers. Based on this estimate, the reduction of 8 men would conservatively reflect a total savings of \$1,200 per week.	1, 200	62, 400
Libraries..... The two newspapers now employ a total of 16 librarians (11 Examiner, 5 Herald-Express). It is my opinion that if integrated, 2½ filing jobs could be eliminated. Mr. Riblett, a former librarian, is much better informed about library operations than I, and he is quite confident that 5 positions can be eliminated. On the basis of Mr. Riblett's estimate, the savings would approximate \$440 per week.	440	22, 880
Total.....	3, 976	200, 096

Report continues:

Also attached is another report outlining various savings. This includes some of the items that were in Mr. Griffiths' memorandum and shows total savings of \$393,940. Again I say that neither Mr. Becker nor I recommend all of these things. Specifically I would not recommend a large reduction in editorial content nor any change of press times unless our competitor were willing to go along.

(EXHIBIT 6)

LOS ANGELES EXAMINER—TENTATIVE 1961 SAVINGS PROGRAM

	Savings per week	Savings per year
1. News content: Reduction of 8 columns daily from 162 to 154 columns; reduction of 16 columns Sunday (black and white sections only) from 292 to 276 columns; newsprint and ink savings per week, daily \$2,090, Sunday \$1,298; estimated average production savings because of reduced pages, \$800 per week; total estimated weekly savings...	\$4,188	\$217,776
2. Pictorial living: Reduction of 10 columns per issue from 90 to 80 columns; paper and ink savings \$660 per week; estimated average production savings \$100 per week; total estimated weekly savings...	760	39,520
3. Sports information service (giving race results, baseball scores, etc. by telephone): Discontinuance of this service would provide payroll savings of approximately \$330 per week and telephone and miscellaneous expenses of about \$170 per week; total estimated weekly savings...	500	26,000
4. School notebook: Discontinue distribution of weekly School Notebook (4-page tabloid) to schools; estimated weekly savings for 36-week school term... [Note: We are presently distributing about 84,000 copies per week to 107 schools; consideration is being given to distributing an additional 88,500 copies per week to 116 more schools. This would increase cost from \$381 to \$590 per week, or total of \$21,240 for 36-week school term.]	381	13,716
5. Scholastic sports association: This is a complex project directed by Ira Walsh involving the training and use of high school students to write and report scholastic sports. It is costing the Examiner approximately \$62,450 per year or an average of about \$1,200 per week. If it were discontinued, it would be necessary for the editorial department to resume the full responsibility for getting scholastic sports news and results in the paper, but the cost would be reduced from an average of \$1,200 per week to not more than \$400 per week, resulting in a saving of \$800 per week.....	800	41,600
6. Reduction in editorial department payroll.....	350	18,200
7. Later starting time on 1st edition (not recommended unless Times does likewise): 1 hour later press start, 6 p.m. instead of 5 p.m.; estimated savings per week..... [Note: A 3-hour later press start would result in savings of approximately \$2,900 per week in the production departments and some additional savings not yet determined in the editorial and circulation divisions.]	714	37,128
Total.....	7,693	393,940

Report continues:

I talked to George Hearst, Jr., about economies and he worked out a program which is attached.

The economies that he made while I was there would amount to \$80,291 per year.

We must bear in mind that considerable economies could be made in addition to those outlined, if we do more than we have done to the form of integration. A striking example is the fact that with two newspapers publishing in the same plant, each has a separate morgue, completely separate photographic departments, libraries, etc. This does not apply in other cases with which I am familiar, where the newspapers of the same ownership are published in the same plant; in Boston, for instance, there is one morgue. I made inquiry in Baltimore of the Sun papers. The Sun papers operate their library as one unit for the morning, evening and Sunday Sun.

We might not even be able to do this because of union troubles, but I am sure there are other things that can be done that will make for more complete integration than we have now.

I wish that full consideration be given to the advisability of having Hearst Advertising Service represent both papers in the national field.

We are now paying Moloney, Regan and Schmitt approximately \$50,000 annually to represent the Herald-Express. We could not save all of this money because if Hearst Advertising Service took on the Herald-Express they would undoubtedly have to put on some personnel to work exclusively for the Herald-Express. Maybe, however, we could have a great part of it and maybe we could get better results.

We have had for the last several months a TV rate magazine in the Los Angeles Examiner. I should like consideration to be given to the idea of abandoning the rate, this again for the time being at least, and using a magazine of the type that is now being used in Boston. I am told that the saving would be in the neighborhood of \$50,000 annually. Or we might let Cuneo continue to print our TV book as is, substituting newsprint for roto. This would involve a very substantial saving.

Our competitor is installing Cutler Hammer stackers which will affect a very substantial saving. We have purchased one for use in our Mailing Room. This one stacker, which cost us \$35,500, will save us \$46,800 per year. Four more of these would answer our needs and we would invest approximately \$175,000 and save more than \$200,000 per year. Somehow we should beg, borrow or steal about \$150,000. The fact that we might wind up with one paper instead of two would not be an argument against the purchase of these stackers.

(Program referred to follows:)

(EXHIBIT 7)

HERALD EXPRESS,
Los Angeles, Calif., March 20, 1961.

Mr. J. D. GORTATOWSKY,
Sheraton West,
Los Angeles, Calif.

DEAR GORTY: The following savings program is now in effect on the Herald-Express:

	Weekly savings	Savings for year 1961
1. Termination of contractual agreement with KBIG radio, effective Mar. 1, 1961.....	\$225.00	\$9,900
2. Nonreplacement of research man in advertising research department, effective Apr. 1, 1961.....	148.50	5,791
3. Termination of Bolger image survey, effective Mar. 31, 1961.....	31.00	1,600
4. Reduced schedule of trade paper advertising, effective May 1, 1961.....	662.00	23,170
5. Reduction in salary in account 700 due to change in business manager, effective Apr. 1, 1961.....	86.00	3,354
6. Termination of arrangements with Durham, Davis & Sembower, effective Apr. 15, 1961.....	231.00	8,500
7. Reduced schedule, California transit advertising program, effective May 1, 1961.....	243.00	8,680
8. Reduced schedule, southern outdoor advertising program, effective June 1, 1961.....	162.00	5,022
9. Reduced schedule, Foster & Kleiser outdoor advertising program, effective June 1, 1961.....	333.00	10,323
10. Reduction in paper and production costs relating to above outdoor advertising, effective June 1, 1961.....	57.00	1,767
11. Termination of Screen News Digest, effective Sep. 1, 1961.....	126.00	2,184
Total savings.....	2,309.50	80,291

Regards.

Sincerely,

GEORGE.

(EXHIBIT 8)

HEARST LOS ANGELES NEWSPAPERS,
Los Angeles, Calif., November 10, 1960.

Mr. H. G. KEEN,
Hearst Newspapers,
New York, N.Y.

DEAR HAP: In my letter of December 2, 1959, I recommended the purchase of a Goss Varistacker at a cost of \$35,090. This recommendation was approved in your letter of December 18, 1959.

The Goss Company represented to us at that time that final field tests on their new machine were being completed and that it would be ready for delivery about June 15, 1960. As this machine—designed to eliminate the manual handling of papers from the mailing room conveyor to the tying machine—had not been fully tested under actual operating conditions (except field tests at the Toronto Star), the purchase contract with Goss provided: "Should the machine not prove satisfactory to buyer, seller will remove it and return it to the factory at seller's expense."

The contract also provided that we would have 90 days after installation to determine whether the equipment was satisfactory and that if we kept it, payment in full would be made 90 days after acceptance.

The Goss Company encountered difficulties with the new machine. After postponing the June 15, 1960, delivery date several times, they finally informed me on September 14, 1960, that there would be a further delay of from 6 to 8 months. I thereupon wrote to Goss and pointed out that the proposed delivery date would take us into next May, almost a full year after the equipment was

to have been delivered to us. Because of the long delay and the resulting uncertainty as to when the machine would be perfected, I requested cancellation of our commitment to purchase the Varistacker. In letter dated October 13, 1960, the Goss Company confirmed their acceptance of cancellation of the agreement.

As I explained in my original letter on this subject dated December 2, 1959, Cutler-Hammer has had an automatic stacker on the market several years. They are being used by such papers as the Milwaukee Journal, Chicago Daily News, Washington Star and Philadelphia Bulletin. Cutler-Hammer has 43 of its stackers in operation.

When the Goss deal blew up, we approached Cutler-Hammer to see what could be worked out with them. They have submitted a proposal to furnish a stacker on a contingency sale basis. Their proposal states: "In the event the stacker fails to perform per our specifications and the Hillbro Newspaper Printing Company advises us within 6 months after shipment, in writing where the specifications are not being met, Cutler-Hammer will adjust the stacker to meet these specifications or accept the return of the stacker for full credit." The specifications submitted to us are satisfactory. Cutler-Hammer's price for the stacker is \$32,750 plus \$2,750 for a motor-operated diverting switch for a total cost of \$35,500.

Shipment of the equipment would be made approximately 60 days from date of order. Payment would be due—provided the stacker is satisfactory—six months from date of shipment.

The following is quoted from my letter of December 2, 1959, on this subject:

"We now use either three or four men on each mailing room conveyor depending upon the size of the paper. On the Herald, we use four conveyors on straight runs, or seven conveyors on collect runs; on the Examiner, we use three conveyors on straight runs, or five conveyors on collect runs on the daily and seven conveyors on collect runs on the Final Sunday printing.

"With stacking equipment, only one man would be needed on each conveyor, principally for observation purposes, regardless of the size of the paper. Thus, the use of the new stacking equipment will result in substantial savings in the mailing room with the principal problem being union resistance to the reduction in manning. However, I am confident that the manning reduction can be accomplished.

"If the Goss (now Cutler-Hammer) stacker performs satisfactorily and we are able to accomplish the anticipated reduction in manning, we would then be in a position to submit a recommendation for the additional stackers (probably four) that would be needed to take care of all of our conveyors except those used only to a limited extent on collect runs. The projected manning reduction would bring about a saving of approximately \$900 per week or \$46,800 per year for each stacker in operation. Thus, each stacker would pay for itself within one year."

I am very anxious to get stacking equipment in our mailing room here. It just does not make sense to use four men at the end of each conveyor at the high wage scale now being paid to mailers, when the job can be done with automatic equipment.

Therefore, I will appreciate your approval to purchase a Cutler-Hammer stacker on a contingency basis at a cost of \$35,500 as outlined herein.

Sincerely,

E. D. BECKER.

(EXHIBIT 9)

HEARST LOS ANGELES NEWSPAPERS,
Los Angeles, Calif., March 23, 1961.

Mr. J. D. GORTATOWSKY,
Sheraton West Hotel,
Los Angeles, Calif.

DEAR GORTY: In my letter of November 10, 1960, to Mr. Kern I recommended the purchase of a Cutler-Hammer stacker at a cost of \$35,500 for use in our mailing room.

The machine is now in Los Angeles and will be installed within the next few weeks.

Cutler-Hammer is putting the stacker in on a trial basis. I am confident that it will work, but if it does not, we have the right to return it. Cutler-Hammer's bill will not be paid until it has proven satisfactory.

We estimate that the stacker will save us approximately \$900 per week or \$46,800 per year. Thus, we will recoup our entire investment in less than a year.

If the stacker performs satisfactorily, including the anticipated savings, we plan to recommend the purchase of 4 more stacking machines.

The following is quoted from my letter of November 10, 1960, to Mr. Kern on this subject:

"If the Goss (now Cutler-Hammer) stacker performs satisfactorily and we are able to accomplish the anticipated reduction in manning, we would then be in a position to submit a recommendation for the additional stackers (probably four) that would be needed to take care of all of our conveyors except those used only to a limited extent on collect runs. The projected manning reduction would bring about a saving of approximately \$900 per week or \$46,800 per year for each stacker in operation. Thus, each stacker would pay for itself within one year."

Our savings figures are based upon a reduction of three men on each mailing room conveyor. We presently use four men on each conveyor. The mailers are resisting and wish to grant us a reduction of only two men. We will have to fight it out with them and possibly end up in arbitration.

Also attached hereto is copy of Mr. Mervick's report to me dated March 23, 1961, referring to the installation of a Sheridan stuffing machine.

You will note that the estimated cost is approximately \$72,700 with an estimated minimum savings of \$1,200 per week or an annual savings of \$62,400. Thus, the equipment would be paid for from savings in approximately 15 months.

I recommend the purchase of a Sheridan stuffing machine on the basis of the foregoing.

Sincerely,

E. D. BECKER.

(Enclosure)

INTEROFFICE CORRESPONDENCE, HILLBRO NEWSPAPER PRINTING CO.

Mr. E. D. BECKER.
Sheridan Stuffing Machine.
From A. R. Mervick.
Date: March 23, 1961.

One Sheridan 8-Hopper Stuffing Machine-----	\$56,550.00
One Mis-Analyzer-----	3,250.00
One Underwrapper Section-----	6,141.00
One T.V. Hopper Glue Section (estimated)-----	3,000.00
Cost of Equipment-----	68,941.00
Sales Tax, 4%-----	2,757.64
Installation and Shipping-----	1,000.00
Total Cost of Equipment-----	72,698.64

SAVINGS

Based on present insert of 140,000 comics, American Weekly, Pictorial Living Magazines. Plus 100,000 present insert of comics, American Weekly, Pictorial Living Magazine and T.V. weekly, plus 50,000 Friday night Insert run into the above comics, American Weekly, Pictorial Living Magazine and T.V. Weekly.

Estimated savings per week of Minimum-----	\$1,200.00
Maximum savings per week-----	1,475.00

Based on minimum savings per week, annual savings would be \$62,400.00.

Based on maximum savings per week, annual savings would be \$76,700.00.

The figures above do not include fringe benefits and costs.

A. R. MERVICK.

Report continues:

Projecting our plans for the present and the future, we might consider the practicability of having our Sunday paper called the Examiner and Herald-Express and having the Herald-Express establish a home delivery rate for evening and Sunday. The Examiner home delivery rates at present are:

\$2.00 per month, daily only.

\$2.50 per month, daily and Sunday.

\$1.00 per month, Sunday only.

The present home delivery rate of the Herald-Express is \$1.90 per month. If we sold the Herald-Express daily and Sunday at the same rate that the Examiner is sold daily and Sunday, it would leave 60¢ per month for the Sunday. The expense involved might be too great. Maybe it could be done some other way. At least it is worth a great deal of thought. For no other reason than because, if we do it, we will have taken a substantial step toward a combination of our two daily properties tied into one Sunday property.

We would have to consider the likelihood that the Chandlers would meet us and establish a combination of the Mirror-News and the Times on Sunday. Offhand, if they did meet us, I believe it would still be an advantage to us, if for no other reason than because we might wind up with an evening and Sunday only and certainly the Chandlers are not going to wind up with an evening and Sunday only.

I do not recommend a joint publisher. I do not recommend any procedure which on the face of it would indicate that we are going to discontinue at any time either paper. This would surely defeat our purpose. I would not want the Chandlers, I would not want the industry, I would not want anybody with whom we might wish to negotiate to think that we are now preparing to surrender either the morning or the evening field. Furthermore, we cannot operate a property and let our employees, and, our competitors and thousands of our readers know, believe or suspect that the operation of that property is really a process of deliberate self-strangulation.

It is not a good time for us to negotiate with the Chandlers. They think, and of course we can't blame them, that we are in a desperate situation. Our statement for 1960, just out, shows tremendous losses and our statement for the first quarter of this year, which will be out in a few weeks, will show that we are losing at a much greater rate than we were even in 1960. If we want to deal with them successfully, we shall have to hold on for a period of time. I do not know how long and nobody does.

We are in the midst of a recession that is affecting all business and particularly, it seems, the newspaper business. There is no reason to believe that this recession won't end. Let us try our very best to ride out this recession. Meanwhile, if Mr. Chandler is convinced of our intention to fight it out, we will have a better chance to trade with him on a division of the field.

Let us bear in mind that Mr. Chandler is losing money and losing ground in the evening field—a lot of money and a lot of ground. Nearly always, over the years, he has been willing to talk about anything that would decrease losses and increase earnings. He will not now, because he thinks we are in a desperate situation.

Also, if we show our determination to continue, there is a reasonably good chance that we could, within a brief period of time, get an agreement for a higher Sunday price—we now get 20¢ where most metropolitan newspapers get 25¢—and have better home delivery rates, morning and evening. We could continue discussions with him on the subject of changing edition times. He won't talk about it now, giving as his main reason that it would not save him any appreciable amount of money, although it would save us a great deal; the reason being the difference between union and non-union operations.

Whereas I am wholeheartedly in favor of continuing the operation of the two papers if we can possibly finance such operation, I am not in favor of such a policy until and unless we adopt measures which will assure the utmost co-operation between our two newspapers in Los Angeles. Our newspaper in the morning field must regard the Times as its competitor. Our newspaper in the evening must regard the Mirror-News as its competitor. Our morning paper should help in practical ways our evening and vice versa.

As I am dictating this I see a page advertisement in the New York Journal-American advertising the New York Daily News. I believe it was yesterday I saw an advertisement of the New York Journal-American in the New York Times. I have seen advertisements of the Journal in the New York News and I have seen advertisements of the New York Post in the morning News. Go out to Los Angeles and you will find it is difficult to get one of our papers to accept an advertisement from the other. By contrast, the Sunday Los Angeles Times carries free promotion from the Mirror and vice versa. In the comic section of the Los Angeles Sunday Times you will find in bold type under the comic that appears Sunday in The Times the following: "Read 'Gordo' in the Los Angeles Mirror Exclusively;" "Read 'Mr. Mum' in the Los Angeles Mirror Exclusively."

We do not follow such a procedure in Los Angeles. Similarly, the evening paper does not cooperate with the morning. While I was there the Thrifty Stores, one of our best advertisers, had this line at the bottom of one of its page advertisements: "Free! TV weekly magazine and 5-day Trial Home Delivery of the Los Angeles Examiner available at your nearest Thrifty Drug Store!" The Los Angeles Herald refused to accept this paid advertisement.

I know there are all sorts of arguments why our papers do not and should not promote each other or cooperate with each other but I shall not burden you with a recitation of these arguments. I simply say that we have two newspapers in Los Angeles, one morning and one evening, and between them we are losing \$2,000,000 a year or more, and we have two competing newspapers which between them are making a lot of money.

These two newspapers that jointly are making money promote each other and cooperate with each other. Ours do not. This is dreadfully wrong and, if not corrected, I withdraw all the recommendations I have made.

P.S.—I talked to Mr. Becker again and received a letter from him which is attached and which shows that we can get out our TV book just as it is now, having it printed by Cuneo, excepting that it will be printed on newsprint, and we would save \$1,600 per week.

HEARST LOS ANGELES NEWSPAPERS,
Los Angeles, Calif., April 7, 1961.

Mr. J. D. GORTATOWSKY,
Hearst Newspapers, New York, N.Y.

DEAR GORTY: This is with further reference to our telephone conversation today in regard to our TV Weekly magazine.

We have been using 50-lb. coated stock on the 8 outside cover pages of the book, with the remaining pages on rotoprint.

Beginning with the issue of April 30 we are discontinuing the use of 50-lb. coated stock and the entire book will be printed on rotoprint. This will result in a saving of approximately \$950 per week.

If we substitute regular newsprint for rotoprint throughout the entire book, there would be an additional saving—based on a 64-page book—of approximately \$650 per week. (Note: All recent issues of our TV Weekly have been either 64 or 72 pages.)

You will note from the foregoing that by discontinuing the use of 50-lb. coated stock and rotoprint and switching to newsprint for the entire book there would be total savings of approximately \$1,600 per week.

As we discussed today, there are other possibilities for savings which I am looking into and will write further as soon as figures can be worked up.

Sincerely,

E. D. BECKER.

P.S.—If we were to discontinue the Moloney representation and substitute Hearst Advertising Service, we are required by contract to give six months' notice. We might be able to negotiate a settlement without giving that notice.

In connection with this situation, we should bear in mind that we have a firm contract of 50,000 tons of newsprint a year for twenty years, to be supplied by that new Arizona project. If we should abandon two of our newspapers on the Coast, we would still have to buy that 50,000 tons and we would have a rather serious problem getting out of our commitments to our Coast suppliers in the amount of 50,000 tons. This is something that we should keep in mind.

The CHAIRMAN. I note this document states that Mr. Chandler offered to agree that if he acquired the Herald Express "he would not for a stated period of years inaugurate any forced combination rates or even optional combination rates in advertising" and he also said that "he would institute a similar program on circulation rates." Isn't that so?

Mr. KERN. That is in the record.

The CHAIRMAN. The Hearst organization suggested to Mr. Norman Chandler that he sell the Mirror News to Hearst. Was that not the case? That is in the same document. He suggested to Norman Chandler that he sell the Mirror News to Hearst.

Mr. KERN. I am presuming it is in here. Mr. Gortatowsky wrote this and I presume it is in here.

The CHAIRMAN. What was the response to that? You rejected that?

Mr. KERN. I think we did.

Mr. MARKUSON. I think Chandler rejected it.

The CHAIRMAN. The crux of the Hearst problem in Los Angeles was, as I indicated before, "the dominant position of the daily and Sunday Times;" is that correct?

Mr. MARKUSON. I didn't follow you?

Mr. BECKER. I am sorry, sir, I didn't hear the question.

The CHAIRMAN. I said the crux of the Los Angeles problem in Los Angeles, before the changes, was "the dominant position of the daily and Sunday Times."

Mr. BECKER. That is true.

The CHAIRMAN. The circulation and advertising lead that the Times had over the Examiner "provided the financial resources to keep the Examiner (the Hearst paper) in a badly inferior position and to maintain the unsuccessful and costly Mirror operation against the Herald." Was that not the situation?

Mr. BECKER. Yes, sir.

The CHAIRMAN. Suppose the Hearst organization sold the Herald Express to the Chandlers, that is the evening paper, leaving them exclusively in the evening field. What would have been the result to the Hearst organization?

Mr. BECKER. The Hearst organization in my opinion would have been out of Los Angeles completely within a short time.

The CHAIRMAN. As I said before, then the Chandlers would have had two papers.

Mr. BECKER. That is right.

The CHAIRMAN. Hearst would have had only one, the Examiner.

Mr. BECKER. There would have been three pieces of pie and we would have had the little piece. They would have had two big pieces.

The CHAIRMAN. You could not have existed very long under those circumstances?

Mr. BECKER. In my opinion it would have been impossible.

The CHAIRMAN. It would have been suicide.

Mr. BECKER. In my opinion, yes, sir.

The CHAIRMAN. Isn't that the crux of the whole story here?

Mr. BECKER. I think so.

The CHAIRMAN. This would have enabled the Chandler's, simply by keeping their advertising and circulation rates down without using combination rates, to make the position of the Morning Examiner absolutely untenable?

Mr. BECKER. That is right.

The CHAIRMAN. If the Hearst organization sold the Herald Express to the Chandlers they would abandon—I am reading from this document—they would abandon "irrevocably any chance of ever attaining an exclusive evening and Sunday operation in Los Angeles," isn't that the situation?

Mr. BECKER. That is true.

The CHAIRMAN. Mr. Markuson, the estimated severance pay upon ceasing publication of the Examiner was \$2.6 million, and for the Herald Express, \$1.6 million.

I beg pardon. It is the other way around. The severance pay for the Examiner was \$1.6 million; the Herald Express, \$2.6 million, is that correct?

Mr. MARKUSON. I believe that is correct.

Mr. DONOHUE. Mr. Chairman, may I ask this question on that particular point? Was this severance pay paid in a lump sum or was it spread over a period of many weeks?

Mr. MARKUSON. Paid in a lump sum unless the employer asked to have it paid over a period of time.

Mr. MEADER. Mr. Chairman, I notice on page 5 of your statement, you said termination payments were \$1.3 million.

Mr. MARKUSON. Excuse me.

Mr. MEADER. On page 5 of your statement in the first paragraph you state that termination payments were approximately \$1.3 million.

Mr. MARKUSON. Yes, sir.

Mr. MEADER. Does that mean you over-estimated what they were by over \$300,000?

Mr. MARKUSON. That is correct. At the time they were estimated we didn't know how many people we would have to discharge. We kept more people than we thought we were going to need.

The CHAIRMAN. In his presentation to the board—I am referring to that same document prepared by Mr. Gortatowsky—he stated, did he not, that he asked

Mr. Norman Chandler whether, "he would revive negotiations for an understanding wherein he would have a morning and Sunday and we would have an evening and Sunday, if a satisfactory assurance can be obtained from Washington that there would be no interference or opposition by the Justice Department." Isn't that correct?

Mr. MARKUSON. I believe that is correct.

The CHAIRMAN. Mr. Payne, too, wrote Mr. Gortatowsky on March 22, 1961, stating, did he not, that if the Hearst Corporation continued to publish both the Examiner and the Herald Express, "the Chandlers would not only refuse to stand the tremendous increased yearly loss of the Mirror but would change their arbitrary attitude in regard to the sale of the Mirror or the two organizations going to exclusive morning and evening fields."

Did that not appear also in the Gortatowsky memorandum?

Mr. MARKUSON. I believe it does. I am not sure of it, but I think it is in there.

The CHAIRMAN. Mr. Payne added, did he not, "There is no question but that we have too many papers in Los Angeles. Something has to give."

Mr. MARKUSON. That is correct.

The CHAIRMAN. Mr. Payne added, did he not, "Never forget that the merchants of this city do not want a Chandler monopoly. I am sure they will give us excellent support to see that a monopoly does not become a reality."

Isn't that the situation?

Mr. MARKUSON. Yes.

The CHAIRMAN. Mr. Becker, as general manager of the Hearst newspapers in Los Angeles, have advertisers expressed any fear of a Chandler monopoly?

Mr. BECKER. Not to me personally, but I have received reports from others in the past that some of the merchants had expressed fear of a Chandler monopoly in Los Angeles.

The CHAIRMAN. Would you say that unless something gave, unless something had been worked out along the lines that were actually worked out in 1962, there would have been a monopoly?

Mr. BECKER. Absolutely, in my opinion.

The CHAIRMAN. To the detriment of the advertisers in Los Angeles.

Mr. BECKER. And the readers, too.

The CHAIRMAN. In considering continued operation of the Hearst newspapers in Los Angeles, Mr. Becker, consideration was given to reducing the operating costs of both Hearst papers, was that not the case?

Mr. BECKER. Yes.

The CHAIRMAN. Mr. Gortatowsky stated that he "would not recommend a large reduction in editorial content nor any change of press times unless our competitors were willing to go along." Wasn't that his statement?

Mr. BECKER. I don't recall it, but I presume that is in the record.

The CHAIRMAN. Mr. Gortatowsky also stated, "Let us bear in mind that Mr. Chandler is losing money and losing ground in the evening field—a lot of money and a lot of ground. Nearly always, over the years, he has been willing to talk about anything that would decrease losses and increase earnings." Wasn't that the statement contained in the Gortatowsky writing?

Mr. BECKER. Yes, sir.

The CHAIRMAN. Mr. Gortatowsky stated, did he not, "if we show our determination to continue, there is reasonably good chance that we could, within a brief period of time, get an agreement for a higher Sunday price—we now get 20 cents, where most metropolitan newspapers get 25 cents, and have better home delivery rates, morning and evening. We could continue discussions with him on the subject of changing edition times."

Was that not the situation?

Mr. BECKER. Yes, sir; that statement appeared in the memorandum.

The CHAIRMAN. Thereafter, Mr. Becker, the Hearst organization had prepared, June 15, 1961, a projected weekly profit-and-loss statement "based upon a 7-day operation of the Herald Express and the Sunday Examiner with the Mirror not publishing in the evening field and the Examiner not publishing in the daily morning field." Was that not the case?

Mr. BECKER. That was done, yes, sir.

(The statement referred to follows:)

JUNE 15, 1961.

REPORT ON SPECIAL P & L

Attached is a projected weekly P & L statement based upon a 7-day operation of the Herald-Express and Sunday Examiner with the Mirror not publishing in the evening field and the Examiner not publishing in the daily morning field.

In the preparation of this P & L, we have endeavored to project the figures on a conservative basis. This is true particularly in regard to daily retail and national advertising volume and revenue.

The projected P & L shows that the proposed operation would break even, but because the projection includes no increases in daily retail and national advertising lineage (the reasons for which will be discussed later herein)—I am confident that the proposed operation would produce a substantial profit.

However, even on a break-even basis, we would attain an annual improvement of approximately \$3,650,000 or an average improvement of about \$61,000 per week compared with the estimated budgeted loss of the Hearst Los Angeles Newspapers as shown on Budget No. 2-61.

The attached P & L projection is based upon 1961 actual and budgeted figures as a starting point using first quarter actual figures and the last three quarters as shown on Budget No. 2-61.

The CHAIRMAN. In other words, within 2 months the Hearst organization was giving serious consideration to the sort of exclusive operation you eventually secured; is that correct?

Mr. BECKER. Yes. The reason for that was that the Mirror continued to lose ground in the field and I personally felt, and I believe it was shared by others in our organization, that they would not long continue to support the large losses of the Mirror because of the progress that the Herald Express had been making and was continuing to make.

When we reached a point where our circulation was approximately 90,000 ahead of the Mirror, I think the Mirror at that point had had it.

The CHAIRMAN. By July 1961, Mr. Becker and Mr. Kern, you were corresponding with Mr. Gortatowsky about the additional press equipment required before undertaking an exclusive Hearst operation in the evening field along with the present Sunday paper and with Chandler's having exclusive operation in the daily morning field along with their Sunday papers, isn't that correct?

Mr. BECKER. Yes, sir.

The CHAIRMAN. You recommended, did you not, Mr. Becker, that if the Hearst organization could "attain an exclusive evening operation with only our present press facilities available, that opportunity should not be temporized with, but should be acted upon without delay?"

Mr. BECKER. I made that recommendation, yes, sir.

The CHAIRMAN. Mr. Kern, on July 24, 1961, you also wrote Mr. Gortatowsky regarding the additional press required "If we are able to reduce the field to one morning and Sunday and one evening and Sunday newspaper," was that not the case?

Mr. KERN. That I wrote such a letter?

The CHAIRMAN. Yes.

Mr. KERN. Yes, sir.

The CHAIRMAN. And you further suggested that if this were done the Hearst organization "should insist upon an agreement on publication hours"—I suggest we each have 12 hours of the day, and I recommend that we try to get for the evening newspaper the hours of 8 a.m. to 8 p.m. and an understanding on when the newspapers would be released for sale." That is the case, is it not?

Mr. KERN. I said we should try to get it.

The CHAIRMAN. You further urged "an understanding regarding the Home Delivered how many delivery circulation lists—we and the Times have such lists in the morning but the Herald-Express has no subscriber list in the afternoon field, while the Mirror-News has such a list."

You stated that also?

Mr. KERN. Yes, sir.

The CHAIRMAN. Now, Mr. Becker, on July 27, 1961, you wrote Mr. Gortatowsky in response to Mr. Kern's memorandum that we have been discussing and stated that you were "in complete agreement with this suggestion" that the Hearst organization attempt to secure an agreement that its evening newspapers would have "the hours from 8 a.m. to 8 p.m. and with an understanding when the newspapers would be released for sale"; did you not?

Mr. BECKER. Yes, I did. I might give you the reason for that, if you wish. If either the Chandler's or ourselves got out of one of the fields and then started printing 24 hours around the clock we would all be back where we started.

Mr. DONOHUE. Mr. Chairman, for the purpose of the record who is this Mr. Gortatowsky?

The CHAIRMAN. Who is Mr. Gortatowsky?

Mr. MARKUSON. He is chairman of the board of Hearst Consolidated and was formerly general manager of the Hearst newspapers before Mr. Kern. He held the job as general manager for about 20 years.

The CHAIRMAN. He—edition times are very important, are they not, sir?

Mr. BECKER. Yes, sir.

The CHAIRMAN. As a matter of fact, the situation today is fairly precarious on edition times in Los Angeles. What are your edition times now?

Mr. BECKER. We are going to press about 7:15 to 7:20 in the morning and we don't give, we don't finish until after 6 at night. The Times goes to press at approximately 4 p.m. in mid-afternoon.

The CHAIRMAN. They are a morning paper and go to press at 4 o'clock in the afternoon?

Mr. BECKER. Yes, sir. They don't finish until about 5 the following morning. So we are both publishing a long span of hours. In other words, we are competing very strongly, to put it mildly.

Mr. MARKUSON. I would like to add something to that statement. When we made a change and they discontinued their evening paper, they started out originally to come out about 8 o'clock in the evening. But then they kept moving it back until now they are to 4 o'clock in the afternoon. There is a reason for it. The reason is they are afraid they are going to lose daily circulation leadership.

The CHAIRMAN. So they practically become an evening paper, do they not?

Mr. MARKUSON. That is right.

The CHAIRMAN. And you became a morning paper, too?

Mr. BECKER. No, we don't come out until after 7 o'clock in the morning.

The CHAIRMAN. 7 o'clock a.m.?

Mr. BECKER. We regard ourselves as publishing in what might be termed an extended spread of normal evening hours. But the Times is definitely coming out in evening and morning hours, in our opinion.

Mr. DONOHUE. Mr. Chairman, when does your first edition come out?

Mr. BECKER. Our first edition goes to press at 7:15 or 7:20 a.m.

Mr. DONOHUE. What time does it arrive on the street?

Mr. BECKER. It is released immediately as fast as we can get them into trucks and get them rolling.

Mr. DONOHUE. What time is your last edition published?

Mr. BECKER. It will go to press from 6:15 or rather from 5:45 to 6:15, depending upon the time that the last race result is received from the major tracks in California.

Mr. DONOHUE. That is p.m., isn't it?

Mr. BECKER. P.m., yes, sir.

Mr. DONOHUE. In line with one of the questions propounded by the Chairman, then you have an edition at 7:15 in the morning and your last edition comes out at 5:15 or 6:15 in the evening?

Mr. BECKER. 5:45 to 6:15 in the afternoon.

Mr. DONOHUE. So you have a morning edition and an afternoon edition?

Mr. BECKER. We don't term them that. We term them all evening editions.

Mr. DONOHUE. Notwithstanding that the first edition comes out in the morning?

Mr. BECKER. In the newspaper business, the first edition of evening newspapers will hit the street anytime, usually, from about 8 a.m. to 9 to 9:30 a.m. We come out at 7:15 to 7:20 a.m. We are somewhat in the area of an hour earlier than would be considered fairly normal.

Mr. DONOHUE. Now tell me this: What time does your competitor bring forth his first edition?

Mr. BECKER. He goes to press at 4 o'clock in the afternoon and distributes as quickly as he can.

Mr. DONOHUE. And goes right through the evening beyond midnight?

Mr. BECKER. Yes. He finishes his printing at approximately 4:30 to 5 a.m. in the morning.

Mr. DONOHUE. The following morning?

Mr. BECKER. Yes, sir.

Mr. DONOHUE. Thank you.

The CHAIRMAN. Mr. Kern, there is a letter addressed to you dated October 17, 1960.

Mr. KERN. October what, sir?

The CHAIRMAN. A letter written to you dated October 17, 1960.

I withdraw that.

There is a letter sent to Mr. Gortatowsky, July 27, 1961, on which there is a handwritten notation which reads as follows:

"Legal counsel (McCauley) advises there should be no agreement regarding publishing hours, and there is no agreement."

Do you know whose handwriting that is?

Mr. BECKER. That is my handwriting?

The CHAIRMAN. Your handwriting?

Mr. BECKER. Yes, sir.

Mr. KERN. With the present hours of publication, it must be obvious that there is no agreement. No one would agree to any such stretch of hours on either side.

The CHAIRMAN. In other words, there was no such agreement. It was a hopeful arrangement that both sides would do it?

Mr. KERN. It is very wishful thinking, if you could have done what I have indicated or what I would like to see.

The CHAIRMAN. Mr. Markuson, on December 4, 1961, there was a meeting between the officers of the Hearst organization and Mr. Norman Chandler, was there not?

Mr. MARKUSON. Yes, sir.

The CHAIRMAN. Were you present?

Mr. MARKUSON. Yes, sir.

The CHAIRMAN. Who else was present?

Mr. MARKUSON. There were two meetings. One on December 4th and one on December 5th, as I recall the dates.

The CHAIRMAN. Would you kindly describe the substance of the conversation?

Mr. MARKUSON. The first day we met it was Mr. Berlin, Mr. Randolph Hearst, Mr. Chandler, Mr. McCauley, myself, and Mr. McInerney, but Mr. Von Kalinowski, Mr. Chandler's lawyer, was not present, so it was a very short meeting.

The next day the same people were present, plus Mr. Von Kalinowski, and Mr. Brennan, who is our labor counselor.

At that time Mr. McInerney outlined to us his conversations with the Department of Justice. He told us at that time that we could not make a cross-sale, but that the Department of Justice had informed him that if the facts were as he had presented them to them, that these properties were losing money, there was nothing in the antitrust laws to stop them from folding, or discontinuing publication, simultaneously or otherwise.

The CHAIRMAN. On December 5, 1961, there was a further meeting between Hearst officers and Mr. Chandler and his attorney, Mr. Von Kalinowski. Is that not so?

Mr. MARKUSON. Yes.

The CHAIRMAN. Would you tell the committee the substance of the discussion of that meeting?

Mr. MARKUSON. This is the first day. The first day, December 4th, we did not get into much detail, because Mr. Chandler did not want to talk too much about it without his attorney present. It is the December 5th meeting that I am talking about.

The CHAIRMAN. I show you a letter on the stationery of Mr. James M. McInerney dated October 19, 1961, and ask you whether you have seen that letter before?

Mr. MARKUSON. Yes, I have seen it.

(The letter referred to and a related letter follow:)

LAW OFFICES,
JAMES M. MCINERNEY,
Washington, D.C., October 19, 1961.

HON. ROBERT F. KENNEDY,
Attorney General, U.S. Department of Justice,
Washington, D.C.

DEAR SIR: This inquiry has to do with a proposal under which, in Los Angeles, the Hearst interests would sell its failing morning newspaper to the morning

paper of the Chandler Company and the latter would sell its failing evening newspaper to the Hearst afternoon newspaper with the prospect of establishing two highly competitive and solvent newspapers in the area. At present, there are four main newspapers in Los Angeles. They are:

Name	Morning and Sunday	Evening	Owned by
1. Examiner.....	X		Hearst.
2. Herald Express.....		X	Do.
3. Times.....	X		Chandler.
4. Mirror.....		X	Do.

Only No. 3, the Los Angeles Times, is making any money, the other three having lost substantially in this and previous years. For instance, the two Hearst papers have lost in excess of an estimated \$2,700,000, in the current year, \$2,274,000. In 1960, and in excess of \$1,000,000 in 1955, 1957 and 1958. The Chandler evening paper has had corresponding losses.

These financial losses are not unique or peculiar to Los Angeles. Since 1945, over a thousand newspapers have ceased business due to rising costs including

(a) Newsprint—\$35 to \$136 since 1940.

(b) Labor—500% since 1940.

(c) Ink, wire, rope, etc. have increased greatly.

It has been stated that a newspaper publisher can now control only 16% of his costs and could be destroyed by even a temporary setback or crisis.

The United States Supreme Court, in the Times-Picayune case, 345 U.S. 594, 602, acknowledged the desperate financial plight of the daily newspaper:

"The daily newspaper . . . has in recent years suffered drastic economic decline . . . today . . . the number of daily newspapers in the United States is at its lowest point since the century's turn. . . . Concurrently, daily newspaper competition within individual cities has grown nearly extinct."

On the other hand newspaper revenue has declined. 40% of every advertising dollar now goes to television. "Advertising is the economic mainstay of the newspaper business." (345 U.S. at 604) Constant losses by Hearst in Los Angeles drain financial strength and stability from Hearst papers elsewhere so that the survival of newspapers in other cities is also in jeopardy. In the past five years, Hearst has been forced to discontinue publication in major cities such as Chicago, Detroit and Pittsburgh. In Los Angeles, the Los Angeles News was unable to continue publication because of financial losses. On the current basis, it is only a question of time before either Hearst or Chandler will be forced to liquidate its losing operations in Los Angeles. Therefore, an inhibition against a remedial proposal would ultimately create a lessening if not a discontinuance of competition. Thus those charged with administering the anti-trust laws would be helping to create a situation which the anti-trust laws are designed to prevent. These financial considerations have resulted in a pronounced tendency throughout the country for publishers to attempt to be alone in a city or, at least, in the morning and evening field. In a large number of cases two newspapers have formed a joint operating company without federal inhibition or scrutiny.

It is proposed as a solution to the present dilemma in the Los Angeles area that Mr. Chandler would purchase the Hearst morning Examiner and Hearst would buy Chandler's evening Mirror and assimilate them into their respective morning and evening papers. The result would be that Chandler would have a strong morning newspaper and Hearst a solvent evening paper with both publishing on Sunday. It should be emphasized that Sunday competition for circulation and advertising is of transcendent importance to the public as well as to the newspapers themselves. They would, of course, compete as strenuously as they do now for daily circulation, advertising, etc. In connection with competition between morning and evening newspapers in the same city, the Supreme Court, in the Times-Picayune case, observed (345 U.S. at 613): ". . . nothing in the record suggests that advertisers viewed the city's newspaper readers, morning or evening, as other than fungible customer potential."

The two newspapers would be dissimilar as they are now. The Hearst papers are independent politically while the Chandler papers are strongly Republican. The Hearst papers are unionized, whereas their rivals are non-union shops.

Some assurance that anti-trust sanctions would not be appropriate or invoked under these conditions is obviously desirable. It is respectfully submitted that such assurance could be granted for the following reasons:

The facts and circumstance do not warrant anti-trust sanctions.

The proposed result will not foreclose competition and would place the present competitors in a strongly competitive position and enable them to publish a better product.

Both Hearst and Chandler interests would be purchasing "failing companies," bringing them within the classic exception to the Anti-Trust provisions. *International Shoe Co. v. Federal Trade Commission*, 280 U.S. 291, 301; *U.S. v. U.S. Steel Corp.*, 251 U.S. 417, 446-447, *Press Assn. v. U.S.*, 245 F. 91, 93-94.

The proposal would not result in anything resembling a Nashville-Albuquerque-El Paso plan in which one operating company operates two newspapers having only different editorial departments. Such plans have been allowed to operate in some 60 cities without Anti-Trust proceedings being invoked even though they have a one plant setup, tie-in advertising rates, etc. On the other hand, the present proposal would involve the strongest kind of competition in the editorial, circulation and advertising fields and both operations would be completely distinct and separate.

In connection with this proposal, it has been judicially observed:

"The importance of the First Amendment may be such that sanctions . . . clearly applicable to other enterprises cannot be used against a newspaper." *U.S. v. Lorain*, 92 F. Supp. 794, 800, and cases cited.

The legislative history of H.R. 2734 to amend the Clayton Act in 1950 discloses congressional solicitude for the type of proposal now projected. Pp. 16507-8, Congressional Record, Dec. 13, 1950, Vol. 96, Part 12, 81st Congress, 2nd Session.

Senator O'Connor (in charge of the bill) observed:

"In order to make the Record clear on that point (newspaper mergers), there was an exchange of views, and the opinion was to the effect that this bill creates no danger to proposed mergers of the kind (newspapers) described by the Senator."

Senator Brewster then inquired:

"Even though within a given city it might be a considerable step toward either monopoly or reduction of competition?"

Senator O'Connor responded in part: ". . . we think that the merging of two newspapers, for example, each of which might be in a failing condition, would not lessen competition. It would, in effect, result in the creation of one successful newspaper, which would be a very salutary thing. For that and other reasons which were stated, we were definitely of the opinion that the bill would not have an adverse effect on the type of merger described."

The above would appear to indicate that, in a situation such as this, one newspaper could sell its assets to another without inviting federal sanctions.

This communication has been confined to the bare outlines of the situation and the proposed solution. I will be pleased to furnish any additional data you may require for a determination.

Sincerely,

JAMES M. MCINERNEY.

DEPARTMENT OF JUSTICE,
Washington, April 23, 1962.

Hon. EMANUEL CELLER,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN CELLER: This is in response to your request for information concerning the conference between James McInerney and two members of my staff, namely, Margaret H. Brass and George Miron, Chief and Assistant Chief of the General Litigation Section, respectively, concerning the Los Angeles newspaper matter.

Miss Brass and Mr. Miron have given me the following account of what occurred between them and Mr. McInerney. On January 5, 1962, Miss Brass requested Mr. McInerney to come to her office to discuss the Los Angeles newspaper matter. He did so. This occurred *after* the announcement by the newspapers that they were each discontinuing publication of one of their respective papers. During this conference, at which both Miss Brass and Mr. Miron were present, Mr. McInerney was asked whether the discontinuance of the newspapers

was pursuant to an understanding between the Hearst and Chandler interests that they would discontinue their papers. Mr. McInerney stated that he had, some months previously, discussed this matter with me and had also discussed it with the Attorney General. He asserted that I had given him a "clearance" to the effect that I "would allow the two failing companies to go out." Mr. McInerney stated that the word "unilaterally" was not used in advising him that the two allegedly failing newspapers might legally cease publication.

Miss Brass and Mr. Miron inform me that they told Mr. McInerney specifically that under Department procedures no clearance of any kind is granted unless it is granted in writing. He was told that since no written clearance had been given by me and since he is familiar with the procedures of the Department, he could not assume that he had a clearance of any kind. At this point Mr. McInerney admitted that he did not mean that he had what could be construed as a "clearance."

The conference which the members of my staff had with Mr. McInerney was held in an effort to investigate the facts. It was in no sense a conference held to determine whether Mr. McInerney's client should be given a clearance. The papers had already announced that they were ceasing to publish at the time that this conference was held. One of the prerequisites of the Antitrust Division's clearance program is that the matter for which clearance is sought must be entirely prospective. No clearance is ever granted for action which has already been put into effect. Miss Brass and Mr. Miron did not inform Mr. McInerney, or give him any intimation or assurance, that a "clearance" had been or was being given.

I trust that this information will answer your inquiry.

Sincerely yours,

LEE LOEVINGER,
Assistant Attorney General, Antitrust Division.

The CHAIRMAN. Can you tell us what Mr. McInerney said he, in turn, told the Department of Justice regarding the transaction? What was his report? What did he tell you?

Mr. MARKUSON. Mr. McInerney asked for quite a lot of data, financial data and so on, to be prepared, and it was prepared and furnished to him, so that he could prepare his letter to the Department of Justice. We gave him the figures on the profit and loss situation and so on that he could present to the Department of Justice.

The CHAIRMAN. Did he say that he had written clearance from the Department?

Mr. MARKUSON. No, sir; he did not have written clearance.

The CHAIRMAN. Did he say he had clearance?

Mr. MARKUSON. He said he had oral clearance.

The CHAIRMAN. Did Mr. McInerney at any time state that he advised representatives of the Department of Justice anything regarding the operation of the Hearst and Chandler newspapers in Los Angeles outside of the facts stated in that letter? Did he advise you that he told the Department of Justice anything outside of this letter?

Mr. MARKUSON. Not that I can recall. I don't recall his saying that he added anything else to it. Possibly he did. I don't know.

The CHAIRMAN. Mr. Becker, on December 19, 1961, you wrote Mr. Markuson confirming that "If we can attain exclusive evening and Sunday operation in Los Angeles with the Chandlers operating only in the morning and Sunday fields, I am strongly in favor of such a program." You did write that, did you not?

Mr. BECKER. Yes, sir.

(The letter referred to follows:)

HEARST LOS ANGELES NEWSPAPERS,
Los Angeles, Calif., December 19, 1961.

Mr. G. O. MARKUSON,
General Manager, Hearst Newspapers,
New York, N.Y.

DEAR MARK: This will confirm the statement I made to you at the time of the November Board meetings.

If we can attain an exclusive evening and Sunday operation in Los Angeles with the Chandlers operating only in the morning and Sunday fields, I am strongly in favor of such a program.

Sincerely,

E. D. BECKER.

The CHAIRMAN. Mr. Markuson, you asked the views of various officers on this proposition, did you not, of the Hearst organization?

Mr. MARKUSON. Yes. Not only that Mr. Chairman, but we had a meeting of our trustees of the Hearst organization—there are 13 of us.

The CHAIRMAN. In the conversations with the other officials of the company, you indicated that Mr. McInerney had indicated that he had clearance from the Department of Justice.

Mr. MARKUSON. Yes, sir.

Mr. COPENHAVER. Mr. Markuson, as I understand it, the Hearst organization retained Mr. McInerney to go to the Department of Justice to get an agreement, a consent, if possible, concerning Hearst and Chandler papers in Los Angeles; is that not correct?

Mr. MARKUSON. Yes. They engaged Mr. McInerney to go over to see whether we could get clearance.

Mr. COPENHAVER. Who, within Hearst, retained Mr. McInerney? Was it you?

Mr. MARKUSON. The general counsel's office.

Mr. COPENHAVER. Was any other counsel retained by the Hearst Corporation to intercede with the Department of Justice?

Mr. MARKUSON. Any other counsel in connection with this Los Angeles matter? Not that I know of.

Mr. COPENHAVER. Was any other person, not a counsel, contacted to intercede with the Department?

Mr. MARKUSON. Not that I know of.

Mr. COPENHAVER. Was it agreed that Mr. McInerney would also represent the Chandler interests when he went to the Department of Justice?

Mr. MARKUSON. No. He represented the Hearst interests.

Mr. COPENHAVER. Did a counsel for the Chandler interests also go to the Department of Justice to present this problem?

Mr. MARKUSON. I don't think so, sir. I think Mr. McInerney went to the Department of Justice and we reported after he came back and asked Mr. Chandler to come East and Mr. McInerney told him the facts in the presence of Mr. Chandler and his counsel, Mr. von Kalinowski.

Mr. COPENHAVER. Would it not be correct to say that Mr. Chandler relied upon the counsel retained by Hearst?

Mr. MARKUSON. That is correct.

Mr. COPENHAVER. When Mr. McInerney returned from his discussion in the Department of Justice, did he indicate whom he talked to in the Department?

Mr. MARKUSON. I think Mr. McInerney talked to a number of people in the Antitrust Division, as I understand it, but I understand that the final, let us say clearance, or let us put it this way: They said if the facts are as you state and the papers are losing money, and the companies want to discontinue their operation, that is within their province to do so. I understood that came from Mr. Loevinger and from the Attorney General.

Mr. COPENHAVER. Did Mr. McInerney indicate that the Attorney General participated in giving the oral clearance?

Mr. MARKUSON. It was my understanding that the oral clearance came from Mr. Loevinger and the Attorney General. That was my understanding.

Mr. COPENHAVER. Did anybody in the Hearst organization question the desirability of taking this major business action on strictly a verbal statement?

Mr. MARKUSON. We discussed it and we thought in view of the circumstances, it was all that was necessary. We had confidence in Mr. McInerney.

Mr. COPENHAVER. Did you know or did your counsel know at that time that it was a practice of the Department to issue written clearances concerning mergers?

Mr. MARKUSON. We realize that they do in some instances. I don't think they always issue written clearances.

Mr. COPENHAVER. Did you ask Mr. McInerney?

Mr. MARKUSON. This was apparently a matter that came within the Antitrust Division. In other words, they said, as I understand it, if these papers are losing money and the companies wish to discontinue, that is within their province to do so. It doesn't come under the Antitrust Division. If they want to stop a publication that is losing money, they can do it.

Mr. COPENHAVER. Do you mean by that the Antitrust Division would have no interest?

Mr. MARKUSON. I think they had an interest. I presume they had an interest. But I don't know if it was necessary. That is beyond me. The lawyers will have to tell me that.

Mr. COPENHAVER. Did Mr. McInerney indicate why the Department of Justice would refuse to concur in a cross-sale which would have left four papers in operation, and which would have protected the employees' position, but would have no objection to two papers being dropped?

Mr. MARKUSON. The matter of the cross-sale, according to Mr. McInerney, was put to the Department of Justice and they turned it down.

The CHAIRMAN. I think that question might well be asked of Judge Loevinger when he comes this afternoon.

Mr. COPENHAVER. I have one further question, Mr. Chairman.

Is it not a fact, Mr. Markuson, that the Hearst organization and the Chandler organization did agree that each one would drop their separate papers at the same time?

Mr. MARKUSON. Yes.

Mr. COPENHAVER. That is all, Mr. Chairman.

The CHAIRMAN. The Hearst group is a public corporation, is it not?

Mr. MARKUSON. No. We have rather a complicated corporate structure. The top company in our organization is the Hearst Corporation. Down below that is a company called Hearst Consolidated Publications, Inc. This company has some class A stock in the hands of the public. The Hearst Corporation owns 100 percent of the common stock, but there is preferred stock in the hands of outside investors. That is the reason that you get published statements on Hearst Consolidated.

The CHAIRMAN. You do publish consolidated statements?

Mr. MARKUSON. For Hearst Consolidated, but not for the Hearst Corporation.

The CHAIRMAN. I thought we should put something like that in the record to show the various properties that Hearst owns. Would you care to give us the record of all the properties that Hearst has?

Mr. MARKUSON. Yes, I would be glad to. I have a corporate chart here if you want to look at it. It is quite interesting.

The CHAIRMAN. Would you care to have that put in the record? There is nothing secret about it?

Mr. MARKUSON. I don't mind. It is no secret.

The CHAIRMAN. We will be glad to accept it for the record.

Mr. MARKUSON. Shall I read it?

The CHAIRMAN. That names the various magazines?

Mr. MARKUSON. Yes. Suppose I read a few to you. Let us take the Hearst Corporation, the top company.

It owns and operates what we call the Capital Newspaper Division in Albany. That consists of the Albany Times Union and the Knickerbocker News. It owns and operates the Boston Record, American, and Advertiser. The New York Mirror.

The Hearst magazines consist of Good Housekeeping, Cosmopolitan, House Beautiful, Town and Country, Sports Afield, New Medical Material, Harper's Bazaar, American Druggists, Motor Boating, Motor, Bride and Home, Avon Books Division, International Circulation Division. That is a newsstand division. Good Housekeeping Institute.

It owns and operates WBAL, a radio and television, AM, FM, and TV, in Baltimore. It operates the WISN Division, AM radio in Milwaukee and television in Milwaukee. It also owns the King Features Syndicate Division, International Studio Art Division. That is our antique division. We own a lot of antiques. As a matter of fact, we just had some sales.

The Hearst Realty Division, consisting of real estate in New York, and the Sunical Land and Livestock Division, which consists of a 75,000 acre ranch in California on which we raise cattle. In Northern California it consists of some 65,000 to 70,000 acres of timberland. We are cutting timber there.

Those are direct divisions of the Hearst Corporation. Then we step down into the group called the Hearst Consolidated Publications, Inc., and they own and operate the Baltimore News Post and American, the New York Journal-American and the San Antonio Light.

Then we have the Hearst Publishing Company, which is a 100 percent owned subsidiary of Hearst Consolidated. They own and operate the American Weekly, the Los Angeles Herald-Examiner Division, the San Francisco Newspaper Division that consists of the San Francisco Examiner and the News-Call Bulletin, the Seattle Post-Intelligencer, the Hillbro Newspaper Printing Company Division, Pejepsot Paper Division which is a paper operation up in Maine.

In addition, the Hearst Corporation owns about four or five companies in

CORPORATE CHART

THE HEARST CORPORATION AND SUBSIDIARIES

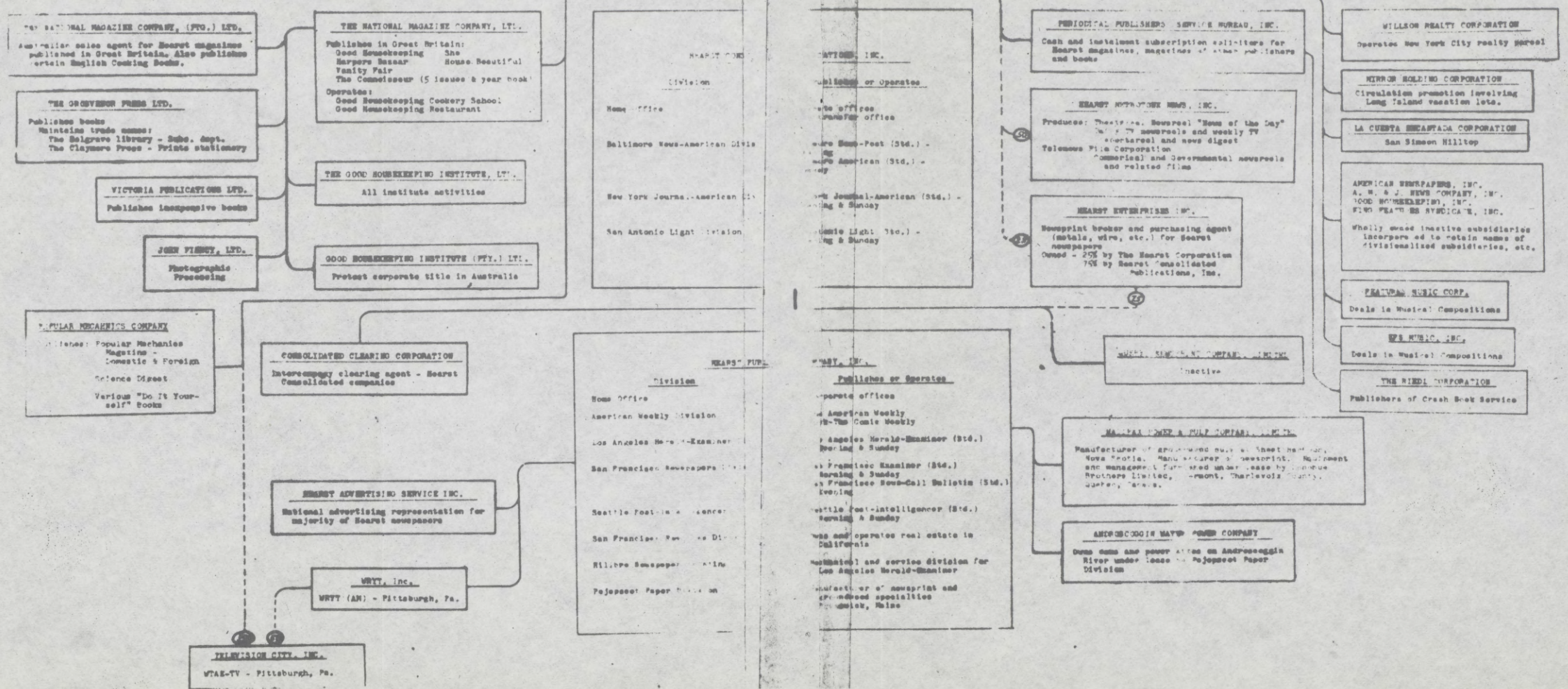
MARCH 1, 1963

Division	Publishes or Operates
Home Office	Corporate offices Research & service department Security clearing agent
Capital Newspapers Division	any Times Union (Std.) - Saturday & Sunday Washington News (Std.) - Evening
Boston Record American-Advertiser	Record American (Tab) 11 day newspaper Boston Advertiser (Std.) Sunday
New York Mirror Division	New York Mirror (Tab.) - Evening & Sunday
Hearst Magazines Division	Housekeeping Cosopolitan The Beautiful The Country The Affairs Medical National Circulation Department National Distribution New Magazines Housekeeping Institute
WMAI Division	Baltimore, Maryland
WISN Division	Milwaukee, Wisconsin
King Features Syndicate Division	Features Syndicate Subjects and antiques
Hearst Real Estate Division	Real estate
Hearst Land & Livestock Division	Real estate & livestock

LEGEND

- Corporate entity
- Full common stock ownership
- Percent of common stock ownership:
- Autonomous operating divisions indicated within corporate blocks

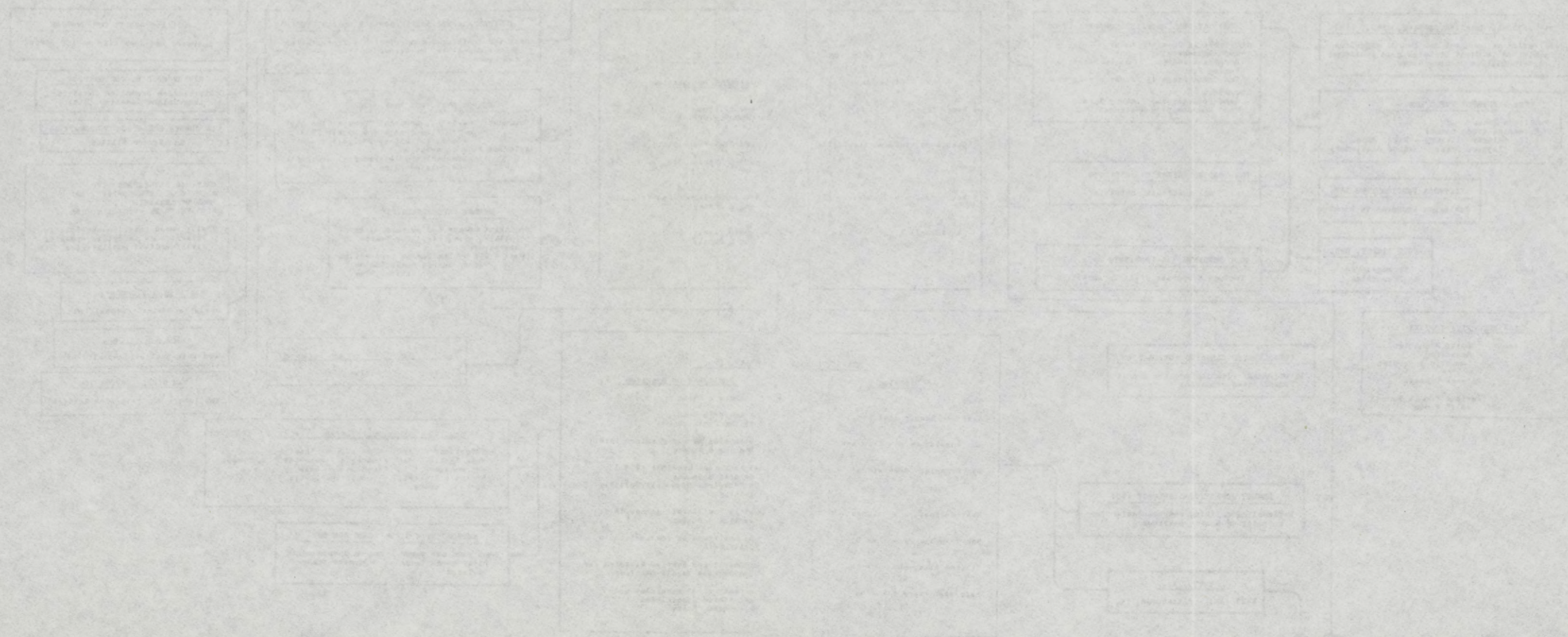
Certain mining companies not wholly owned by The Hearst Corporation have been omitted from this chart as have other stock holdings treated purely as minor investments.



COASTAL CHART

THE NEW ZEALAND COAST

1860



London. We have a company over there called the National Magazine Company, Limited, that publishes Good Housekeeping, Harpers Bazaar, Vanity Fair, She, House Beautiful, and The Connoisseur. It operates a cooking school, called the Good Housekeeping Cooking School and Restaurant. That company, in addition, has subsidiaries in Australia. They have the Grosvenor Press, the Victoria Publication, the John Peery, Limited.

We also have, in addition to these magazines, Popular Mechanics. We have a Hearst Advertising Service that handles our national advertising. We also own a radio and television station in Pittsburgh called WTAE. That is the television station, and the radio station is WRYT.

In addition, we have in Sandusky, Ohio, the biggest subscription procuring organization in this country called Periodical Publishers Service Bureau. They have a thousand people out selling magazines. Then we have a thousand collectors collecting for the magazines.

We have a Hearst Metrotone News in which we have a 50 percent interest with Metro-Goldwyn Mayer that produces newsreels. Another company, Hearst Enterprises, Inc., which we use to buy our newsprint all over the country. We buy newsprint from Canada, this country, and Finland.

We have another company called the Halifax Power and Pulp Company, Limited, where we manufacture pulp in Nova Scotia. Another called the Quebec Newsprint Division, where we lease a paper machine in Murray Bay. Another one, a waterpower company in Maine. We have a Wilson Realty Corporation in New York that owns some property on 57th Street. We own other corporations like La Questa Encantada Corporation, which means "The Enchanted Hill" at San Simeon that had the San Simeon Hilltop.

We formed two or three new companies recently called Features Music Corporation and KFS Music Company, and Ridell Corporation. We have condensed this. It is very simple to what it was. At one time we had 244 corporations.

So if you want the chart, Mr. Chairman, I will be glad to hand it to you. I think you will find it interesting.

(The chart referred to follows:)

Mr. KERN. Mr. Chairman, I would like to make one point clear for Mr. Johnson's benefit. You brought up the question of San Francisco where we merged the two evening newspapers. There was some reference to why we did not do the same thing in Los Angeles.

Mr. JOHNSON. I didn't ask why.

Mr. KERN. There is a basic reason for not doing it. I might add that we considered it. But there is a very basic reason for not doing it in Los Angeles, and it is simply this: To have a combined evening, while we still had a morning, it would have been necessary to print the evening paper in Mr. Chandler's plant. Mr. Chandler is a completely nonunion operation. As a 50-50 owner, we anticipated altogether too many labor problems by moving from a union plant to a nonunion plant to print a newspaper in which we are a 50-percent owner.

Mr. JOHNSON. And you would incur substantial severance pay costs.

Mr. KERN. No, it would not have followed if we had a 50-50 ownership.

Mr. JOHNSON. It depends on how you broke out the 50-50.

Mr. KERN. That is right.

The CHAIRMAN. Mr. Markuson, this afternoon we are going to hear from a representative of the General Accounting Office who went over certain of your figures.

Mr. MARKUSON. Yes, sir.

The CHAIRMAN. I think in justice to you and your colleagues, you should have a copy of that statement. This afternoon when he testifies, I think you should be at this table on one side and Mr. Shulman on the other, when he testifies, and if you can conveniently counter, or if you wish to counter or agree to what he says, you might counter or agree to what he says.

I will give you that opportunity, because this is a rather lengthy memorandum which indicates or, rather, the thrust of which is that as to these two newspapers you had certain services rendered by some of the Hearst outfits and when you apportioned the cost of the service, say, 50-50, or 70-30, Mr. Shulman takes the position that the costs or the apportionment of the costs was unreasonable and inequitable.

I think in all fairness, since you or your colleagues set the apportionment, you should have the right to defend the method that you used. We should like to have the record complete. As that story is unfolded, you counter in any way you see fit. I think that is the only fair way to do that.

Mr. MARKUSON. We will be happy to.

The CHAIRMAN. During the recess you might look over that very carefully.

We will now adjourn until 2:30.

Mr. MARKUSON. This is all on Los Angeles?

The CHAIRMAN. Only on Los Angeles.

Mr. MARKUSON. I would like Mr. Becker to sit at the table with me because he knows more of the details.

The CHAIRMAN. Only on Los Angeles.

STATEMENT OF G. O. MARKUSON, GENERAL MANAGER OF THE HEARST NEWSPAPERS, BEFORE THE ANTI-TRUST SUBCOMMITTEE OF THE HOUSE COMMITTEE ON THE JUDICIARY, APRIL 9, 1963, WASHINGTON, D.C.

My name is G. O. Markuson. I am General Manager of the Hearst Newspapers.

It is our understanding that today's hearing is to be confined to the discontinuance of the morning Los Angeles Examiner and to the consolidation of the Sunday Examiner with the evening Herald & Express.

We are, therefore, limiting our statement at this time to these matters. We would appreciate a later opportunity to give this Subcommittee a general and more comprehensive statement relating to the numerous and serious problems affecting the urban press of our nation, if the Subcommittee so desires.

For nearly 80 years, the Hearst newspapers have been privileged to serve the citizens of California. Indeed, California was the scene of Mr. William Randolph Hearst's first newspaper venture on March 4, 1887.

The Los Angeles Herald-Examiner is one of the Hearst newspapers, as were its predecessors, the Los Angeles Examiner and the Los Angeles Herald & Express.

These two papers were consolidated in January of 1962.

The American Newspaper Publishers' Association has considered with you many of the problems confronting the newspaper industry. As a result of that presentation and your own independent inquiry, this Subcommittee is well aware of the onerous costs and related economic factors which have thinned the ranks of the urban and metropolitan newspapers.

Newsprint and labor costs are by far the most burdensome and significant expenses in producing a newspaper. These costs are virtually beyond the control of a newspaper publisher. As you know, today newsprint is at an all time high of \$134 per ton. Labor constantly demands increased wages and salaries, without regard to whether the newspaper or newspapers concerned are profitable or unprofitable. An unprofitable newspaper faced with such demands may either meet them and incur further substantial losses, suspend publication or attempt to interest some prospective purchaser in acquiring that newspaper. If it rejects such demands, it thereby incurs a disastrous strike. The recent 114-day newspaper shutdown in New York City is an example.

These and other related cost factors compelled us to re-examine our position in the Los Angeles area and inevitably contributed to the consolidation of the Hearst newspapers situated in that market.

Prior to January 8, 1962, Los Angeles was represented by the Examiner and the Times in the morning and Sunday field, and by the Herald & Express and the Mirror in the evening field, the Examiner and the Herald & Express being Hearst newspapers and the Times and the Mirror being Chandler newspapers.

For several years, it had become increasingly evident that Los Angeles could not profitably support four metropolitan papers. Each paper was vying with the others in attempting to capture as much advertising and circulation revenue from this market as it could in order to survive. Yet, these efforts designed to promote vigorous, profitable competition, succeeded only until 1956. Thereafter, it became apparent to us that profitable operation of both of the Hearst Los Angeles newspapers was impossible. The combined Hearst operating loss in Los Angeles for 1960 and 1961 exceeded \$4,000,000. All of our studies and analyses pointed to the inescapable conclusion that the financial situation would not improve, but on the contrary, would become more and more aggravated.

While the Chandler organization was losing large sums in its publication of the Mirror, it possessed a successful publication in the morning and Sunday field. On the other hand, Hearst had a commanding lead in the evening field, both in advertising and circulation. Mr. Norman Chandler had been attempting for some time to purchase our evening Herald & Express for the purpose of consolidating it with his evening Mirror. In due course, he submitted an offer.

After careful consideration by our management, it was concluded that if a

Hearst newspaper was to continue in Los Angeles, it must be in the evening and Sunday field. To attempt to remain in the morning field presented too many obstacles to profitable operation. Therefore, we rejected Mr. Chandler's offer.

Thereupon, Hearst retained counsel to consult on the Los Angeles situation with the Department of Justice and was advised by him that in the view of the Department, the Los Angeles Publishers, or either of them, were free under the Anti-trust laws to cease publication of a losing newspaper, even though the Department would not approve a cross sale of the papers. As a result, Hearst consolidated its Sunday Examiner with its evening Herald & Express, known thereafter as the Herald-Examiner, and the Chandler organization discontinued publication of the Mirror in January of 1962.

Even this unfortunate but unavoidable economy move was not without substantial and immediate expense to Hearst. Termination payments made to those employees whose services were no longer required approximated \$1,300,000. Other substantial costs were incurred.

I am convinced that Los Angeles can profitably support two large daily and Sunday newspapers. Competition for daily and Sunday readers and for advertising dollars is just as intense as it ever was. There is no reason to believe that it will diminish in vigor.

Economic and business necessity prompted the action which we took in Los Angeles. We do not believe that such action violated any law. If there should be any question as to the complete propriety of this action, we believe this Subcommittee could make a constructive contribution to the survival of competitive urban newspapers by reviewing and clarifying with the cooperation and assistance of the Attorney General and the Assistant Attorney General in charge of the Anti-Trust Division the problems involved as they relate to newspaper operations. I hope that this Subcommittee will present its view as to the need for clarification or re-statement of the Anti-Trust laws in this field.

Thank you very much and I respectfully request that this statement be included in the record.

(Whereupon, at 12:55 p.m. the subcommittee recessed, to reconvene at 2:30 p.m. the same day.)

AFTER RECESS

(The subcommittee reconvened at 2:30 p.m., Hon. Emanuel Celler, chairman of the subcommittee, presiding.)

(Present: Congressmen Celler, Rodino, Donohue, Cramer, and Meader.)

The CHAIRMAN. The committee will be in order, please.

Our first witness this afternoon is one who is no stranger here, a very distinguished head of the Antitrust Division, Judge Loevinger, who I would say is always welcome here. We always benefit by his good counsel and advice. Judge Loevinger. Mr. Johnson?

Mr. JOHNSON. Judge, do you recall meeting with James McInerney in your office on or about November 24, 1961?

STATEMENT OF HON. LEE LOEVINGER, ASSISTANT ATTORNEY GENERAL, ANTITRUST DIVISION, DEPARTMENT OF JUSTICE

Mr. LOEVINGER. I believe I met with Mr. McInerney on December 1st, Mr. Johnson. I have tried to refresh my recollection regarding the sequence of events related to the Los Angeles newspaper situation which I understand is the topic of your inquiry.

According to my best recollection it was on Friday, December 1st.

Mr. JOHNSON. You were leaving for a trip to Europe, were you not, at that time?

Mr. LOEVINGER. Yes, sir; I felt on Saturday, December 2nd.

Mr. JOHNSON. So that you believe that this was Friday, December 1st?

Mr. LOEVINGER. Yes, sir.

Mr. JOHNSON. That you met with Mr. McInerney. Was anyone else present?

Mr. LOEVINGER. No, sir.

Mr. JOHNSON. I show you, Judge Loevinger, a copy of a letter addressed to the Attorney General and dated October, 1961, on Mr. McInerney's letterhead and ask if you discussed that letter with Mr. McInerney on that occasion?

(See letter on p. 2507.)

Mr. LOEVINGER. Yes, sir.

Mr. JOHNSON. Had you see it before?

Mr. LOEVINGER. Yes, sir.

Mr. JOHNSON. Was it signed?

Mr. LOEVINGER. No, sir.

Mr. JOHNSON. Was it an original that you saw or a copy?

Mr. LOEVINGER. It was an original.

Mr. JOHNSON. So it was an unsigned original which you had before you when Mr. McInerney came in?

Mr. LOEVINGER. Yes, sir.

Mr. JOHNSON. Now, Judge Loevinger, that letter concerns and I am quoting from the first paragraph, a proposal under which is Los Angeles the Hearst interests would sell its failing newspaper to the morning paper Chandler Company and the latter would sell its failing newspaper to the Hearst afternoon paper.

Was such a cross-sale discussed?

Mr. LOEVINGER. Yes, sir.

Mr. JOHNSON. What did you say to Mr. McInerney on the subject?

Mr. LOEVINGER. As nearly as I can recollect, Mr. McInerney came to my office in response to a call, I believe, from Mr. Oehmann, saying we had reached a conclusion with respect to the proposal submitted in Mr. McInerney's letter. I told him that we had analyzed the letter facts and the applicable principles and that we could not approve the proposal.

I said it seemed to me that it was perfectly clear that the only purpose of a cross-sale was to effect a division of fields which would be illegal per se under the antitrust laws.

I said to him that in fact it didn't even make very much economic sense to me. I told Mr. McInerney that if each of these enterprises has a paper which is losing money, I don't see that either one of them gains anything by selling its unprofitable venture to the other one. I don't see how they can possibly gain anything by exchanging losing enterprises except insofar as they insure themselves against the possibility of somebody else coming in and buying up the failing venture and thus providing competition.

I said, "Of course, this kind of thing is what the antitrust laws are designed to prevent. The agreement against competition, and that is why we can't approve it. However, it looks to me as though the sensible thing to do if they are in fact losing money is to stop publication. The antitrust laws have nothing to do with this. This would be the obvious rational business decision in these circumstances."

Mr. McInerney then said that he was sorry to hear this because if they could not effectuate this cross-sale this would involve a loss of about a million dollars to his client, the Hearst Company.

I said, "I don't see how this kind of result can occur." He said, "Well, there are a lot of physical assets involved in the Hearst Company they will not need if they are only publishing one paper and that they could dispose of and minimize their losses or realize some return on it."

I said to him, "Well, there is certainly nothing of this suggested in the letter which you have submitted and we have no basis for reaching a conclusion on any such state of facts as that. However, if there is this possibility involved and if you are concerned about the disposition of these assets, of course we will be happy to consider it. However, you will have to submit the facts separately and give us a chance to consider it."

He then said to me, "Well, how long would this take?" I said, "I don't know, it depends on how complicated the facts are when we get them. But I suppose it would take several weeks." He said, "Well, if it is going to take that long I don't think we want to wait." He said, "I guess we will just let it go at that," or words to that effect.

This, as I recollect, was the substance of our conversation.

Mr. JOHNSON. The Department has an established procedure, does it not, for obtaining clearance for a proposed merger or transaction?

Mr. LOEVINGER. Yes, sir. The procedure has been established since 1938 when it was announced by Assistant Attorney General Thurmond Arnold. It has recently been formally restated by me in an article that appeared in the August edition of Fortune magazine last year, and in a release that we have printed up and have available for general distribution.

Mr. JOHNSON. In other words, the parties can go to the Department and get a so-called railroad release?

Mr. LOEVINGER. Yes, sir.

Mr. JOHNSON. And that is always in writing?

Mr. LOEVINGER. Yes, sir.

Mr. JOHNSON. Was that procedure followed in this case?

Mr. LOEVINGER. Mr. McInerney's first approach was an attempt to secure a release for the proposal stated in his October 19th letter. Incidentally, subsequently I have asked him about the signing of the letter and he stated he believes the failure to sign it was inadvertent although I can only tell you what he has said to me.

We considered it without any regard to the formal question of signature as a request for a release with respect to that proposal. That release was, of course, refused.

Mr. JOHNSON. And no such release was ever given?

Mr. LOEVINGER. No such release was ever given.

The CHAIRMAN. Was that equivalent—the fact that you did not give any such written approval—to a turndown?

Mr. LOEVINGER. It was a turndown. Mr. McInerney had come with a request that if we were going to refuse a release that we advise him verbally rather than writing him a letter.

As a matter of professional courtesy I advised him of this personally rather than making a formal record of it. While this is not common, this sort of thing is not uncommon. Lawyers will once in a while desire such a courtesy.

The CHAIRMAN. Mr. McInerney was a member of the Department of Justice?

Mr. LOEVINGER. Yes, he was an Assistant Attorney General and if I remember correctly, he was an Assistant Attorney General at the time I was an attorney at the Department many years ago.

The CHAIRMAN. He was Assistant Attorney General or he became assistant to the Attorney General in 1939 and served in that capacity through 1940, and in 1953 he was chief, National Defense Internal Security Unit, Justice Department, 1940–1944; first assistant, Criminal Division, Justice, 1944 to 1947; principal assistant, Tax Division, Justice, 1947–1950; Assistant Attorney General, Criminal Division, 1950–1952. Lands Division, 1952 and 1953.

Mr. JOHNSON. Judge Loevinger, I show you a letter dated April 23, 1962, from yourself to the Chairman and in that letter didn't you state that with Mr. Brass and Nixon on January 25, 1962, in the Antitrust Division, the day the Mirror ceased publication, Mr. McInerney admitted that he did not mean that he had what could be construed as "inner clearance"?

Isn't that what the letter says?

Mr. LOEVINGER. Yes. That is what the letter says.

Mr. JOHNSON. Mr. McInerney's letter of October 19th to the Attorney General states, "The two Hearst papers have lost in excess of an estimated \$2.7 million in the current year, \$2,274,000 in 1960 and in excess of a million dollars in 1955, 1957, and 1958." Doesn't it?

Mr. LOEVINGER. Yes, I believe so.

Mr. JOHNSON. You can take my word for it.

Mr. LOEVINGER. I don't doubt you are correctly reading it.

Mr. JOHNSON. Did Mr. McInerney tell you that the Examiner recorded a profit in excess of \$1 million in 1959?

Mr. LOEVINGER. No. Mr. McInerney gave us no additional facts beyond those stated in the letter. Up to the time of my December 1st conference and up to that time I believe we had not asked for it. It was not necessary since we reached our conclusion based upon the facts stated in the letter.

Mr. JOHNSON. Did he tell you that the Examiner was operating at a profit during the last quarter of 1961?

Mr. LOEVINGER. No, sir.

Mr. JOHNSON. Did he tell you that the Examiner was a failing newspaper?

Mr. LOEVINGER. Yes, this is my understanding of what he said to me.

Mr. JOHNSON. Your entire discussion was predicated on that assumption, wasn't it?

Mr. LOEVINGER. Yes, sir.

Mr. JOHNSON. Did you approve in that conversation with Mr. McInerney, Judge Loevinger, a proposal whereby the Hearst interests would close their morning paper, the Examiner, and the Chandler's would close their evening paper, the Mirror, simultaneously and by agreement? Did you approve such a proposal?

Mr. LOEVINGER. No, sir. My conversation was as I have related. No proposal was made to me to approve or disapprove anything. I told Mr. McInerney we could not approve the proposal made in his October 19th letter for the reason stated.

As a matter of common courtesy to a well-known and reputable lawyer who had achieved some eminence long before I had attained my present position in the Department, I had a brief conversation with him expressing our views about this matter and about the application of the antitrust laws generally.

I don't think the conversation lasted any more than about 5 minutes at the most, and it consisted only of the general expressions that I have related.

Mr. JOHNSON. Mr. Chairman, I would like to quote for a moment from a staff memorandum interview between Mr. McInerney and four members of the subcommittee staff on April 10, 1962.

"Mr. McInerney said that throughout the negotiations with the Department of Justice no qualifying word was used as to when or how the newspapers would go out of business. The word "simultaneously" was never used and no discussion was held as to whether this could be done by agreement."

Is that statement correct so far as it relates to your conversation with Mr. McInerney?

Mr. LOEVINGER. Yes, sir; that is a correct statement.

Mr. JOHNSON. Did you see Mr. McInerney again between your meeting on or about December 1 and the time the newspaper ceased publication?

Mr. LOEVINGER. No, sir; not that I recollect.

Mr. JOHNSON. I show you, Judge Loevinger, a statement issued by the Department of Justice on March 15, 1963, and ask whether that statement is true to the best of your knowledge and belief?

Mr. LOEVINGER. Yes, this statement is completely accurate.

Mr. JOHNSON. I have no further questions, Mr. Chairman.

The CHAIRMAN. Judge, I just want to offer some random thoughts on this matter. This whole matter has been rather worrisome to me for the last 7 or 8 months, and I have been pondering a great deal. I am rather pragmatic. I don't like to see the law enforced just for the sake of enforcing the law and thereby create inequities and create wrong. There comes a time when the executive has to weigh the factors. If he enforces a law he may do a greater wrong. Yet his duty compels him to enforce the law.

In this situation, as I see it, you had a paper, the Examiner, which in some years made money and other years lost money. In a certain sense it was a failing corporation. You had another paper, the Herald Express, which undoubtedly beyond peradventure of a doubt was a failing corporation. You had on the other hand the Chandlers operating two papers, one the Times which was a highly successful paper with news circulation making a great deal of money, which enabled it to support their failing paper, the Evening Mirror, which was losing inordinately. They could afford to maintain that situation because of the tremendous profits of the Times.

The Hearst organization, it strikes me, were in a very precarious situation there. If they could get out of their difficulties, I think they were entitled to get out of them. Undoubtedly, there was some arrangement made with the other side, as I see it, namely, that the Hearst would merge their two papers and operate as one paper in the evening, leaving Hearst supreme in the evening, and the Chandlers would operate one paper, giving up their evening paper, and they would be supreme in the morning. I take it that is technically a violation because it was done undoubtedly by consent.

The documents and the record seem to verify that. However, if Hearst had given up its evening paper, which was an absolutely losing venture that could not go on, and was left only with a morning paper, it then would be confronted with a most anomalous situation, namely, that Chandler would be operating two papers with all the advantages that go with the operation of two papers in one plant with one facility, with group rates or combination rates, or what have you, and the Hearst would operate one paper. They would be at a very grave disadvantage. They could not exist very long. Even if Hearst sold the morning or got rid of the morning and only operated the evening paper, the same situation would have prevailed.

Now it may be that if Hearst sold the evening paper to somebody else, some third party, they may have come in and operated it. But I doubt whether or not they could have made a success of it.

So that Hearst found themselves in a position where they had to act. Something had to be done. Otherwise something would have to give. They had to bend, otherwise they would break. They hit upon this scheme, which we know about, which very likely may have been a violation.

If I were in the driver's seat in the United States Department of Justice I would look upon it more or less like this. I am interested in the maintenance of newspapers. They are very important. As I said this morning, they are very important for an enlightened democracy.

I repeat again, Jefferson said, "If I were given a choice of newspapers without a government and a government without newspapers, I would choose the former." So important did he deem newspapers, and I agree with Jefferson.

Now in order to maintain at least one paper in Los Angeles, something had to be done. It may be what was done was not according to Hoyle. It may have been contrary to our concept of the antitrust laws.

Under the interpretation of the merger status, the Celler-Kefauver statute, which I drafted and piloted through the House and Estes Kefauver through the Senate, we drew a report. In that report we distinctly stated that where there was a failing corporation there could be a merger, and that fact of a failing corporation would be sufficient to give the merger immunization from the antitrust laws.

It strikes me while this is not necessarily a merger, this is an agreement between two contending forces; I think the same reasoning should prevail.

I would say while this is a technical violation, in the interest of keeping at least one paper competing with Chandler, I think we have to bring our eye to the violation.

Now forgive me for making that assertion. But that is how I feel about this. You may differ with me. But I can't see it any other way.

I have been pondering over this thing for the longest time. Nobody can accuse me of being light-hearted when it comes to the enforcement of the antitrust laws. But I think we have to be fair. I think we have to be equitable and as objective as possible.

I don't ask you to reply to that, Judge. There is apparently a clash of opinion here, but that is how I feel about it.

Mr. LOEVINGER. Mr. Chairman, I am very happy to have your views. Your views on the antitrust subjects are always entitled to great weight in view of your expertise and of your known devotion to the principle of these laws. I think it is evident that you speak now on the basis of an assumption of various facts which go beyond at least anything that I have testified to and so far as I am aware beyond what has so far been disclosed in this record.

I don't know exactly what facts you have in mind, Mr. Chairman. It is perfectly plain that at the time of the conversation with Mr. McInerney concerning which Mr. Johnson interrogated me, I had no intention to blink my eyes or the Department of Justice's eyes at any violation of the antitrust laws whatsoever.

Whatever facts you may have in mind now, Mr. Chairman. I certainly did not know at that time: I had before me the facts stated in the letter and stated in the conversation that I have related. Since then we have done additional investigation and we continue to have this matter under consideration. We have not reached a conclusion.

Mr. COPENHAVER. Mr. Loevinger, what particularly concerns me in this situation is that Mr. McInerney came in and talked to you concerning a clearance letter of a cross sale, which you rejected, and then hypothetically, as it turns out, if both papers failed (and you gave certain conclusions to this hypothetical) then apparently he went back to Los Angeles, from the testimony we obtained preceding your appearance here, and he told the Hearst people and he told the Chandler people that you had no objection, and that the Attorney General had no objection, if they were to each drop one of their papers.

This is how I reconstruct the situation, which then led them into entering into an agreement clearly in violation of the antitrust law to each simultaneously drop one of their papers. There will be testimony following your testimony that perhaps one of the two papers actually was not a failing corporation.

This leads me to make this query. Would it not be desirable perhaps for the Antitrust Division to give consideration to doing two things in the future? One would be to publish all requests for clearances; and secondly, to indicate the Division's response thereto, that is, if you decide to give a written clearance that is made public, or if you reject the clearance, that also be made public.

So that there be formally on the record and for public inspection in advance of all the events that come afterwards, the actual facts.

The CHAIRMAN. Is that a question?

Mr. COPENHAVER. This is my question. Would it not be desirable to do that?

Mr. LOEVINGER. I appreciate the force of your suggestion Mr. Copenhaver. I don't think this would be a desirable procedure. The requests for clearance not

infrequently concern matters that the parties desire to have held confidential. Frequently they related to mergers where the negotiations are at the time of seeking clearance still private. Sometimes they come in and are most emphatic that if any word of this merger gets out it will be very upsetting to their plans. It may have effects on the stock market. It may have other unforeseen consequences. We normally hold requests for clearance and our replies thereto in confidence.

In this case in view of the fact that the other parties have all testified about it, I take it the confidence has been waived and I have felt no reticence about answering any of your questions. I think the important thing is not that these be published as much as the fact that they be in writing.

It has been our uniform practice for many years, and I believe has been understood by lawyers, that our clearances are given only in response to written requests and in writing, signed by a responsible official of the Department of Justice.

Here there was a written request for clearance, a perfectly proper one. The refusal was given clearly and unequivocally. Nothing beyond this was sought or given. I don't understand that any claim is made that there was any clearance given in this situation. If there is such a claim made, I believe it is erroneous. I am advised that the Hearst publication prior to these investigations or these hearings advised its members, its representatives, that no clearance had been sought or received from the Department of Justice for the actions that in fact took place.

This is the fact. There was no clearance. None was asked and none was given. As I indicated, I had only a relatively brief and relatively casual conversation with Mr. McNerny as a matter of professional courtesy explaining to him reasoning behind the rejection of his request for clearance.

I stated it as my opinion. As I recollect, it was not in response to a question from Mr. McNerny but rather was a voluntary statement on my part that it seemed to me the economically sensible thing to do if you have two corporations, each one of which was engaged in at least one unprofitable venture, was simply to drop the unprofitable venture. I didn't see any point in their continuing to lose money if that was the case.

Mr. COPEHAYER. By way of rebuttal, with due respect, Mr. Chandler testified that he believed he had received an oral clearance.

Mr. LOEVINGER. I believe this is an erroneous impression that probably arises from the fact that the conversation went through two or three repetitions at successive stages before it came to Mr. Chandler.

Perhaps I was not sufficiently guarded in what I said to Mr. McNerny. With the wisdom of hindsight, had I anticipated that anyone would have interpreted my remarks as Mr. Chandler you say has, I certainly would have been more explicit and more careful.

The CHAIRMAN. Thank you very much, Judge.

Mr. CRAMER. Mr. Chairman, I am sorry I was unable to be here previously but if the Chair would permit for a minute, I would like to discuss a couple of questions.

I understood you indicated you had a discussion on December 1. What year was that?

Mr. LOEVINGER. 1961.

Mr. CRAMER. With Mr. McNerny. How long did this conversation take place?

Mr. LOEVINGER. My best recollection would be about 5 minutes.

Mr. CRAMER. Did Mr. McNerny specifically ask you whether the cessation of publication and the manner it came about would be in violation of the antitrust laws? Did he ask you that specific question?

Mr. LOEVINGER. No, sir, not to the best of my recollection.

Mr. CRAMER. If Mr. McNerny went back to his client and advised them to that effect, he was not correctly advising them; is that correct?

Mr. LOEVINGER. That is a hypothetical question that you can draw your own inferences regarding.

Mr. CRAMER. He certainly would not be correctly advising them based upon your conversation, would he?

Mr. LOEVINGER. I told Mr. McNerny, as I testified, that I thought the sensible thing for two corporations with failing ventures to do was simply to drop their unprofitable ventures. I don't recollect there was any extensive conversation about this, that any particularly hypothetical questions were posed or answered.

Mr. CRAMER. You knew he was talking about the Los Angeles Mirror, did you not?

Mr. LOEVINGER. Yes, I had his letter of October 19th before me and our conversation had started with a discussion of that.

Mr. CRAMER. What was the import of that letter?

Mr. LOEVINGER. That was the letter which is in the record here, sir, which proposed a cross-sale of the Hearst morning paper and the Chandler evening paper each to the other enterprise. That letter sought a Department of Justice clearance for this so-called cross-sale. I began by telling Mr. McInerney that we could not approve the cross-sale or give him a clearance for this cross-sale. Then we had a brief discussion after that in which I attempted to indicate to him why.

Mr. CRAMER. Your discussions were with Mr. McInerney and took place for a period of about 5 minutes, you say?

Mr. LOEVINGER. Yes, sir.

Mr. CRAMER. Did Mr. McInerney ask for a written opinion?

Mr. LOEVINGER. No, sir.

Mr. CRAMER. Is it customary to provide written opinions in such cases?

Mr. LOEVINGER. It is not only customary but according to Department of Justice practice it is mandatory that a clearance be in writing. Mr. McInerney at this point was not seeking any clearance, as I understand it. The clearance that he sought had been refused and as I say we were having simply a relatively private brief discussion in which with normal professional courtesy I was attempting to explain to him what our viewpoint was.

Mr. CRAMER. Did Mr. McInerney ask for permission of you or did he in fact discuss with anybody else in the Department of Justice?

Mr. LOEVINGER. To the best of my knowledge my conversation with Mr. McInerney on December 1st was the only formal expression that he got from the Department of Justice. I don't believe that he had any substantive discussions with the Attorney General prior to the actual announcement of the closing of the papers.

Mr. CRAMER. Mr. Chandler testified when he was here to the effect that Mr. McInerney informed them in New York at a conference that he had talked to the Attorney General as well about the matter. Do you know anything about that?

Mr. LOEVINGER. When Mr. McInerney first came in, my understanding is, and I have spoken to the Attorney General and Mr. Oehmann and Mr. McInerney and Von Kalinowski subsequent to the events, Mr. McInerney came to see the Attorney General and said he wanted to present a matter to him. What he presented was essentially the proposal of the October 19th letter. This is not infrequent in the Department of Justice. I suppose that lawyers have eminence and standing in the community and feel that they do best if they start at the top. I don't know. In any event he came to see the Attorney General. The Attorney General referred him as is the custom to Mr. Oehmann, the Attorney General's Administrative Assistant. Mr. Oehmann referred him to the Antitrust Division. This is normal procedure. It happens frequently during the course of every month and every year.

Mr. CRAMER. In discussing the matter subsequently after the facts, did you discuss with the Attorney General what his conference or discussion was with Mr. McInerney after the fact?

Mr. LOEVINGER. Whose conference? The Attorney General's?

Mr. CRAMER. The Attorney General with Mr. McInerney before the fact. Did you discuss after the fact after you met with him what was talked about?

Mr. LOEVINGER. I have discussed this matter with the Attorney General a number of times. My understanding is that the Attorney General did not discuss the substance of this matter or express any substantive opinion whatever to Mr. McInerney prior to the closing of the papers.

Mr. CRAMER. Did you submit or do you know whether it was submitted to him this letter which you referred to, describing what they proposed to do? Was that submitted to the Attorney General prior to his conference with Mr. McInerney?

Mr. LOEVINGER. Yes, I believe Mr. McInerney came to the Attorney General with this letter and said he wanted a ruling. The Attorney General referred it to Mr. Oehmann and Mr. Oehmann referred it to me.

Mr. CRAMER. So the Attorney General was familiar with the letter that you submitted for the record?

Mr. LOEVINGER. I don't even know that he read the letter.

Mr. CRAMER. It was submitted to him. He had an opportunity to read it?

Mr. LOEVINGER. It was submitted to him. I would be quite certain that he expressed no opinion. This happens frequently, the people come to him with technical matters in all of the many fields that lie within the scope of the Department of Justice. Almost without exception he consults the Division or the Division head that is concerned.

Mr. CRAMER. What led you to the unquestionable determination even to the extent that written authorization was not given that this was not a violation of the antitrust laws?

Mr. LOEVINGER. I told Mr. McInerney that the proposal made in the October 19th letter was a violation of the antitrust laws. I said that the cross-sale seemed to me to have no economic purpose and that the only evidence purpose would be a division of the fields and an agreement to protect against competition. This I said was a clear violation of the antitrust laws which the Department of Justice did not and could not approve.

The CHAIRMAN. You unequivocally told Mr. McInerney this was a violation of the antitrust laws?

Mr. LOEVINGER. Yes, sir. I told him the proposal contained in the October 19th letter would be in our view a violation of the antitrust laws and for those reasons we could not approve it.

Mr. CRAMER. You discussed what in fact took place and its relationship to the antitrust laws?

Mr. LOEVINGER. No. If I understand your question—

Mr. CRAMER. The simultaneous dropping of the other publications?

Mr. LOEVINGER. No, sir, this was not discussed.

Mr. CRAMER. This was not discussed at all with you?

Mr. LOEVINGER. No, sir. As I have testified, I told Mr. McInerney that I thought the sensible thing to do was to close the papers or stop publication if they were not making a profit. I saw no reason why a business enterprise that had two divisions or publications, and I can't remember the exact words used, should continue an unprofitable venture of this sort. Mr. McInerney then made reference to the fact that his client, the Hearst Company, would suffer a loss if a cross-sale or some sort of sale were not permitted because he said they had about a million dollars worth of assets, as I recollect, which they could gain some return on if they were permitted to dispose of them. We had a little discussion about this. I said I had not realized this was so, there was no indication of this in his letter. If this were so, we would certainly be happy to entertain any proposal that might—that he wanted to make for disposition of these assets. I said that if he wanted a clearance for this disposition that he should bring in a letter stating the facts and after we had a chance to consider the facts that we would give him an appropriate indication of our review. This discussion was not long again, but as I remember he said, well, if we do this, how long is it going to take? I said I think it depends upon how complex the facts are, what the assets are, how long then it takes us to get the facts. But I would think several weeks. He then indicated, in effect, well, I don't think my clients want to wait that long. That is okay, we will let it go at that or words to that effect.

Mr. CRAMER. Then no request was submitted to you by Mr. McInerney on behalf of the two groups involved with regards to jointly agreeing to the cessation of the publications resulting in the present after the fact situation?

Mr. LOEVINGER. No, sir, unequivocally not.

Mr. CRAMER. Then do I understand you to say that apparently this testimony of Mr. Markuson to the effect that Hearst retained counsel to consult on the Los Angeles situation with the Department of Justice and was advised by them that in view of the Department, the Los Angeles publishers or either of them were free under the antitrust laws to cease publication of a Los Angeles newspaper even though the Department would not approve a cross-sale of the papers. Do I understand you to say that there was no request for an opinion on that question of ceasing publication and bringing about this after-the-fact situation?

Mr. LOEVINGER. To the degree that this is consistent with my testimony and I believe it is consistent with my testimony it is correct. I don't see the inconsistency. If this implies that a formal opinion was rendered, if this is the inference that is sought to be drawn, I think that it goes beyond the fact. I did have the conversation I related with Mr. McInerney. I don't see any inconsistencies with this testimony and the conversation I had which I had related here.

Mr. CRAMER. Mr. Chandler testified, as I recall, to the effect that in New York they met and discussed this after-the-fact situation that has now taken place.

That Mr. McInerney advised them unequivocally that he had discussed the matter with the Justice Department and the Department of Justice had given its clearance. That is not correct, is that right?

Mr. LOEVINGER. To the degree that the phrase "given clearance" implies that a proposal was submitted for approval and that approval was given, that is not correct. I don't know myself what happened in New York. What happened in the Department of Justice I do know and it is what I have related.

Mr. CRAMER. Mr. Chandler testified unequivocally to the effect that what happened in Los Angeles was cleared by the Department of Justice according to what Mr. McInerney told him in New York. It appears from your testimony that no such clearance was given.

Mr. LOEVINGER. What happened in Los Angeles covers a lot of territory, Congressman.

Mr. CRAMER. The two papers stopped publication and they have one morning and one afternoon. That is what they discussed in New York.

The CHAIRMAN. He means what was stated in Los Angeles and what was stated in New York. That is what you mean, don't you?

Mr. LOEVINGER. I have related, and I will be glad to repeat this if you like, my conversation with Mr. McInerney. This is what happened and this is all that happened. Nothing went beyond that. If inferences were drawn which went beyond the actual statement, I can't be responsible for them. As I say, had I had any notion that the conversation would someday form the basis for elaborate discussions between businessmen and their lawyers and even for a Congressional investigation, I am sure that I would have insisted on sitting down, taking more than 5 minutes, and making a much more explicit and plain statement of precisely what it is I meant and that I did not mean. With the wisdom of hindsight I might say I treated this too casually and that the conversation was too brief and too casual, because I never foresaw that it would be made the basis for this kind of a matter.

Mr. CRAMER. I would think so because millions and millions of dollars worth of assets and property were involved. I find it difficult to understand why Mr. McInerney did not get and insist upon a written opinion of what was planned in New York as to clearance from the Justice Department. What was planned in New York is what actually took place.

The CHAIRMAN. You will have to ask Mr. McInerney. He is in Europe now. We can't find out.

Mr. CRAMER. It might be justification to have him called before the committee, Mr. Chairman. Are there any plans to do so?

The CHAIRMAN. I say he is in Europe.

Mr. CRAMER. He is not going to be there forever, is he?

The CHAIRMAN. I don't know.

Mr. CRAMER. Maybe if these hearings are postponed longer he will take a more extended vacation. The only point I am making is that Mr. Chandler made the statement, because I asked him the question, and left me with the clear impression that it was that in New York when they discussed the closing of the two papers, retaining the two present noncompetitive papers in effect, that Mr. McInerney discussed that with the Justice Department. They discussed it with the Attorney General, they discussed it with the Antitrust Division, and left Mr. Chandler with no doubts in his mind but what they were planning was legal but they did not get it in writing.

Mr. LOEVINGER. Mr. Chandler's testimony does give the impression that his impression went beyond what my understanding of the events was and what I believe Mr. McInerney's was. I have based this only on my conversation with Mr. McInerney later in which Mr. McInerney indicated, as stated in a letter from me to the Chairman, that he understood that there had not been a clearance.

Mr. CRAMER. Somebody got the signals crossed somewhere and there were millions and millions and millions of dollars of profit involved here and I can't understand how either of the parties to this merger, particularly in view of the Justice Department policy, which you have so well stated, of writing such opinions, putting such opinions in writing, why they would have relied upon an oral representation by Mr. McInerney that it was cleared, when there is this much at stake. That is the reason why I asked the questions I did.

Mr. MEADER. I want to ask this question for the purpose of understanding your interpretation of the antitrust laws. If the letter of October 19 providing for cross-sale had gone into effect; you would have Hearst owning one paper, a morning or afternoon paper, and Chandler owning the other. But there would have been the acquisition of assets?

Mr. LOEVINGER. Yes, sir.

Mr. MEADER. What actually did happen, and what, as I understand your testimony, you told Mr. McInerney was perfectly legal was that each of them had a losing newspaper and they simply abandon it without exchanging the assets. But the result through either method was essentially the same, that Los Angeles has one afternoon paper and one morning paper. Isn't that true?

Mr. LOEVINGER. Yes, sir.

Mr. MEADER. So the result is not what makes a violation of the antitrust laws or the lessening of competition. It was the conniving or agreement or conspiracy which would be the gravamen of the violation of the antitrust laws; am I correct?

Mr. LOEVINGER. Essentially that is correct, sir.

Mr. MEADER. If these two people just in their own economic interests acted independently and without agreement or consultation, but achieved the same result as they would have by consultation, it is perfectly legal. But if they consult about it, or exchange views in that connection, they may be in violation of the antitrust laws even though the result is identical?

Mr. LOEVINGER. Basically that is correct, sir.

The CHAIRMAN. We have that same situation, have we not, I would say to the gentleman from Michigan, in price leadership. If, for example, the directors or officials of steel companies meet in a smoke-filled room and agree upon an elevation in price, that is a violation. But if one does it and the others follow the bellwether, as it were, the result is just the same. The second case is not a violation, and the first case is a violation.

We have had that in many instances. Maybe we have to address ourselves to a situation like that.

Mr. CRAMER. Would the gentleman yield? Isn't it a situation where the parties did get together? They did discuss, they did meet in New York and decide jointly they were going to do this thing. Isn't that the factual situation before us? That is the testimony. They met in New York, they discussed it, they both decided this is what they were going to do and in fact, it was done.

As a matter of fact, isn't it true, further, that it has been shown that one of the newspapers was in fact not losing money?

The CHAIRMAN. There is another situation there. You probably were not here during the period when testimony was given that if the Hearst publications operated only one paper and letting the paper that was failing they would be at a grave disadvantage in competing with the Chandler organization which had two papers. They would operate their papers out of one plant, one facility, as it were, group rates, combination rates, and the Hearst paper would have to operate in one plant at probably twice the expense.

They would be elbowed off the sidewalk, eventually. So that the circumstances were such that one paper operation would not avail them at all. Then they might have had to fold up and you had a complete monopoly.

That was the testimony that was given by a number of witnesses.

Mr. CRAMER. I understood it was to their mutual advantage to do this. There is not any question about that. But I understood also that one of the papers was and could contemplate operating on a profit, the morning paper, even if the afternoon paper did to compete.

The CHAIRMAN. There were years when the morning paper operated at a loss, some years they operated at a profit.

Mr. CRAMER. Let me ask this question, then: Is the Justice Department satisfied now that what happened after the fact raises any question of a violation of the antitrust laws? What has actually happened?

Mr. LOEVINGER. The Justice Department immediately after the publication stopped, instituted an investigation. This has subsequently been continued by us of the civil investigative demand, and we are actively considering the evidence that we secured. We have not reached a conclusion at the present time. The matter is still under active consideration.

Mr. CRAMER. That seems to me to indicate even more clearly that Mr. McInerney's representation to these two groups that he had discussed what has happened as a proposal with the Justice Department and that it was cleared is incorrect. In fact, you now have it under investigation and have not reached a conclusion on the matter. That is all I have.

The CHAIRMAN. Thank you very much, Judge. We appreciate your coming here.

Our next witness is Samuel Shulman of the General Accounting Office.

Will Mr. Markuson, Mr. Becker, and Mr. Kern and Mr. Hayes come forward? I take it, Mr. Markuson, that you have had an opportunity to read Mr. Shulman's statement?

Mr. MARKUSON. Yes, sir.

The CHAIRMAN. We have your statement, Mr. Shulman. It is a rather long one. We will put that statement in the record and then Mr. Johnson will ask you the questions bringing out the purport of your statement.

STATEMENT OF SAMUEL M. SHULMAN, GENERAL ACCOUNTING OFFICE

Mr. SHULMAN. In February 1962, at Chairman Celler's request I was detailed by the Comptroller General of the United States, together with Mr. N. Curtis Ingraham as my assistant, to assist the Antitrust Subcommittee of the House Committee on the Judiciary in connection with its inquiry into the concentration of ownership of news media.

Our work was done under the guidance of the committee and the staff as is usual in such cases.

I am a certified public accountant holding certificates in the States of Illinois (1939) and California (1944). I am presently employed as an audit manager in the Los Angeles Regional Office of the United States General Accounting Office. I have been in the employ of GAO for 7 years. My previous audit experience including 10 years in public accounting and 5 years of internal auditing. Mr. Ingraham is also a certified public accountant.

NATURE OF ASSIGNMENT

We were asked to examine the financial records relative to the Los Angeles Times and Mirror newspapers, which were operated as divisions of the Times-Mirror Company, and the financial records relative to the Los Angeles Herald-Express and Examiner newspapers, which were operated by the Los Angeles Division of Hearst Publishing Company, Inc. The Times and Examiner were morning papers and the Mirror and Herald-Express were evening papers. The Mirror ceased publication on January 5, 1962, and the Examiner on January 7, 1962.

We concentrated our efforts on attempting to determine whether under generally accepted accounting procedures there was improper accounting between the Times and Mirror, between the Herald-Express and Examiner, or between the Examiner and other Hearst organizations.

Our examination covered the years 1957 through 1961, with major emphasis on 1961. We reviewed accounting records and supporting documentation, advertising, and circulation statistics, statements of revenue and expense, certified audit reports, and basis for prorating pooled expenses.

At the conclusion of our assignment, I submitted two informal reports to the subcommittee, one report covering our examination of the Times and Mirror and the other covering the Herald-Express and Examiner. (The reports by S. M. Shulman may be found on pp. 2537-2544.)

I understand that copies of the reports which are more detailed than this report, were furnished to members of the subcommittee. In this report I propose to summarize the more significant aspects of our examination.

RESULTS OF EXAMINATION

In our examination of the Times and Mirror records, we found no evidence of any improper transfers of revenue or expense between the two papers which would result in misstatements of profit or loss. During the years 1957 through 1961 the Times recorded annual profits ranging from \$5,202,000 to \$9,099,000 and the Mirror recorded annual losses ranging from \$1,466,000 to \$2,425,000.

Our examination of the Herald-Express and Examiner records did not disclose any evidence of deliberate practice of misstating profit or loss. However, we believe that charges to the Examiner for certain services rendered by Hearst organizations were probably excessive.

In addition, although we found that in general the bases on which common expenses were prorated between the two papers appeared to be equitable, we be-

lieve that in two cases the bases were not equitable and resulted in excessive charges to the Examiner.

During the years 1957 through 1961, the Herald-Express recorded annual losses ranging from \$947,000 to \$2,010,000. The Examiner recorded profits of \$137,000 in 1958 and \$1,026,000 in 1959, and losses of \$996,000 in 1957, \$653,000 in 1960, and \$1,551,000, in 1961.

The loss of \$1,551,000 in 1961 includes expense of \$1,257,000 resulting from terminating the publication of the paper. Exclusion of termination expense would result in an adjusted loss of \$294,000.

We noted that financial results for the Examiner improved in the last 3 months of 1961. Profits of \$116,000, \$56,000 and \$135,000 were recorded by the Examiner in October, November, and December 1961 respectively.

In contrast, losses of \$73,000, \$23,000, and \$187,000 were recorded by the Examiner in October, November, and December 1960, respectively.

On the other hand, financial results for the Herald-Express deteriorated in the last 3 months of 1961. Losses of \$99,000, \$124,000, and \$281,000 were recorded in October, November, and December 1961, respectively, whereas losses of \$115,000, \$108,000, and \$234,000 were recorded in October, November, and December 1960, respectively.

We found that during the period January 1, 1957, to June 30, 1958, the American Weekly Division of Hearst Publishing Co., Inc., billed the Examiner \$24 per 1,000 copies of the American Weekly and Puck—the Comic Weekly.

Starting July 1, 1958, the rate was changed to \$5.00 per 1,000 copies of American Weekly and \$16 per 1,000 copies of Puck—The Comic Weekly or a total of \$21 for both supplements.

During the years 1957 to 1961, the annual charges for the two supplements ranged from \$826,000 to \$972,000 and totaled \$4,364,000. We were informed by the chief accountant of the Los Angeles Division of Hearst Publishing Company, Inc., that it is normally expected in the newspaper industry that producers of weeklies will charge newspapers only a nominal amount, perhaps \$2.00 per 1,000 copies, because increased circulation increases the producers' advertising revenues.

Based on a normal cost of \$2 instead of \$21 or \$24 per 1,000 copies, the cost to the Examiner would have been about \$436,000 instead of \$4,364,000 for the 5-year period.

The national advertising published in the Examiner was sold to advertisers by the Hearst Advertising Service which charged the Examiner for commission earned. We reviewed commission charges to the Examiner for the 18 months from July 1, 1960, to December 31, 1961, and found that the charges totaled \$1,377,000 or approximately 14 percent of national advertising revenue.

The monthly percentages ranged from 10.95 percent to 22.74 percent. We found that the Herald-Express and the San Francisco Call Bulletin had a contract with an outside firm for sale of national advertising which provided for commission based on a sliding scale of percentage of revenue starting at 11 percent and reducing to 8 percent as amount of revenue increased.

We computed the amount of commission that the Examiner would have paid during the 18-month period had it been a party to the contract and found that a savings of \$570,000 would have resulted.

We believe that it would have been more equitable to prorate certain common expenses on the basis of 60 percent to the Examiner and 40 percent to the Herald-Express instead of on the basis of 70 and 30 percent, respectively.

The 70-30 proration was agreed upon in 1956. We based our conclusion on a comparison of composition and press payrolls for 1961. Use of 60-40 instead of 70-30 results in a reduction of \$234,000 in Examiner expense for 1961.

We believe also that the amount of classified advertising payroll and expense prorated to the Examiner for 1961 should have been reduced by \$148,000. The amount prorated was based on respective proportions of classified advertising revenue earned by the two papers.

We believe that the number of columns of advertising would be more representative of actual effort expended on behalf of each of the papers.

During the years 1957 through 1961, the Examiner recorded a total loss of \$2,037,000, including termination expense. If this amount were adjusted to exclude termination expense and to reflect reduced charges for weeklies, commission on advertising revenue, and certain prorated expenses, the result would be a profit of \$6,124,000 instead of a loss of \$2,037,000. The result for 1961 would be a profit of \$1,240,000 instead of a loss of \$1,551,000.

Mr. JOHNSON. Mr. Shulman, you were asked by the General Accounting Office to undertake an investigation at the request of the subcommittee?

Mr. SHULMAN. More specifically, from the subcommittee.

Mr. JOHNSON. Mr. Ingraham was your assistant?

Mr. SHULMAN. Yes.

Mr. JOHNSON. You are a certified public accountant?

Mr. SHULMAN. Yes.

Mr. JOHNSON. How long have you been with the General Accounting Office in that capacity?

Mr. SHULMAN. About 7 years.

Mr. JOHNSON. Your examination of the records of the Los Angeles Division of the Hearst Publications lasted from February 9 to March 16, 1962; is that correct?

Mr. SHULMAN. That is correct.

Mr. JOHNSON. A period of about 5 weeks. Your examination of the Times Mirror Company was conducted from February 2 to February 9 and March 16 to April 5, 1962; isn't that so?

Mr. SHULMAN. That is correct.

Mr. JOHNSON. And you received excellent cooperation both from the Hearst people in Los Angeles and from the people of the Times Mirror Company?

Mr. SHULMAN. Yes, I did.

Mr. JOHNSON. And you were given free access to all the papers you wanted?

Mr. SHULMAN. Yes.

Mr. JOHNSON. You were able to interview the comptroller of the Times Mirror Company and the chief accountant of the Los Angeles Division of the Hearst Publishing Company?

Mr. SHULMAN. That is correct.

Mr. JOHNSON. Is it your opinion after your examination that the recorded net profits or losses for the Examiner for 1957 through 1961 do not represent the true financial results of that paper viewed as an independent operating entity?

Mr. SHULMAN. That is correct.

Mr. JOHNSON. The reported net loss, or the Examiner recorded a net loss of 1961 of \$1,551,331?

Mr. SHULMAN. That is correct.

Mr. JOHNSON. That includes an expense of \$1,257,526 for terminating publication of the Examiner effective January 8, 1962; isn't that so?

Mr. SHULMAN. Yes.

Mr. JOHNSON. So that 1962 termination expenses were charged against the 1961 operating results; isn't that so?

Mr. SHULMAN. That is right.

Mr. JOHNSON. If that termination expense were deducted from the recorded loss of the Examiner in 1961, the adjusted resulting loss to the Examiner would be reduced to \$293,805 for 1961?

Mr. SHULMAN. Yes.

Mr. JOHNSON. In 1959, Hearst recorded a profit for the Examiner of \$1,026,397; isn't that so?

Mr. SHULMAN. That is right.

Mr. JOHNSON. Taking the figures again as recorded by the Hearst Corporation, the Examiner had a profit of \$308,837 for the fourth quarter of 1961; isn't that true?

Mr. SHULMAN. Yes.

The CHAIRMAN. May I ask, Mr. Markuson, is there any explanation for that. Have you any specific explanation for that statement? That in the fourth quarter of 1961, the Examiner had a profit of \$380,873 for the fourth quarter?

Mr. MARKUSON. In the newspaper business the fourth quarter is always the best quarter of the year. October and November.

The CHAIRMAN. Because of the Christmas season?

Mr. MARKUSON. And Thanksgiving. From October 1st on to December 15th or 20th is the best season of the year for newspapers. Bear in mind what I told you before today. This is not a matter of making money necessarily of the Los Angeles Examiner. The Sunday paper has been making money and the daily paper has been losing money.

We discontinued the paper that was losing money and we merged the paper that was making money in with our evening paper.

Mr. JOHNSON. Again on the basis of the Hearst figures, Mr. Shulman, the Herald-Express by contrast recorded a loss of \$504,000 for that same last quarter of 1961?

Mr. SHULMAN. That is true.

Mr. JOHNSON. The Examiner's profit of \$308,837 for the fourth quarter of 1961 represented a vast improvement over its recorded loss of \$284,432 for the last quarter of 1960; is that right?

Mr. SHULMAN. That is correct.

The CHAIRMAN. Do you agree with that, Mr. Markuson?

Mr. MARKUSON. Yes, I see nothing wrong with those figures.

Mr. JOHNSON. This represented a net improvement for the last quarter of 1961 for the Examiner over the last quarter of 1960, of \$593,269; is that right?

Mr. SHULMAN. Yes.

Mr. JOHNSON. By contrast, Mr. Shulman, the recorded loss by the Herald-Express of \$504,000 for the last quarter of 1961 was greater than its recorded loss of \$457,000 for the last quarter of 1960; isn't that so?

Mr. SHULMAN. That is right.

Mr. JOHNSON. In addition, Mr. Shulman, is it your opinion that the method of prorating certain pooled expenses common to both the Examiner and the Herald-Express resulted in excessive charges to the Examiner?

Mr. SHULMAN. Yes.

Mr. JOHNSON. These pooled expenses were reflected in a group of miscellaneous expense accounts which were charged 70 percent to the Examiner and 30 percent to the Herald-Express?

Mr. SHULMAN. That is right.

Mr. JOHNSON. With respect to certain major accounts such as financial and accounting payrolls, general mechanical payroll, building and general service payroll, telephone expense, and the like, you concluded a 60-40 allocation would have corresponded more closely to the actual activity involved in producing the two newspapers?

Mr. SHULMAN. That is right.

The CHAIRMAN. Mr. Markuson, would you care to comment on that?

Mr. MARKUSON. Yes. May I have the microphone, please?

The CHAIRMAN. I want to say that Mr. Markuson has not seen this statement except during the recess and in all fairness, it would be well for us to permit him to comment as we go along.

(Note: Page missing from transcript.)

basis of the columns set or the pages produced, stereotype department on the plates cast, engraving department on the square inches produced, the press room actual costs and you can, and otherwise, it is on the basis of effort and the things that go into these things. You just can't take arbitrary steps.

You talk about the accounting department being 70-30. We were very careful on the situation and there is a reason for it. One was a 7-day operation and one a 6. The Examiner had a tremendous classified section, daily and Sunday, and it takes a lot of accounting and a lot of effort to handle all of the bookkeeping required in all these classified ads when you have thousands of them.

The same thing with the credit collection department and all these efforts. And the business manager—

The CHAIRMAN. What is the circulation, generally, of the Examiner and that of the Herald-Express?

Mr. MARKUSON. The circulation of the Herald-Express at the time of the merger was 390,000 and the Examiner was about 375,000, and it had a Sunday circulation of approximately 700,000-some. But all of this is done on the basis of effort expended.

From time to time these things are checked into and the allocations may be changed. For instance, Mr. Becker can tell you that we went into the composing room situation. We changed the allocation in the composing room because there we found that it needed some adjustment because of the classified advertising that we set. I would like Mr. Becker to explain it to you.

Mr. BECKER. I would like to say a few words about these allocations. I went to Los Angeles in January 1957 as general manager of both the papers there. Some months before I think it was in September 1956, following long, extended meetings participated in by Morgan Howard, at that time treasurer of Hearst Consolidated; John Padulla, business manager of the Examiner; Thomas Griffiths, business manager of the Herald-Express, that certain allocations were arrived at.

These people that set forth these allocations were people who spent their lives in the newspaper business and all of them had accounting backgrounds. After those allocations were arrived at, they were sent to the general auditing office of Hearst Consolidated. At that time, Mr. Markuson was in charge of it.

Mr. Markuson questioned some of the allocations, sent them back for further review.

After they were reviewed further, they advised him again about them, and they were accepted as being fair. When I went to Los Angeles, you might think that the Hearst interests having two sister papers in Los Angeles that everything would be nice and friendly. But there is something in the blood of a newspaper guy, he has to compete even with his own brother.

So one of the reasons I went to Los Angeles was to sort of act as arbitrator, if you please, between the publishers of those papers.

In that capacity I was subjected to complaints. I would say they were both equally unhappy. They tried time and time again to point out areas where there should be adjustments in the allocations. Generally speaking, after reviewing the complaints I ruled that the allocations as set up were fair because that was my conclusion.

There was one rather poor exception to that. As Mr. Markuson has mentioned, the Examiner had a very large volume of classified advertising. At that time, it was running 8 and 9 pages a day and in the area of 18 to 20 pages on Sunday, all made up of little ads. Many of those ads were repetitious. That is, in the classified business they have what they call a 30-time rate. If you run an ad 30 times, you get a reduced rate, but you run the same ad day after day.

You also have 3-time ads and 7-time ads. Those ads with pick up. You set them up once and pick them up day after day. Therefore, the cost of producing a page of classified, after investigation of the situation in Los Angeles, I found that it was much cheaper or somewhat cheaper to produce a page of classified.

The split in the composing room payroll was adjusted at that time to give the Examiner a better break. I cite that because the inference has been made here that the Examiner didn't get any breaks. The Examiner got every break where in my judgment it was deserving. There was no important case where the allocation was not, in my judgment, fair.

Mr. JOHNSON. Turning to these allocations for a moment, Mr. Becker, the actual payrolls for composition based on the number of payrolls involved or pages involved for the press payroll should be charged directly to the two newspapers involved approximately a 60-40 allocation, 60 to Examiner and 40 to the Express; isn't that right?

Mr. BECKER. Just about that, yes.

Mr. JOHNSON. They corresponded generally speaking, to the physical activity involved in actually putting out the two newspapers; isn't that so?

Mr. BECKER. In that specific area. Mainly the composing room.

Mr. JOHNSON. And the press room, I believe?

Mr. BECKER. The press room payrolls were allocated directly except for a small amount of help who were maintenance people.

Mr. JOHNSON. That is correct. Being allocated directly they fell out 59 to the Examiner and 41 percent to the Herald-Express?

Mr. BECKER. Approximately that; yes, sir. But I may say this to you, if I may, that to draw a conclusion, it would have been a very, very simple thing to take the payrolls of two departments and say the split is approximately 60-40 so we will let it go at that. But the fact of the situation is that the business is much more complicated and it deserved and got a lot more work than just to pick out two departments.

For example, the circulation operations of the two newspapers in Los Angeles were very much different. The Examiner had a dealer organization whereby the amount of expense was reduced because of the fact that they reduced the rate on the paper.

In other words, the people who handled the paper made their profit largely from a reduced rate. On the other hand, the Herald-Express had an employee operation. The rates were higher but the paper got the revenue instead of reducing the rate to the dealer. Both of those are acceptable newspaper distribution operations.

We happen to have both of them in the same town. The instance that Mr. Markuson cited, whereas in the composing room it is cheaper to handle classified, in the billing and sales department it is tremendously more expensive. Tremendously so.

Mr. JOHNSON. I am talking for the moment about these miscellaneous expense accounts, telephone, general mechanical, financial and accounting, and so forth.

Mr. BECKER. Those allocations go back, as I mentioned earlier, to the time when the two papers were put together. Tests were made which showed that

this 70-30 split was the fair split. Over the ensuing years there was not a sufficient change in the relative position of the papers to justify overturning allocations.

As I say, the respective publishers of the two papers complained to me from time to time about allocations. They both thought they were being disadvantaged.

My conclusion was that neither of them were being disadvantaged and that the allocations were fair. I speak from a background of knowledge in this business.

The CHAIRMAN. Mr. Markuson, you wanted to say something.

Mr. MARKUSON. I would just like to say this: I believe the allocations are right to the best of our ability. I am led to say that because both publishers appear to be equally dissatisfied.

Mr. BECKER. I would like to add another thing, too. As I look at this report, two departments, namely, the composing room and the press room have been analyzed, and the expenses there in each instance came out to approximately 60-40. Those two departments represented only a portion of our production operation.

Mr. JOHNSON. Of what operation?

Mr. BECKER. Of our production operation. I submit that if we are going to just take a rule of thumb without going into a meticulous and careful analysis of all accounts, that a better rule to follow would have been the total advertising revenues of the two newspapers. That would have been one method of getting at it.

If you will check, you will find that the split there was just about 70-30.

The CHAIRMAN. Proceed to the next question.

Mr. JOHNSON. Just to follow this, you are suggesting revenue rather than expense be used.

Mr. BECKER. I am not suggesting it, but I am suggesting certainly it is as good a method, in my opinion a better one, rather than suggesting two departments.

Mr. JOHNSON. Without debating the matter further, if a 60-40 allocation were substituted for a 70-30, the result would be a reduction in Examiner expense and an increase in Herald Express of \$234,000 for 1961, Mr. Shulman, is that correct?

Mr. SHULMAN. That is correct.

May I make just a comment? The only reason we got into a review of the composition and press payroll is that we were unable to find any documentation supporting the basis for 70-30 distribution.

In reviewing all these prorated expenses, we had to devise means of making evaluation. There was no support for any of the allocations in this particular group. Then it was our opinion that the physical activity would best be represented by composition and press payrolls. We considered other possibilities. But in the absence of any basis in writing by the Los Angeles Division, we had no alternative. So it was not a matter of a rule of thumb or just picking something out of the air. We tried to get something equitable.

The CHAIRMAN. Your classified advertising on payroll expenses was allocated 90 percent to Examiner and 10 percent to Herald Express; is that right?

Mr. SHULMAN. That is correct.

The CHAIRMAN. You were advised by Mr. Becker that this 90-10 proportion was based on the respective proportions of advertising revenue in February 1961; isn't that so?

Mr. SHULMAN. That is correct.

The CHAIRMAN. What is your answer to that, Mr. Becker?

I am going to ask the witnesses to be brief in their answers, if I can, because I intend to terminate this hearing at 5 o'clock.

Mr. BECKER. Prior to December 5, 1960, the classified advertising of the Examiner and the Herald Express was sold by two different sales staffs. Some weeks prior thereto the Los Angeles Times changed their classified selling setup from separate staffs to a combined joint staff which sold both the Times and the Mirror. We felt that because they were selling both papers with one sales staff that we had to do the same thing. Therefore, following study and consideration of the problem, we did combine our staffs effective December 5, 1960, and at that time we adopted a rate schedule which was competitive with the Times.

But in order to explain what we did, I have to give you a little background. As I mentioned, I believe, the Examiner was a highly successful classified medium, the Herald Express was not. The Herald Express—

The CHAIRMAN. The charge for the Herald-Express was 24 cents a line and the Examiner was 56 cents a line.

Mr. BECKER. Yes. Those rates that you just cited, sir, are what we call 30-day rate holder. Classified advertising rate cards are built from this base 30-day rate up and down. The Examiner, at the time the sales staffs were put together, its rate was 56 cents a line. The Herald Express' rate was 45 cents a line. At the recommendation of the classified manager of the Examiner, who henceforth would be responsible for the joint selling staff and the sale of classified in both of the newspapers, the 30-day combination rate was made 80 cents.

Because the Examiner was dominant in that area, we did not think it was fair to penalize the Examiner any of their 56 cents a line rate and other rates that were based on that base.

So what was done was that the Herald Express' share of the revenue of this 80 cents where they had been getting 45 cents a line, they started getting 24 cents a line. So the result was while their volume went up some, their revenue did not move accordingly. As a matter of fact, at 24 cents a line and with the amount of circulation that the Herald Express had—remember they were still paying the composition cost, the press cost, and the news printing—they were losing money.

So after very serious study, I will assure you, and after fooling with the thing for a couple of weeks, I decided and so notified the chief accountant that the fair allocation of expense in that division was 90-10 and that was based upon following February's revenue.

That is what was done and I submit that it was right.

The CHAIRMAN. Mr. Shulman, you disagreed with that, did you not?

Mr. SHULMAN. Yes, I do. Expenses are not normally allocated on the basis of revenue, but on the basis of effort expended. It was my opinion that the use of advertising columns would be more representative of effort expended than the use of revenue.

The CHAIRMAN. Didn't Mr. Root, chief accountant of the Los Angeles Division of the Hearst papers, agree with your opinion on this score?

Mr. SHULMAN. He agreed it was proper accounting practice.

The CHAIRMAN. Mr. Markuson, who is Mr. Root?

Mr. MARKUSON. Mr. Root was the chief accountant of our Los Angeles Division.

The CHAIRMAN. When did Mr. Root sever his connection with the Hearst organization?

Mr. MARKUSON. I think he was some 6 months or so ago.

The CHAIRMAN. Discharged?

Mr. MARKUSON. Yes.

The CHAIRMAN. Do you care to indicate the reason?

Mr. MARKUSON. We found that the job was on top of him instead of he being on top of the job.

The CHAIRMAN. Mr. Shulman, if the allocation had been as you indicated, 76-24, that would have meant a reduction in the expenses of the Examiner and an increase in the expenditures of the Herald Express?

Mr. SHULMAN. That is correct.

The CHAIRMAN. Mr. Shulman, you concluded, did you not, that the charges to the Examiner for certain services rendered by the Hearst affiliates and subsidiaries were probably excessive; is that correct?

Mr. SHULMAN. Yes, sir.

The CHAIRMAN. On the basis of your examination, did you conclude that there was a strong possibility that certain charges by the American Weekly Division and the Hearst advertising service to the Los Angeles Examiner were excessive in comparison with the normal charges for such services in the newspaper business?

Mr. SHULMAN. That is correct.

The CHAIRMAN. Now, Mr. Shulman, with respect to the American Weekly and the Comic Weekly, the Sunday Examiner was charged \$21 per thousand copies of the two publications beginning July 1, 1958; is that correct?

Mr. SHULMAN. That is correct.

The CHAIRMAN. And you were advised by Mr. Root again that the charge to the Examiner by the American Weekly Division represented an allocation of losses incurred by the American Weekly Division; is that correct?

Mr. SHULMAN. Yes, sir.

The CHAIRMAN. What is your answer to that, Mr. Markuson?

Mr. MARKUSON. The more I hear of this, the happier I am that we discharged

Mr. Root because he simply didn't know his business. What year did you say this was in?

Mr. JOHNSON. 1958 to 1961.

Mr. MARKUSON. Let us take 1961. If we allocated the losses of the American Weekly, I don't know what happened because I have here on the P&L statement in the year 1961 the American Weekly loss as \$2,666,074. So we certainly didn't allocate any losses of the American Weekly to the newspapers.

We have this policy. We have been charging our newspapers since, I believe, 1959, \$5 a thousand for the American Weekly. This is about a half cent a copy. It is less money than they could produce the section for themselves. We charge them \$16 a thousand for Comic Weekly Puck and that \$16 a thousand includes the cost of the feature material in the Comic Weekly Puck.

I can tell you, Mr. Chairman, that the cost of the Comic Weekly Puck for the editorial, mechanical, and paper ink alone, runs about \$17 a thousand. Nobody else is buying it cheaper. I don't know where they get this \$2 price. It is true that some outside groups like the Los Angeles Times distribute This Week. This Week has been very successful and they bill for the cost of printing and they get some advertising distribution back so they get the sections for nothing and sometimes they are paid. But two papers can't get This Week. This Week is in the Times.

The CHAIRMAN. Mr. Root also charged that non-Hearst newspapers made \$2 instead of \$21 per thousand for the two Sunday supplements.

Mr. MARKUSON. That is not true. That is absolutely not true that they were charged. He didn't know what he was talking about if he made that kind of statement.

Mr. JOHNSON. Mr. Markuson, do you sell the American Weekly and Comic Weekly to any non-Hearst newspapers?

Mr. MARKUSON. We sell the American Weekly now since January 1, 1961, only to the Chicago American. We discontinued all of our outside newspapers, effective January 1961, excepting Chicago.

Mr. JOHNSON. Prior to that time what did you charge non-Hearst newspapers for those two supplements?

Mr. MARKUSON. We charged them a certain amount for the printing and the paper and the ink and we gave them an advertising distribtuion.

Mr. JOHNSON. Did you charge them \$21 a week for the combination?

Mr. MARKUSON. No, they didn't buy the comics. They bought only the American Weekly. The only paper that buys the Comic Weekly Puck is Chicago.

Mr. JOHNSON. I am talking prior to 1961.

Mr. MARKUSON. Prior to 1961 the same thing was true. We did not sell Comic Weekly Puck as a section to other newspapers other than Chicago. But we did sell them American Weekly.

Mr. JOHNSON. How much did you charge for the American Weekly?

Mr. MARKUSON. Depending on the size of the editon and the number of pages in the edition.

Mr. JOHNSON. Does that represent the general practice in the newspaper business with respect to Sunday supplements?

Mr. MARKUSON. Yes. You will find it in This Week and Parade, they charge on the basis of the number of pages, depending on the color pages, and they give you an advertising distribution.

Mr. JOHNSON. So if Mr. Root advised Mr. Shulman that normally in the newspaper business Sunday supplements are financed by their own revenues and are supplied free or at a nominal charge to the newspapers which carry them, he was mistaken in your opinion; is that correct?

Mr. MARKUSON. No, I didn't say that. I said insofar as This Week and Parade are concerned, they would be free to the publisher or practically free. They would charge for the printing and they would get credit for advertising. But the advertising credit would offset in most instances, and sometimes they would make a profit. But This Week and Parade are not available to us in Los Angeles. The Comic Weekly Puck is another story. I don't think there is any paper in the United States that makes money on their comic section because it carries very little advertising. The comic printing in color is very expensive.

The CHAIRMAN. Mr. Shulman, the Hearst advertising services represented the Examiner in the solicitation of national advertising, isn't that so?

Mr. SHULMAN. Yes, sir.

The CHAIRMAN. And the invoice submitted by the Hearst advertising serv-

ice to the Examiner was described as an assessment covering the Examiner's proportion of the expense of Hearst advertising service; isn't that so?

Mr. SHULMAN. Yes, sir.

The CHAIRMAN. And for the months of July 1960 to December 1961, inclusive, these assessments ranged from a low of 10.95 percent to a high of 22.74 percent of national advertising revenue; isn't that correct?

Mr. SHULMAN. Yes, sir.

The CHAIRMAN. And these assessments averaged roughly 14.5 percent of national advertising revenue for the 18 months from July 1960 to December 1961; is that so?

Mr. SHULMAN. Yes.

The CHAIRMAN. Do you have any comment on that, Mr. Markuson?

Mr. MARKUSON. Yes, sir. We have our own advertising service to handle our national advertising. It is called Hearst Advertising Service. They have been servicing all of our Hearst newspapers, that is, one newspaper in each city. If we have two newspapers in a city, we hire an outside firm to take care of it.

For instance, Hearst Advertising represents all the Hearst papers except in Los Angeles. They represented Examiner, and we have another one representing us in the evening field. The same is true in San Francisco and New York. The Hearst Advertising Service services the Journal American, but the Mirror have their own.

It is true that the Hearst Advertising Service costs are somewhat higher than you would buy them on the outside. But there are reasons for this. Number one, when you are represented by Hearst Advertising Service you have no other national expense. The national advertising manager is Hearst Advertising Service. When you go to Moloney & Schmitt you have your own staff working in addition to the service.

You have a national advertising manager, you have secretaries, you have solicitors taking care of your local national business in that area. As far as Hearst Advertising Service is concerned, in the year 1959 it had a sales cost of 11.62 percent. In 1960, 13.35 percent; 1961, 14.73; in 1962, 13.49.

But there is a reason for this. This company represents only Hearst. They do nothing else but sell Hearst all day long. If you go to an agency, Moloney, Regan & Schmitt—a very capable one, one of the best in the business—bear in mind they represent a lot of other profitable newspapers like the Denver Post and Detroit News and Chicago Sun Times and so on, and they are not served in Hearst. They go in and sell your package with the others. But with us we are selling only Hearst.

We believe, and it is worth extra money for us, in the fact that our men are devoted in selling only one product all the time. It gets more volume for us.

Mr. JOHNSON. Mr. Shulman, did the contract of Herald Express with Moloney, Regan & Schmitt provide with the commission starting at 11 percent and decreasing down to 8 percent as the volume of national advertising revenue increased?

Mr. SHULMAN. Yes.

Mr. JOHNSON. And the Herald-Express expenses would have been reduced \$176,147 for the 6 months extending December 31, 1960, and \$393,488 for the year ending December 31, 1961, had the Examiner been charged the commission the same as the Herald-Express?

Mr. SHULMAN. That is right.

Mr. MARKUSON. There again we are getting off the track because if they had been represented by Moloney, Regan & Schmitt they would have had to have their own local staff to add to that cost.

The CHAIRMAN. Am I right also in the assertion that where you have two newspapers you usually have two sets of solicitors soliciting ads? You can't have one company soliciting, can you?

Mr. MARKUSON. That is true.

The CHAIRMAN. Isn't that the practice in the newspaper business? You have more than one where there are two papers or three papers?

Mr. MARKUSON. You usually have a separate advertising staff, although some of them are selling now in combination or optional combinations. But they are on the individual paper's payrolls.

Mr. JOHNSON. Now, Mr. Becker, in July 1961 didn't you discuss with Mr. Beyea of the Hearst advertising services the possibility of having Hearst advertising service represent both the Examiner and the Herald Express in selecting ads?

Mr. BECKER. We looked into it.

Mr. JOHNSON. Didn't Mr. Beyea send to Mr. Gortatowsky a presentation setting forth the reasons why in his opinion Hearst advertising services should represent the Herald Express?

Mr. BECKER. Yes, I think I saw that presentation.

Mr. JOHNSON. Mr. Gortatowsky forwarded that on to you with the original to Mr. George Hearst, Jr., publisher of the Hearst—publisher of the Herald-Express?

Mr. BECKER. That is right.

Mr. JOHNSON. Didn't Mr. George Hearst oppose everything the Hearst advertising service represented the Herald-Express? Isn't that the fact?

Mr. BECKER. Yes.

Mr. JOHNSON. Didn't he feel that the commission charges that the Herald-Express was paying Maloney, Regan & Schmitt were lower than the Hearst advertising services?

Mr. BECKER. They were.

Mr. JOHNSON. Do you remember seeing a copy of Mr. George Hearst's reply to Mr. Gortatowsky in which Mr. Hearst concluded:

"Further food for thought in that Maloney, Regan & Schmitt does not run an eleemosynary institution. Yet after taking his profit he can still provide his service at far less cost than Hearst advertising services when it is supposed to be a nonprofit organization."

Mr. BECKER. It gets down to this. There are two kinds of representation you can have. One would be similar to the Maloney, Regan & Schmitt operations where they represent not only Hearst newspapers but other newspapers. But on the other hand you have your own representatives and there is a difference of opinion in our organization that goes on all the time. On the other hand with the Hearst advertising service they sell the Hearst newspapers only. I felt over the years that Hearst advertising services has given us good service and has been the preferable form of sales operations. However, it is a debatable point. We can kick the ball around today. We continue Hearst advertising services to this day. They are now representing the Herald-Examiner. We feel they are doing a good job for us. We are not unhappy with them at all.

Mr. JOHNSON. But Mr. George Hearst's view, judging by his response here, would have pretty much coincided with Mr. Shulman, isn't that so?

Mr. BECKER. I say we have differences of opinion.

Mr. JOHNSON. Mr. Shulman, if the accounting adjustments were made which in your opinion would fairly depict or reflect the operating results of the Examiner as an independent entity. Wouldn't the Examiner have a profit of \$1 million 240 thousand for 1961 instead of a loss of \$1 million 551 thousand as recorded by Hearst?

Mr. SHULMAN. That is right.

Mr. JOHNSON. By contrast the Herald-Express recorded a loss for 1961 of \$2 million.

Mr. SHULMAN. Yes.

Mr. JOHNSON. Didn't you conclude that if the accounting adjustments were made which in your opinion would fairly reflect the operating results of the Examiner as an independent entity it would have operated at a profit in each year during the period 1957 through 1961?

Mr. SHULMAN. That is true.

Mr. JOHNSON. Had those adjustments been made the total profit of the Examiner for the years 1957 through 1961 would have been \$6 million 124 thousand, isn't that true?

Mr. SHULMAN. Yes.

The CHAIRMAN. What is your comment on that, Mr. Markuson?

Mr. MARKUSON. This is fallacious thinking. We are talking now about selling the American Weekly and Comic Weekly publication for \$2,000 a thousand, which is ridiculous to start with. I have a profit and loss before me for the year 1960 separating the daily and the Sunday to show the operations of the daily papers and the Sunday. The things that we are talking about now are in the American Weekly and comics, the costs are all in the Sunday paper. For the year 1960 the Los Angeles Examiner lost \$653,756. The daily paper lost \$1 million 474 thousand 407, and the Sunday paper made \$793,651, even though that Sunday paper has the comic weekly publication in there at \$16 a thousand and it has the American Weekly at 5 dollars a thousand. We are still publishing the Sunday, Mr. Chairman. The Sunday paper that we moved over with our evening

when we told—when we followed the paper that was losing money. We didn't fold the paper that was making money.

Mr. JOHNSON. Mr. Shulman, in your examination of the books, did you see any breakdown of the operations of the Hearst Sunday and the Sunday and morning daily Examiners of the type Mr. Markuson has been referring to?

Mr. SHULMAN. No, as far as I know that information was not available at the time.

Mr. JOHNSON. And the books were not kept that way?

Mr. SHULMAN. That is right.

Mr. BECKER. I might add that we make these tests periodically to find out the relative position of our daily and Sunday papers. It is well-known to the operators of the papers, including Mr. Markuson and myself, that the Sunday part of the Examiner was quite profitable while the daily was quite unprofitable. As has been pointed out here, you talk about the Examiner losing money, a part of the Examiner was losing money and that is the part that is gone. The other part of the Examiner that was making money has been retained as a part of our present operations.

Mr. JOHNSON. Mr. Chairman, I think it might be most helpful if we could take a look at the daily Sunday breakdown from which Mr. Markuson has been reading. I gather this is the first time the figures have been presented in that form.

Mr. MARKUSON. We check them every once in a while. I set up a procedure many years ago and sent it out to the accounting offices to find out how much money we were making or losing every day in the week which is unusual. We know and we check those occasionally from time to time when we want to enlighten ourselves to see where we are going, how much money we make or lose every day of the week, Monday, Tuesday, Wednesday, Thursday, Friday, and we know the answer before we do it really because we have done it so many times. We know the Wednesday and Thursday papers are going to make money and the Sunday papers. Monday and Tuesday are usually losing money and Saturdays.

Mr. JOHNSON. My suggestion is that it might be enlightening.

The CHAIRMAN. If you could conveniently let us have that it might be very helpful.

Mr. MARKUSON. We have a copy right here if you want it. This is for the year 1960.

The CHAIRMAN. It will be accepted for the record.

The CHAIRMAN. Meanwhile Mr. Markuson, Mr. Becker, Mr. Kern, Mr. Hayes, insofar as you only saw this statement of Mr. Shulman during the recess, the record will be kept open even in case you wish to make any further explanations of the situation.

Mr. MARKUSON. Thank you.

The CHAIRMAN. A reasonable time and we hope you will not delay on that. Mr. Shulman, I want to thank you for your painstaking effort, and of course you have heard your estimate has been somewhat contested. Don't let that get you down. I know that you are sincere. I know from your record you are a dedicated public official. I want to compliment you sincerely and on your cogent, painstaking effort in that report which, of course, has been contested. I want to thank you. I thank you, Mr. Becker and Mr. Markuson, Mr. Kern and Mr. Hayes. That will terminate it.

Mr. CRAMER. Mr. Chairman, I am sorry I was not able to be here this morning but we had a rather important bill on the floor and I had a question I wanted to ask of Mr. Markuson. You testified on page 4 with regard to retaining counsel for the purpose of determining whether this action that was taken, simultaneous ceasing of publication of the Examiner and Mirror would be a violation of the antitrust laws. You made a rather brief reference to it on that page. When Mr. Chandler testified on page 11 of his testimony he had this to say:

"The meeting took place on December 5, 1961, in New York to discuss the matter. At the meeting Mr. Berlin introduced James McInerney, Washington, D.C., the lawyer retained by Hearst to present the matter to the Department of Justice."

Mr. MARKUSON. Yes.

Mr. CRAMER. You indicated in your statement that you did retain counsel by the name of McInerney, is that right?

Mr. MARKUSON. If you had been present this morning I would have already testified on exactly what happened the way I understood it.

Mr. CRAMER. Beg pardon?

Mr. MARKUSON. I testified on that this morning and elaborated on the situation.

Mr. CRAMER. I want you to confirm what Mr. Chandler said and I quote further:

"Mr. McInerney said he had met with various officials of the Department of Justice to discuss the closing of the morning Examiner and the evening Mirror due to their continuing heavy losses. He said he had several discussions with the Antitrust Division, which is Mr. McInerney speaking, regarding the proposed plan and that ultimately he received oral assurance from responsible Justice Department officials that the two companies could cease publication simultaneously of the Examiner and the Mirror. He said he had received such assurances as recently as the preceding Friday."

This is Mr. Chandler saying:

"I asked my counsel for his views on it and the antitrust problems and he said based on the assurances of the Justice Department officials, he didn't oppose the proceeding. Mr. McInerney affirmed that these assurances had been given to him."

Is that your recollection of the assertions made by Mr. McInerney at that meeting?

Mr. MARKUSON. I said this morning, Mr. Cramer, Mr. McInerney came to this meeting in New York and told us that he had discussed this with the Department of Justice on the idea of a cross-sale and they had turned him down and said no, they would not approve a cross-sale. I don't know if it was that meeting or a subsequent meeting, he was told by Mr. Loevinger, as I understand it, that if the facts as he had presented them to Mr. Loevinger were right and that these properties were losing money, the companies could discontinue publication anytime they wanted to and it would not be any concern of the Department of Justice. After Mr. Chandler made his statement here the other day, some reporters went over and talked to the Justice Department and I read for you excerpts from an article that appeared in Editor and Publisher on March 23, 1963. It says this. This is what the Department of Justice said:

"Mr. McInerney did explore with the Antitrust Division in 1961 and antitrust problems in connection with the proposed cessation of publications of the Los Angeles Examiner and the Los Angeles Mirror. Approval of a proposed cross-sale of the papers was rejected. Subsequently, Mr. McInerney was told that on the facts presented if either or both of the Los Angeles publishers determined to cease publications of a losing newspaper, either or both were free to do so under the antitrust laws. There was no discussion of the details and no written authorization was requested or given."

Mr. CRAMER. Does it indicate there in that article who the reporters talked to?

Mr. MARKUSON. Maybe we have the article here. In fact I read it in the Washington Post that night.

Mr. CRAMER. I wondered who they talked to at Justice to get that conclusion?

Mr. MARKUSON. I don't know that.

Mr. CRAMER. Does the article indicate it?

Mr. MARKUSON. This is what I am trying to tell you. They were not interested. If we were losing money we could fold our newspaper. That was our business and didn't come under the antitrust laws.

Mr. CRAMER. It says a Justice Department spokesman said the discussions had been carried on with Mr. Loevinger but not with the Attorney General. Then you are willing to rely—

The CHAIRMAN. Listen, Mr. Cramer, I am awfully sorry.

Mr. CRAMER. I have two questions.

The CHAIRMAN. We have gone over this a dozen times. That statement is in the record. There is no use of repeating all this.

Mr. CRAMER. How did you come to hire Mr. McInerney?

Mr. MARKUSON. We answered that this morning. That was answered this morning in our testimony.

Mr. CRAMER. I didn't hear it. Would you mind repeating it?

Mr. MARKUSON. I said our general counsel's office hired Mr. McInerney to investigate into this situation with the Department of Justice.

Mr. CRAMER. And you were willing to accept his oral representations to you in New York that this action that took place, this simultaneous ceasing of publication of the Examiner and the Mirror, you were willing to accept this, Mr. McInerney's oral statement that would not be a violation of the antitrust law?

Mr. MARKUSON. That is right. We did. The Antitrust Division agreed to it here in this statement. I just read it to you.

Mr. CRAMER. As I understand it, the Department of Justice didn't indicate that they would not indicate that there would be no question of violation if it was done conjunctively together by way of agreement rather than separately?

Mr. MARKUSON. Mr. McInerney told us in New York practically these words, excepting he did add, to cease publication of a losing newspaper, either or both were free to do so under the antitrust laws whether it be done simultaneously or otherwise, is what he added to the words to us.

Mr. CRAMER. And Mr. Chandler indicated that the matter had been discussed with the Attorney General as well. That is what Mr. McInerney said.

Mr. MARKUSON. It was my understanding, too, from Mr. McInerney.

Mr. CRAMER. That is all, Mr. Chairman.

The CHAIRMAN. Thank you very much, gentlemen.

(The letter and report by S. M. Shulman referred to follow:)

LOS ANGELES, CALIF.,
March 21, 1962.

Mr. LEONARD APPEL,
*Antitrust Subcommittee, Committee on the Judiciary, House Office Building,
Washington, D.C.*

DEAR LEONARD: Enclosed are the original and seven copies of our report on our limited examination of the financial records and statistical data relative to the Los Angeles Examiner and Herald-Express newspapers, Los Angeles Division, Hearst Publishing Company, Inc.

The main objective of our examination was to determine whether there was any evidence of substantial understatement of Examiner recorded revenue or substantial overstatement of Examiner recorded expense. To accomplish this objective in a reasonable period of time, we concentrated our efforts on attempting to determine whether there was improper accounting between the Examiner and the Herald-Express or between the Examiner and other Hearst organizations. Our examination covered the years 1957 through 1961 with major emphasis on 1961. We have retained our working papers for reference during our review of the Los Angeles Times and Mirror newspapers and for use at Hearst should additional work there become necessary or desirable.

Enclosed also are copies of the following schedules requested by Mr. Johnson.

1. Verification of circulation figures in Editor and Publisher article.
2. Verification of advertising linage figures in Editor and Publisher article.

Sincerely yours,

S. M. SHULMAN.

[Enclosures]

REPORT ON LIMITED EXAMINATION OF FINANCIAL RECORDS AND STATISTICAL DATA
LOS ANGELES EXAMINER AND HERALD-EXPRESS NEWSPAPERS, LOS ANGELES DIVISION
OF HEARST PUBLISHING COMPANY, INC.

This report is divided into two sections, one on the scope of examination and the other on the results of examination.

SCOPE OF EXAMINATION

We started our examination on February 9, 1962, and completed it on March 15, 1962. It consisted mainly of the following broad phases relative to operations of the Los Angeles Division.

1. Scanned Hearst Corporation manual of accounting instructions, procedures, and regulations.
2. Scanned detailed Statements of Profit and Loss and Balance Sheets and supporting schedules for years 1957 through 1961.
3. Reviewed certified audit report for years 1957 through 1960.
4. Compared amounts in major revenue and expense categories for the years 1957 through 1961.
5. Compared circulation and advertising statistics for the years 1957 through 1961.
6. Obtained information on the procedures used for determining and recording circulation and advertising revenue, scanned entries in revenue accounts for 1960 and 1961, and examined some supporting documentation.
7. Reviewed monthly transcripts of intercompany and interdivision transactions for 1959 and 1961 and examined documentation supporting typical transactions in March 1959 and December 1961.

8. Reviewed the monthly cash reports for the months January 1958 through January 1962 and scanned entries in the cash receipts and disbursements records for the period July 1, 1961, to the date of our review.

9. Scanned entries for the year 1961 in subsidiary accounts supporting certain general ledger control accounts.

10. Reviewed bases for prorating pooled expenses between the two papers during the year 1961 and reviewed selected entries for 1961 in major expense accounts.

RESULTS OF EXAMINATION

Our examination did not disclose any deliberate practice of understating Examiner revenue or overstating Examiner expense. However, we believe that the method of prorating certain pooled expenses common to the Examiner and the Herald-Express resulted in excessive charges to the Examiner and that charges to the Examiner for certain services rendered by Hearst organizations were probably excessive. In the case of other services rendered by Hearst organizations we were unable to evaluate the fairness of the charges because of lack of sufficient information in the Los Angeles Division office.

The recorded net profits or losses for the years 1957 through 1961 for the Examiner and the Herald-Express are as follows:

Year	Net profit or loss	
	Examiner	Herald-Express
1957	(\$996,414)	(\$949,581)
1958	137,707	(1,270,658)
1959	1,026,397	(947,774)
1960	(653,756)	(1,620,495)
1961	(1,551,331)	(2,010,033)
Total	(2,037,397)	(6,798,541)

Note: Figures in parentheses denote loss.

The Examiner net loss of \$1,551,331 for 1961 includes expense of \$1,257,526 resulting from terminating the publication of the Examiner effective January 8, 1962. The major portion of the expense consists of severance pay and compensation relative to settlement of personal service contracts. The exclusion of termination expense from the recorded loss for 1961 would result in an adjusted loss of \$293,805. The Examiner incurred a loss of \$350,236 during the first 6 months of 1961 and realized a profit of \$56,431 during the last 6 months, after adjustment for termination expense. During the months of October, November, and December, profits of \$116,271, \$56,573, and \$135,993, respectively, were realized. These results contrast sharply with the results for the same months in 1960 when losses of \$73,778, \$23,015, and \$187,639, respectively, were incurred. The adjusted profit of \$56,431 for the last 6 months of 1961 represents an improvement of \$735,972 over the loss of \$679,541 for the last 6 months of 1960.

Proration of pooled expenses

The records of the Los Angeles Division do not show separate totals of pooled expenses prorated to the two papers or totals of expenses charged direct to each of the papers. Totals in the various expense accounts represent the totals of both types of expenses. The details of these totals appear only in documentation supporting individual monthly journal vouchers. Therefore, the exact determination of totals of each type of expense would require examination of data supporting many journal vouchers which would involve an unreasonable amount of time.

In order to arrive at rough estimates of direct and prorated amounts in major expense accounts for the year 1961 we first determined which major accounts normally included charges which had been prorated to the two papers. We then reviewed supporting data for January 1961 entries and determined the approximate percentages of the total amounts of January 1961 expense which had been charged to the various major accounts on a prorated basis. We scanned the accounts for the year and noted that entries in other months were similar to January entries. We used the January percentages to compute the estimated

amounts of direct and prorated expenses for the major accounts for the year. The following tabulation shows total operating expenses by principal categories for 1961 for each of the papers, adjusted by excluding termination expenses of the Examiner, and divided into rough estimates of direct and prorated amounts.

[In thousands of dollars]

Categories of expense	Examiner			Herald-Express		
	Total expenses	Estimated		Total expenses	Estimated	
		Direct	Prorated		Direct	Prorated
Editorial.....	\$2,531	\$2,531		\$1,379	\$1,379	
Mechanical.....	4,164	1,272	\$2,892	2,689	859	\$1,830
Newsprint and ink.....	9,701		9,701	5,064	697	4,368
Supplements purchased.....	3,054	3,054				
Circulation.....	3,968	2,851	1,117	4,389	3,910	480
Advertising.....	2,938	1,812	1,126	1,174	954	219
General and administrative.....	2,861	531	2,330	1,754	503	1,250
Total.....	29,217	12,051	17,166	16,449	8,302	8,147

We found that in general the bases on which expenses were prorated appeared to be equitable and the prorations were accurately computed. However, we believe that in two cases the bases used were not equitable and resulted in excessive charges to the Examiner.

70-30 expense accounts

The amounts of pooled expenses applicable to a group of miscellaneous expense accounts known as 70-30 accounts were distributed 70 percent to the Examiner and 30 percent to the Herald-Express. We were advised that this basis of distribution was agreed upon by the business managers of the two papers after consideration of the amounts of the expenses incurred by each of the papers prior to integration of operations in September 1956. No documentation was prepared to support the decision.

The estimated total amount of pooled expenses for the year 1961 applicable to the 70-30 expense accounts is \$3,726,332. The largest single account in the group is the mailroom payroll account which amounts to \$1,326,114. Other major accounts are financial and accounting payroll, general mechanical payroll, building and general service payroll, telephone expense, and miscellaneous taxes. These accounts total about \$1,630,000. The remaining 14 accounts in the group amount to about \$770,000.

In order to determine whether mailroom payroll and expense had been equitably prorated, we discussed mailroom operations and the number of employees that were required to process each of the two papers with the mailroom superintendent. We also computed the proportions of newsprint consumed by each of the papers during 1961 because it seemed that mailroom effort would be closely related to this factor. On the basis of our review we believe that the 70-30 proration is reasonable.

With respect to all the accounts in the group other than mailroom payroll and expense we believe that proration on a 60-40 basis would be more equitable. We base this conclusion on a comparison of composition and press payrolls charged to the respective papers. These payrolls represent the major physical activity relative to production of the papers and therefore in our opinion would serve as an equitable basis for proration of the remaining 70-30 expenses. The composition payroll of about \$2,800,000 for 1961 was prorated on a 59-41 basis which represented the respective proportions of the number of full size pages appearing in the final editions. Since pressroom crews worked on a particular paper most of the press payrolls were charged direct to the respective papers. During 1961 about 61 percent of the total press payroll of about \$2,600,000 was charged to the Examiner and about 39 percent to the Herald-Express. The use of a 60-40 proration of the total pooled expenses of about \$2,340,000, excluding mailroom payroll and expense, applicable to the 70-30 accounts would result in a reduction of \$234,000 in Examiner expense for 1961 and an increase in Herald-Express expense of the same amount. We did not attempt to determine the equity of the 70-30 proration for prior years because it would take considerable time to review the accounts and documentation and build up the necessary data.

Classified advertising payroll and expense

Prior to December 1960 each paper handled its own classified advertising operations with separate personnel. Starting in December 1960 the operations were combined into one unit. During 1961 most of the pooled payroll and expense of \$1,075,394 was prorated 90 percent to the Examiner and 10 percent to the Herald-Express. Total charges to the Examiner were \$965,007 and total charges to the Herald-Express were \$110,387. We were advised that the 90-10 proration was based on the respective proportions of classified advertising revenue in February 1961. We believe that the number of columns of advertising would be more representative of actual effort expended and would therefore be a more equitable basis for proration. During 1961 the number of columns of classified advertising in both papers totaled 33,009 of which the Examiner had published 25,074 columns or 76 percent and the Herald-Express 7,935 columns or 24 percent. The use of a 76-24 proration instead of 90-10 would result in a reduction of about \$148,000 in Examiner expense for 1961 and an increase in Herald-Express expense of the same amount.

Services rendered by Hearst organizations

There were numerous transactions each month between the Examiner and other Hearst divisions or companies. The principal Hearst organizations involved were the American Weekly Division (AWD) of Hearst Publishing Company, Inc.; the Hearst Advertising Service (HAS), a Division of Hearst Consolidated Publications, Inc.; the Home Office of the Hearst Corporation; the King Features Syndicate Division of the Hearst Corporation; Hearst Enterprises, Inc.; and the Home Office of Hearst Publishing Company, Inc.

We were able to obtain sufficient information in the Los Angeles Division office regarding certain AWD and HAS charges to the Examiner to indicate the strong possibility that such charges were excessive in comparison with normal charges for such services in the newspaper industry. More definite information regarding the fairness of these charges and information regarding other charges or credits by AWD or HAS or charges or credits by the other organizations will have to be obtained in New York.

We noted that newsprint was received by the Los Angeles Division from Crown Zellerbach Corporation but charges for the newsprint were billed by Hearst Enterprises, Inc. to the Division. Copies of the Crown Zellerbach invoices issued to Hearst Enterprises, Inc. were in the Division files. The price on these invoices was the same as the price on the Hearst invoices. Each month Hearst issued a credit memorandum to the Division for a share of credits resulting from newsprint purchases for the month. Information regarding the basis for computing the credits is not available in the Division office.

Another matter of interest is a monthly charge of about \$4,200 to the Examiner and \$2,000 to the Herald-Express from the King Features Syndicate Division described merely as service for the month. We were informed by Mr. Roop, Chief Accountant of the Los Angeles Division, who had previously worked for the Hearst interests in New York, that the newspapers received no current service for these charges but that they represented a prorata share of contract salaries being paid to former cartoonists or feature writers or their survivors.

Charges by American Weekly Division

Each month AWD billed the Examiner for the number of copies of American Weekly and Puck—The Comic Weekly delivered to the Examiner. The rate was \$24 per 1,000 copies of both supplements from January 1, 1957, to June 30, 1958. Starting July 1, 1958, the rate was changed to \$5 per 1,000 copies of American Weekly and \$16 per 1,000 copies of Puck—The Comic Weekly. During the years 1957 to 1961 the total charges for the two supplements were as follows:

Year:	Amount
1957-----	\$972, 235
1958-----	891, 164
1959-----	826, 539
1960-----	832, 592
1961-----	842, 199
Total-----	4, 364, 729

We were advised by Mr. M. M. Roop that all costs of producing the weeklies were paid by AWD and all revenue from national advertising in the weeklies was received by AWD. In his opinion the amounts charged the Examiner by AWD represent an allocation of losses incurred by AWD. He stated that it is normally expected in the newspaper industry that weeklies will realize a profit on operations and that either no charge or only a nominal charge will be made to newspapers receiving the weeklies because increased circulation will increase the producers' advertising revenues. He also stated that AWD probably charged non-Hearst newspaper \$2 instead of \$21 per 1,000 copies of the two supplements.

On the assumption that \$2 per 1,000 copies should be considered as a normal cost of purchasing the two supplements, we computed the following approximate expense reductions that would have been realized by the Examiner during the years 1957 to 1961 had the \$2 charge been in effect. We made the computations by applying an approximate reduction factor of 90 percent to the charges actually incurred.

Year:	<i>Amount of reduction</i>
1957.....	\$875,000
1958.....	802,000
1959.....	744,000
1960.....	749,000
1961.....	758,000
Total.....	3,928,000

Charges by Hearst Advertising Service

All national advertising published in the Examiner was sold by HAS and each month HAS billed the Examiner for commissions applicable to the national advertising revenue. The invoices submitted by HAS described the amounts billed as assessments covering the Examiner proportion of expenses applicable to national advertising revenue. The Examiner recorded the charges as national advertising commissions.

We computed the percentages of commissions to revenues for the months of July 1960 through December 1961 and found that the percentages ranged from a low of 10.95 percent to a high of 22.74 percent and that the averages for the 6 months ended December 31, 1960, and the year ended December 31, 1961, were 14.58 and 14.65 percent, respectively. During the 6 months ended December 31, 1960, commissions totaled \$450,504 and revenue \$3,088,875. During the year ended December 31, 1961, commissions totaled \$926,636 and revenue \$6,326,386.

The Los Angeles Herald-Express and the San Francisco Call-Bulletin had a contract with an outside firm for sale of national advertising which provided for commissions based on a sliding scale of percentage of revenue starting at 11 percent and reducing to 8 percent as amount of revenue increased. The contract covered the fiscal year from July 1 to June 30.

We computed the amount of commissions that the Examiner would have paid had it also been a party to the contract instead of a client of HAS and had earned the same amount of revenue. We found that commission expense would have been reduced by \$176,847 for the 6 months ended December 31, 1960, and by \$393,488 for the year ended December 31, 1961. We did not compute the possible savings for prior years because it would take considerable time and the amounts would probably not vary materially.

Summary

The recorded net profits or losses for the Examiner for the years 1957 through 1961 would be adjusted as follows if total recorded expense is reduced by the amount of termination expense and the estimated expense reductions previously discussed.

[In thousands of dollars]

	Net profit or (loss)					
	1957	1958	1959	1960	1961	Total
Recorded amounts.....	(996)	138	1,026	(654)	(1,551)	(2,037)
Adjustments:						
Termination expense.....					1,258	1,258
Estimated expense reductions:						
Proration of 70-30 expense items.....	200	200	200	200	234	1,034
Proration of classified advertising expense.....					148	148
AWD charges.....	875	802	744	749	758	3,928
HAS charges.....	350	350	350	350	393	1,793
Total adjustments.....	1,425	1,352	1,294	1,299	2,791	8,161
Adjusted amounts.....	429	1,490	2,320	645	1,240	6,124

As previously stated, we did not compute the estimated expense reductions for proration of 70-30 expense items and HAS charges for the years 1957 through 1960. The amounts shown in the tabulation are estimates based on the assumption that the amounts would not vary materially from the computed amounts for 1961.

We believe that the recorded net profits or losses for the Examiner do not represent the true financial results of operating the newspaper to the extent that Hearst service organizations have charged the Examiner excessive amounts for services rendered or have made charges and not rendered any services. As previously stated we were able to obtain some specific information in this connection only with respect to AWD and HAS charges. Therefore, it is possible that other adjustments, in addition of those made for AWD and HAS charges, should be made to recorded net profits or losses in order to obtain a more accurate picture of the financial results of operating the Examiner. It would appear that the practice followed by Hearst service organizations in making excessive charges to the Examiner and presumably to other Hearst newspapers would result in distorted profit or loss figures for those organizations.

LOS ANGELES, CALIF.,
April 9, 1962.

MR. LEONARD APPEL,
*Antitrust Subcommittee, Committee on the Judiciary, House Office Building,
Washington, D.C.*

DEAR LEONARD: We have completed our limited examination of the financial records and statistical data relative to the Los Angeles Times and Mirror newspapers, which were operated as divisions of the Times-Mirror Company. Since our examination did not disclose any exceptions, we did not prepare a separate report as we did on our examination of the Los Angeles Examiner and Herald-Express newspapers. Pertinent comments on our examination of the Times and Mirror newspapers are included in this letter.

We conducted our examination at the Times-Mirror Company during the periods February 2 to 9 and March 16 to April 5, 1962. The main objective of our examination was to determine whether there was any evidence of substantial understatement of Mirror recorded revenue or substantial overstatement of Mirror recorded expense. We concentrated our efforts on attempting to determine whether there was improper accounting between the Times and Mirror. Our examination covered the years 1957 through 1961, with major emphasis on 1961. We found no evidence that Mirror revenue was understated or expense overstated. Our examination included a review of accounting records and supporting documentation, advertising and circulation statistics, statements of revenue and expense, certified audit reports, and bases for prorating pooled expenses between the two newspapers.

The recorded net profits or losses for the years 1957 through 1961 for the two newspapers are as follows:

[In thousands of dollars]

Year	Net profit or (loss)	
	Times	Mirror
1957.....	5,282	(1,990)
1958.....	5,862	(1,646)
1959.....	9,099	(1,466)
1960.....	7,168	(2,188)
1961.....	7,903	(2,425)

Working paper D-3/1 contains statistics for the 5-year period for the Times, Mirror, Examiner, and Herald-Express on advertising and circulation volume and revenue, average revenue per line of advertising and per copy sold, total revenue and expense, and net profit or loss.

A comparison of the 1957 and 1961 figures shows that Times volume, revenue, and net profit increased substantially in 1961. Mirror volume and revenue dropped considerably and net loss increased about 22 percent. Examiner volume and revenue increased to some extent except for classified advertising volume and revenue which decreased about 30 percent. The net loss of \$996 thousand for 1957 was reduced to \$294 thousand in 1961, after elimination of termination expense from 1961 expense. Herald-Express volume and revenue increased, especially classified advertising and circulation volume. Although classified advertising increased about 70 percent, the increase had little effect on revenue because the rates dropped and total volume in 1961 was still relatively low. Circulation increased about 14 percent as compared with Times increase of 17 percent, Examiner increase of 5 percent, and Mirror decrease of 9 percent. However, although Herald-Express total revenue increased from \$13 million to \$14 million, total expense increased from \$14 million to \$16 million, resulting in an increase in net loss from \$1 million in 1957 to \$2 million in 1961. Conversations with Hearst personnel lead us to believe that the apparently less economical operation of the Herald-Express as compared with the Examiner was due mainly to less efficient Herald-Express management and more union problems.

In connection with our comments relative to charges for the American Weekly and Puck-The Comic Weekly on pages 9 and 10 of our report on the Hearst newspapers, we obtained some data for comparative purposes at the Times-Mirror Company on revenue and expense for This Week magazine and the comics appearing in the Sunday Times. As shown in our working papers D-8 and D-9, the Times prints the comics in its own plant and purchases the required copies of This Week magazine from the United Newspaper Magazine Corporation (UNMC).

The Times earns revenue on advertising published in the comics and shares in the revenue from advertising in the Pacific Coast edition of This Week magazine with UNMC and five other west coast newspapers. Accounts are maintained for some of the expenses applicable to the comics but not all of them. Based on available expense data and estimates furnished by Mr. M. N. Day, Controller of the Times-Mirror Company, it appears that the expense applicable to the Sunday comics for the years 1957 through 1961 amounted to a minimum of about \$3,900,000. Revenue for the same period totaled about \$1,400,000, resulting in a minimum loss of \$2,500,000. During the 5-year period the Times earned revenue of \$7,800,000 from advertising in This Week magazine and incurred purchase and freight expense of \$6,700,000, thus realizing a gross profit of \$1,100,000.

The net loss of \$1,400,000 incurred by the Times on Sunday comics and This Week magazine for the 5-year period compares with a net loss of about \$3,800,000 incurred by the Examiner on the American Weekly and Puck-The Comic Weekly. The Examiner loss was arrived at by deducting revenue of \$550,000 earned on advertising in the Puck-The Comic Weekly, as shown in working paper A-11/1, from charges of \$4,365,000 for the two weeklies, as shown on page 10 of our report on the Hearst newspapers. In comparing the losses for the two newspapers consideration should be given to the fact that Times Sunday circulation exceeded Examiner Sunday circulation by about 30 percent, as shown in working paper D-3/1. If Times circulation had been the same as the

Examiner, the loss incurred by the Times would have been less by some indeterminate amount.

As had been agreed, we told Mr. Day at the conclusion of our examination what information we had obtained from the records of the Company and included in our working papers. We advised Mr. Day and Mr. Roop, Chief Accountant of the Los Angeles Division, Hearst Publishing Company, Inc., that we might have to return to obtain additional information.

Attached are seven copies of this letter and three bundles of working papers covering our examination at the Times-Mirror Company and the Los Angeles Division of Hearst Publishing Company, Inc. A copy of our report on the Hearst newspapers, which shows the working paper source for the figures in the report, is filed in front of the first bundle of working papers. We have also filed the identification letters issued by Congressman Emanuel Celler to Mr. C. N. Ingraham and me in front of the first bundle of working papers.

We received excellent cooperation from both Times-Mirror and Hearst personnel.

We hope that the information furnished will be helpful for your purpose. We would be glad to obtain any additional information requested. Mr. Ingraham and I would like to express our appreciation for the opportunity to work with the Antitrust Subcommittee.

Sincerely yours,

S. M. SHULMAN.

The CHAIRMAN. That will terminate this aspect of the newspaper inquiry. Our next meeting will be announced subsequently.

(Whereupon, at 4:25 p.m., the hearing was recessed, to reconvene at the call of the Chair.)

