

The Western Union Telegraph Company

AND THE CALIFORNIA PRESS.

In resistance to an effort to crush out a single Newspaper, and to establish upon the Pacific Coast a most odious and oppressive monopoly, I appeal as a last resort to an enlightened public opinion, and especially to the American Press, upon whose sense of justice I feel that I can confidently rely. HENRY GEORGE.

THE FOLLOWING PROTEST WILL EXPLAIN ITSELF:

ATLANTIC BUREAU SAN FRANCISCO HERALD, {
NEW YORK, April 21st, 1869. }

TO THE EXECUTIVE BOARD WESTERN UNION TELEGRAPH COMPANY:

Gentlemen:—I have been notified by your Vice-President that the arrangement under which the San Francisco *Herald* is now receiving news over your wires will be terminated on the 1st of May, and that thereafter new rates will be charged, which rates have been fixed by a contract made between your agent and four California papers, constituting the newspaper association known as the California Associated Press.

These new rates, which increase the cost of the *Herald* report one hundred and twenty-two per cent. at a single stroke, have been evidently framed and urged upon you for the purpose of crushing out that paper, and giving to the four favored papers a virtual monopoly of Eastern Telegraphic news.

This is a proceeding so repulsive to every idea of justice and fair dealing, so subversive of every principle of private equity and public policy, so short-sighted, as regards your own interests; so wanton, as regards the interests of others, that I cannot bring myself to believe that you are fully informed of the facts in the case, and therefore request that, while protesting against your contemplated action, I may be permitted to lay the facts before you.

Let me preface with a few words explanatory of the relative position of the California papers interested in this matter.

The Eastern news is the news of the world to California; it is not possible for a first-class paper to exist without receiving this news, so long as its rivals get it, and as you control all the wires between the Atlantic and Pacific States, it is not possible to obtain this news except through you.

During the exciting times of the war, the San Francisco *Alta* and *Bulletin*, and the Sacramento *Union*, which formed a combination upon the establishment of your first line in 1861, possessed a virtual monopoly of Eastern Telegraphic news, and as a consequence thrived exceedingly, and crushed out all opposition.

Subsequently, after considerable agitation of the matter, and efforts to call to it the attention of Congress, a more liberal policy was adopted by you, and taking advantage of this, and of the more liberal policy then pursued by the Associated Press of New York, the San Francisco *Times* succeeded in obtaining news dispatches of its own; and when every effort to prevent this had failed, it was taken into the Combination, which now consists of the *Alta*, *Bulletin*, *Union* and *Times*.

This combination have spared no effort to prevent the *Herald* from getting Eastern news. They refused to sell it news themselves, and by their influence upon the Eastern Associated Press, (their agent in the East being the General Agent of the New York Association,) prevailed upon that Association to also refuse to sell it news. Nevertheless the *Herald* started on the 20th of January last, and in spite of all efforts to prevent it, has hitherto published regular dispatches, which, to say the least, have been as full, late and reliable as those published by the Combination.

As a last resort, they have directly invoked your aid to crush the *Herald* and establish their monopoly, and this aid your agents have agreed to give.

Under the present arrangement, the four papers are paying you \$2,500 in gold, per month, or \$625 apiece, for the transmission of a daily news report of 1,000 words, from Chicago to San Francisco, which is used by them in common; the *Herald* is paying \$900 in gold for 500 words, from New York to San Francisco, used by it alone.

Under the new agreement which has been made between you and the Combination, they are in future to take 2,500 words a day, for which they are to pay you \$3,333 a month, while you agree with them to charge the *Herald* \$2,000 per month for its 500.

Or, in other words, you agree with the Combination to institute the following schedule of prices:

FROM CHICAGO TO SAN FRANCISCO.

| | | |
|-----------------|-------|-------------------------|
| 500 words daily | | \$2,000 gold per month. |
| 1,000 " " " | | 2,500 " " " |
| 2,500 " " " | | 3,333 " " " |

Which rates are to be charged irrespective of the number of papers to whom the report is delivered, be it one or many.

The schedule which you adopted in 1867, and upon which basis the arrangement with the *Herald* was made, is as follows:

FROM CHICAGO TO SAN FRANCISCO.

| No. of Words. | One Paper. | Two Papers. | Three Papers. |
|---------------|------------|-------------|---------------|
| 250 | \$600 | \$900 | \$1,200 |
| 500 | 800 | 1,200 | 1,600 |
| 1,000 | 1,200 | 1,800 | 2,400 |

In the present arrangement some little modification of this took place. For the fourth paper of the combination, (the *Times*,) you only added \$100 to the price for 1,000 words of news, and before the *Herald* started you agreed that the price to it should be \$900 for 500 words from New York, or \$750 from Chicago.

Between the old schedule and the one which you have promised the California Combination to adopt, the first and most striking difference is that the one recognizes the principle that a single paper should not be compelled to pay as much as a number of papers, which principle is totally ignored in the new schedule. It is only by a recognition of this principle that any competition in the newspaper business in California becomes possible. The prices which the California papers pay for telegraphic tolls are so enormous, as compared with their field and their receipts, that it is not possible for a single journal to maintain opposition, if it is compelled to pay as much for its news as all the others combined; and thus the only way to prevent the Telegraph from being used to establish a most odious and oppressive monopoly, is either to charge each paper a certain price for its news; to adopt a sliding scale, such as was adopted in your old schedule, or to permit no exclusive combinations, and while charging but one price for news, whether delivered to many papers, or to a single one, to make it a condition that any newspaper combination which seeks to take advantage of this shall admit to a share of the news any other paper which is willing and able to bear its proportion of the joint expenses. The essential justice of this last method is nominally recognized in your recent agreement with the California Association, as the justice of a sliding scale is substantially recognized in your schedule of 1867. You have provided in your agreement that the combination to whom you give a virtual monopoly of Telegraphic News shall sell five hundred words per day to any paper which will pay them a thousand dollars a month for this. But this proviso merely adds insult to injury. It would be "rare old news" that the opposition paper would get for its share, even if it should consent to pay its rivals for five hundred words of news more than they pay individually for five times the amount! Imagine the New York *World* doling out news to the *Herald*, or the *Tribune* dependant on the *Times* for its Telegraphic Dispatches. As every newspaper man knows the five hundred words will never be called for, and the standing offer is only a standing joke.

It may be said that the *Herald*, or any new paper is perfectly free to form partnerships with other papers not now receiving the news, and to thus enjoy the same advantages which you give the present combination. This is as though a Railroad Company should tell a single passenger whom it refused to carry, that he still had his inalienable right to walk, or, if he chose, was perfectly free to join with others and build a new railroad. The fact is (known to all who are conversant with the subject) that the five papers who are now receiving Eastern news, are the only papers in California which can afford to pay the prices you charge for Telegraphing. Should you adhere to your present policy, new papers will start, as the development of the country goes on, which will be able, after a while, to

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form new combinations; but the new Schedule, if enforced, will not only crush out of existence the only opposition paper now published, but effectually prohibit the establishment of any others.

There is, however, another difference between the two schedules which is hardly less striking than the one to which I have alluded; and which alone is sufficient to show that the purpose for which you have been induced to adopt the new schedule is to give the four papers comprising the California Association an absolute monopoly of the business. And that is the difference between the prices fixed for a small number of words as compared with the price charged for a larger number.

Under the old schedule, the price, starting from that fixed for 250 words, is increased 33 1-3 per cent. for the first increase of 100 per cent. in the number of words taken, and 50 per cent. for the second increase of 100 per cent. in the number of words. Or starting at the price fixed for 1,000 words, it falls 33 1-3 per cent. for the first reduction of 50 per cent. in the number of words, and 25 per cent. for the second reduction of 50 per cent. in the number of words.

Under the new schedule, starting from \$2,000 for 500 words, the price is advanced only twenty-five per cent. for the first increase of 100 per cent. in the number of words, and only 33 1-3 per cent. for the second increase of 150 per cent. in the number of words. Or reversely, starting from 2,500 words, a reduction of 75 per cent. in the number of words secures a reduction of only 25 per cent. in the price, while a further reduction of 50 per cent. in the number of words secures a reduction of only 20 per cent. in the price. This can have but one effect, and but one object, viz.: to aid monopoly by giving the combination of newspapers which can take a large amount of news, an overwhelming advantage over the single paper which can only take a smaller amount. Under your new schedule, four newspapers in combination get each 2,500 words daily for \$3,333 a month, or \$833 a piece; but the single paper which they refuse to admit to their association, cannot get for a thousand dollars, 100 words a day. That is, you will charge this single newspaper, (if the ratio of your schedule is preserved,) more per word for 2,600 words a month than you charge transient customers for ten word dispatches, with address and signature appended. Could anything be more unjust?

Look for a moment at the difference in the manner in which the enforcement of the new schedule will effect the papers obtaining news over your wires. You raise the price to the *Herald* 122 per cent. and give it nothing in return. You raise the price to the combination 33 1-3 per cent., and give them in consideration 150 per cent. more news.

At present rates the *Herald* is paying 6.92 cts. per word for its news; you propose to raise this price at one stroke to 15.38 cts. per word. The newspapers of the combination pay 2.4 cts. per word; you reduce this at the same stroke to 1.28 cts. Can a newspaper which must pay fifteen and one-third cents in gold for each word of its news, compete with papers which only pay a little over one cent a word? Can a newspaper which has to pay \$2,000 per month for 500 words of dispatches, run side by side with one which only pays \$833 for five times that amount? The idea is preposterous. Energy and enterprise will do a good deal; they have in this case done a good deal against heavy odds, but they cannot accomplish impossibilities; and if you insist upon taking up the fight for the California Association and making this discrimination, you kill the *Herald* just as effectually as though you denied it the use of your lines on any terms; you give the four papers of the California Association as complete a monopoly, present and prospective, as though they had it by valid legislative grant.

And, again, look at the matter merely as it effects your pecuniary interest. You are now receiving \$30,000 a year from the Combination, and \$10,800 from the *Herald*—a total of \$40,800 annually for the transmission of 1,500 words. Besides this the competition between the papers causes the sending of special and private dispatches which considerably increase your profits, and the gross sum would be before long increased by new papers which would start in a free field. But, by the monopolizing arrangement which you have made, you cut all this off; you kill all opposition to the combination, destroy all competition, and get only \$40,000 a year for 2,500 words, instead of \$40,800 for only 1,500 words. You actually undertake to kill the *Herald* and prevent future competition, at a loss to yourselves; to do more work for less money for the sake of giving certain favorites a monopoly!

When the very lowest and most selfish motive is thus wanting, when you thus consent to crush enterprise, not merely for no gain to yourselves, but at a positive loss to your stockholders, how can your action be accounted for, except as prompted by the very lust of overgorged monopoly?

Look at the equities which ought to subsist between you and the men who have been led to invest their capital in the newspaper enterprise which you now propose to crush. The *Herald* was not started

until your terms had been fixed, and its projectors would not have dreamed of starting it, had they had the remotest idea that your terms would have been increased. You now propose to more than double those terms; to charge them so radically as to kill this enterprise before it is three months old; to cause a loss of every dollar that has been invested upon your assurance. Such a course would disgrace and dishonor among his fellows, a very "shyster;" the lowest hater would blush to be charged with it. What then shall be said of such a course on the part of the Great Western Union Telegraph Company, with its ramifications extending through all parts of the land, performing, as it does, the most delicate and important functions with which any corporation can be charged!

If you follow this course, what can be said, except that you have lured men to their own destruction; have induced them to invest their savings in a business, which three months after, you wantonly destroyed; have caused others to abandon old situations and take new ones, only that you might in three months after throw them out of employment?

This crushing out of a newspaper may be a small thing to the Great Western Union—mere pastime to its managers—but it is a very different thing to the men who are to suffer by it. You may escape legal penalty, but you will be arraigned before the bar of public opinion, not only in California, but in every part of the country where the facts are known, and will be adjudged guilty without an extenuating circumstance. You may, it is true, give a convincing proof of your power over the press; but surely this is not needed. The newspapers of California, which hardly dare notice the incorporation of a rival company, and dare not endorse a public measure of which you disapprove, are subservient enough already.

Permit me to say in recapitulation that if you persist in giving the proposed monopoly to the California Association, you will be doing a great private wrong and a great public wrong. You will destroy a private business enterprise, started upon a belief in your good faith, as speedily and more completely than earthquake or conflagration could do the work; you will crush an able and successful public journal as thoroughly and quickly as mob violence could crush it; you will restrain the liberty of the press, and prevent the establishment of new papers as popular sentiment calls for them, as effectually as any press law which could be devised; you will say to the largest political party in California that it shall have no organ of its views worthy of the name of newspaper; you will deprive of employment a large number of men, cut off from some of them the hope of an honorable and successful career, and all this to your present pecuniary loss, to the positive injury of your stockholders, and at the risk of exciting against your Company a strong and bitter sentiment, which will call loudly for such legislation as that which your President, at the last session of Congress, so earnestly opposed.

And allow me to take the liberty of reminding you that the Telegraph, which has become a necessity of individual and social life, is not merely private property to be used to build up certain individuals or crush others, as whim, caprice or selfish interest may dictate; it is a great public trust to be administered for the benefit of the whole community. Especially is this true of the lines which connect the Atlantic with the Pacific, and of which you have uncontrolled possession. The people's money aided to build the overland line; but this money was not voted that a crushing monopoly might be created, and energies of individuals paralyzed by wealthy combinations.

I have not said all that might be said in this connection; but I have spoken freely, for I feel intensely upon the subject. And I protest against your contemplated action, not merely in the name of the proprietors of the San Francisco *Herald*, to crush which your aid has been invoked; but in the name of the citizens of California, who love fair play as keenly as any people under the sun, and who already know what monopoly of Telegraphic News means; and in the name of the whole journalistic profession on the Pacific, for there is not an editor, reporter or printer upon the coast (even if employed by the very papers to whom you propose to give a monopoly) who does not feel that by thus preventing competition in the newspaper business you are circumscribing his field of employment and tending to reduce his earnings.

I have thus taken the trouble to lay my views at some length before you, because I cannot believe that you have been rightly informed as to the facts, or have given careful consideration to this outrageous proposition.

Requesting only that you will act as simple justice and good faith dictate, I subscribe myself, very respectfully,

Your most obedient servant,

HENRY GEORGE,

Agent, San Francisco *Herald*.

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