

sentence which reads, "This service is for the exclusive use of said Chicago Sun in the City of Chicago," I do not know whether that clause was inserted after negotiation with Mr. Marshall Field or his representative. This is a special contract and it gets away from our form because our form does not cover the detail of this type of contract, and I am not sure whether this was at their suggestion or was just written into the contract because it was a part of our standard form. The fact is that it is in the contract, and the exclusivity under that contract covers all the terms of the contract. At the time this contract was executed the New York Tribune syndicate was selling features or other of its services to Chicago papers. As a result of the making of this contract with Mr. Marshall Field the Herald Tribune terminated its arrangements with the Chicago Journal of Commerce. That was not the only Chicago arrangement which the Herald Tribune had at this time, October 15, 1941. We were selling daily cross-word puzzles to The [fol. 2573] Chicago Daily News and ran them with the News, and did not include them in our contract with The Sun. We were not selling to The Sun under this contract cross-word puzzles, and thereafter we continued to sell cross-word puzzles to the Chicago News. And as to every part of our service which was covered by this contract of October 15, 1941, with Field, we did cease to serve any other Chicago papers.

A similar provision as to the exclusivity is in the sixth paragraph of Plaintiff's Exhibit 2, the contract between the New York Tribune Inc. and The Chicago Sun of March 25, 1943.

(The first page of the Herald Tribune of April 15, 1943, was marked Defendants' Exhibit No. 3 for identification, April 15, 1943.)

It is correct that I said that I do not go out to sell the news service very strenuously. We know just about the number of newspapers that will be interested in our news service. We know the type of newspaper and the size of the city where such a sale could be made and it is pretty well cleaned up and there is not much sense in making a great effort to sell that service in other cities. It is available to any newspaper in the United States except where restricted by the publisher of the Herald Tribune and where restricted by

sales to other newspapers. The New York Herald Tribune will not permit me to sell features in New York State east of Buffalo. It will permit us to query spot news. It is a part of the policy of the Herald Tribune not to have its syndicate service sell the Herald Tribune features in the State of New York east of Buffalo where there are competing newspapers. In our circulation territory in the State, where there were old sales they are allowed to go on with the features, but I was restricted perhaps fifteen years ago [fol. 2574] in the sale of our features in New York State and Connecticut and New Jersey. I do not know what the practice is with newspapers in the United States where a particular newspaper has anything to sell in the way of news and features, that is, as to whether it does not sell in the area covered by the circulation of its paper. As a matter of common talk, we will say the Chicago Tribune did not sell its features in a very wide territory for a long time. I do not know about whether The Chicago Sun does not sell its own features in a considerable territory but I guess they do not sell it very much anyway. We do not sell, for instance, the Lippmann column to more than one paper in a particular city. That is because we know that we cannot. We could not sell it to anybody, to any paper, if that paper knew that we could sell it to some other paper in the same field.

As to the advertising material used by the syndicate, it is an intangible sort of a thing; usually we have from Walter Lippmann something we have already produced in a booklet, a circular, when we first put it on the market; thereafter we picked up from the New York Herald Tribune its promotion of its feature and have added it to our promotion and have sent it to a new customer in proof form with a suggestion for promotion. I do not think it would be very difficult to get together examples of that for you that we used for the year 1942. I think we could get it all out of our newspaper promotion department. We probably have a file on that. I will let you have that for the year 1942.

All of the city news which the Herald Tribune has available for sale is available to the subscribers to our full regular news service. It is merely hearsay that the Chicago Tribune is not selling their features or news written by their reporters to papers that compete with them in the states [fol. 2575] where they have the largest part of their circulation. That is the reason why the Herald Tribune does not

sell its features to papers east of Buffalo; they want to protect their circulation in that territory. The New York Herald Tribune does not want competing papers having a Walter Lippmann or Sullivan; I would like to sell it to them but they won't let me. I would like to sell it because I want to make a showing, but maybe the circulation department will object.

As to paragraph 7 of Plaintiff's Exhibit 2, which reads:

"The Chicago Sun shall have the right to query and receive information from the syndicate on news stories of special interest to Chicago from whatever points the New York Tribune, Incorporated, maintains news facilities."

I would not say that this means that The Chicago Sun can call upon us or the New York Herald Tribune to get them information concerning stories that they think are of special interest to Chicago, from any place where we have these 131 string men. My feeling about that is that it is from any of our regular established news centers. The original contract calls for \$600 a week and this one \$500. I would consider them a good customer. If they called upon us for something that they thought was of special interest to Chicago at a place in Maine, where we do not have a bureau, we would try to get it for them. As to whether we ever turned down any request of that kind, I doubt if we ever had any request, but we would not turn it down.

The second supplemental contract, the one marked Plaintiff's Exhibit 2, the one dated March 25, 1943, was signed by Mr. Evans. I conducted the negotiations with him. I conducted the negotiations on the first contract but not on the second contract. I talked with a salesman in Chicago on the second contract. The salesman was not talking with [fol. 2576] Mr. Evans. He was talking to the present managing editor of the paper and with the head of their feature department. I think Mr. Akers is the present managing editor of the paper.

By Mr. Kirkland:

My assistant did not tell me that they had told him that they had complained to the Department of Justice about the fact that The Associated Press would only sell to their members, that they would not sell to Mr. Field or the Sun. They

did not object to this exclusive feature being in there; they did not sign it. Where it says, "This service is for the exclusive use of The Chicago Sun in the City of Chicago," that meant that all other papers were out. Our features, with one or two exceptions, are news and comics. I knew that without that in there The Chicago Sun would not have accepted the contract.

Recross-examination.

By Mr. Rugg:

This exclusivity feature which was incorporated in paragraph 6 of the Sun contract is in substance in our printed form of contract.

(Page 26 of the New York Herald Tribune of April 15, 1943, was marked Plaintiff's Exhibit No. 3 for identification, April 15, 1943.)

[fol. 2576a] Reuters

[fol. 2577] US v. AP

ABSTRACT

Deposition of Donald Kimpton Rogers

Reuters, Limited

New York, April 16, 1943

Direct examination.

By Mr. Pfeiffer:

I am associated with Reuters, Limited, in the City of New York. I am manager of Reuters New York office. I have been manager two years. I have been with the New York office of Reuters since January, 1934. I have been in the United States practically all of the time since January, 1934. I have been back three times; the last time I was back was in August, 1939, in London. Reuters, Limited, is a world news agency. It was founded 1850 in London. It has correspondents in every civilized country in the world; it has had for many years, probably more than 50 years. I cannot tell you the date when Reuters New York office was estab-

lished, but Reuters had correspondents in New York in 1865 because in 1865 we had a two week beat of the news of Lincoln's assassination, in London, which caused quite a turmoil at the time. The Reuters correspondent had got the news and chased after the mail boat that was in the New York Harbor, threw a sack on board to the purser, and there was no other boat for two weeks so we had a beat of two weeks on Lincoln's assassination.

Reuters, Limited, has a contract presently in existence with The Associated Press. I am familiar with the basic principle of the contract. I have read it. Mr. W. J. Haley is a director of Reuters, Limited. He was a director on June 24, 1942, and has continuously since been a director. The document you show me is a duplicate original of the contract between Associated Press and Reuters, Limited, of June 24, 1942.

[fol. 2578] (Duplicate original of contract between The Associated Press and Reuters, Limited, dated June 24, 1942, was marked Defendants' Exhibit No. 4 for identification, April 16, 1943.)

Attached to the contract marked Defendants' Exhibit 4 for identification are three sheets, the heading of the first of which is "Heads of agreement," which purports to be signed with the initials of Mr. Kent Cooper and Mr. W. J. Haley. Those three sheets are duplicate originals of an agreement between Associated Press and Reuters, Limited, on June 24, 1942.

(Duplicate original of agreement between The Associated Press and Reuters, Limited, dated June 24, 1942, was marked Defendants' Exhibit No. 5 for identification, April 16, 1943.)

The paper which you show me is the original of a letter from Reuters signed by Mr. W. J. Haley, dated December 16, 1942, to Mr. Kent Cooper of The Associated Press. The carbon copy of a letter which you show me from Mr. Kent Cooper to Mr. W. J. Haley, dated December 22, 1942, is a correct copy.

(Letter dated December 16, 1942, from Reuters, signed by Mr. W. J. Haley, to Mr. Kent Cooper of AP, was marked Defendants' Exhibit No. 6-A for identification, April 16, 1943.)

(Carbon copy of letter from Mr. Kent Cooper to Mr. W. J. Haley dated December 22, 1942, was marked Defendants' Exhibit No. 6-B for identification, April 16, 1943.)

The New York office of Reuters, Limited, is chiefly concerned with the selection and collection of American news for cabling to Reuters' head office, London. Reuters has correspondents and reporters and string men in practically [fol. 2579] every important center in the United States; and in Washington we have a bureau. Reuters has three men in its Washington bureau at the moment. Reuters has 22 employees in New York, including all employees, operators and so on.

We have leased wires in the United States, wires leased from the A T & T for the supplying of foreign news service to subscribers in the United States. The New York office of Reuters receives news by wire and otherwise from London. We send American news to London from the New York office and we receive world news from the London office here in the New York office. That is a daily operation; it is continuous from 8 A. M. to midnight eastern war time on week days, and 1 P. M. to midnight on Sundays. The service is every day in the year. We receive news reports from London on teletype machines in New York. The Reuters news report of the world is transmitted to this country by radio. The reception is performed for us by an independent concern, on a fee basis, at Ridge Boulevard, Brooklyn. The news report is put on a wire in Brooklyn and transmitted to teletype machines in the Reuters New York office; so that except for the wire transmission between Brooklyn and Manhattan it is a radio transmission. The transmission of news from the United States to the Reuters London office is by cable.

We have arrangements with American newspapers under which we sell the Reuters news report in whole or in part to them. We do not maintain regularly any salesman or promotion man to effect sales of the Reuters news report, and we have not put on any promotion campaign in recent years for that purpose. At the present time the American newspapers that subscribe to the Reuters news service from the New York office are the New York Times; PM, an [fol. 2580] evening paper in the City of New York; Nowys-wait, New York City, one of the largest Polish language dailies in the United States; The Jewish Day, New York

City; The Daily News, Philadelphia; Times-Herald, Washington; The Chicago Sun; Denni Hlasatel, Chicago, one of the big Czech language newspapers. That is a total of eight newspapers.

We also supply Reuters news service from the New York office to American radio stations. They are Philadelphia, KYW; Cincinnati, WLW; St. Louis, KWK; WKAT, Miami Beach, Florida, an air-mail service. That takes care of the current subscribers. In 1942 we did not serve any additional American newspapers, but two additional American radio stations, KDK, Pittsburgh, and WAIT, Chicago. Reuters news service is available to all American newspapers and to all American radio stations. It is correct to say that there are no restrictions of any kind by any contract Reuters has that in any way limits it from supplying its news service to anybody who wants it.

By Mr. Kirkland:

Reuters has correspondents or representatives with the Free French and American armies in Africa; with the army in China, in Chungking; in Russia. They have representatives with the British Fleet, the American Fleet in the Southwest Pacific. Reuters is prepared, both on land and sea, now and has been since the war started to furnish complete war news from the different battle fronts.

(Discussion re Defendants' Exhibits 4, 5, 6-A and 6-B; copies are to be substituted for original documents which have been marked.)

[fol. 2581] Reuters has men in Australia and in South America; they have men practically everywhere.

Cross-examination.

By Mr. Rugg:

So far as the management of the American office of Reuters is concerned we have endeavored to observe that commitment which you read, under paragraph 7 of Exhibit 4, the basic contract now in existence between Reuters, Limited, and The Associated Press:

"All news exchanged hereunder shall be sent directly to the principal office of the party receiving such news for use and distribution, and in no event shall such

news be made available at any time to a competitor of the party furnishing it. The term competitor as used herein shall mean any person, firm or corporation engaged in the business of furnishing or selling news to others for publication in newspapers or for use in radio broadcasts in competition in its home territory with the party making the news available hereunder."

We do sell Reuters news in America to a news agency other than The Associated Press; we sell to Transradio Press, which is a news agency. Other than Transradio Press, Reuters sells news to no other news agency in the United States. We sell to Transradio Press only the United States news obtained from a Reuters source. The news that we get from The Associated Press is not sold to Transradio Press; and in effect no United States news is sold to Transradio because Reuters' files on the United States are obtained largely from The Associated Press. The news sold to Transradio Press is the incoming world service as supplied identically to the other subscribers in the United States, the papers and radio stations. We do not supply The Associated Press in the United States; The Associated Press gets a full Reuters report in London. But the service we supply to Transradio is the foreign news service similar to that which we supply to other subscribers [fol. 2582] in the United States. We deliver to The Associated Press our world news in London, rather than in New York. We deliver nothing to The Associated Press in New York and they deliver nothing to us in London; they make their full service available to Reuters in New York and we make it available to them in London; what we send and what they send is up to the respective staffs. We do not sell any news service, as distinguished from a particular newspaper, in this country. We do not sell United Press in this country. We do not sell INS in this country. Under the contract, Exhibit 4, The Associated Press gets our entire service in London.

I stated that we have twenty-two employees in New York; that is currently. During 1942 Reuters, Limited, had twenty-seven full time employees in the United States and one part time. The employees of the New York bureau were about twenty-two in 1942, as they are currently. The Washington staff has been reduced somewhat by the Draft in the last few months. In 1942 Reuters had no full time em-

ployees other than in Washington and New York. The total compensation paid by Reuters for these full time employees and part time employee in 1942 was \$75,936.06; that includes \$34.70 part time, and excludes termination pay.

I should say we have about fifty string correspondents in the United States. I do not have at hand the aggregate amount paid in 1942 to the string correspondents. It was considerably less than the amount paid to employees.

There were fourteen regular subscribers to Reuters foreign news service in the United States in 1942, other than daily papers; there being eight daily papers, that would be twenty-two in all. The total revenue received by Reuters in 1942 from the subscribers, other than the eight newspapers, was \$23,098.02. The total revenue received from [fol. 2583] newspapers in 1942 in America, the United States, was \$11,583.63. The sum of those two figures was the total income received by Reuters for the sale of news or news service in America.

All of the news service that we sold in America in 1942 was delivered, with the exception of the Miami arrangement, through A T & T wires. The total amount paid by us to the A T & T for all those circuits in 1942 was \$20,368.26. With the exception of those subscribers outside New York, Philadelphia and Washington the wire service rendered the subscribers in America was from 8 A. M. to midnight, eastern war time, on week days, and 1 P. M. to midnight Sundays. To the subscribers outside those three cities the hours of service were 4 P. M. to midnight, eastern war time, daily, seven days a week.

We do not have a standard form of contract for the sale of news to newspapers in this country. That is my signature that you show me on the photostatic copy of a letter dated March 14, 1942, signed by me and directed to the managing head of The Chicago Sun. That is the physical evidence of the contractual relations between The Chicago Sun and Reuters and that is the contract now in force.

(Copy of letter dated March 14, 1942, from Mr. Rogers to the managing head of The Chicago Sun was marked Plaintiff's Exhibit No. 4 for identification, April 16, 1943.)

This is a non-exclusive contract. In fact we sell the same service that The Chicago Sun gets to the Czech paper in Chicago; and in 1942 the radio station WAIT too. The

service that all three of those subscribers got was identical. This service is terminable by either party upon 30 days' notice in writing. All our arrangements for the sale of service to either radio stations or newspapers, other than The Associated Press, in this country are terminable on 30 [fol. 2584] days' notice. The service we sell The Chicago Sun and the other two subscribers in Chicago is limited to Reuters foreign news service; there is no domestic American news included. We do not sell domestic American news to anyone in this country.

To the best of my knowledge, it was June, 1941, when we started to sell our service to individuals or companies in America other than AP. At that time the contract of 1934 was still in force; this new contract was not signed until October. It was not until 1941 that we started selling subscribers other than AP in the United States. There is no prohibition in the 1934 contract against it.

By Mr. Rugg:

I do not know whether any of the eight newspaper subscribers of Reuters in this country, other than the New York Times, are members of The Associated Press. Reuters has been in operation for about ninety years, since 1850. Reuters is now owned entirely by British Press; it had a reorganization in the autumn of 1941. That reorganization was not under auspices of the government in England. Since the reorganization the directors, six in all, are now composed of two groups; three are representatives of the Newspaper Proprietors' Association; and three are representatives of the Press Association, which is a group of all the provincial papers. I have no connection with the Press Association, but I think most of the provincial papers are members of the Press Association. And the Newspaper Proprietors' Association is composed of the London papers. To the best of my knowledge, all the London papers are members of the Newspaper Proprietors' Association.

[fol. 2585] Under the contract with The Sun, Plaintiff's Exhibit 4, Reuters delivers that service in Chicago. We pay the line charges. As to whether we deliver that service west of Chicago, I am not quite sure whether St. Louis is west of Chicago or not. St. Louis and Chicago are the farthest points west. News that we gather, either through our bureaus in this country or from our string correspond-

ents, is not available and not sold by us to any subscriber in this country; that is very definite. An occasional item may slip through, coming back from London, but the service we sell is a foreign news service; the service we sell in the United States is a foreign news service. All that we sell in the United States comes from London.

Redirect examination.

By Mr. Pfeiffer:

So far as I know, there is no contractual relation which prohibits Reuters from selling to American newspapers American news collected by Reuters correspondents in the United States. If any American newspaper wished to publish the American news collected by Reuters, to furnish it to any body in the world, including American newspapers, radio stations and other news stations, Reuters is at entire liberty. As to whether UP or INS subscribe to the Reuters service in London or anywhere else, I believe that they do take a Reuters service in London. The United Press takes the Press Association service in London, not Reuters service. I do not know whether the Reuters service is available to the United Press. I do not know, offhand, of any contractual relation of The Associated Press that Reuters has which prohibits Reuters from selling its news service to the United Press. It is sold to the INS in London.

[fol. 2586] By Mr. Kirkland:

I don't know whether INS distributes it here to their own customers. These arrangements are all several years standing, and they were arranged in London and I have just the sketchiest information about them.

As to whether the letter marked Plaintiff's Exhibit 4 for identification, dated March 14th, was meant to be non-exclusive as far as English speaking newspapers are concerned—to be exclusive as far as English speaking newspapers in Chicago were concerned,—the problem never came up. As to why Reuters expressly reserves the right to sell the radio station in Chicago and does not expressly reserve the right in this letter to sell to any other English speaking newspaper in Chicago, there is no other English language paper in Chicago to sell to, this presumably being a supplementary service, an eight hour service. As to

whether, in view of our contract, Reuters would not make a contract with the Chicago Tribune to sell this service to them without first taking it up with The Chicago Sun, we would get all the business we could, make the best arrangement we could. It is subject to 30 days' notice of termination. We have no intention of serving the 30 day notice at this time. As to whether we would not make a contract with The Chicago Sun without either serving the 30 day notice of cancellation or first taking it up with The Chicago Sun,—we would feel as a courtesy that we would take the matter up with The Chicago Sun, just as ordinary business practice. When Reuters wrote this letter we never expected to get any other English language newspaper.

As to who owned WAIT when it was in existence, I have never even seen them. I do not know whether it was controlled by the Field interests, down at Hammond, Indiana. We sent their news to them at just WAIT staff in Chicago, Michigan Boulevard. We merely got the order from them and had the address. I do not know who signed the order. [fol. 2587] Reuters got it after it had The Sun. Reuters does not serve WAIT now; they discontinued in January of this year. I do not know whether they closed down. They said they had lost their sponsor, and therefore, owing to the drop in revenue, they could not carry on the service, but they might consider it at a lower price.

As to whether by this letter we really considered that The Sun was to have the exclusive right to Reuters' service, my feeling was that there was no other English language paper that we could sell it to, because the Tribune has such a great foreign news service of its own and so has The News, and it did not seem to be important whether it was sold to The Sun exclusively or not.

The contract with Mr. Patterson in Washington, of The Times-Herald, which you speak of, is just an exchange of letters; also with Mr. DeWitt I think of the Times-Herald. I don't know if it is today. He has no exclusive right to the Reuters service in Washington, but they are the only Washington paper that gets it. I think we did, at the time we were trying to get a subscriber in Washington in 1941, approach other English speaking papers in Washington. But since Reuters made the arrangement with her we have made no effort to sell to any other English speaking newspaper in Washington. And since Reuters made the ar-

rangement with The Chicago Sun we have made no effort to sell to any other English speaking newspaper in Chicago, to the best of my recollection.

As to whether The Chicago Times has a foreign service of its own, I do not know The Chicago Times.

[fol. 2588] By Mr. Pfeiffer:

I do not know what the Allied Newspaper Syndicate or Newspaper Service in Great Britain is. I do not know anything of the arrangement whereby The Chicago Sun syndicate, a news syndicate, has that Allied Newspaper Service in Great Britain for a news service. I have no knowledge of a news service supplied by The Chicago Sun syndicate to certain British newspapers.

By Mr. Rugg:

The New York Times is an English language newspaper. It is published in New York City. And PM is an English language newspaper and published in New York City. We sell both of them. The Jewish Day is not an English language paper. We sold the Times in New York before we sold PM. I think the Times took the service in 1942 and PM started sometime after that. There was nothing in the Times contract relative to exclusivity of our service in New York City, and there was no exclusivity clause in the PM contract. When we sold PM we did not confer with the Times about the propriety of taking PM as a subscriber. We just sold them.

The service that we deliver to the Times and the other American newspapers in this country does not include everything that is delivered by Reuters in London to The Associated Press. The Associated Press in London receives the full Reuters report. We only operate from 8 A. M. to midnight, so we will receive a partial report. The Associated Press may get more but it gets all that we sell here. Naturally editors writing without specific requirements in mind might enlarge upon some item or get additional background, etc. But as you have seen from the AP-Reuters agreement they have full access to Reuters [fol. 2589] service in London. AP has full access to everything that is sent to this country for sale by us to American papers here. I have explained some differences that may occur. The news we got here is somewhat edited or cur-

tailed. It may be expanded in certain categories; but expanded from the same basic sources that are available to AP in London. It would be an editorial expansion rather than a source expansion.

By Mr. Kirkland:

We began serving PM after we began serving The Chicago Sun. It is owned by Mr. Field, who is the owner of The Chicago Sun. He was not the owner of PM at the beginning. We served the Times in 1942. We started serving PM after we started serving The Sun. I cannot remember the date. I can find out for you. I can pick up the phone and ask the accountant.

(The witness telephoned to his office.)

PM started in March, 1942. The Chicago Sun started December 1942. The New York Times started August, 1941. PM is an evening paper. We did not have a written contract with PM or with the New York Times. There was merely an exchange of letters. I recollect the Times' one. It was just a letter from the managing editor saying, "This confirms that we will take Reuters' service, subject to one month notice of termination effective" so and so. No other clause, just one paragraph.

I do not know the circulation of the Czech paper in Chicago and I have no means of ascertaining the circulation. In the other cities where we sell Reuters' service to newspapers we do not have more than one customer in each town, that is, English language papers.

[fol. 2590] By Mr. Rugg:

Our New York office is primarily engaged in the sifting and editing of the AP news delivered to us here for transmission to London. We get their full service. And what we want is what we think is important from the world standpoint. The American subscribers on the 8 A. M. to midnight get an average of 16,000 words a day; those on the 4 P. M. to midnight get around somewhere between seven and nine thousand a day.

[Stipulation entered into that the signing of examination before trial by Mr. Rogers be waived, which was agreed to by Mr. Rogers.]

[fol. 2590a]

N. Y. Times

[fol. 2591]

ABSTRACT

Deposition of Edwin L. James

New York Times

New York, April 20, 1943

Direct examination.

By Mr. Pfeiffer:

I have been managing editor of the New York Times since April, 1932. I have been in the newspaper business 33 years. I have been with the New York Times since January 1, 1915. My experience in the newspaper field includes many years as European manager for the New York Times.

The average daily circulation of the Times for January, 1943, was 423,488; for February, 1943, 427,410; for March, 1943, 430,632. The average Sunday circulation for January, 1943, was 842,145; for February, 1943, 855,710; for March, 1943, 857,263. These were net paid figures.

New York Times has been a member of AP since 1886 and a subscriber to UP since 1939. When AP in 1935 ended its exclusive arrangement with Reuters, the New York Times took the Reuters service. It also took the service of the Standard News which collected news from the New York suburban area; also from the North American Newspaper Alliance, an association of 51 papers which covers routine news and feature articles; also from Aneta Dutch Agency, now run from London; also from the Overseas News Agency which is the successor to the Jewish Telegraph Agency; also from the Religious News Service; also from the Swiss Telegraphic Agency.

[fol. 2592] I have made a compilation showing the volume of AP and of UP material used in New York Times in comparison with the total news material including pictures. In the Sunday paper much of the material was peculiarly Times material in which no agency would by the nature of things appear. I therefore excluded from my compilation

material except the main news section, the financial section and the sports section. The compilation is as follows:

		AP News	AP Pics	UP	Total News
Monday	3/22/43	12	7	9	168
Tuesday	23	16	7	6	171
Wednesday	24	16½	3	4	178
Thursday	25	20	5½	6	185
Friday	26	17	5½	6	170
Saturday	27	12	5¼	6	173
Sunday	28	18	10¼	6½	175
		<hr/> 111½*	<hr/> 43½	<hr/> 43½	<hr/> 1220

* In addition there is an average of 15 columns daily and Sunday for stock market quotations (total 105 columns) supplied by the AP to several New York papers as a Special Service paid for separately from its regular service.

For Monday, March 22, the total news and pictures from AP and UP was 28 columns out of 168. The 140 columns remaining would be practically entirely news provided by the New York Times' own staff.

A year ago the City News Association was disbanded and AP set up a local news service which is paid for by the [fol. 2593] New York papers. The most valuable part of that service was the tip service. At 9 o'clock in the morning the city editor was given a list of 20 things going on that day which the Times would cover itself if important enough and the rest would be left to the AP local service. Ninety-five per cent of the news of the Times was neither AP nor UP. The week of March 22, 1943, was a typical week.

The cost to the New York Times for the year 1942 for salaries for collecting domestic news was \$1,531,166.75. In addition it paid \$34,471.40 to string people and \$120,812.26 allocated to local and domestic expense which included largely traveling expenses. It also expended \$59,210.45 for domestic telegraph dispatches. The total expense for the collection of domestic news was \$1,745,660.86. There might be some overlapping in the figures because a large part paid to AP and UP would be also for domestic news.

The New York Times in 1942 made the following expenditures for the collection of foreign news:

Salaries	\$195,798.73
Space payments and miscellaneous news services	40,354.30
Expenses	170,889.26
Radio department—that is receiving radio, salaries and expenses.....	10,878.65
Cables, wireless and transoceanic telephone	213,862.07
Total.....	<u>\$611,783.01</u>

[fol. 2594] The item for space payments includes payments to string men in foreign countries and payments for special articles by men not on the Times staff.

The breakdown of the expenditures of the Times in 1942 for wire services is as follows:

The Associated Press, news as distinguished from photographs.....	\$ 86,297.33
(This figure includes payment for financial tables but only a small amount for the cost of the local AP services because this did not get in to operation until near the end of 1942.)	
Associated Press, photographic.....	56,933.22
(Includes wire services for about forty thousand dollars odd.)	
United Press	28,134.37
North American Newspaper Alliance....	26,024.19
Standard News Association.....	12,775.00
The Institute of Public Opinion, that is the Gallup poll	3,250.08
New York City News.....	14,017.25
Miscellaneous	5,044.94
Total.....	<u>\$232,476.38</u>

The expenses of the Times in 1942 for photographs, exclusive of the amounts paid for that service to AP are:

Domestic Salaries	\$ 71,426.83
Photographs (purchased from other agencies)	56,837.22
Domestic expense	20,842.49
Foreign salaries and expense.....	9,769.69
Total.....	<u>\$158,876.23</u>

[fol. 2595] The 1942 expenses of the Times for Sunday department are as follows:

Salaries	\$168,473.58
Articles	130,988.32
Expenses	9,603.82
Communications	11,502.55
Foreign expense	615.50
<hr/>	
Total	\$321,183.77

The total expenditures by the Times in 1942 for the collection of news is \$3,069,980.25. This figure does not include salaries for executives, social security taxes, life and compensation insurance, telephone charges (exclusive of tolls), cost of syndicate department (\$57,528.00).

The Times employs 452 people to collect the local news in New York City. This figure includes not only the City Room but radio news, drama, screen, sports and financial. The Times employs 24 persons in the collecting of news in Washington. In the United States in addition it employs 427 in the collecting of news, a large proportion of which are string men which are employed in the largest communities. The New York Times also has access to the Baltimore Sun News Bureau which supplies the state news of Maryland. It receives news service of the Philadelphia Inquirer which collects the local news of the eastern half of Pennsylvania, including the capital. It also receives the news of the Chicago News Bureau which delivers local news of the City of Chicago. It receives the service of the Chicago Tribune News Bureau which has an extensive news organization west of the Mississippi. Under its contract with the Chicago Tribune it has the right to any Chicago Tribune foreign news which it would like to use. It receives the news of the Los Angeles Times Bureau which supplies the news of Southern California, and it receives the news of the San Francisco News Bureau which supplies the local news of the Pacific Coast from San Francisco to the Canadian border. This news is turned over to the San Francisco Bureau of the New York Times.

The New York Times has correspondents throughout the country. A proportion of the total news in the New York Times which is domestic news of the United States, excluding local and Washington news and also foreign and

sport news during the war period is about 10 to 12 per cent and before the war period about 20 per cent.

New York Times employs 63 foreign correspondents, including those regularly employed and string men. The string men serving foreign news had exclusive arrangements with the Times. The Times receives about 450,000 words at night in foreign news and prints about 150,000. There is no difficulty in obtaining the services of string men in either the United States or in foreign countries. But the best string men in this country may be limited in number. No one could be stupid enough to make a contract with a city editor of a newspaper without getting the permission of his newspaper to the contract. (See p. 259 of the examination.) The Times prefers to use the stories of its own men unless an AP or UP story is outstanding, or unless we like it better than our own story.

Sometimes an AP story comes through first, sometimes a UP and sometimes our own story comes through first. We try to benefit from the breaks which each receives. [fol. 2597] At the outbreak of the war in September, 1939, the Times had 69 foreign correspondents. This was the approximate figure during the period from 1933 to 1939. This figure was somewhat disturbed when Hitler took over the Ullstein Agency of Germany which the New York Times had used for news from Germany and the Balkans.

New York Times has correspondents in the following towns: Moscow; Ankara; Cairo, Stockholm; Rio de Janeiro, Lima, Santiago, Bogota, Caracas, Colon, South America; New Guinea; Bermuda; Mexico City; India; Havana; Kingston, Jamaica; Jerusalem; Sydney, Australia; Lisbon, Portugal; Dublin; Gibraltar; Chungking; Wellington, New Zealand; Honolulu; Ottawa, Canada; Toronto, Montreal, Winnipeg, Halifax, Vancouver. Immediately before the outbreak of the war in 1939 the New York Times had correspondents in Paris; Madrid; Rome; Berlin; Tokio; Vienna; Manila; Prague; Amsterdam and The Hague in Holland; Budapest; Brussels; Copenhagen, and in Greenland and Iceland through Copenhagen.

It has news arrangements with Reuters, the Swiss Telegraphic Agency, and Aneta Dutcy Agency. Before the outbreak of the war it had arrangements with German DNB (Dutsches Nachrichten Buro), with the Domei Agency, a

Jap news agency, with Havas in France, and Tass in Russia.

Times has no technical arrangements with foreign newspapers but "untechnically" it has arrangements with the Times, of London. It buys the service of the Times of London which has a world wide service. This news is available at the New York Times London Bureau. It also receives news from the Montreal Gazette. The New York [fol. 2598] Times also has a news arrangement with the Boston Herald. The Montreal Gazette does not have a similar arrangement with any other American paper. The New York Times had had an arrangement with Asahi, a Tokio paper, and with the Petit Parisian in Paris. This latter paper was used to obtain news from the provinces of France.

Times has 6 men assigned to the Armed Forces of the United States and foreign Armed Forces. There are 8 correspondents of the Times in London. AP, UP and INS also have correspondents accredited to the Army and Navy.

Other papers than New York Times also have correspondents so accredited. Some of these are The Chicago Daily News, The Chicago Tribune, Baltimore Sun, New York Sun, New York Herald Tribune, World Telegram, New York News. The papers mentioned are those which I happen to recall now; Editor and Publisher has the full list. The radio people and the picture outfits also have correspondents.

The Signal Corps set up a circuit in North Africa which was good until it got flooded. It was not available to all correspondents but was available in theory to those who wanted to publish a story the next morning. It was not permitted to use them for a feature story. It was available to UP, AP and INS for spot news.

On April 18th they set up the Mackay Service with the FTT. The 1942 total expenditures of the New York Times for newsphotos other than the AP was \$158,876.23. Practically \$100,000 of that was spent in making photos by the New York Times and \$56,000 is purchasing outside photos. [fol. 2599] The AP picture service has been developed to a point where it is really an AP wire photo service. The International Newsphotos, the Hearst outfit, are in the office every day trying to sell pictures and it is a good service. There are in New York I suppose twenty serious

picture organizations. There is the British combine, the Black Star, International, Sovfoto. They change their names all the time. Many of them obtain their pictures through underground methods. Before they come in with these pictures they go first to Life because they pay the biggest money. They come to AP too. They sell them just like potatoes. This last statement applies to the commercial ones and not to those like the British combine. I will obtain a list for you.

Since we took the AP wire service we have not used our own wire photo transmission machines. The Times did develop its own wire transmission machines.

You have to rent the wire by the year but we had something where they put a small induction coil on the telephone box and they could call you up no matter where you were and you would switch on your machine and the picture went along. It took seven minutes. When that was over you paid for two or three telephone calls instead of renting the wire all day. We do not use this method. I do not know who uses it.

We have a bureau in London with seventeen employees including secretaries. We have one at Berne with five employees, Chicago with two employees, San Francisco with one employee, Philadelphia with two employees and [fol. 2600] Atlanta with one employee.

The Times has a syndicate service, a limited service. We place at the disposal of eleven newspapers the proofs at night and also because of the long delay the carbon copies of cable stories. These are placed at the disposal of the correspondents of these newspapers. In addition to which we have three or four papers for which we file.

We have arrangements with various American newspapers and some foreign newspapers whereby the news report which is available to the New York Times is available to these American and foreign papers which subscribe to our syndicate service. There is no very great effort made to sell the service. We have no one on the road. They write in and ask us a price. We give him a price and he takes it or leaves it. We have ten or twelve newspapers which are taking such service. We sell a complete service, not pieces of it and do not put out pony service. You could make money with a limited service. Many papers reach a saturation point quickly.

The following is a list of the subscribers to the New York Times Syndicate Service and the amounts they paid to the New York Times in 1942:

Baltimore Sun (which quit during the year)	\$ 7,085.72
Boston Herald	15,600.00
Buffalo Courier	11,350.77
Chicago Journal	1,221.43
Chicago Tribune	26,600.00
[fol. 2601] Chicago Tribune—New York News Syndicate	15,471.67
Milwaukee Journal	12,220.00
Philadelphia Record	15,440.17
St. Louis Globe Democrat	13,000.00
Washington Post	753.04
Australian Papers	5,720.00
La Nacion	2,400.00
El Universal	3,120.00

La Nacion is published in Buenos Aires. El Universal is published in Mexico City. The total received by the New York Times syndicate service is \$130,102.80.

The New York Times arrangement with the Boston Herald is that they take our service here and pay us \$15,000 and maintain a correspondent here and a leased wire. They operated the Boston Herald News Bureau up until January of last year when they announced it was dead but it still hangs on a bit. We asked them to cover things for us in different places in New England where we do not have a correspondent. They do it, send us a bill and we pay it. They have taken the New York Times foreign service since the last war.

The arrangement with the Chicago Tribune is that they pay us \$500.00 weekly for the news service as a basic payment and 80 per cent of all additional revenues in excess of \$250 per week obtained by the Tribune west of the Mississippi as a result of this agreement. The Chicago Tribune-New York News Syndicate is the same thing.

[fol. 2602] The payment of \$26,600 by the Chicago Tribune is for their use of our material. The payment of \$15,471.67 has to do with the syndication of our material. The reason for the name syndicate is because the Tribune supplies certain material to the New York Daily News and we would not allow the Tribune to send back to New York the story they got from us. All of the Times routine news

except the Sunday features and the editorial columns is available to these newspaper subscribers.

The wordage available is 75 to 80 thousand words a night. A majority of the newspapers have representatives at the Times office in New York. There is a long line of hooks and the correspondent sends his boy there and cleans the hook off every five or ten minutes and he looks it over and sends what he thinks is needed. Some of them send a query to the editor and the editor will tell them what he wants.

The correspondent of each paper is doing in New York exactly the same thing as our London correspondent does with a mass of stuff. There are about ten of these correspondents of subscribing papers located physically in the New York Times New York office. There is a great variance in the number of words sent by these correspondents to their home papers from the New York Times news reports. The Chicago Tribune sends about 30,000 words daily. The Philadelphia Record sends 15,000 to 20,000 words a day, the Boston Herald about 15,000 words, the Buffalo Courier Journal 15,000 words, the Milwaukee Journal 4,000 words, the St. Louis Globe Democrat 4,000, La [fol. 2603] Nacion 3,000 words, the Australian papers 1,000 words. The Chicago Tribune has an additional 5,000 words for the syndicate.

The Australians have five or six rooms in New York in the Times Building. They have a staff of twelve men which they moved from London. Most of their material is written by them and when rewritten it is not entirely New York Times material.

The New York Times could publish the kind of a paper it is publishing now without AP and without UP. It would not be as complete. It could publish a newspaper, a fairly good one.

The Evening Standard of London also takes our news service. It is in the same category as La Nacion but not in the category of the London Times. We buy from the London Times but do not buy from the Evening Standard.

The Evening Standard is an evening paper, a tabloid in London.

Cross-examination.

By Mr. Rugg:

It is difficult to say how long the Times has been operating foreign bureaus. Preceding 1914 we had a bureau in London

and one in Paris. I spent 50 per cent of my time from 1919 until 1925 organizing the European service. Prior to the time I started on that endeavor the European service the Times was maintaining was not comparable to the service it is now maintaining except that the Times maintains an extensive war service. During the World War a good part of the prominence of the Times after the war was due to its coverage of that war and that is where Mr. Ochs got his appetite for foreign news. We published more about the [fol. 2604] war in 1914 to 1918 than any other paper over here.

It takes a considerable length of time to develop the kind of service that New York Times maintains. It would take more time abroad than here. Abroad it is a case of trial and error.

We were still adding bureaus up to 1924. It was not like Kent Cooper's organization. If they were going to do what the Times was starting out to do they would send twenty people to do it and it might be done quickly. Mr. Ochs was by no means certain about this thing. He asked me what it would cost. I gave him a figure. He said go ahead and try it. We first had two men in Paris, then four men. In London we had two and made it five. We had a man in Berlin and rented an office there. This thing could have been done quicker. It would take a long time to go all around. It involves a substantial amount to establish a European service. Everybody is apt to charge the Americans.

The Wall Street Big Board, Wall Street Curb and Wall Street Bond Market have tickers in a room about the size of this. They ran along a long table and various fellows took down the stocks which interested them. We would have on the Big Board fellows working from A to H and one from H to Z and they would make up these tables. These sheets of paper when completed would be sent to the composing room and set up. It took sixteen statisticians to do the job.

Kent Cooper said one day he did not see why the Herald Tribune or Times did not have AP do it; AP had to do two-thirds of the work anyway. They could add a few more statisticians, say ten, then save a few thousand dollars and so they did. We have still got the tickers in the office for [fol. 2605] other purposes. If we could get the statisticians we could resume that in twelve hours. That is not a part of the regular AP service. It is paid for separately. We

are entitled to get from AP the regular financial columns but we don't take it. We do not want it.

We show a range for the year, the high and low bid and at the end the closing bid, asked bid and net changes. We would not be on the AP wire and it would not serve our purpose. No New York papers use the regular AP tables—Oh, the News and Mirror might, tabloids. The Sun makes its own, The World Telegram makes its own, the Wall Street Journal makes its own. We do not sell the financial tables as part of our service to any of our correspondent papers. No one wants them. Outside of New York the AP tables are sufficient in the judgment of the editors of the papers. Our tables are more complete than those the AP sends out of town. The AP tables which are sent out of town give the opening and closing prices and the net change but they do not give the range for the year, the closing bid and asked price. The Baltimore Sun sets its table in one column and we set ours in a column and a half. There are two lines of figures more. AP undoubtedly could supply the out of town papers if they wanted it but they do not want it.

According to our city editor the largest value of the New York City News is its value as a tip service. On the morning paper the staff goes to work about two o'clock. The city editor comes in about half past nine or ten. This service tells him the routine things that are going to happen that day. When the City News died a lot of papers wanted to drop the whole thing. They said they could put on a few [fol. 2606] reporters and do this and save the money it was costing, which was plenty, but it was decided that AP would try it for three months. They hired forty per cent or more of the City News staff. We had to have some way to get the news and we were in favor of their taking it up. You have to have the local ends and the local papers owe to AP their local news and spontaneous news origin. It works very well. We do not call it an AP service. We call it a local. If we publish a story without further investigation we do not run it with an AP by-line.

The news that comes in on the local AP ticker is not the type that other papers are interested in. I would not say that none of it is used by the syndicate. The purchasers of syndicate news wish war news, Washington news and Wall Street news.

On any local story which the correspondent of the Boston Herald, the Post Dispatch or the Milwaukee Journal would think important, we would have our own story. The syndicate sends out ten times as much Washington news as local news, barring sports. If any story started coming in over the local ticker which we thought was important the city editor would immediately put a reporter on it. If there was a sensational story by the AP wire, an editor in St. Louis would say whether he wanted the Times story but if he published the Times story it would be written by a New York Times reporter.

All of the subscribers to the syndicate service are also members of AP. The service which they get from the syndicate is additional and supplementary service to what they get from AP. If our syndicate sent out a story supplied by the local AP without changing a comma, the AP would not have any kick.

[fol. 2607] The cost of covering local and domestic news which I gave as a million and a half consists of salaries. It does not include people on the publishers payroll, of whom Mr. Arthur Krock happens to be one. That payroll is eight per cent of the total. The publishers payroll consists of the executives of the paper. Mr. Krock is head of the Washington bureau and also writes. The Arthur Krock stories are not sent out by the syndicate because that is editorial matter; also we consider the material of Mr. Baldwin, Mrs. McCormick and Mr. Daley editorial. None of their columns is sent out by the syndicate. Baldwin wrote three stories from North Africa. Arthur Krock twice a year writes a piece for the first page; that is a news story. It depends on what the format is. If it was set column and a half measure it is editorial. Louis Stark's column is news.

When the Wide-World photos were disposed of the New York Times kept the Wide-World morgue but they had the right to take it if they wanted it. The original plan was that the pictures would remain in Forty-third Street open to AP. Later on AP decided to move the major part of the Wide-World files to Rockefeller Center, leaving them open to the Times. These files do not represent all of the picture files we had. We took three or four million more pictures.

There is no one who writes editorials who is included in the foreign list of salaries. All of the foreign stories except those for the Sunday Magazine or Review of the Week are

available to the syndicate subscribers, but the Sunday Magazine, the Review of the Week stories, either foreign or [fol. 2608] domestic, are not part of the syndicate service. No photographs are sent on the news syndicate service. There is no relation at all. Whatever is done about photographs is done in complete harmony with AP. We agreed to stop syndicating pictures in the United States on a general basis. That was done at the time Wide-World was sold. It was part of the deal. It is very complicated. We had these picture machines set up and we did not want to keep all these machines going and pay AP \$50,000 a year for its service so we discontinued those machines. There were some contracts which ran on but the whole thing is still in a state of flux. One kind of picture we have a right to sell and another kind we do not. A picture we make ourselves in the studio, we can sell. When we buy a picture we sometimes buy the exclusive New York publication rights.

The item of \$321,000 under Sunday Departments covers material, none of which is available for the syndicate service. I do not know whether that is true of the Photographic Department item of \$158,000.

We thought the picture business was costing too much for what we got and we got rid of it and went into the other deal to see if we could not save some money. We saved some but not as much as we thought.

None of the news acquired by the New York Times as the result of the expenditure of \$232,000 is available to the subscribers of the New York Times syndicate except the Standard News Association matter.

The total of \$3,069,980.25 expended by the Times for the [fol. 2609] acquisition of news is spent in the acquisition of news independently of the news services and is not available to other newspapers except for \$86,000 paid to AP for news, \$56,000 paid AP for photographic news, \$28,000 paid to UP and \$26,000 paid to North American Newspaper Alliance.

New York Times is a subscriber of AP and of UP. The majority of the string relations with city editors are with editors of AP papers.

In considering whether the New York Times could run without AP or UP I did not consider the possibility of trouble in getting some of the string correspondents if we were not a member of AP because we continued to be a member of AP. The question whether we could exist without AP membership is an unrealistic question because

if AP no longer existed there would be one situation, if AP still existed there would be another situation, if AP were replaced by another organization there would be a third situation. To consider whether the New York Times could operate without AP if AP still existed "is a crazy question." I cannot conceive of it. So long as AP is now operating as it is the New York Times will continue to be a member. I never thought any other way about it.

As to whether a morning newspaper under present conditions of AP could operate without AP service would depend largely on what kind of a paper it was. It is a question which I cannot answer because with respect to the New York Times there are not twenty papers in the country that make the same allocation of news in the country and give the same importance to it. You have got differences even in one city. In Boston the Boston Herald will have an eight column headline on the war and most of the front page will be about the war. The Boston Globe will have two columns on the war and a girl story with eight columns. It depends on what it tries to do and who caters to it. A lot of papers are operating without AP. I do not know whether any are doing it that have over 25,000 circulation other than the Chicago Sun. Without an AP membership, under the conditions under which AP is operating today, it would take some effort, some money to establish the kind of string correspondents that the New York Times has established. If the paper was not an AP member it would make a difference in the difficulty of establishing a system of string correspondents. It would be more difficult but if you could not get a city editor would not mean that you could not get a correspondent in that city. I would rather have the city editor as sources of a greater volume of news.

Examination.

By Mr. Kirkland:

Nearly all the metropolitan dailies, or the largest ones, have a Washington bureau. The Chicago Sun has a Washington bureau of eleven people. They have a news service and it includes Washington news. There are certain correspondents that have access to the galleries of the Senate and the House that serve seven or eight different smaller newspapers. There are a hundred of them.

It is not difficult to get words from Washington but there are not any number of comprehensive coverages. They cannot give a comprehensive coverage with less than a [fol. 2611] dozen men. There are a number that give comprehensive coverage but not a large number.

We buy from the Times of London and sell to the London Standard. Other London papers have arrangements with American papers. The Daily Telegraph has arrangements with the Chicago Tribune, the Manchester Guardian with the Baltimore Sun. There are a number of such associations. The Times of London has a very wide coverage of news through their spirit of cooperation with the British foreign office. It is very helpful to them and to the people who get news from them. Our arrangement with The Times of London is exclusive for the United States.

We serve the Standard. They pay us here in New York for an office and news service.

The news we get from the Times of London is available to our syndicate subscribers. The coverage from the Times of London has a value, not as a routine coverage but as a protective coverage. It does not make any difference to us that the Times of London has two men in North Africa because we don't use any of that stuff. In some out of the way place something will happen and it will have a fellow there. That is true to some extent of any news agency. It is a sort of insurance even with the AP.

We have 400 some odd string men throughout the country. The AP has three times that many. The string men do not send any news on their initiative. They are sent on a query, sixty or seventy per cent.

We have string men in every state capitol in the United States and every large city.

[fol. 2612] Our arrangement about serving London Standard is exclusive as to them in London, subject to their agreement. Frequently the story is of a nature they do not wish. The story that they want they have the exclusive right to for 24 hours.

Take the Baltimore Sun, we would not sell to any other people in Baltimore without their consent.

We sell to clients in Milwaukee, Boston and Buffalo the value in the newspaper articles for their circulation territory. As to whether that is common in the newspaper business, we consider it here as fifty miles from Times Square.

That is not common in the news agencies. Roy Howard will sell anybody a bunch of news that will pay for it anywhere, won't he?

About features like the New York Times service, "Why in the world should St. Louis Globe-Democrat pay us \$25,000 if another paper has a right to the same stuff?"

Editorials are not syndicated. They are outside of any agreement.

The spot news is available to the syndicate. The magazine story has to be good for two weeks while a daily story has got to be good tomorrow morning. The primary purpose of having the foreign correspondents is for the spot news service. The special story is secondary.

There are as many correspondents in the United States as there are newspaper people. That is always velvet. There are lots of them not capable of doing it. They do not have the facilities. A college man would not be any [fol. 2613] good as a string man except for that college. The best man in Yale could not cover a city election in New Haven. A man in Harvard might do better; he is farther away. A copy reader would be very unsatisfactory as a string man. I would rather have an office boy than a copy reader.

Cross-examination:

By Mr. Rugg:

The contracts for the syndicate are exclusive for the areas to which we sell, Baltimore, Philadelphia, Boston, Chicago. They are terminable on ten minutes' notice.

We are good members of AP and endeavor in the publication of our syndicate to abide by the rules of AP insofar as they are applicable.

Mr. Rugg offered page 5 of the New York Times of Tuesday, April 20, 1943, which was marked plaintiff's exhibit No. 5 for identification.

For many years the New York Times has published the following: "The Associated Press is entitled exclusively to the use for republication of all news dispatches credited to it or not otherwise credited in this paper and local news of spontaneous origin published herein. Rights of republication of all other matter herein are also reserved." This

is a statement of policy that I as managing editor endeavor to maintain.

[fol. 2613a] Los Angeles Times

[fol. 2614] U. S. vs. AP

ABSTRACT

DEPOSITION OF L. D. HOTCHKISS

Los Angeles Times

New York, April 21, 1943

Direct examination.

By Mr. Pfeiffer:

I am managing editor of the Los Angeles Times, a daily morning paper in Los Angeles, California, and have been since 1934.

The approximate circulation daily is around 245,000 and Sunday it is about 510,000. The other morning papers in Los Angeles are the Los Angeles Examiner and the Daily News.

The Los Angeles Times has a leased wire through to the City of Washington, which loops through Chicago. We have a Washington office. We buy the Chicago Daily News foreign service, the New York Times foreign service and the Chicago Tribune Press Service. The correct name is Chicago Tribune Press Service, not Chicago Tribune-New York News Syndicate service. We receive the reports of AP and UP. We first took the United Press South American service in the later twenties or the early thirties, and a few years later took on their night service, their complete service.

We have been a member of AP since 1900. We have what is known as the Los Angeles Times News Bureau. We sell news, pictures and mats to other American newspapers, but do not sell to any foreign newspapers. I have a list of the American newspapers which were served by the Los Angeles Times News Bureau in 1942, but I did not bring it with me. I identify what you show me as a list of the newspapers served by the Los Angeles Times News Bureau in 1942.

(List of American newspapers served by the Los Angeles Times News Bureau in the year 1942 was marked Defendants Exhibit No. 8 for identification, April 21, 1943.)

[fol. 2615] There are 74 newspapers on that list.

Cross-examination.

By Mr. Rugg:

Of the 74 papers to which we sold news in 1942, none of them takes news regularly and daily from the Los Angeles Times.

Years ago we had a leased wire with the San Francisco Chronicle, but that has been discontinued. However, each evening we query them with what news we have, and they can or may or may not order from the list. I refer to local news; we query them with what local news we have.

We run a column known as the Tom Treanor's column. Mr. Treanor is now in Burma. He has been in Africa; he writes a war column, and we have sold this to the San Francisco Chronicle. They started buying this column three or four months ago. Mr. Treanor is a full time correspondent of the Los Angeles Times. The Treanor column is not sold to any other paper.

On Sunday we run a column known as the Phil Schur column. The Chicago Tribune has been buying that column for the past few months. It did not buy it during all of 1942. No paper other than the Chicago Tribune buys this column.

As to the rest of the papers shown on Exhibit 8, it is primarily a query service which we furnish; that is, we service these newspapers on request. Frequently a long time, as much as ten or twelve months, will elapse between queries from any particular paper. The list on Exhibit 8 merely means that each one of those papers at least once during the year 1942 queried us and received a response.

The total revenue received by us in 1942 for all the services rendered to the papers listed on Exhibit 8 was \$7,001.43. [fol. 2616] I cannot tell you how much of that was for the Treanor column sold to the Chronicle in 1942 because I do not recall the date they started it. They pay us \$25 a week for it. I cannot give the exact figure on the Phil Schur column. I do not know how much of the total revenue would

represent the sale of the Schur column to the Chicago Tribune. We get \$15 a week for it, but I do not have the starting date.

We take five services. The service we take from the Chicago Daily News and the New York Times is limited to their foreign service. The New York Times service is not their complete syndicate service, it is their foreign service. That comes daily. The Chicago Daily News service is likewise limited to foreign service, and it comes daily. The Chicago Tribune service, as distinguished from The New York Times and Chicago Daily News, is their complete news service; and that comes daily. In addition, we take UP and are a member of AP.

I would say that the Chicago Daily News, the New York Times and the Chicago Tribune services are considered as collateral to and supporting the service we receive from the AP and UP. Of the three, the Chicago Daily News, The New York Times and the Chicago Tribune, the Chicago Tribune is the only one that has any domestic news.

(Note: The witness was asked if it is fair to describe the three services, the Chicago Daily News, The New York Times and the Chicago Tribune as supplementary services. The question was objected to.)

With respect to the question, that is a matter of opinion. As to my opinion, I would say that you could put out a very complete newspaper as regards the foreign news with The New York Times and the Chicago Daily News foreign service.

[fol. 2617] The Los Angeles Times is not limited to foreign news; we could not successfully run a newspaper in Los Angeles limited to foreign news. It is necessary to have a complete coverage of domestic news. By domestic news I mean the news of America, the U. S.; and we get domestic news primarily from the AP and UP and CTPS, qualified by excluding local Los Angeles news, of course. We do not use all three equally. I would say we use more AP news than the other two, because we take AP, their 24-hour service, and we take UP, their morning service.

Our deadline for the first edition is 4:30. Our UP wire does not open until 4:00 in the afternoon, and our Chicago wire does not open until 4:00 in the afternoon; consequently,

we must get, during the day, a lot of copy in order to come out at that early hour. As a result we have the AP report. In the first edition we have only a half hour of UP and a half hour of CTPS prior to the deadline. Naturally the paper is preponderantly AP as regards the rest of the country. This will hold during the night, because when the story is in type, unless there is something in the later sotry which we consider better or later news, we do not throw the type away. As a result you will find there will be more AP stories in the paper than UP or CTPS.

The Chicago Tribune does furnish service prior to 4:00 in the afternoon, but our leased wire does not open until 4:00 in the afternoon. We do not get their service prior to that time; we could get it overhead, that is, by Western Union and Postal, but we do not get it until 4.

UP service is available before 4:00 in the afternoon, but we do not take it. We can buy the day service if we so desire, but we buy the night service. Consequently we rely upon the AP for all news prior to 4:00 in the afternoon. [fol. 2618] As to how comprehensive the Chicago Tribune domestic news service is, I would say that it covers the news of the nation, it hits the high-lights you might say; not with the detail of the United Press or the Associated Press. I do not consider that Chicago Tribune domestic service alone is adequate for the Los Angeles Times.

We have approximately 40 reporters. They are full time employees. We also have stringers in the smaller towns who write for us and are paid by space. Aside from stringers, we have no part time reporters. In general these stringers are located in the environs of Los Angeles, in southern California from Santa Barbara to San Diego. We have some in the San Joaquin Valley. We have some outside of California, in Arizona and in Nevada. These string reporters are in the area in which the Los Angeles Times is sold more or less. I cannot think of any stringers outside the sales area of the paper. I do not know the exact number of string men. We have one in every town in southern California, I would say roughly about a hundred.

The majority of the full time reporters work out of the main office of the Los Angeles Times. We have full time men at San Pedro, Long Beach, Santa Monica and Pasadena. In general those are in the metropolitan area of Los Angeles.

We observe all the rule- and regulations contained in the by-laws of The Associated Press.

Some of the news which we service the list on Exhibit 8 is by mail. Some of it is service mats and photographs. The inquiries embrace a range from straight news to sports and drama; they include Hollywood events and interviews with Hollywood celebrities. A very minor part of this service would be war mats. I cannot give you the exact wordage on [fol. 2619] the interviews with Hollywood celebrities. The newspapers outside of Los Angeles seem to be intensely interested in Hollywood. We attempt to help them out if they desire, and often get orders from some newspaper to supply a story for them from Hollywood. That is not a frequent occurrence; I do not know how many times a year. Of the service rendered to the papers listed on Exhibit 8 there is very little drama news, but quite a little Hollywood news.

Examination.

' By Mr. Kirkland:

The Los Angeles News, the Daily News, is a tabloid. It has the UP service. Its daily circulation is around 225,000. It was founded by Cornelius Vanderbilt in the twenties; I have not the exact date. It is in active competition with the Los Angeles Times and the Los Angeles Examiner. The Los Angeles Examiner is a Hearst paper. It has AP service and INS. There is active competition between the three.

With reference to whether or not the three services, the Times foreign service, the Chicago Daily News foreign service and the CTPS, are supplemental or not, we sometimes get things from one that we do not get from the other three. The CTPS hits the highlights. It does not go into the details as much as the two larger press services. We can query them, if we get a matter of interest, for additional information; but if the story is already set up in type from the earlier AP report, as a matter of economy it is left in type. It is much more economical to get the UP and Tribune services on the leased wire than to get it over Western Union. That is the main reason we wait.

Redirect examination.

By Mr. Pfeiffer:

In answer to Mr. Rugg's question as to whether we served any of the newspapers listed on Defendants' Exhibit 8 with

[fol. 2620] our News Bureau service daily, I referred to whether or not they took spot news daily. I knew that the San Francisco Chronicle bought Mr. Treanor's column and the Chicago Tribune bought Mr. Schur's column, and I did not mean to imply that there are no regular customers in that line. There are no customers for spot news. The spot news and all the other services of the Los Angeles Times News Bureau are available daily to any newspaper that wants to buy them.

Examination.

By Mr. Rugg:

That of course is subject to any applicable rules of AP.

[fol. 2620a] [Index tab:] King Features Syndicate, Inc.

[fol. 2621] U. S. vs. AP

ABSTRACT

DEPOSITION OF JOSEPH V. CONNOLLY
King Features Syndicate, Inc.
New York, April 21, 1943

Direct examination.

By Mr. Pfeiffer:

I am President of King Features Syndicate, a corporation organized in the State of New York about 1915.

The King Features Syndicate is a combination of a feature syndicate which produces columns, comments, pages, and news matters, International News Service, which is a day and night wire service covering the news of the world, International News Photos, which is a news picture producing and distributing agency covering the important news pictures of the world, and Central Press Association, which is a budget service of features to several hundred small town newspapers.

In addition to these regular activities of King Features Syndicate, it has several extra rural activities such as novelty business, making toys, patterns (we make about ten

million patterns a year) ; we print ready printed specimens for various newspapers that have no color presses, we sell stories to motion pictures, we create advertising illustrations for comic advertising. In general we engage in a by-product business, incident to the production of features and news.

King Features Syndicate has three main departments, the feature department, the news department and the news picture department. The news department is the International News Service. The picture department is the International News Photos, and the feature department is the feature department of King Features Syndicate. Inter-[fol. 2622] national News Service has been functioning as a news service since about 1909. Originally it was separately incorporated. It became a department of King Features Syndicate, Inc. within the last 10 years. International News Photos also was separately incorporated about 20 years ago, and it became a department of King Features Syndicate about 10 years ago. King Features Syndicate Incorporated was a division of International Feature Service, Newspaper Feature Service, Premiere Syndicate, and King Features Syndicate, and the entire combination now goes under the name of King Features Syndicate, Inc.

The total expenditures of King Features Syndicate, Inc. for the year ending December 31, 1941 was \$9,434,376.56. The breakdown of that operating statement is as follows:

Production and news gathering	
expense	\$6,397,337.99
Mechanical expense	548,841.88
Traffic, shipping and	
service expense	1,331,096.32
Selling expense	551,608.07
General and administrative	
expense	605,492.30
	<hr/>
Making a total of.....	9,434,376.56

The total expenditures of the features department of King Features Syndicate, Inc. for the year ending December 31, 1941 was \$6,149,256.69. The figure of expenditures in 1941 for International News Service Department was \$2,622,744.45. The figure of expenditures for International News Photos for the year 1941 was \$666,375.42.

The breakdown of the features department total is as follows:

Editorial expense	\$4,669,929.64
Mechanical expense	548,841.88
Shipping and service expense	208,715.21
[fol. 2623] Selling expense	385,582.91
General and administrative expense	336,187.05
<hr/>	
Making a total of	\$6,149,256.69

The breakdown for International News Service is as follows:

News expense, domestic	\$887,953.49
News expense, foreign	340,490.45
<hr/>	
That makes a total news gathering expense of	\$1,228,443.94
Traffic expense	1,088,391.40
Selling expense	126,045.12
General and administrative expense	179,863.99
<hr/>	
Or a total operating expense of ..	\$2,622,744.45

The breakdown for International News Photos is as follows:

Production expense, domestic	\$457,118.01
Production expense, foreign	41,846.40
<hr/>	
Or a total produc- tion expense of	\$498,964.41
Shipping and service expense	33,989.71
Selling expense	39,980.04
General and administrative expense	89,441.26
<hr/>	
Making a total operating expense of	\$662,375.42

The expenditures for the Central Press Association are included in the figures given for the feature department of King Features Syndicate.

I have a list of the names and locations of all newspapers, domestic and foreign, to which the International News Service supplied its news service on September 30, 1941.

(List of subscribers to International News Service on September 30, 1941, was marked Defendants' Exhibit No. 9 for identification, April 21, 1943.)

[fol. 2624] In addition to the American newspapers on that list there were certain other American newspapers which were also served by INS on that date. They were as follows:

(Here the witness read into the record the names of eleven newspapers, giving also date on which they commenced service.)

The black pencil checks on the list marked Defendants' Exhibit No. 9 have no significance, and the red checks opposite the names of certain papers on the list indicate those newspapers which are owned or operated by the Hearst Consolidated Publications, or American Newspapers Incorporated, which are generally called the Hearst Newspapers, and they have been served by International News Service since their beginning. These papers were the original founders of INS. On September 30, 1941 INS served all of the papers opposite which there appears a red check mark on Defendants' Exhibit 9 for identification. INS, on September 30, 1941, also served foreign newspapers. I have a list of foreign newspapers served by INS on that date. The paper which you have shown me contains such a list.

(Schedule of foreign clients of International News Service as of September 30, 1941, was marked Defendants' Exhibit No. 10 for identification, April 21, 1943.)

I have a statement of the location of each office and bureau maintained by INS in August, 1942, both in the U. S. and elsewhere, which shows the number of employees and the kind of employment of each employee in each of the offices and bureaus.

(Schedule showing location of each office and bureau, domestic and foreign, maintained by International News Service in August, 1942, with the number of employees in [fol. 2625] each office and bureau, and a description of the duties of each employee, was marked Defendants' Exhibit No. 11 for identification, April 21, 1943.)

Defendants' Exhibit 11 also contains a list of the additional foreign offices and bureaus maintained by INS in the period from January 1, 1933 to September 1, 1939, with the number of employees in each and the description of their duties. It is a correct statement. The entire exhibit is correct, as well as the other documents which I have produced. The approximate number of reporters, correspondents, and string men in the U. S. in August 1942 who furnished news to INS regularly or from time to time was 1,864. The total number of foreign reporters, correspondents and string men who furnished news to INS regularly or from time to time in August, 1942 was 207.

I have a statement showing the names and locations by states and countries of all newspapers, domestic and foreign, to which INP submitted picture service on September 30, 1941.

(Statement showing the names and locations by states and countries of all newspapers, domestic and foreign, to which INP supplied picture service on September 30, 1941, was marked Defendants' Exhibit No. 12 for identification, April 21, 1943.)

The papers in Defendants' Exhibit 12 received photographic prints, which are prints supplied to a newspaper which manufactures an engraving of the print, which engraving is included in the page type form and a matrix is made of the form.

The list in Defendants' Exhibit 12 does not include newspapers to which INP supplied a mat service. There are several hundred newspapers who receive the service from King Features Syndicate in mat form. King Features [fol. 2626] Syndicate provides newspapers several pages daily of mats of INP pictures, to save the newspapers the cost and trouble of engraving them. The mats are stereotyped by the newspaper plant and included in the form of the newspaper. These mat services include pages of sports

mats, several pages of news mats, and pages of pictorial feature pictures. The mat service is a daily service.

The print service which is given to the newspapers listed on Defendants' Exhibit 12 for identification is also a daily service. INP does not supply the mat service; it sells to King Features Syndicate the right to use its photos in mat services. I can supply a list of International News Photos used in Central Press Association and in the International Illustrated news mats. I will prepare such a list and show the domestic and foreign separately.

(The list was later produced and marked Defendants' Exhibit No. 13 for identification, April 21, 1943.)

International News Photos exchanged picture services with the following organizations in the years 1941 and 1942. In 1941 and up to December 7, 1941, they exchanged pictures with: Weltbild in Germany, Keystone in London, Keystone in Vichy, Luce in Rome, Yaffa in Sydney, Yaffa in Melbourne, and Illustrations and Photo Press in Switzerland. And in 1942 they exchanged pictures with: Keystone in London, Yaffa in Sydney, and Yaffa in Melbourne.

I have a list of the organizations from whom INP purchased pictures in 1941 and 1942.

(List of organizations from which INP purchased pictures in 1941 and 1942 was marked Defendants' Exhibit No. 14 for identification, April 21, 1943.)

[fol. 2627] The Central Press Association Service is supplied through the features department of King Features Syndicate, Inc. I will prepare a list showing the names and locations of all newspapers to which Central Press Association supplied its news mats on September 30, 1941. I have a statement showing the names and locations by states and countries of all newspapers, domestic and foreign, to which the feature department of King Features Syndicate, Inc. supplied one or more features on September 30, 1941, which I now hand you.

(List of names and locations by states and countries of all newspapers, domestic and foreign, to which the feature department of King Features Syndicate, Inc. supplied one or more features on September 30, 1941, was marked Defendants' Exhibit No. 15 for identification, April 21, 1943.)

Where the X appears under the column heading "News mats", it indicates the domestic newspapers that receive INP mats in the Press Association Service. The Central Press Association Service is entirely a mat service. Where the X appears under "News mats" in connection with foreign newspapers, it indicates they receive the services I have just described.

I have not prepared a list of each feature presently available for distribution by King Features Syndicate, Inc. to its newspaper clients and the year in which such special feature became available for distribution. I think our blue book would give that entire list. It contains the list of services provided by King Features Syndicate, Inc. and available to newspapers as of July 1, 1940. There has been no subsequent issue of the blue book. There has been very little change, but I will be happy to give you such changes and additions. I will bring the blue book up to date, showing each feature which is available at the present time for distribution by King Features Syndicate, Inc.

[fol. 2628] (The blue book (brought up to date by Mr. Connolly) was later produced and marked Defendants' Exhibit No. 16 for identification, April 21, 1943.)

There are 55 members of INS with the armed forces in the capacity of reporters, correspondents and feature writers. There are three members of INS reporters staff at sea, making a total of 58. They are scattered all over the world. There are six INP photographers with the armed forces and one at sea. That is in addition to the 55. This makes a total of 65 with the armed forces. There are no representatives of the feature department as such, with the armed forces.

I have brought with me the circulars, brochures and other promotional or advertising material which INS, INP, Central Press Association, and King Features Syndicate, Inc. have issued or distributed during the period from January, 1941 to date.

In addition to supplying newspapers with news service, INS also supplies news to radio stations. I will find out the accurate figure for you showing the number of stations as of September 30, 1941 and also as of the present date. INS is an advertising around-the-clock news service. It supplies morning papers as well as afternoon papers. It

supplies foreign papers as well as American papers. INS operates around-the-clock service, supplying regularly to the newspapers and radio stations a news report of all sport news events, and in addition a great number of special articles written by authors and especially skilled writers in various fields, such as politics, sports and movies. INS covers foreign news on a world wide basis. In my opinion it is the best service. I mean it is the best service compared with AP and UP and with the New York Times, the Chicago Tribune, the Chicago Daily News and the [fol. 2629] other American newspapers which have foreign services.

I think INS is the best because, in the first place, INS by its record is the most accurate service. Far beyond any specially skilled writers or scoops or special enterprise, the foundation of all news presentation is accuracy. Our record shows that we have made fewer mistakes than our competitors. I do not know how long INS has had a foreign news service; I am only acquainted with the last 24 years and it has maintained a foreign news service during the last 24 years. The next important factor of a news service report is its impartiality; that is, it gives both sides of the question, it has no ax to grind. Our service goes out to see that all sides of a question are presented. Third comes the factor of enterprise, which is illustrated by scoops. That is to say, we get news ahead of the competitor. Our record in that, as shown consistently in the last 10 years, shows that the great number of important scoops have been scored by us over AP and UP. An example of that would be the 48-hour scoop we scored on the death sentence of the saboteurs.

We have a faster wire service; we attempt to streamline our news so that less editing will be required on the part of the newspaper. I am talking about the entire service, not just the foreign service. In addition to that we strive to cover the news by the highest paid and ablest reporters and feature writers. For example, when we cover civic conventions we hire distinguished writers and authors to write special articles in addition to news coverage by our reporters. When the Pope was crowned we wired Hugh Walpole, Alfred Noyes and another distinguished English writer to write us special articles on it. We have a slogan, "Get it first, but get it right." We try to scoop the other services [fol. 2630] and do consistently, but we lose several stories

because we cannot be sure they are right, and we take no chances that the story is worthy of distribution until we get the authority for the statement of facts.

In addition to that our regular staff is made up of star newspaper writers. We get good writers that show their head above the crowd in AP or the newspapers and hire them for our own staff, so that our writers and our writings are noted for story quality. For example, Mr. Chaplin was the star reporter of AP when we hired him. Today we are hiring another star reporter of AP. We hired one from the New York Daily News, Inez Robb, who was the best reporter on the News.

INS has a coverage of Washington News. We maintain an adequate staff for that purpose. We think our coverage of Washington news is the best report. I think so because in the first place we work faster than other services; The Associated Press, for example, is a more cumbersome service, it has a very large staff, and it sends two and three and four men on a story; when the report reaches the Washington office of AP it goes through the hands of two or three or four editors. Our service is geared to high speed, and we strive to get our news in ahead of our competitors. Our State Department reporter, Kingsbury Smith, is not only noted for his good understanding and good writing, but he is acknowledged by the State Department as an able man. We have representatives attending the White House conferences regularly; they are correspondents of standing and repute in the newspaper world.

Our service has coverage of domestic news of the U. S. We have much less coverage in the matter of news bureaus, than either AP or UP; we have fewer bureaus. That is not a matter of policy. We collect the domestic news through the bureaus and string correspondents. AP has a great [fol. 2931] number of newspapers which supply AP automatically with news. We have not that number of correspondents, so it is quite obvious that AP will receive a great mass of unimportant news from those small towns. But AP maintains that type of service because AP in a great number of states provides a state service which is important to those small towns. We do not maintain very many state service wires, therefore it is unnecessary for us to maintain that degree of coverage. However, our string correspondents are always alert and cover the news as fast as the other papers. We make a greater selection of the domestic news

than AP. The INS news report, in my opinion, covers important domestic news. We do so consistently and from day to day.

INS has a leased wire system in the United States. Its total mileage is 41,089 miles. That is the number of miles that we actually operate the service. Our leased wire system covers 186 cities in the U. S. We have what we call a general news wire. We also have pony wires that we use for small newspapers. We have eliminated the racing wire. We had it in September 1941, but it was eliminated during the last year, sometime during 1942.

INS in its basic news report furnishes 86,400 words per day. INS has an arrangement whereby the Reuters service is available to it. It is made available at London, England, at the headquarters of Reuters. We have available to us the entire Reuters news reports. In our arrangements with radio stations which take INS service they agree to provide us with their local news, such as they get.

I have forms of the typical contracts used by King Features Syndicate, Inc. and its INS department, INP department and its feature department—no, not INP.

[fol. 2632] (Eleven forms of agreement were marked as was marked Defendants' Exhibit No. 18 for identification, April 21, 1943.)

There is no typical form of contract of INP. INP is sold by letter agreement or by its inclusion in a King Features Syndicate contract as one of the items furnished over and above.

(Large package of promotional and advertising material was marked Defendants' Exhibit No. 18 for identification, April 21, 1943.)

The blue book, on page 31 under the heading "International News Service" reads:

"International News Service (I. N. S.)—A complete, all-inclusive news service, producing 150,000 words of 'live' news daily from all parts of the world for both morning and afternoon newspapers. I. N. S. has a staff of 600, including the foremost authoritative reporters, writers and editors in the field of journalism, and 8,000 expert correspondents stationed at every active or potential source of news. Branch offices are maintained

in the principal cities of all foreign countries and in 57 cities of the U. S. I. N. S. dispatches are supplied by high-speed leased telegraph and types of coverage are available for newspapers of all circulations. For full information consult the authorized King Features Syndicate sales agent for your country."

The blue book is dated July 1, 1940. The statement I read was accurate at the time it was made, but it is not substantially correct today. The changes in the wordage resulted from the abandonment of the finance wire and racing wire which reduced the number of words from 150,000 to 86,400; and by the natural unavailability of the news sources of the country closed by the war our number of correspondents [fol. 2633] has been reduced materially. With the termination of the war those correspondents or substitutes for them would be available for INS service. The financial and racing wire are available to INS at any time it wishes to renew that service, but we do not wish to resume it. The map which you show me containing pictures and other data is a promotional publication of INS.

(Map containing pictures and other data was marked Defendants' Exhibit No. 19 for identification, April 21, 1943.)

This map was produced about the beginning of 1942.

The document which you show me, "America's star reporter", was produced and distributed by INS about the same time the map was produced.

(Document headed "America's star reporter" was marked Defendants' Exhibit No. 20 for identification, April 21, 1943.)

We have in our organization what we call an INS scoopgram. It is a form of promotion. The following is a scoopgram dated August 10, 1942:

"I. N. S. scored one of the most sensational scoops in newspaper history last Friday by 29 hours 11 minutes. The complete story with full details of President Roosevelt's sentence of eight German saboteurs. Hundreds of enthusiastic compliments coming in from all over the country. 'Biggest scoop of the war to date, one of the greatest beats of this era' wires Mike Flynn, Washing-

ton Times Herald. 'Tickled to death, topped all opposition 29 hours' Jack Shelly, radio station WHO, Des Moines. 'Still stunned over your amazing scoop' John A. Malloy, Chicago Herald-American. 'Congratulations on notable beat. Such a break is rare these days' Allen Meriam, Dallas Times-Herald. 'Congratulations on another big exclusive' John Mead Jr., Erie, Pa., [fol. 2634] Times. Many more too numerous to mention, all signifying I. N. S. outstanding enterprise, thoroughness and accuracy. Wire your reservation for I. N. S. for your paper. Walter E. Moss."

Walter E. Moss was the sales manager of I. N. S. on that date.

(INS scoopgram dated August 10, 1942, was marked Defendants' Exhibit 18-A for identification, April 21, 1943.)

The paper you show me is an INS advertisement in Editor & Publisher for August 15, 1942. It records the beat scored by INS on the sentence of the saboteurs, with messages from our clients, and in addition a record of our claim of certain other important scoops scored by INS in past years. Some of the scoops or beats referred to in the document are the arrest of Richard Hauptmann, the kidnaper of the Lindbergh baby; the beat on the "Gold Clause" decision by the U. S. Supreme Court; the beat on the abdication of King Edward of England; the beat on Douglas Corrigan's "wrong way" flight to Ireland; and the beat on the death of Pope Pius XI and the election of Pope Pius XII.

(Advertisement headed "Makes a new record in journalism" was marked Defendants' Exhibit 18-B for identification, April 21, 1943.)

The scoopgram, to which is attached a copy of a newspaper article by William K. Hutchinson, INS correspondent, is promotional material of INS and concerns a scoop. It is dated June 4, 1941, and reads:

"To editors—

All newspapers carried page one stories last Monday announcing retirement of Chief Justice Charles Evans Hughes from U. S. Supreme Court. International News Service alone carried announcement of his coming re-

tirement on April 21, five weeks ahead of all others. [fol. 2635] Once again INS scooped the field—got it first, but first got it right. John A. Brogan, Jr.”

John A. Brogan, Jr. at that time was manager of INS.

(INS scoopgram dated June 4, 1941, was marked Defendants' Exhibit 18-C for identification, April 21, 1943.)

The scoopgram which you show me was also distributed by INS. It is dated April 3, 1941, and reads:

“To Radio Editors, U. S. A. Says Russell Pirkey, News Editor, Station WAVE, Louisville; ‘Congratulations on swell scoops INS gave us on Italian and German demands for release of ships and crews seized by USA and on Asmara capture. We were able to beat everybody by almost an hour,’ Stop. Tommy Noble announcer WBBM, Chicago, says: ‘The whole thing was terrific. It is a mystery how INS could be so far ahead on two stories of such importance.’ Stop. Jack Fitzpatrick, Station KLZ, Denver, says: ‘We scooped entire area. Many thanks to INS for again being first.’ Stop. By brilliant work of Kingsbury Smith of INS Washington bureau and by promptness and accuracy of London bureau INS clients were again way ahead of all competition. John A. Brogan, Jr.”

(INS scoopgram dated April 3, 1941, was marked Defendants' Exhibit 18-D for identification, April 21, 1943.)

The paper which you hand me shows a picture of J. Kingsbury Smith; it was issued and distributed by INS. He is the INS representative detailed to the State Department. The following appears on that paper:

“This is a star reporter you should have on your staff!”

“Reporting for you from Washington—J. Kingsbury Smith International News Service ace.

[fol. 2636] Smith, who covers the State Department for International News Service and this paper, is one of Washington's top-notch reporters. He had a reputation for getting the story first * * * and getting it right! In two recent months he hung up a record of 19 exclusive beats.

For swift, accurate and intelligent reporting from America's greatest news-center, follow the important dispatches of this brilliant news-ace."

(Advertisement relating to J. Kingsbury Smith was marked Defendants' Exhibit 18-E for identification, April 21, 1943.)

The paper which you show me was also issued and distributed by INS. This paper, which is marked at the top "November 8, 1941" and in the right hand corner "17", is an advertisement that appeared in the Editor and Publisher. It reads:

"INS first again.

At 6:00 P. M. Wednesday International News Service bulletined a dramatic news beat revealing for the first time that 19 Civilian Technical Corps Volunteers en route to England from America had been lost in the sinking of a British merchantman during a Nazi U-boat attack in the Atlantic.

At 6:51 P. M.—51 minutes later—one of the opposition services sent its first bulletin on the same story.

At 7:12 P. M.—one hour and 12 minutes later—the other opposition service gave its clients the first inkling of this important event.

International News Service followed up this news-beat immediately with the first complete detailed list [fol. 2637] of the nineteen lost with first and last names, ages, specific occupations and home addresses—the first of the three news services to supply such a list with all details.

Again, International News Service was first.

International News Service

Get it first, but first get it right."

(Advertisement of INS appearing in Editor and Publisher for November 8, 1941, was marked Defendants' Exhibit 18-F for identification, April 21, 1943.)

The paper which you show me is a two page advertisement which appeared in Editor and Publisher on March 15, 1941. It was issued and published by INS. It deals with 15 beats on the lend-lease bill. The top line reads "15 beats on the lend-lease bill", and in the body of the advertisement

are detailed under specific dates and with specific statements the 15 beats.

(Advertisement of INS reprinted from Editor and Publisher of March 15, 1941, was marked Defendants' Exhibit 18-G for identification, April 21, 1943.)

I do not recall whether the promotional material you have shown me contains all of the scoops and beats that INS had during that period. I think that INS keeps an accurate record of its so-called scoops and beats over the other wire services. We keep a daily log of how we rate. I am appearing pursuant to a subpoena duces tecum. You did not ask me to produce a log of our scoops and beats. It is probably not available to produce anyway. I doubt that they keep it probably more than a week, for the guidance of our news editors. Each day there are probably not more than six important stories cleared on the wire, all the rest are stories of secondary importance. The six major stories are rated by all news services to determine [fol. 2638] how they scored on it, what time it was cleared, what time the bulletin came in. Note is always made of the time that the AP came through, and the UP time is compared with that time. The foreign editor is given that slip. That is obtained by taking off the time from each roll of paper that comes in on the wire to a newspaper that takes all three services. I am not certain whether such a record has been kept by the INS. I will inquire.

As to whether it is of any particular significance for a wire service to be ahead of some other wire service for two, three, five or ten minutes on a story, it depends entirely on the importance of the story. If it is a story of paramount importance the paper that gets the first bulletin gets first on the street. We have geared ourselves to get our bulletins to the various papers quicker than the other services. I should say that a beat of five or ten minutes is unimportant in the running of a story. On stories of great importance of course it is paramount for both the newspapers and the radio to get it first. On a story that breaks at any time during the day up to 6 or 7 o'clock at night, for a morning newspaper a beat of 5 or 10 minutes is not significant. That is true because the morning papers are not published until the following morning. It is not the present practice of American newspapers to publish special

extra editions, as used to be done. Morning papers do not generally publish an extra or special edition when they have a scoop or a beat. As to afternoon papers, that is at the present time quite uncommon compared with the period of the last war.

The paper you show me is the copy of a circular letter sent out by INS to a large number of newspapers. It is dated February 11, 1943. One paragraph of this letter reads as follows:

[fol. 2639] "You may put Dick Tregaskis on your staff with a number of other equally brilliant writing reporters—all on the regular staff of International News Service, the world's greatest aggregation of world news reporters."

In our opinion, INS has the world's greatest aggregation of world news reporters.

(Letter dated February 11, 1943, from Basil A. Caparell, of International News Service, to Mr. Heintzelman was marked Defendants' Exhibit No. 18-H for identification, April 21, 1943.)

The paper you show me was issued and distributed by INS. It is an advertisement that appeared in Editor and Publisher on September 20, 1941. At page 11 it reads: "INS for speed, action, accuracy, coverage, big names."

(Advertisement of INS appearing in Editor and Publisher for September 20, 1941, was marked Defendants' Exhibit No. 18-I for identification, April 21, 1943.)

The paper which you show me is a photostatic copy of the first page of the Augusta, Georgia Chronicle for Sunday morning, February 7, 1943. Similar photostatic copies were issued and distributed by INS. There are black circles around the INS news articles appearing on that first page, and in black ink across the bottom half of the front page appear the words, "The South's oldest newspaper" uses 9 INS stories on page 1—INS is the front page service." There are 5 AP stories on that first page.

(Photostat of first page of The Augusta Chronicle of Sunday, February 7, 1943, was marked Defendant's Exhibit No. 18-J for identification, April 21, 1943.)

Of the 9 INS stories 4 are headline stories. By headlines [fol. 2640] I mean the top head of the paper. On the bottom half of the paper there are 4 headlines, so that eight out of the nine have headlines. Of the 5 AP stories there is one top head and four below the fold.

The paper you show me is a page advertisement in Editor and Publisher dated March 21, 1942, the title of which is "Spectacular War Coverage." That advertisement says that INS received by cable from Australia in one day, an extraordinary day, 5,881 words. That was in 1942; I think we had five correspondents in that area. The ad was issued and distributed by INS.

(Advertisement of INS appearing in Editor and Publisher for March 21, 1942, was marked Defendants' Exhibit No. 18-K for identification, April 21, 1943.)

The magazine Editor and Publisher is a generally recognized trade publication of the newspaper industry. It goes to practically all of the newspaper offices in the country.

The paper you show me was issued and distributed by INS. It reads:

"INS Speed Accuracy Dependability Completeness
Frequent Scoops Famous Names. 'Get it first, but
first get it right.'"

(Advertisement of International News Service was marked Defendants' Exhibit No. 18-L for identification, April 21, 1943.)

The photostat you show me of the first page of the Washington Post for January 27, 1943, with certain markings in black ink across it, was issued and published by INS. Written across the face of the page are the following words:

"The Washington Post, one of country's outstanding papers, takes all three news services. But on the [fol. 2641] greatest story in many a month it features INS in its leads."

The story to which the words refer is the story of the Casablanca conference between Mr. Roosevelt and Mr. Churchill. Of the leading stories on the top of the first

page of The Washington Post of this date are two INS stories, none are AP and one is UP.

(Photostatic copy of the first page of The Washington Post of January 27, 1943, was marked Defendants' Exhibit 18-M for identification, April 21, 1943.)

The paper you show me is the first page of The Cedar Rapids Gazette for Sunday, April 18, 1943. In the list of top heads for that date INS had three of the lead stories, including the main lead. AP had two, and there is one story which is probably a combination of all services, this one being headed "Restrictions ordered on all hiring," and is dated from Washington, without being accredited to any news agency.

(First page of The Cedar Rapids Gazette of April 18, 1943, was marked Defendants' Exhibit No. 18-N for identification, April 21, 1943.)

The front page of the Augusta, Georgia, Chronicle for Sunday morning, April 18, 1943, which you show me has 5 INS stories appearing at the top of the page and one AP story.

(First page of The Augusta Chronicle of April 18, 1943, was marked Defendants' Exhibit 18-O for identification, April 21, 1943.)

The first page of the Charleston, West Virginia, Gazette, for April 18, 1943, which you show me has seven INS dispatches on the top of the page and one AP story.

(First page of the Charleston Gazette of April 18, 1943, was marked Defendants' Exhibit No. 18-P for identification, April 21, 1943.)

[fol. 2642] The front page of The Johnstown Democrat, Pennsylvania, for April 16, 1943, has three stories on the top of the page, including a banner story, which are INS. There are two UP stories and one AP story.

(First page of The Johnstown Democrat of April 16, 1943, was marked Defendants' Exhibit 18-Q for identification, April 21, 1943.)

The first page of the Minneapolis Sunday Tribune of April 11, 1943, carries two INS top stories including the lead story, one AP story and one UP story.

(Front page of Minneapolis Sunday Tribune of April 11, 1943, was marked Defendants' Exhibit No. 18-R for identification, April 21, 1943.)

The front page of The Nashville, Tennessee, Tennessean of April 11, 1943 contains an INS lead story and a small box, and one AP story and two UP stories.

(Front page of The Nashville Tennessean of April 11, 1943, was marked Defendants' Exhibit No. 18-S for identification, April 21, 1943.)

It is the practice of editors of newspapers in the U. S. to put what they consider the principal stories of the day on the upper half of the first page of the paper because the paper lying on the news stand has the first top half exposed, and that is really the selling part of the newspaper.

I think Silliman Evans has an interest in the control of The Nashville Tennessean and has had for many years.

The New York Journal American has the largest evening circulation in the U. S., about 650,000.

(New York Journal American of April 21, 1943, was [fol. 2643] marked Defendants' Exhibit No. 18-T for identification, April 21, 1943.)

The New York Journal American is a member of AP and has been for about six years. The Journal American is a combination of The New York Evening Journal and the New York American, or a consolidation. I do not recall just which year the consolidation took place, whether it was 1940 or 1941 or when. Prior to the consolidation The New York Journal was owned by Hearst Consolidated Corporation, and the New York American was owned by The American Newspapers Incorporated, and both of those corporations were owned by Mr. Hearst. The New York American has been a member of AP for many years before the consolidation with The Journal. Before the consolidation the New York American was a morning and Sunday newspaper, and before the consolidation The New York Journal was an afternoon paper and always had been six days a

week. After the consolidation the combined paper became an afternoon and Sunday paper called the Journal American. I have no recollection when the New York Journal became a member of AP, but it was not any longer than five or six years ago.

The New York Journal was founded as early as 1900, I think, and it had built up a circulation of upwards of a million at one time, before it became a member of AP. During the great period of prosperity and great circulation, it depended upon INS, and not AP, for its national and international news—by national I mean the domestic news of the U. S. It got its local news from its staff reporters. All foreign news it got from INS exclusively, and that circulation which it built up with INS exclusively was for a considerable period the largest newspaper circulation in the U. S.

[fol. 2644] Mr. Rugg: I object to the admission of The New York Journal American Exhibit 18-T.

Mr. Pfeiffer: It is only marked for identification at present.

The Witness: My recollection has not been refreshed as to the date when The New York Journal became a member of the AP. I will ascertain the exact date.

The brochure you show me, the front of which is covered with figures in black and white, and across the page in red are written the words "live wire," was issued and distributed by INS. The cover shows pictures of some of our correspondents, as for example Arthur Hachten talking to the President of the United States; Barry Faris, the editor; Bob Considine, the sports writer, talking to Ellsworth Vines, the tennis player; Damon Runyon interviewing ex-Ambassador Joseph Kennedy, W. W. Chaplin, INS war correspondent at the European battlefront; Inez Robb interviewing the Dionne Quintuplets and Pierre Huss, the Berlin correspondent with the German army at the front. This brochure was issued about 1941. It presents the full photostatic copies of the front pages of several newspapers that subscribed to INS, simply to show the kind of presentation our news is given by the editors of those newspapers, to show the kind of articles that we produce, and also the special features that we produce. Each of those newspapers of which photostatic copies of the front pages ap-

pear in the brochure is a newspaper which subscribes, in addition to INS, to either AP or to UP or both.

INS scored a beat in connection with its news story of the American bombsight in November 1940. INS scored a beat in connection with the story of the opposition of John L. Lewis to a presidential third term; we scored a clean [fol. 2645] beat, announcing that Lewis would back Willkie. On one of the pages of the brochure there are listed "A few firsts of the past twelve months." These include important scoops and important exclusive stories produced by INS during 1940.

Mr. Pfeiffer: I ask that that portion of this brochure, Defendants' Exhibit 18-U for identification, be embodied in the record, referring to the page on the righthand side of which appears "A few firsts of the past 12 months."

A few firsts of the past 12 months.

February 6, 1940—Exclusive eye-witness account of annihilation of Soviet 18th Division. (This INS story confirmed 13 days later in official communiques.)

February 19—Exclusive interview by Frazier Hunt with General Maxime Weygand, commander-in-chief of the Allied Army in the Near East.

March 16—First news of impending shakeup in Daladier cabinet. (Confirmed three days later with Daladier's resignation.)

April 4—Exclusive interview by Frazier Hunt in which Britain's General Ironsides "dares" Hitler.

April 8—48-minute beat on Nazi invasion of Denmark.

April 18—First full, uncensored dispatch from Trondheim after Nazi invasion of Norway.

May 13—First news of Dutch government's evacuation.

May 18—First disclosure of secret testimony by Army High Command regarding deficiencies in U. S. Army, National Guard and Air Corps. (This INS story was confirmed days later and its revelations all proven by time and public confession.)

June 15—Russian invasion of Lithuania.

June 17—Seven-hour beat on first report of cessation of hostilities in France. INS only news service in print for seven hours direct from Bordeaux with Marshal Petain's announcement of France's capitulation.

[fol. 2646] June 18—First news that Hitler and Mussolini agreed to terms of Armistice for France.

July 4—Thirty-minute beat on British naval attack against French fleet in Mediterranean.

September 12—First news of the Hercules Powder Plant explosion at Kenvil, N. J.

September 16—Beat on President's signing of Draft Bill.

September 22—Finding of kidnaped De Tristan child and capture of his kidnaper.

September 24—First news that the RAF had repelled German invasion attempt. (Confirmed October 18 in official British government announcement.)

September 24—Japanese-Germany military alliance. (This INS story was more than a Two-Day Scoop—confirmed September 27th when Berlin made an official announcement of the alliance.)

October 1—Opening of the strategic Burma Road. (On Oct. 1, INS released an Exclusive dispatch by W. W. Chaplin describing the significance of the Burma Road and forecasting its opening. This was confirmed Seven Days Later on Oct. 8 by Winston Churchill.)

October 19—Exclusive revealing Italy about to move against Greece.

October 21—John L. Lewis' decision to oppose a third term for President Roosevelt and his endorsement of Wendell Willkie—a Four-Day Scoop.

October 31—Release of the secret Sperry bomb-sight to Britain. (This INS story was officially confirmed November 20—exactly Twenty Days Later.)

November 4—Exclusive interview with Reich Marshal Goering on aerial warfare going on between Germany and England.

November 11—Exclusive disclosing British planned immediate offensive in Mediterranean. (This was confirmed two days later when British crippled main units of Italian fleet at Taranto.)

November 23—Two-day scoop on launching by Greeks of offensive against Italians in Albania.

December 14—INS was the first to reveal that Petain had dismissed Pierre Laval as vice-premier of France.

[fol. 2647] January 4, 1941—Exclusive signed article by George Bernard Shaw on dilemma of his native Ireland.

January 9—Twenty-four hour beat by Cecil B. Dickson on nature of the President's lease-lend bill for aid to Britain.

January 11—Twenty-minute beat on Secretary Hull's formal statement to House Foreign Affairs Committee on lease-lend bill.

January 13—First inside uncensored story by Betty Barzin, famous Belgian woman journalist, on how the women of France are resisting Nazi domination.

January 20—A "farewell to Washington" exclusive interview with John N. Garner by Cecil B. Dickson.

January 22—First eye-witness account, by Desmond Tighe, of fall of Tobruk and British army's capture of that important Italian base in Libya.

January 28—Exclusive story revealing record of Britain's foremost air ace, including the flier's own description of how he shot down five Nazi planes in a single day.

January 28—Exclusive dispatch by Merryle S. Rukeyser, written after a personal talk with William S. Knudsen, presenting an up-to-the-minute report on the progress being made in America's great armament effort.

January 28—Exclusive story by William K. Hutchinson, revealing Germany's offer to dump 450,000 refugees on America if the United States will finance the exodus.

February 1—Twenty-four hour beat on British victory at Agordat, trapping 30,000 Italians in Eritrea.

"Get It First . . . But First Get It Right."

From a newspaperman's point of view these stories were important stories because they had to do with the movement of the German army into nearby countries, such as the invasion of Denmark and the Russian invasion of Lithuania and other movements of armies.

We scored a beat on the President's signing of the Draft Bill, and covered the kidnapping of a child in the U. S. We had a two-day scoop on the Japanese-German military alliance. We had a seven-day beat on the story of the [fol. 2648] opening of the Burma Road. Several of the stories had to do with the legislation and projected legislation in Washington, including the Lend-Lease Bill, and we had a twenty-four hour beat on giving the nature of the President's Lend-Lease Bill to aid Britain.

I have been president of King Features Syndicate for ten years or more. I was general manager of the Hearst papers for a period of two or three years around 1939 or 1940, while I was president of King Features Syndicate. Then I resigned from all newspaper activities and concerned myself solely with the syndicate and wire service, although I remained on the boards of directors of the papers. I generally go out on important stories. I personally supervised our staff of reporters covering the 1940 Democratic Convention, and I keep the "feel" of the newspaper man on news.

On the last page of this brochure there is a list of non-Hearst newspapers that have subscribed to INS for a period of ten years or more, and they include a list of newspapers, from the Cleveland Plain Dealer which has been a subscriber for thirty-one years, and the Houston Chronicle, which has been a subscriber for thirty years, down to the Bloomington Pantagraph, which has been a subscriber for ten years. Outside of the Hearst chain there have been about 54 papers that have been subscribers to the INS for ten or more years. There are 17 papers in the Hearst chain, all of which are subscribers to INS. All of the Hearst newspapers have been subscribers to INS from the time Mr. Hearst bought them, but I am not sure how long Mr. Hearst has had all his papers. My recollection is that he has had all his present papers for more than ten years, and if so, the total number would be 71. The newspapers that are now being published by the Hearst interests are:

[fol. 2649] Los Angeles Examiner.

Los Angeles Herald Press.

Oakland Enquirer.

San Francisco Call Bulletin.

San Francisco Examiner.

Chicago American.

Baltimore News Post.

Boston American.

Boston Record.

Detroit Times.

Albany Times-Union.

New York Journal American.

New York Mirror.

Pittsburgh Sun-Telegraph.
 San Antonio Light.
 Seattle Post Intelligencer.
 Milwaukee Sentinel.

(Brochure of INS was marked Defendants' Exhibit No. 18-U for identification, April 21, 1943.)

All of the 17 Hearst owned papers which I have mentioned are members of AP except the Oakland Post-Enquirer and the Detroit Times. It is my recollection that The New York Evening Journal, The New York Mirror, the Baltimore News Post, Detroit Times, the Los Angeles Herald Express and the Oakland Post Enquirer are the Hearst papers that subscribed to UP in addition to either the AP or INS. All the Hearst papers take the INS.

We have just started our sales campaign for International News Service; we spent several years in just building up its character and building up its reputation, and now we have started selling since about the first of the year. We sold 33 clients in three months, the last three months, and today we signed with the Philadelphia Record. That makes 34. As compared with the list of clients of INS as of September 30, 1941, as shown on Defendants' Exhibit 9, and the additional list of newspapers which you read into the record and which were not on Exhibit 9, I believe we have more clients today; we have lost some clients and put some on. I do not know the net number as of today. [fol. 2650] I can only tell by our profit; our profit has increased lately, so I assume that our number of clients has increased. I will find out the number of American newspaper clients of INS as of today, or some day near this.

Until recently we had a sales manager and a couple of salesmen out on the road selling INS service, but in the last few months we have turned all of our men loose on it, because we are ready now to sell the service, and we have been very successful in it. We are putting on a vigorous campaign to sell INS service. Since the first of the year we have sold 34 subscribers.

Page 32 of the blue book, Defendants' Exhibit 16 for identification, which you have shown me, relates to International News Photos. It reads:

"International News Photos (INP) is the greatest picture-gathering organization in the world, with news

and feature photographs obtained from all parts of the world by radio, wire and air mail. Photograph service of every kind can be furnished to meet the special requirements of all types of publications. For a description of these services consult the main section of this catalog and for price write to the authorized King Features Syndicate sales agent for your country."

I believe the INP is the best picture-gathering organization in the world. The INP department of King Features supply news photos to this hemisphere and to Australia and London, but prior to the war it had a world-wide service. Part of this service is the transmission of pictures by wire to some of our newspaper clients, chiefly the Hearst newspapers. We use sound-photo transmission. Sound-photo is a machine which transmits the picture over a leased telephone wire to a receiver, which records the electrical im-[fol. 2651] pulses and transcribes the picture. All machines are operated simultaneously all over the country. That is done through leased telephone wires which we lease from the A T & T. We send it for 24 hours a day, on a 7-day basis, on one line of 869 miles, between New York, Philadelphia, Washington, Baltimore, Cleveland, Toledo, Detroit and Chicago; and then from Chicago we have a wire that is a short term wire of 30 minute periods, with a circuit operating between New York and San Francisco, and down to Los Angeles. From Chicago to San Francisco and down to Los Angeles the mileage is about 2,300 miles. We have a short circuit from Chicago to Milwaukee and from New York to Albany. These are short wires, operated for short periods.

In addition to those circuits it is possible for INP to send a picture by sound photo to any place in the U. S. where there is a receiving machine at the other end; and from the various circuits any newspaper can be connected up with those circuits and receive the INP photos by sound photo, that is, any newspaper outside of a Hearst city. International News Photos are produced by the Hearst newspapers chiefly. We buy foreign pictures and some domestic pictures, but our chief source of supply is the Hearst newspapers. Obviously they do not sell their own production to their competitors. INS is exclusive for simul-

taneous release, but frequently in some Hearst newspaper with the permission of the editor, we are allowed to sell our pictures for post-release to the Rotagravure section after its publication in the Hearst paper. For, example, here the New York Times buys our pictures after they appear in the Hearst papers and use them in their magazine section. I cannot say whether this is with the consent or whether it is a practice. For example, in New York City we never get any consent, it has been a practice for many years. We sell a post-release service that way in some cities. [fol. 2652] In other cities we do not bother with it.

About twenty good pictures a day are sent out daily by INP for wire transmission. There may be some feature pictures, but about twenty good pictures a day is all a paper can use.

A great part of our business is apart from newspapers. We send out about 50 pictures in addition to those that are sent by wire. There are about 75 including those sent by wire. The INP service includes transmission of pictures by wire, the sending of mat forms of photos to clients of the service, and prints by mail. A print is just an ordinary picture. We send out 75 between all three forms. I am talking about the regular service. Some newspapers require, for example, society pictures, and other papers want special sports coverage, etc.; and we make probably five or six hundred pictures a day; but no newspaper gets regularly many more than 50 pictures a day. The specialty pictures that we have we serve to individual papers. The strictly news photos run about 50 to 75 a day; some are transmitted by wire and some as prints and some in the form of mats.

In addition to those pictures I cannot tell how many more we distribute on the average daily of other kinds of pictures. We buy or produce about 500 a day. For example, yesterday the President's trip was released. In the service we *we* would serve a newspaper half a dozen of those pictures—that is as many as any New York paper will use—but twenty or thirty pictures have been received, and some papers may want all the pictures to get out a photo-gravure. Apart from Sunday editions, very few papers around the country use more than fifteen or twenty pictures a day, outside of the pictorial papers like the Daily News and the Daily Mirror and the Hearst papers. The

[fol. 2653] average paper, the run-of-the-mine paper, uses not more than half a dozen prints a day and probably ten news mats a day. If they use ten, we are very lucky.

INP has a regular staff, including the New York and Washington offices, of about 150 employees. There are also photographers who are not employed by INP, but who supply pictures from time to time. They are called string photographers. We have one in every town in the U. S.—in fact, in every town in the world. INP has a feature picture service as distinguished from a spot news picture service. It supplies this feature picture service to newspapers and magazines and books—anybody that wants to buy them. We sell to every magazine; they all buy from us. It is a function of INP service.

INP has arrangements for the transmission of pictures by cable. We send out pictures both by cable and radio from London and from Australia and from Hawaii, and before the war we sent them from Germany and from Paris. Russian photographs were sent by the Russian government and still are; we do not control that. We have an arrangement for the transmission of pictures by cable from South America, the same cable arrangements that we have with Europe, from Buenos Aires north. It drops at Rio and Montevideo. We can send pictures by wire from and to South America, but there is very little requirement for it.

South American news and pictures cannot be sold to America; despite all of the good will and good neighbor gestures that are made, the newspapers will not give space to it. The South Americans are interested, however, in getting the news photos from here. We have quite a large business with news photos to South America; we are sold out, in fact every paper in South America is buying the news photos. And the government itself supplies an enormous [fol. 2554] mous mat service. I mean the United States government. This goes through the Office of Coordination of Latin American Affairs, of which Mr. Nelson Rockefeller is the head. The South Americans have an enormous interest in anything that happens here, but we do not expect to be able to excite people here about them.

INP has the largest and probably most extensive picture morgue in the world. We have been in business for more than 40 years, and I think probably near 50 years. Mr. Hearst was the pioneer in the use of photograph illustra-

tion in newspapers, and spent a large fortune both in the acquisition of morgues from other agencies and in the hiring of photographers to get important pictures. We have over a million pictures catalogued and we are still working on it. The morgue contains pictures from all over the world.

We developed the speed-ray camera with the help of M. I. T., and we have developed practically every important new device in photography, including the new flashlight bulb. One man took a picture of Mr. Hearst some years ago at a Los Angeles banquet, and the powder flash exploded and hurt one of Mr. Hearst's guests. That was the beginning of the flashlight bulb. We had to go out and invent it. We worked with the General Electric people, and it involved tin foil on the inside of the bulb. They were pretty crude at first. We started the sound photo long before anybody else used it. It was a very crude affair used by an ordinary telephone, and we sent it through a receiver by telephone. The first picture was sent to us that way. INP was the first to send a photograph over a telephone wire.

We invented various developments, including various kinds of paper which we experimented with for many years. We invented a long range—what we call a Big [fol. 2655] Bertha—camera for taking pictures of baseball games from the gallery. We had the first infrared photographs, the magic eye. We used the first so-called contact film, where a camera could be used indoors, to take trials and churches, etc. Mr. Hearst and his editor Holly were pioneers in all that photography. The speed-ray camera can take a picture as fast as 1/100,000 of a second. It was first developed by INP, but is not used exclusively by INP today. Now everybody uses it.

The wire photo system of AP is the wire photo system of the American Telephone & Telegraph Company. From the standpoint of a newspaper taking a photographic service by wire, there is no difference between the services, the fidelity of detail and the reproduction of a photograph on the AP system and our own on a leased wire, because there is no interference at all in the transmission of the signal. The wire is open and as long as there is no interference the reproduction of the signal is 90 per cent perfect, which is good enough for any photograph. However, the use of time circuits, which we have as I say

between Chicago and Milwaukee and New York and Albany, is not as good as the AP leased wire or our leased wire. However, it is satisfactory. As between AP and INP service over the leased wires, I do not think there is any material difference in the legibility of the reproduction. We think ours is a little better, but there is not much difference.

As a matter of fact the AP uses a better wire than we do, but as long as you have no other signal coming over it makes no difference. The AP wire is highly tuned and highly powered. We use the ordinary telephone wire, and they use a special wire. We do not know, we cannot prove that; the answer is the result is not very much different, whether they do or do not. At one time the A T & T tried [fol. 2656] to sell us such a wire, and we asked them to show the improvement that we would achieve by taking it, and they were unable to do it. Whatever the facilities of the AP are through the use of A T & T wires, those facilities of the same character are available to INP if INP wanted to use them, with the exception of the making of the transmitting and receiving machines, which differ slightly from The New York Times and Acme. Each of the picture services has its own ideas as to which is the best transmitting machine and the best receiving machine. They are all about the same caliber, whether the INS comes over better or the AP comes over. There used to be a great argument about that years ago. They are all the same now. Our machines are available to anybody who wants to use them. We have rights under the A T & T patents for their machines; we have complete rights. All these machines are in the public domain, and they went down to the Patent Office and found it was almost all public domain.

INP maintains bureaus and offices outside of New York. From my recollection I would say the different ones are in Boston, New York, Philadelphia, Baltimore, Washington, Miami, Toledo, Pittsburgh, Detroit, Cleveland, Chicago, Milwaukee, San Francisco, Los Angeles, Seattle, San Antonio and Dallas, and probably others that have escaped my memory. Before the war we had offices all over the world, and we still have in the areas that are unoccupied by the enemy. There is a regular flow of pictures back and forth. We have no bureau or office in Russia because all of the pictures have to be cleared through the government; as a matter of fact they send them to you.

We have an office there, but we get what they tell you you can have.

[fol. 2657] The blue book, Defendants' Exhibit 16, contains a description of the features which are available for distribution by the feature department. Those features include daily and Sunday comics, fiction and non-fiction features, sports articles, largely magazine features, such as cooking and beauty and fashions, miscellaneous things such as editorials, inspirational articles, Sunday Magazine pages, and maps. These features are available for distribution to American newspapers. They are all newspaper features.

Most American newspapers use comics. That is true of both morning and afternoon newspapers. Comics are considered by newspaper men to be an important part of the paper; comics have the largest reading traffic of any element in a newspaper. They are the particular feature in a newspaper which is read by more purchasers of the paper than any other feature of it. That is proved by the survey made by the ANPA and other agencies. Next to the character of the newspaper, the comics are the second most important element in the circulation of a newspaper. By character of the newspaper I mean the integrity and history of the newspaper. The feature department of King Features Syndicate have a large number of comics available for distribution to American newspapers. Compared with the other feature services, comics in quantity are the largest in number. The factors which determine the quality of a comic are two: First, how many newspapers like it; and second, the percentage rating in comparison with comics of other syndicates as exhibited in the surveys and research made by the Bureau of advertising of the ANPA. And in that degree the comics of King Features Syndicate rank in the majority of the first ten comics in the country. AP comics do not rank in the first ten comics of the country. Chicago Tribune is second, and second by [fol. 2658] only a hair. UP is one of the first ten. King Features Service have a majority of the first ten. The number escapes me, but I believe we have five. The Chicago Tribune has four and the United Features Syndicate has one.

We provide fiction for newspapers such as the Werfel story of Joan of Arc, and the Human Comedy by Saroyan. We get all of the Book of the Month fiction, and also buy

the best seller fiction and distribute it to newspapers. That fiction is published serially in the newspapers. I do not know whether that service is provided by AP. The NEA provides a service, that is a Scripps outfit. We do not know that the AP has a fiction department; we have never run into it. We also supply mystery and adventure stories for publication serially in newspapers and short novelettes also. We also supply non-fiction short books for publication serially in newspapers. Such things as "Behind the Ballot" by James A. Farley, "The Life of Roosevelt," by Emil Ludwig, "Farewell to Sport" by Paul Gallico and others. Our feature department also supplies daily sports columns and sports pictorial page. It supplied a column called "The Turf," concerning horses, for several years; but we discontinued that.

The mat service of INP is distributed through the feature department of King Features Syndicate, Inc. Page 16 of the blue book states the coverage of the mat service; it reads—

"1) International Illustrated News mats comprise the fastest picture-mat service in the country.

2) Daily mailings are made from New York, Cleveland and San Francisco and special news-breaks are services from bureaus throughout the country, insuring fastest possible delivery.

[fol. 2659] 3) Telephone photos, obtained by stations strategically located, are distributed daily from your nearest mailing point.

4) From the latest international development to a simple, but gripping human interest picture, IIN news-picture mats give you complete, quick, accurate coverage and picture preparedness."

Those statements are accurate. The feature department also has a service called the "Home Institute Service." This is a service which was developed by King Features Syndicate. The service comprises small patterns which we provide to newspapers to publish in their newspapers, both for dresses, aprons, household garments and also needle craft patterns for crocheting; and the reader sends in money to the newspaper for the patterns, the newspaper sends the money and the request to us, and we fill it. We

sell a little over ten million patterns a year. Over five hundred newspapers subscribe to that service from King Features Syndicate. It is a popular feature with newspapers. It is a very good drawing feature and also brings in a lot of money to the newspapers. They get a percentage of the money that is sent in by the readers. The volume of business done by the Home Institute Services of King Features is by far the largest of its kind of any of the news agencies.

We also have a Weekly service department of tabloid-size feature magazine pages; that is a weekly tabloid that is published on Saturday in the New York Evening American and the Chicago Evening American and made available to newspapers outside those two cities. They include a fashion page, several illustrated news pages, a short story page, and a color page. That service is sold to probably 30 newspapers.

[fol. 2660] We also have various miscellaneous features which are available for distribution by the feature department of King Features Syndicate, such as cartoons like "Believe it or not." That is one of the best features in the newspapers. There are the Dionne Quintuplet pictures, Damon Runyon's column, Walter Winchell's column, Mark Hellinger's column and various miscellaneous columns and features. The feature service which I have been describing is available both weekly and daily. We have a series of columns concerning New York written by Walter Winchell, Dorothy Kilgallen, Alice Hayes and Louis Sobol.

We now syndicate only one financial column. We have two financial columns on the wire; the syndicate has only one. Dr. Louis Haney is the writer of the syndicate financial column. We also have a financial column on our Daily News Service wire by Merrill Ruckeyser. The latter financial news column is a part of our general news service to the clients of INS, that is to the morning wire clients.

We also have a magazine page for daily newspapers and a magazine section for Sunday papers. The magazine page for the daily papers goes to about 100 newspapers. I do not know what their total circulation would be. The Sunday magazine service goes to very few newspapers, not more than 30. We also have a Good Housekeeping page service. That is not widely circulated; it goes to about 30 papers. As a part of our feature department we have an editorial service which consists of editorial columns for

the editorial page, by Paul Mallen and other editorial writers. Mr. Mallen ranks as one of the two most widely distributed Washington columns. He is syndicated to about 200 newspapers.

We have a service which we call Fashion and Beauty, and also a bridge service, a puzzle service and a movie service. We have a service of features also for weekly [fol. 2661] newspapers. That is a very simple budget of features which is provided for small town weekly newspapers, which includes several news mats, an editorial feature, a Washington column, several cartoons, and home-making features. I do not know how many newspapers subscribe to that service.

The Central Press Association is a department of King Features Syndicate which has its headquarters in Cleveland; it was a syndicate that I bought several years ago and consolidated it with King Features Syndicate, and it was organized as the competitor of the Newspaper Enterprise Association, which provides a great number of features to a newspaper at a set price. The newspaper can use whatever features it wishes out of the budget. That is popularly called the NEA, and it is owned by the Scripps-Howard interests; that is, by the same interests that own the United Press Associations. This service includes news mats and an editorial page and a sports page and a comic page; and the small town newspaper that cannot afford to pay large sums of money for important features can buy all these features within their pocket-book. There is a full description of that service on pages 27 and 28 of the blue book.

King Features Service, Inc., through its various departments, supplies a complete feature budget comprising news feature stories, with and without illustrations, news cartoons, comic strips, and a full budget of departmental features. The various services provided by King Features Syndicate, Inc., are sufficient to enable a newspaper taking those services to publish a full and complete newspaper in the U. S. All it has to have is a soul and its local news and our stuff and it can publish a newspaper.

(Adjourned to April 22, 1943, at 10:00 A.M.)

[fol. 2662] (New York, April 22, 1943, pursuant to adjournment.)

Continuation of the direct examination of JOSEPH V. CONNOLLY.

By Mr. Pfeiffer:

The Witness: The papers which you show me are letters to salesmen by a member of the sales department of INS. They relate to the record of our comparative performance in getting news. They are letters about scoops and beats of INS.

(28 pages of letters to salesmen from sales manager of INS were admitted in evidence and marked Defendants' Exhibit No. 18-V for identification, April 22, 1943.)

The paper which you show me is a reproduction of the cover of the Editor and Publisher year book of January 31, 1942. On the inside of the cover there is an advertisement which reads "KFS King Features Syndicate, Inc. for Features.

INS International News Service for News.

INP International News Photos for Pictures."

(Advertisement in Editor and Publisher year book of January, 1942, was marked defendants' Exhibit No. 18-W for identification, April 22, 1943.)

The paper you show me is a message from Denver Post to International News Service headquarters dated yesterday. This is a typical inter-office message which tells how the newspapers of the country use our material as compared with AP or UP material, and this tells of the Denver Post, which is one of our clients:

"Extra banners and smashes INS on Japs execute U. S. Tokyo raiders, we way ahead here. Tregaskis and early Bors also take smash top page one play, giving INS clean sweep in Post."

[fol. 2663] (Inter-office telegram dated April 21, 1943, from Denver Post to headquarters of International News Service was marked Defendants' Exhibit No. 18-X for identification, April 22, 1943.)

The paper you show me is a follow up of the message which clarified the time of our beat. It is a supplementary message, and it reads:

“We seven minutes ahead AP on flash; three minutes ahead UP which flashed only that ‘American Prisoners executed by Japanese’ and just got around to execution of Doolittle fliers as first take of our second lead cleared.”

This supplementary message merely gives the time by which we beat these other press associations on this story yesterday of the execution of the boys of the Doolittle squadron by the Japanese.

(Supplementary message from Denver Post to headquarters of International News Service dated April 21, 1943, was marked Defendants’ Exhibit No. 18-Y for identification, April 22, 1943.)

The date of the consolidation of the New York Journal and the New York American was January 25, 1937. I was appointed the general manager of the Hearst newspapers on July 25, 1938. I announced my resignation on December 3, 1939, but I carried on for several months afterwards until my assistant could return to my office and take my place. I became executive vice-president of the Hearst Corporation on October 26, 1938 and resigned that position on March 14, 1939. I became president of KFS about ten years ago. I can get that record for you.

The paper you show me is an advertisement of INP that appeared in the Editor and Publisher on August 30, 1941. The advertisement has to do with the announcement of the inauguration of ‘round-the-clock sound photo service [fol. 2664] to newspapers east of Chicago. It announces the installation of a leased wire between New York and Chicago and several cities on the route. It also speaks of special leased wires which will connect other cities under that main trunk line. It states that such an arrangement means the instant availability of spot news pictures by means of speediest and most modern transmission facilities; and also that for the first time newspapers will be able to have fast 24 hour sound-photo coverage at reasonable rates.

(Advertisement in Editor and Publisher of August 30, 1941, was marked Defendants’ Exhibit No. 18-Z for identification, April 22, 1943.)

The paper you show me is a reprint of the Editor and Publisher, issue of August 2, 1941, and is an advertisement of INP entitled "INP encompasses the picture field."

(Advertisement reprinted from Editor and Publisher for August 2, 1941, was marked Defendants' Exhibit No. 18-AA for identification, April 22, 1943.)

The paper you show me is one of our several services of news pictures in mat form. This particular issue shows part of a day's service in IIN, which is a department of INP which issues International News Photos in that form. On the other side is shown a sample of another type of service in picture form which is called the Day's News in Pictures, and that is in full page mat form for newspapers that wish to use it in full form and not to break it up into separate units. We supply several pages of pictures in mat form for any newspaper that wishes to buy it. This is the sample of one particular type of page. We supply daily special illustrated pages of this kind of mat form. The newspaper receives our mats and stereotypes them and puts the flatcast into their forms. This particular sample shown to me is a reproduction of a day's service of individual mats sent out of New York City to newspaper in this area, plus a pictorial page sent out of Cleveland to newspapers in that area. We have that service for various parts of the country.

(Paper headed "International Illustrated News" was marked Defendants' Exhibit No. 18-BB for identification, April 22, 1943.)

INP has 150 employees. KFS, including the special writers, has about 600 employees in the feature department. These include the staff employees plus the other part-time employees. I do not know the total number of employees of King Features Syndicate, Inc. I will ascertain that figure for you.

I am familiar with the war picture pool. It is simply an agreement made with the INP and the Acme Pictures and AP and Life Magazine whereby, instead of all four agencies sending their photographers on battleships and to various battlefronts, that the pictures will be made by one photographer from each, thrown in the pool, to represent all four, and these pictures are distributed simultaneously

and equally to all four agencies. So that, for example when Mr. Roosevelt went to Casablanca our photographer was the man who was drawn in the pool; and the photographs which were made of the historic visit of Mr. Roosevelt to Mr. Churchill in Casablanca were made by Mr. Sheehan and distributed equally and simultaneously to all the other agencies. I do not know whether there were any AP or Acme or Life photographers there. So far as the pool was concerned Sheehan of INP represented the pool. In the recent visit of Mr. Roosevelt to Mexico an AP man went down, and the AP man provided us with all the pictures.

That war picture pool was worked out and created under the direction of the War and Navy Departments. It is an oral agreement but supplemented by certain written letters [fol. 2666] authenticating our understanding at various times. There is no contract; any man can withdraw from it if he feels he wants to. I think any other agency or newspaper can go into the pool if it so desires, but I do not think any have offered to come in since then. I believe anyone can come in. This happened so long ago that I cannot remember exactly what took place at the time. My notion is that anyone can come into that pool if they wish to pay their proportion of the expense. And there is not any likelihood that anybody else would want to be bothered with it except these three main agencies and Life Magazine. I would say that the pool was set up sometime before Pearl Harbor. Under the arrangement of the war pictures pool all of the pictures which are made by photographers employed by the pool are made available to the United States government. That was part of the arrangement which was approved by the War and Navy departments.

Other special sources of war pictures are the Russian Information Service, open to all agencies, the pictures of Russia's participation in the war. That is done through Sobfoto and through various publicity propaganda agencies of the Russian government, both here and in Moscow, and in London too. Those Russian pictures are available to anyone who wants them. There is also the British Information Service; various British propaganda agencies provide numerous pictures of the British participation in the war. They are available to anyone. The

Australian Information Service and the various Australasian agencies make available to all picture agencies of the U. S. the pictures of their participation in the war. Any newspaper can get these pictures that wants to get them. They do not buy them because we provide them for them. By "we" I mean INP, AP and Acme Pictures. The Chinese Information Bureau in New York provides pictures free to all picture agencies, and to individual newspapers if they want them. Of course the U. S. Signal [fol. 2667] Corps provides a great many pictures to American agencies. The pictures are taken by camera men assigned to U. S. Signal Corps units. These camera men are enlisted men and officers of the U. S. Signal Corps, and those pictures which are taken by the Signal Corps are available to all news agencies and all newspapers, excepting of course those subject to censorship, and that applies to all I have been speaking of. In fact that applies to every war picture that is taken, so far as it can be enforced.

Cross examination.

By Mr. Lewin:

When I said that the pictures taken by the representative of the pool, war picture pool, were distributed to all the other agencies I meant all the other agencies who were parties to the pool, and not agencies who were not parties to the pool.

The various Hearst corporations and their respective positions in the Hearst newspapers organization are as follows:

American Newspapers Incorporated is the parent corporation.

A second corporation is the Hearst corporation, which in turn owns the stock of the Hearst Consolidated Incorporated.

The Hearst Consolidated Incorporated in turn owns the stock in the various Hearst Newspaper corporations, such as New York Journal American, the Baltimore News-Post, the Pittsburgh Sun-Telegraph and others.

The American Newspaper Incorporated in turn owns the stock of several other Hearst newspapers, such as the New York Mirror, the Boston American and Albany and Milwaukee papers.

The Hearst Corporation owns stock in the King Features Syndicate, Incorporated. The Hearst Corporation owns the Hearst Consolidated and also owns the stock in King Features Syndicate, Inc. and other publishing corporations such as Hearst Magazines, Incorporated.

The American Newspapers Incorporated owns in addition to stock in newspapers the stock in real estate companies, radio stations and other activities of the Hearst enterprises. The American Newspapers Incorporated in some instances is an operating company in connection with mines, and I think they also have operating branches.

As to the Hearst Corporation, the corporate setup has been changed within the last two years, and I think they are still an operating company in the publishing field. The Hearst Consolidated Incorporated is an operating company in the publishing field. They had newspapers like Baltimore—I do not know whether a corporate change has been made yet or not, but they had Baltimore as a separate operation apart from the other group. That is, they operated the Baltimore papers directly. They also held the stock of various other Hearst newspaper companies which operated separate newspapers. They operated or managed the affairs of all the other companies, and the management of their editorial, circulation and advertising. The general manager of Hearst Consolidated is the operating boss of each subsidiary company staff. For example, Mr. Gartatowsky is the operating head of Hearst Consolidated and he is the boss, operating boss, of the following properties:

- New York Journal American.
- Baltimore News Post.
- Chicago Herald Tribune.
- Detroit Times.
- Pittsburgh Sun-Telegraph.
- Los Angeles Herald Express.
- Los Angeles Examiner.
- San Francisco Call Bulletin.
- San Francisco Examiner.
- Oakland Post Enquirer.
- Seattle Post Intelligencer.
- San Antonio Life.

[fol. 2669] That list includes all the Hearst papers except the New York Mirror, the Boston American, the Albany paper, the Milwaukee paper and the Boston Record. Those five papers are subsidiary corporations of American Newspapers Incorporated. The operating boss of those companies is Mr. Martin Huberth. They are all subsidiary companies, but Mr. Huberth is the boss of those papers and all of their operating problems are taken to him for decision. Mr. Huberth is between New York and California.

I am director now of King Features Syndicate, Inc. and of American Newspapers Incorporated and of the Hearst Corporation. Between October 26, 1938, and March 14, 1939 I was executive vice-president of American Newspapers Incorporated, the Hearst Corporation, the Hearst Consolidated, Incorporated; I think they covered all the other corporations; I was vice-president of radio stations and other things, but they are all covered by the parent corporation. From July 25, 1938 until early in 1940 I was general manager of King Features Syndicate, of Hearst Consolidated, of American Newspapers and of the Hearst Corporation. Mr. Gartatowsky and Mr. Huberth succeeded me in their respective general managerships—in two of the general managerships I held. Mr. Berlin succeeded me in the Hearst Corporation as general manager and Mr. McCabe succeeded me as general manager of the radio, and several others.

While I was general manager in these companies my knowledge of the financial end of it was very limited, because I had asked that I be relieved of that when I came into the operating job. That was handled chiefly by a man named Hagelburg, who was responsible to the trustee of the Hearst Corporation, who was Judge Shearn; and they were in intimate familiarity with the financial details, which were reported to me frequently, but with which I did not burden myself. At that time I had a general [fol. 2670] knowledge of the assets and liabilities of the various companies and the nature of those assets and liabilities; and as director of the Hearst Corporation I continued to have a general familiarity with that subject.

The date of the merger of The New York Journal and the New York American was the date that The Journal American became a member of The Associated Press. Before the merger the New York American held a membership

in AP for morning but for the evening did not. After the merger the combined company acquired an AP franchise or membership for the evening paper. I should qualify that answer by saying that obviously the AP has to approve the entrance of a member. But in the acquisition of that Associated franchise, as I recall, the Brooklyn Eagle membership was acquired. My recollection is that the Journal American bought the Brooklyn Eagle franchise. I do not know whether it bought anything else from the Brooklyn Eagle. That was all after my time. I will ascertain that fact for you. I will not be able to find out the consideration paid for the purchase and a description of the assets acquired in that transaction because that is something over which I have no control.

As to whether I was consulted with regard to the merger of The Journal and the American, that took place I think about a year before I became general manager, and the general manager at that time was a man named Bitner. Some time elapsed between the merger and the date on which The Journal American acquired the Brooklyn Eagle franchise, but that did not take place during my managership. It took place after my general managership, because it was arranged by a man named White, who became associated with The New York Journal after I resigned as general manager. I do not recall whether there was any consideration of the [fol. 2671] advisability of obtaining an evening membership in the AP for the Journal American when I was general manager. The only consultation that I entered into at the time was the agreement that I made with Mr. White while he was general manager to furnish INS service to that newspaper, which I did.

The accounts and revenues and expenses of the feature department of INS and INP are kept separately. The novelty service falls within the King Features Syndicate. I am speaking about the expense of novelties, toys, stories, advertising, etc. As to whether any of the novelty service is in the INS department—under the heading novelties would come the sale of special radio programs of INS, outside of the report of news to radio stations. I can think of no other department. For example, we get out a big war book of news photos, and that would come under the novelty department. It was not an activity of News Photos; we just used their material and gave them credit for it. There

would be no expense in connection with such a project; we simply used the pictures of INP, which were in the morgue. We made a sale and the revenue would be returned to us.

The toys, stories and the advertising and the like are sold to others than the daily papers. We sell novelties to toy manufacturers, and books to book publishers, and games to game manufacturers, and we sell radio programs like *Blondy* to advertisers. We have regular customers for that sort of product, and also incidental customers. We sell roughly 96 different novelties; some of those are included to newspapers. For example, a premium would be sold to a daily newspaper. All our list of products, the 96 items, are sold to persons other than newspapers as well. That is, they are sold to the public too. I do not have the figure for the income from that business. The total intake [fol. 2672] for INP would be about 20 magazines, like *Look* and *Time* and *Life* and *Cosmopolitan*, *Saturday Evening Post*, and *Colliers*, and that type of magazine. As to whether I will supply you with the number of clients of the feature department, first which are not newspapers, and then the number of those clients which are not daily newspapers published in the U. S., for the year 1941, I am afraid that information would have to be given to you in one form; you understand that no novelty goes regularly to a newspaper. I do not know of any newspaper that is buying a novelty from our novelty department. The last one we had was a puzzle contest; we gave away a book. I do not think there is any today. The list that I would give you would be a list of all clients which are not newspaper clients of the feature department of King Features Syndicate of International News Service and International News Photos. I will prepare such a list as of 1941. I will give the number of clients of INS that are not daily newspapers published in the U. S., and radio stations.

As to the proportion of the total 1941 feature revenues derived from daily U. S. morning newspapers, that derived from the daily evening Newspapers, and that derived from other clients of the feature department, I do not think I could get that information for you. We take in ten million dollars a year, and I would have to go into too many items. I can give you the INS, but I cannot get the feature stuff. Our books show the revenue and sources of revenue. We could add up the revenue derived from the daily morn-

ing papers for years, but it is a long job to do that. That would involve going over 2200 accounts. I can give it for INS, because we have a relatively smaller number of accounts.

I will give you the proportion of the total 1941 revenues derived from daily U. S. morning papers, daily evening U. S. newspapers, and from clients of INS. I can do the [fol. 2673] same for INP, but not for the feature department. It would be too long a job; we haven't got the facilities for doing it.

As to how many U. S. newspapers shown in Defendants' Exhibit 9 were daily U. S. English language evening newspapers, I would say practically all. There are very few that are not; it is negligible; probably half a dozen. As to daily U. S. English language morning newspapers, the same would apply to that question. I would say a dozen in the country; a dozen foreign language newspapers; all the rest are English language papers. As to the weekly, semi-weekly and tri-weekly papers on that list, I would say not more than a dozen. I did not understand Mr. Lewin's question regarding papers published in a foreign language in the U. S. and newspapers published outside the U. S. I will describe to you those papers on the list that are United States papers published in a foreign language.

(Discussion by counsel.)

I am not any more familiar with it than you are; the list to which you refer was handed to me as the collection of clients that did not appear on this list, and I would be glad to look them over at noontime and find out whether they are weekly or semi-weekly.

Mr. Pfeiffer: I have in mind that Exhibit 9 purports to be a list of the daily newspapers in the U. S. as of September 30, 1941.

The Witness: I am to get a list of the papers in this list which are foreign language newspapers published in the U. S. daily, and also to give you a list of papers served by INS that are not published daily but are published weekly or one or two times a week, all as of September 30, 1941. I am to give a list of those appearing on that list which are published on Sunday only, and a list of those papers appearing on the list which are college papers.

[fol. 2674] I will give the same information regarding the 11 newspapers which were subscribers to INS in September, 1941 and which do not appear on Exhibit 9. This may take a little time; I may not have it this afternoon.

I do not know whether the information is available to show the total amount which INS paid to string men in 1941 and in 1942, but I will inquire. It will take some time to prepare a paper showing the total payroll at each INS bureau for the INS employees located at that bureau in 1941 and in 1942.

None of the 1,864 reporters, correspondents and string men of INS in 1942 were full time employees; very few are full time employees, if any. I would say now that a string employee means that he works if a story breaks in his community, and he is paid for it accordingly. It is true that some of them are on a weekly retainer, but it is very small. They are not part time either, they are paid only when the news breaks in their territory. Very little money is paid to them as regular income. That is true of all the 1,864. I would say that the string men would amount to nearly 1,600 of that number, and the balance of about 264 would be reporters and correspondents.

All of those reporters and correspondents are full time employees. My guess is that about 200 of the 1,864 are full time employees. I will get the accurate figure. I will get the number of part time employees and a separate figure for the string men who are paid simply as they perform their work; and I will get a similar breakdown for the figure of 207 foreign reporters, correspondents and string men.

Practically none of our radio subscribers have news bureaus. They engage to give us news and they give us tips on [fol. 2675] news and that sort of thing, but they do not gather news for us at all. As to whether they have facilities for news gathering, we do not ask them to; they are not a source of news for us at all, except information.

As to whether King Features or the INS department of King Features directly or through subsidiaries serve news to Canada, we serve the Toronto Star with special news; we send all of our bulletins of our special stories to Canada through the Toronto Star, and the Toronto Star orders the stuff sent to them over head. We formerly furnished our entire wire to them, but it is too expensive, and they have changed to this form. For example, if we have a big signed

story from a survivor of a submarine, we query them to find out whether they want our news. I believe the Toronto Star is a member of the Canadian Press. None of the Hearst companies, including King Features, has any Canadian subsidiaries. We do business through the Toronto Star which sells our material in Canada; and we do business through the British and Colonial Press, which is a rival organization, which buys part of our material and sells it in Canada and pays a lump sum for the rights to our material in Canada. We do not buy news from them.

We have no bureaus in Canada. We have our own correspondents in Canada. There are only a dozen important cities in Canada, and I will say we have a dozen correspondents there. They are all string men. As to the total compensation paid to Canadian string men for the year 1941, that would be difficult to get. It is a very small amount, because the news coming from Canada to the U. S. has not been very great.

The 1941 expenditures of INS, amounting to \$2,622,744.45, include feature stories such as one movie column, by Luella Parsons who acts as a correspondent. She writes news and a column for us. Those expenses do include that. That is a [fol. 2676] news feature of our night wire. The column is regarded as spot news because it is put on the wire every day from Los Angeles and includes all the news of the movie colony, but if there is flash of the marriage of a movie star she gives us that. These expenditures would include expenditures made for INP. INS also furnishes some pictures along with the news that it mails and the feature material it mails. For example we would send a map once a week or something like that; that is about all.

These expenditures would not include such items as Milton Harker's movie column because he does not write one; he did some years ago. He is our bureau manager in Los Angeles now. His column was also a feature material largely and we gave it as part of our service, from INS, on the wire. Those expenditures would not include the expenses of Corum, Schumacher, Igoe and Powers on sports and sport features. Columns of Corum and Schumacher, or articles by them, are distributed by us without expense to us at all; we do not pay anything for them. They are not employees of ours at all; they are employees of The New York Evening Journal—I mean the present Journal American. Those columns are furnished frequently by INS to

INS subscribers, but not regularly. Schumacher, I think, is a *a* baseball reporter; and I think in the baseball season if he writes a good baseball story we use it on our wire, as we use special stories from other Hearst sports writers. "Special story" might mean feature material or it might be a piece of news.

Damon Runyon's column is included in the service which INS contracts to give. He is a reporter working for INS; he writes news covering conventions and he writes a daily column. A daily column would fall in the feature class and that column is sold by INS in its service from time to [fol. 2677] time.

As to other feature material, as distinguished from spot news, which is vended by INS in its contracts, there are humorous columns like "Bugs" Baer, a financial column by Rukeyser, a financial column by Haney, feature columns by Inez Robb, a humorous column by Kiernan, a sports column by Bob Considine, in addition to his sports coverage.

The INS expenditures which would be attributable to these feature items will amount to, on the payroll, about \$3500 a week; that is for all of it. I will figure it. I figure it \$3700. That would be for compensation to these contributors and their expenses, for in some cases, as for example in the case of Luella Parsons, we pay for her secretaries.

As to whether the figure of two million six hundred thousand plus would also include the expenses of transmitting such material, they are given to our bureau and put right on the wire; they are not figured separately. The figure of \$3700 per week includes compensation paid for instance to Mr. Runyon for his feature articles and for his spot news articles. It includes everything. We cannot separate it. The figure of two million six hundred thousand includes in addition to the compensation paid to the feature contributors the cost of transmitting such features as well as all other cost of selling and supplying those features. It would be possible to give us an approximate breakdown of that figure as between news and features supplied by INS. There is no cost for the transmitting of those features over the wire, because that cost is in your cost of leased wire and operation; they are simply handed to the bureau and put in our regular report. They have that relative part of that cost of transmission. The relative cost would be based upon the number of words to the whole, and out of 80,000 words

[fol. 2678] this would run 5,000 words to 80,000, that would be the relative cost. As to whether that was a fair approximation of how much of this expenditure should be allocated to features as distinguished from news, on transmission cost it would naturally be 5,000 to 80,000. That would be in addition to the direct cost of the compensation to the feature writers.

United States dailies to whom we sell our various services can subscribe to each of the products of the three different departments without taking the products of the other departments. They are sold separately. The subscriber list for features, the subscriber list for pictures and the subscriber list for INS services are not identical. Obviously one name on the list may take all three. As a newspaper man I would say that it may be important for a newspaper to get particular news services or particular picture services if it desires them. The mere fact that it can obtain certain features does not mean that it might not want the features of other organizations, and the same is true of pictures and of news.

Each newspaper decides for itself what it wants in the way of news, pictures or features, and they have different tastes and different needs. I would say it is important to have the choice. We are dealing with a commodity that is not like grain, which is all alike and you cannot tell one grain from another, but we are dealing with services that are widely different. I testified yesterday that all that you needed to run or operate a newspaper was a soul and the services of King Features and your local news—you have to have money to pay for that. A newspaper that was limited to those sources would be a different newspaper from one which has other sources. As to whether it would be as large a newspaper if it were limited to those sources as it would be if it had access to other sources of news, features, [fol. 2679] pictures, etc.—if it had the news of AP and UP and it had the pictures of Acme and AP and had the facilities and the desire to print them—they would print more than they would print from us. As to whether they would have a greater variety of features, news and pictures to vend in their papers, the question is preposterous, for the reason that out of a million words a day, for example, furnished to newspapers the newspapers do not use more than fifteen to twenty thousand words; but the newspapers that have access to these various sources make the choice. On some

days they choose ours as better than UP. Some days they take UP as better than INS, and so on. So that a newspaper that was not limited to King Features would have a wider choice and would be able to vend a wider variety of pictures, features and news than one that is so limited.

I said yesterday that I did not like the word "great" but liked to talk in the terms of the words "best" or "good." I could not say that a newspaper that is not so limited would be a better newspaper than one which is limited. I think it is important for a newspaper to have this choice as to which of the stories it will print, but there are other factors to be considered. History shows that a newspaper that had and was limited as you describe it to the choice of only our features and only our news and only our pictures, creates greater revenue and greater circulation than its competitor which has the choice of all other features, all other news and all other pictures. I would think that a paper limited to our service and which was denied the choice or the right to use these other sources would be by and large as appropriate for a large metropolitan community. That has been proved in the case of the New York Journal and Chicago Evening Journal, both of which have [fol. 2680] the largest circulation; and the Chicago Daily News, which was a competitor of the Chicago American, and the New York Sun or Telegram, which are competitors with the New York Journal never approached it in circulation. As to whether these are exceptional cases, they were *the were* the only cases that were possible to use for comparison.

I doubt whether there are at present any INS subscriber newspapers with a circulation in excess of 20,000 subscribers that are operating merely with a soul, their own local news that they gather themselves, and King Features. I do not know that there are any papers in the U. S. subscribing to the INS service that fall into that category, but there may be four such evening papers. As to whether there are any others except the Bayonne, New Jersey, Times, with a circulation according to the Editor and Publisher 1942 year book of 14,217, the Wooster, Ohio, Record, with a circulation of 11,090, the Newcastle, Pennsylvania, News, with a circulation of 18,308, and a paper in Austin, Texas, which I think you indicated was the Tribune, with a circulation of 11,006, I do not include those four because

the question as I understood it limited those four to depending upon INS, King Features and INP. They are not independent; they buy other material from others besides. I do not know whether they buy from AP or UP. I do not know of any other subscribers to our service, with circulations in excess of 10,000, that do not have either AP or UP. I do not know whether it is a fact that there are only four morning newspapers in the U. S. subscribing to our service that have not AP or UP. I cannot think of any others. I know of no others than the papers which you name: the Indianapolis paper, with a circulation of 1,175, a morning paper in Winchester, Indiana, known as The News, with a circulation of 1,725, another Winchester, Indiana, paper known as the Journal Herald, with a circulation of 1,725, and the Cleveland, Ohio, Daily Legal News with a circulation of 1,740. I do not know anything about the Cleveland, Ohio, Daily Legal News. From its title it indicates it is a special newspaper. I would assume that it is a newspaper for the local Bar. I do not know whether there are any other Hearst newspapers in that category today—that lack either AP or UP. No, there are none. All of them take either INS and UP or INS and AP. None of them are attempting today to publish their newspaper without either UP or AP.

I do not know whether that indicates that it is more important for those newspapers to have more wire news services than INS, but they certainly desire to do it. The managers of those newspapers have desired to have and do have, in order to operate their papers, in addition to the INS service, UP service or AP service.

(Discussion by attorneys.)

The Journal American as recently as 1941 desires AP service to such an extent that it bought up the AP franchise of the Brooklyn Eagle. I do not know that it paid money for it. I feel fairly well satisfied that it could not get it for nothing. At the time of that purchase I was a director of the Hearst Corporation, which in turn, through the Hearst Consolidated owned The New York Journal American. I was not consulted about why The Journal American obtained an AP franchise for an evening newspaper. I believe it is a fact that all or most of these Hearst newspapers carry the AP franchise on their books of account

and their statements of assets at a substantial figure. By substantial I do not mean figures running into hundreds of thousands. I do not know how much they capitalized the franchise at, either of these papers. I do not know approximately at what figure any of them carry the AP franchise [fol. 2682] on their *on their* books. As to whether *if* is true that the consideration paid for the purchase of AP papers has included large amounts for the AP franchise, I am not familiar with the size of the amount, but I will venture to suggest that they do have included in it an amount indicating an asset value for the AP franchise. As to whether in many instances that is the largest item, I would say that that is not the largest item. I would say, for example, that machinery might be larger than the worth of the AP franchise. In some instances the machinery is not worth very much; it depends on the size of the paper.

As to whether it is common knowledge in the newspaper industry that the AP franchise is placed at high figures, I can only speak about the transactions with which I was familiar, and the AP franchise was never considered in such sales. I do not know the price that the New York Daily Mirror paid for the New York American on June 24, 1927. I do not know that figure approximately. I do not know whether there was a large amount of consideration given for the AP franchise. At that time I was a director of the Hearst Corporation.

I do not know what price was paid by the Chicago Herald-American, a Hearst paper, in October, 1932 for the purchase of the Chicago Evening Post. I was not a director at the time of the Hearst Corporation.

I would like to correct testimony that I gave earlier this morning. In the transfer of the AP morning franchise to the Mirror, the Mirror did take over the franchise at that time, I said it was The Journal that became a member; it was the Mirror. As to whether the consideration paid for the AP franchise would indicate that in the opinion of the purchaser the AP franchise was a valuable thing to have, I cannot testify to that. I sold certain Hearst newspapers while I was general manager, and at that time the [fol. 2683] worth of The Associated Press franchise was never even brought up in conversation.

The wires of INP are not used for INS news. The wires leased by INS are not used for INP pictures. They could

not be so used; the INP wire is leased for a specific purpose, and it is a different wire than the telegraph wire leased by INS for the transmission of news. I do not think that physically the INS leased telegraph wires could be used for the transmission of pictures; I am not sure; I am not a technician and I could not answer that question.

Yesterday I listed eleven American newspapers served by INS on September 30, 1941, which were not on Defendants' Exhibit 9 for identification. I will check to find out whether the following papers of those eleven were weekly or semi-weekly newspapers:

Ensley, Alabama, Industrial Press; Denver, Colorado, Catholic Register; Flint, Michigan, Advertiser, Hometown Independent; Montgomery, Pennsylvania, Mirror; the Marysville, Tennessee, Times.

The only one I know is the Catholic paper; I know that is a weekly. I will check them all for you.

The domestic newspapers, which I listed in Defendants' Exhibit 12 for identification as being supplied by INP with prints as distinguished from mats, were not all under contract. I would say very few of them were under contract. Most of them were under letter agreement which could be cancelled in 30 days or something like that. I will ascertain how many were under formal contract, how many were regular subscribers under letter agreement, and how many had no written agreement with us at all in either form. They were all regular subscribers as distinguished from incidental. I mean they took them daily. They were not [fol. 2684] receiving these prints by leased wire; they received them by mail. Only a couple of papers received them by wire outside of the Hearst papers. I will list the papers which received International News Photos by wire, outside of the Hearst papers, and will give their locations. They are all located along the leased wire which runs to the Hearst papers. Those off that leased wire get their pictures by mail. It is important to a newspaper to be able to get its news pictures by wire. As to how important, frequently there is a very important picture that is available that should be transmitted instantly. Increasingly with the news of the war that has become important; before the war it was not important, but now that the war is on it is of more importance.

There is such a thing as a scoop in pictures, and the scoop would relate to the time the subscriber gets the picture so he can publish it. It is not likely that an agency using the

mail would scoop another agency using the wire to the same subscriber.

All the subscribers taking their pictures by leased wire, which will appear in this list I am going to prepare, are under contract with INP, that is, a formal contract. I do not think there is a form for that; I think it is a letter agreement.

We had applications for INB pictures from PM in New York and from the Chicago Sun; they were not formal applications; but we were told that we could not sell our service to them if they were available. The reason for that is that the Hearst papers supplied a great many of the pictures in the INP, and as the result of that obviously we cannot supply pictures to their competitors; they would not allow us to do it. It has never arisen whether that exclusive territory would apply to the territory of circulation of each of the Hearst papers. The rule or practice is that [fol. 2685] we won't sell to competitors of the Hearst papers pictures for simultaneous release to Hearst papers in the Hearst cities. We have similar arrangements in regard to features. That is a common practice with all papers. We sell some features to non-Hearst papers in Hearst cities. That is not with the permission of the Hearst paper, because if the Hearst paper cannot buy it we sell it to the non-Hearst paper of the Hearst city. If that feature is produced by the syndicate and handled under contract we have to offer it to every paper. But we do not sell any of our features which are taken by the Hearst paper to any of its competitors or to any non-Hearst paper either. They buy the exclusive rights. That is true of all the feature material, so that the only features that we are not in a position to sell to the general newspaper trade, so to speak, are features which none of the Hearst papers want to publish.

Yesterday I identified a number of market newspapers indicating a predominant use of INS in certain papers, on leading articles from AP and UP; I believe they were marked as exhibits following Exhibit No. 18. I also identified also a brochure containing copies of similar newspaper pages, which was marked as Exhibit 19. I supplied counsel for the defendants with all of these marked, copies of newspapers, and the brochure, before they were submitted at this hearing. I produced a few papers in addition to the collection that I brought as a result of the subpoena duces tecum. I produced those papers from the files of INS or

King Features. They had already been selected or collected by the INS organization, and in so far as they were photostatic copies it is true that they had been selected by INS as promotional advertising for INS, and had been selected on that basis. All of these particular issues selected were not selected simply because in those particular issues the use of INS leading stories predominated. Some of those I think you will find showed simply the presentation [fol. 2686] of individual features in different papers, like Considine and others. The first group showed the preponderance—almost all IN presentation. They were also selected because they happened to make a showing on that particular day. That was not a fair sampling of all U. S. newspapers for that purpose.

Mr. Pfeiffer: They did not purport to be a fair sampling of all U. S. newspapers.

The Witness: I do not know whether each one purported to be a fair sample of all the issues of the particular newspaper. I cannot say that the collection was made on the basis of fairness, but rather on the basis of the interest that these newspapers showed in INS; and that was the sole criterion of the selection of those particular issues. I have not, nor has INS, ever made an analysis over a period of time of all such papers taking INS and AP, or certain papers taking INS and AP, to determine the relative use of INS over AP. That would have been a more accurate method of showing predominant use of INS over AP by such papers.

I could not testify that the particular issues which were selected and produced fairly represent the day in and day out use of INS material in comparison with either UP or AP in the particular paper. I simply brought along with me yesterday afternoon a couple that were in the brochure and to show that they were still using that kind of presentation in papers. I think I brought along one which appeared in the Augusta Chronicle, and I brought along the Johnstown Democrat; they were two that happened to come in the same day. In promotional work it is usual for the promoter to put his best foot forward, and that is what those papers represent. I did not make a study of all stories to see how many times AP beat on important stories, but a more accurate and fairer presentation of the [fol. 2687] beat records would require such a study.

I recall that last July we received an inquiry from Assistant Attorney General Arnold asking for an interview with representatives of INS for the purpose of gathering some information. The letter was addressed to *my*. I replied to him under date of July 9, 1942. I identify the letter which you show to me.

Mr. Lewin: I will read this into the record:

“Dear Mr. Arnold:

Thank you for your letter of July 7. I shall have Mr. Seymour Berkson, our editor, and Walter Moss, our business manager, call upon you next Friday or Saturday if that is convenient for you. We shall be glad to cooperate with you.

Sincerely,

J. V. Connolly, President.”

The Witness: Mr. Berkson was the manager of the night side of INS, and Mr. Moss was the business manager. It is true that those gentlemen did come to Washington and have an interview with you about July 15, and they reported back to me the substance of their interview. In the course of that interview you asked them to prepare certain information for the Government, and that information appears upon this paper you now hand me.

(Paper headed “Items upon which we desire information relating to the INS” was marked Plaintiff’s Exhibit No. 6 for identification, April 22, 1943.)

The gentlemen explained to me that they were asked for the roster of newspaper subscribers of INS as of August, 1942, and I authorized them to comply with the request. Mr. Berkson prepared written responses to these inquiries, [fol. 2688] before submitting them to you he took them up with me and obtained my approval. I was satisfied that the information so supplied was accurate.

(Document headed “King Features Syndicate, Inc., International News Service Division, Question No. 1,” was marked Plaintiff’s Exhibit No. 7 for identification, April 22, 1943.)

I believe Plaintiff’s Exhibit 7 for identification accurately and correctly lists the newspaper subscribers of

INS as of August 1, 1942. Those subscribers are divided as between those taking the night wire and those taking the day wire. The morning papers fall into the night wire classification and the evening papers fall into the day wire classification. It is not true that the newspapers which appear on both lists are newspapers publishing both morning and evening editions. A newspaper that publishes an evening edition may take both the morning and evening wires. Some of them may only publish in the evening or the morning, as the case may be; but some of them publish so-called round-the-clock newspapers. Plaintiff's Exhibit No 7, in addition to giving the names and addresses of the subscribers of INS indicates the type of service each receives.

The term "printer" means that the news is received by that newspaper by telegraph on a receiving machine which automatically prints the copy, all by leased wire as distinguished from overhead or telegraph. As to a definition of "carbons," carbon copy means that the bureau in that city supplies to the newspaper a carbon—a carbon copy of the news report which comes into the bureau, or it is sent by mail from the bureau—by mail or by messenger to that paper. That is, where the newspaper subscriber is in the same town with the bureau it is sent by messenger; and where it is in another city it is sent by mail—or by train or trolley car. The term "Pony" means that at [fol. 2689] different periods in the day various newspapers get on a telephone wire and the condensed report of the news of the day is sent to them in 15 or 30-minute periods. They transcribe it over the telephone. As to how many installments of that kind a morning paper would get—the subscriber to the pony service—that is different; sometimes only 30 minutes a day, sometimes an hour a day. Each paper has a different amount; it depends on the requirements of the paper. "Pony-Carbons" are carbon copies of the condensed service which is sent to the nearby paper by mail or by messenger—not by telephone. In the average case, there would be a wordage of about one thousand or two thousand words a day. The term "Adv. News" means advance news; we get that out in printed form and mail sheets—only sent by mail. That is feature news. The term "Protection" on that exhibit means an arrangement whereby any news of great importance or interest to the local newspaper is telephoned or telegraphed to it from

our branch bureau; that is to say they have no regular flow of news, except they are protected on important news or news of particular interest. We call the pony subscriber at regular intervals. "Protection" means we call him when in our judgment we think there is something he would like to have; and he has the right to call us if he thinks we have something of particular interest to him. The volume of news moving to a person who has that type of service is very unimportant.

The paper which you hand me and which is headed "King Features Syndicate, Inc., International News Service Division, Question No. 2" purports to be a list of the newspaper subscribers to INS as of August 1, 1942, which were under contract with INS to give INS their local news. I would say that that list accurately and correctly reflects all of the subscribers in the category as of that date. As to whether the obligation of the Times-Herald of Wash-[fol. 2690] ington, D. C., to furnish local news has been stricken from their contract, I am not sure; but they give us all their local news, I know that. They give us their local news and their pictures, both.

(Paper headed "King Features Syndicate, Inc., International News Service Division, Question No. 2," was marked Plaintiff's Exhibit No. 8 for identification, April 22, 1943.)

In the check I am going to make, I will eliminate from the list, or put in a separate list, those newspapers under contract with INS where the obligation to furnish local news has been stricken from the form. Question No. 3 related to the list of INS news bureaus with their territories, and what you hand me purports to be the answer to Question No. 3 and I identify it as such. I believe it correctly reflects the list of 31 bureaus. Little Rock, Arkansas, is listed as a bureau. I believe the Little Rock bureau is a radio station bureau; I do not think that is a news bureau, but I am not sure about it. I am not familiar with Tulsa, Oklahoma, but I will check to see whether or not it is a bureau and whether it has a full time employee at the bureau.

(Paper headed "King Features Syndicate, Inc., International News Service Division, Question No. 3," was marked Plaintiff's Exhibit No. 9 for identification, April 22, 1943.)

In answer to Question No. 4 Mr. Berkson referred you to his answer to Question No. 13.

(Paper headed "King Features Syndicate, Inc., International News Service Division, Question No. 4," was marked Plaintiff's Exhibit No. 10 for identification, April 22, 1943.)

That question (No. 4) related to the number of full time employees in each bureau, and the answer appears in the [fol. 2691] answer to No. 13.

I identify the answer to Question No. 5, which concerns the payroll expenses of INS, the total payroll expenses of INS for the year 1941. The answer correctly sets forth the total payroll expenses of INS during that year.

(Paper headed "King Features Syndicate, Inc., International News Service Division, Payroll expense for the year 1941, Question No. 5," was marked Plaintiff's Exhibit No. 11 for identification, April 22, 1943.)

As to whether the answer of Mr. Berkson to Question No. 6, which asked about contracts between INS and cable and telegraph companies, to the effect "We do not have any" is true, It does not include the American Telephone & Telegraph Company. Today we have a contract with the Commercial Cable Company; we did not have one at that time; and I would have to look up to see our relation with A T & T, whether it is in written form or not. I do not think of any other cable or telegraph companies with which we might have contracts—formal contracts.

(Paper headed "King Features Syndicate, Inc., International News Service Division, Question No. 6," was marked Plaintiff's Exhibit No. 12 for identification, April 22, 1943.)

I identify Mr. Berkson's answer to Question No. 7, which you now hand me, and will state that that is about the correct figure of the total number of leased wires of INS as of August 1, 1942. As to whether there is a slight discrepancy between the total figure and the figure I gave yesterday, there would be naturally changes going on all the time, cancellations and additions, and that accounts for the difference.

(Paper headed "King Features Syndicate, Inc., International News Service Division, Leased Wire Expense, [fol. 2692] marked Plaintiff's Exhibit No. 13 for identification, April 22, 1943.)

I identify Mr. Berkson's answer to Question No. 8 regarding the total leased wire expense of INS in each of the years 1941, 1940 and 1939, and I believe that expense is accurately reflected in that answer.

(Paper headed "King Features Syndicate, Inc., International News Service Division, Question No. 7," was Question No. 8" was marked Plaintiff's Exhibit No. 14 for identification, April 22, 1943.)

Question No. 9 asked for the number of cities in the U. S. connected by leased wires of INS. Mr. Berkson's response stated, "That is covered in answer to Question No. 1." From my notes here there are 188 cities from that list located in the United States. For the purpose of that count, any town that has a printer comes within the category of city; so that really is a list of those town- where the printer has been set up to receive INS news.

(Paper headed "King Features Syndicate, Inc., International News Service Division, Question No. 9" was marked Plaintiff's Exhibit No. 15 for identification, April 22, 1943.)

I identify Mr. Berkson's reply to Question No. 10, which related to total news expenses of INS during the year 1941. The paper you hand me correctly shows the total news expense as of that date divided between total news expense and total traffic expense for handling that news. The total news expense is broken down into the item for domestic news gathering and foreign news gathering, in that order. The total traffic expense is broken down between the traffic department expense and the depreciation on equipment, in that order.

(Paper headed "King Features Syndicate, Inc., International News Service Division, Question No. 10, News [fol. 2693] Expense, Question No. 10, Traffic Expense" was marked Plaintiff's Exhibit No. 16 for identification, April 22, 1943.)

These figures of expense would include, in addition to the expense for gathering and disseminating news as such,

the expense of gathering and disseminating such feature material as INS sells its subscribers.

I will identify Mr. Berkson's reply to Question No. 11, which related to the number of state circuits which INS had as of August 1, 1942. That paper correctly reflects that there were such state circuits in the following states: Pennsylvania, Ohio, Indiana, Iowa, Illinois, Texas, California, Michigan and New York, and no others as far as I know. That was the situation I had in mind when I testified yesterday that INS had state circuits—INS had comparatively few state circuits, furnishing local news to local subscribers in those states, as compared with AP.

(Paper headed "King Features Syndicate, Inc. International News Service Division, Question No. 11" was marked Plaintiff's Exhibit No. 17 for identification, April 22, 1943.)

I identify the paper which you hand me, which purports to be Mr. Berkson's answer to Question No. 12, which related to the number of words, the average number of words furnished morning papers in Chicago, evening papers in Chicago, Washington morning papers and evening papers in Washington, as of August 1, 1942. It correctly sets forth that information. The wordage of 14,400 which appears for racing news daily except Sunday has been eliminated during the year 1942 by INS. I think that particular wire was eliminated sometime in the year 1942, so that as of today that item would be eliminated from the calculation of wordage, and the same thing is true of Washington.

Mr. Lewin: The pencil notations on Plaintiff's Exhibit [fol. 2694] No. 16 were not on the answer supplied by Mr. Berkson. They appear in a subsequent letter from Mr. Berkson which I will offer later.

(Paper headed "King Features Syndicate, Inc. International News Service Division, Question No. 12" was marked Plaintiff's Exhibit No. 17-A for identification, April 22, 1943.)

I identify Mr. Berkson's answer to Question No. 13, which is contained in the sheaf of four pages and which calls for the number of full time employees of INS. I believe that correctly reflects the number of full time em-

ployees as of August 1, 1942, broken down in accordance with their respective locations and duties. It does not list any full time employee for Little Rock, Arkansas or Tulsa, Oklahoma. Full time employees are listed, one for Cincinnati, Ohio and two for Lima, Ohio; but Cincinnati and Lima are not bureau points.

(Paper headed "King Features Syndicate, Inc. International News Service Division, Full Time Employees, Question No. 13," was marked Plaintiff's Exhibit No. 18 for identification, April 22, 1943.)

I do not have a list here to show how many exclusive contracts INS has with subscribers other than the Hearst newspapers for photos; I will find out for you, and will list any others that fall into that classification, if there are any.

With respect to the letter which you hand me, which purports to be a copy of a letter from Assistant Attorney General Arnold to Mr. Berkson, dated August 14, 1942, I believe the original of that letter came to my attention. In the letter certain additional information and explanation was asked with regard to some of these items that had already been transmitted.

(Carbon copy of letter dated August 14, 1942, from Thurman Arnold, Assistant Attorney General, to Mr. Seymour [fol. 2695] Berkson, was marked Plaintiff's Exhibit No. 19 for identification, April 22, 1943.)

I approved the signing of the letter which you show me and the giving of the information therein contained. It purports to be Mr. Berkson's reply to that letter of Mr. Arnold, dated August 20, 1942, to which are attached three additional documents, one an amended answer to Question No. 10 as to news expense, the next being a photostatic copy of the agreement between INS and Eleanor M. Patterson, doing business as The Washington Times-Herald, and the third being a photostatic copy of a contract dated February 27, 1939, between INS and The Washington Post. I believe the information therein contained was accurate.

(Letter dated August 20, 1942, from Seymour Berkson, Managing Editor, to Mr. Thurman Arnold, together with attached contracts, was marked Plaintiff's Exhibit No. 20 for identification, April 22, 1943.)

I note that in that letter from Mr. Berkson of August 20, 1942 he lists or purports to list all the newspapers listed in Item 1, which is now Plaintiff's Exhibit No. 7 for identification, which were not daily newspapers. I will check this list to see if the Harrisburg, Pennsylvania, Mirror should have been Montgomery, Pennsylvania, Mirror.

The agreement between INS and Eleanor M. Patterson, dated February 28, 1939, is on the form generally used by INS. The form has been altered in a number of particulars. As to whether it has been altered in order to provide that the services of INS shall be rendered to Mrs. Patterson exclusively, it is difficult to read it; it is very small type. I think in three places it does. It refers to it in the sentence that reads that the INS hereby bargains and sells to Eleanor M. Patterson exclusively in the City of Wash-[fol. 2696] ington the right and privilege of publishing in the Washington Times-Herald, etc. And it appears again in the paragraph Sixth:

"It is mutually agreed that International News Service reserves the right to make working arrangements and exchanges of news and wire facilities with other press associations, publishers or persons and to sell said news report to any other party or parties,"

and then there is added in ink,

"except in the afternoon (evening) newspaper field in the City of Washington."

Then later, in paragraph Twelfth, it says:

"The service described in the first clause of this contract shall be exclusive in the City of Washington to the publisher."

As to how many exclusive contracts of that character INS has, I think this is the list (producing paper). I have handed you this list of such papers in answer to your question. I believe that all the papers on this list are daily papers served by INS under exclusive arrangements. There are a few papers, like the Washington Herald, that are exclusive, and no other paper in the city can buy the right to use the service. A good number of those papers on that list have what is called the franchise contract, the

competitive newspaper can buy the service if he pays the franchise at its value.

(List of newspapers served by INS under franchise contracts, dated April 20, 1943, was marked Plaintiff's Exhibit No. 21 for identification, April 22, 1943.)

Exhibit No. 21 is a complete list of all of the newspapers that have either exclusive contracts with INS or asset value contracts. I will have to find out which of those news-[fol. 2697] papers have exclusive contracts and which of them have the asset value contracts. I will submit it later. Suppose you write out your list of what you want, and I will get you the information.

Mr. Lewin: I will mail it to you.

The Witness: I remember in general what it is, but I just want to have it accurate.

The contract which has already been offered between King Features Syndicate, Inc., and International News Service Department and Eugene Meyer & Company, publisher of The Washington Post, dated February 27, 1939, is an asset value agreement. The contract reads in part:

“Eleventh: (a) International News Service fixes the sum of \$30,000.00 as the asset value of this franchise during the first five years of the term hereof. It is mutually understood and agreed, however, that if the publisher makes payments hereunder (including additional payments under Paragraph ‘Second’ hereof), during the first five years of the term hereof, greater than twice the asset value as hereinbefore set forth, then, and in that event, the aforesaid asset value, simultaneously with such excess payments, shall be increased at the end of each year during the first five years of the term hereof, by an amount equal to Fifty (50%) per cent of such excess payments made during any such year. Except as hereinafter set forth, for a period covering all succeeding years of this contract, the aforesaid asset value shall be increased at the end of each year during any period of renewal of the original term hereof by Ten (10%) per cent of the total annual payments made in such year by the Publisher. Should International News Service at any time during the life of this agreement sell the service herein con-

tracted for to ~~an~~ morning newspaper, unconnected with [fol. 2698] the Publisher, and not now receiving such service, and situated within the corporate limits of the Publisher's city, then International News Service agrees, as one of the conditions of the sale of service to such other newspaper, to collect from the owner of such other newspaper and pay over to the Publisher, at least five (5) days prior to the commencement of service to such other newspaper, a sum equal to the then asset value, under the terms hereof, at the time of such sale of service; but in no event shall such sum collected and to be paid over by International News Service exceed ten times the total annual payment made by the Publisher to International News Service during the calendar year immediately preceding such sale. When International News Service shall have made such collection and payment over, it shall be and be deemed to be a complete liquidation and payment of the asset value hereunder, up to and including the date of commencement of service to such other newspaper. (b) Thereafter, and at the date of commencement of service to such other newspaper, as hereinbefore set forth, a new asset value shall accrue hereunder. Such new asset value, at the termination of any year of the next succeeding term of five years, beginning with the date of the commencement of service to such other newspaper, shall be a sum equal to Fifty (50%) per cent of the total payments made by the Publisher to International News Service hereunder, during all preceding years of such period. At the expiration of each succeeding year, after the termination of said period of five years, there shall be added to the new asset value a sum equal to ten (10%) per cent of the total annual payment made during any such year. Payments on account of such new asset value shall be [fol. 2699] paid over and collected, as herein set forth in subdivision (a) of this paragraph, in the event that the service herein contracted for, or any part thereof, is sold by International News Service to any other newspaper not receiving such service, or any part thereof, at the date of recommencement, at the time when the new asset value, as herein set forth in subdivision (b) of 'Paragraph Eleventh', began to accrue,

and thereafter, another new asset value shall accrue hereunder, and be liquidated in the same manner as herein in subdivision (b) of 'Paragraph Eleventh' set forth.

(c) Should the Publisher at any time, under the terms of 'Paragraph Second' hereof, make any additional payments, the amount thereof shall be added to the total annual payments used in determining asset value hereunder. It is expressly understood and agreed by and between the parties hereto that if at any time the Publisher defaults in the payment of any moneys due hereunder or otherwise, or fails in any manner to fulfill any obligation hereunder, or under the terms of 'Paragraph Ninth' elects to terminate this agreement, then, and in any of those events, the interest of the Publisher in and to any asset value, or any part thereof, determined hereunder, shall cease and terminate.

The clause provides a basic amount at the start, and then a schedule under which that amount is increased. The basic amount is determined by agreement with the publisher and considering the factor of the amount of money that he engages to pay us during the period. There is no formula by which INS determines what that amount shall be for any subscriber who wants that kind of contract. It represents a large percentage of the money he is obliged to pay during the contract, and it is a matter of [fol. 2700] individual bargaining between each subscriber. I do not think we are writing any more of those contracts. That was an idea of a sales manager we had some years ago, and he signed up a lot of papers on that line. We have never run into the situation, it has never been very necessary for operation, so I do not think we are using it any more at all. The idea originated with the United Press and was borrowed by our organization. They have had it for a long time. I would say that INS has had outstanding contracts of that character for not more than ten years; it has been less than ten years.

The Washington Times-Herald has cancelled its contract I think; it is now in negotiation for a new contract. Exhibit No. 21 speaks as of April 20, 1943. Referring to the Post contract and the contract with the Times-Herald, it is true that the printed form in both cases has a clause