

Republican Publishers and the Paper Trust

Evidence of the arbitrary raising of prices to consumers by the paper trust and showing the understanding in the paper mills with respect to the limitation of output, was presented to a special house committee at Washington, April 28. This question will, perhaps, figure largely in the coming campaign. It will be well for every Commoner reader to inform himself upon it. The story is told by the Washington correspondent for the Chicago Record-Herald (rep) in this way: "For the third day John Norris, chairman of the committee on legislation of the American Newspaper Publishers' Association, occupied the stand and has not even yet exhausted his store of information, based on reports from publishers, great and small, all over the United States, relative to the far-reaching effects of the combine's work.

One of the important developments today was evidence showing that the Hearst publications, printed in several cities, have a special low price on paper they consume. In the house yesterday Mr. Dalzell read an editorial from one of the Hearst papers opposing the fight which the publishers of the country as a whole are making for the free listing of wood pulp. The republican standpatters have sought to make much of this and of similar editorials from the same source.

COMMITTEE SHOWS HOSTILITY

As the testimony piles up the fact is becoming more perceptible that the investigating committee is hostile to those who in response to Speaker Cannon's long list of whereases were quick to volunteer all information at their command with regard to the facts of the paper situation. Chairman Mann, especially, is bent on rubbing in his opinion that the publishers ought to expect little consideration at the hands of the republican members of congress. Speaker Cannon himself could not play the part better than Mr. Mann is playing it.

There never has been anything purporting to be an investigation by a special committee of Congress so thoroughly characterized by lack of judicial temperament and desire to treat what might be called the prosecuting witnesses fairly as this present affair. The committee sits during the sessions of the house, and when the electric bell in the committee-room proclaims that there is a roll-call in the chamber Chairman Mann will remark to the witness, sneeringly and sarcastically, that the "democratic filibustering 'friends of the publishers' are assisting to delay the investigation, as the committee must adjourn in order to let the members vote. It happened twice today. When the bell rang the first time, about noon, Chairman Mann said: "That means that your self-appointed prophet and special ally (Minority Leader Williams) has demanded that we stop here, and he is doing it to help you hasten the hearing."

TAKES A RAP AT MAJORITY

Previously Mr. Norris had ignored such remarks, but this time he said: "If our professed friends of the majority had done what they have avowed themselves extremely anxious to do, the wood pulp proposition would have been passed three weeks ago and there would be no roll-calls on that account."

Right here Mr. Mann declared that he didn't see how the publishers could claim to have any friends among the majority after all the abuse they had heaped upon it.

Despite the marked antipathy of the chairman of the inquisitors, Mr. Norris went ahead when opportunity offered laying the groundwork for the specific cases of the combine's operations which it is intended to present later.

"NO WATER" AT NIAGARA

Mr. Norris began his recital for the day by submitting further evidence regarding the shutting down of mills. Particular attention was called by him to the statement of the Hamilton (Ohio) Daily Republican News, that it closed down because of "no water." Mr. Norris ridiculed the idea of the claim of no water at Niagara Falls.

Leaving this phase of the question, Mr. Norris quoted a number of publishers as having knowledge that the product of independent mills either had been acquired by large selling agencies or the sale of their output merged.

He submitted answers to a number of questions propounded to newspapers showing that agents stated that the Wisconsin Mills had been sold to the International company; that the output of the Booth mill in Canada was con-

trolled by Allen McEnery & Co., Chicago; that the Carthage, N. Y., mill (West End), was controlled by the Central Ohio Paper Company and that the J. W. Butler Paper Company had a special mill in New York; that the excess of the St. Croix company was taken by the International company; that the International company was buying from the St. Regis; that the treasurer or some other officer of the International company had bought a block of Finch, Pruyn & Co. stock; that the Oswego Falls Pulp and Paper Company, supposed to be independent, was represented at meetings of the manufacturers in New York and that the Finch interest in the Finch-Pruyn company had been acquired by the International Paper Company.

MEET TO FIX PRICES

Turning his attention to the subject of dates of meetings of paper manufacturers to consider prices, Mr. Norris placed in evidence statements by many newspapers on the subject, showing that such meetings had been held.

Statements relating experiences of publishers with Canadian mills also were put in evidence. Some publishers certified that they were receiving Canadian paper at the same prices as from mills in the United States; others spoke of the disinclination of Canadian mills to take orders or enter into contracts, preferring to sell in the open market. Another publisher had heard of a Canadian agent in Chicago offering a better price than American mills, but said that when he was sought it was found that he had raised his price and left town. In one case, in 1904-05, a publisher bought satisfactory paper in Canada for less than he could get it in the United States.

Replying to Mr. Mann, Mr. Norris said he was unable to state how many Canadian mills were closed. The Sturgeon Falls mill, he said, had not been a financial success and was shut down. He understood this was not due to any defects in manufacture, but primarily to "early and high financing."

Mr. Mann remarked that it seemed rather strange that with the great advance in the price of paper and the opportunity of the Canadian mills to furnish paper at the higher price they would be compelled to close at this time because they could not be operated profitably. He thought the Publishers' Association should seize the opportunity to acquire the mills.

WANT MILLS STARTED

To that suggestion Mr. Norris replied that his association received on an average of three propositions a week, containing opportunities for location of news print paper mills in Canada with limitless timber tracts and numerous power sites.

He said that one consular report showed that in the province of Quebec there were 745,000,000 cords of wood pulp timber, "enough to keep the United States in spruce wood for all of its paper manufacturers for over 200 years if there was not a particle of reproduction in any other Canadian forests."

"You don't share in the views of Mr. Pinchot, the chief forester," said Mr. Mann, "that the enormous consumption of print paper and wood pulp is going to deplete all the forests in North America within the next seven or ten years."

Mr. Norris replied that the chairman was anticipating a branch of the subject to which he would give special attention, "and on which we will excite your lively interest as affecting the price of wood and the speculation in wood lands."

According to further statements by publishers, as submitted by Mr. Norris, in a majority of instances they could get paper in sufficient quantities when they wanted it. Not a few, however, had their supply curtailed.

PRICE MADE TO HEARST

After Mr. Norris had submitted testimony showing that supplies of paper had been shifted from one mill to another or from one agency to another, he was subjected to a cross-fire of questions by the committee, bearing more particularly on the quantity of paper consumed by the Hearst publications. Mr. Norris asserted that those publications took one-fourth of the entire output of the International Paper Company, or 300 tons a day.

"Do you know at what rate Mr. Hearst gets this paper?" Chairman Mann inquired.

Mr. Norris said he knew only from street gossip.

Asked by Mr. Stafford if there had been any talk about Mr. Hearst's contract, Mr. Norris said there had been considerable. He mentioned prices of \$1.92, \$1.94 and \$1.96 and said he understood that some comparatively recent settlement had been made, but whether it was an entirely new deal or the result of an old contract providing for a re-adjustment at a given time he could not say. He was not, he said, informed as to the length of the contract period.

Mr. Norris volunteered the statement that the New York Journal was not in sympathy with the present inquiry.

Answering further questions, Mr. Norris said the rumored prices to Mr. Hearst were for paper delivered at the newspaper offices.

ALL WORK IN HARMONY

Mr. Norris then put in evidence the statements of publishers from every part of the country to the effect that there was a constant interchange of information among paper-makers respecting prices and that they knew of quotations made by other agencies or mills. Almost without exception the publishers stated that the paper makers were in collusion and that the quotations seemed to be very uniform.

Replying to a question by Mr. Mann, the witness said that the visits of selling agents, which formerly had been frequent, had stopped, and added that no visits from paper-selling agencies has been made for a considerable period before the several inquiries of the publishers had been made.

In reply to a question by Mr. Stafford, Mr. Norris declared it to be the contention of the publishers that customers have been apportioned to particular mills. "How that was arranged through brokerage houses," Mr. Norris said, "we do not pretend to know." The practice, he declared, had been almost uniform. The various reasons given by the paper-makers for the adoption of an agreed scale was stated by Mr. Norris through quotations from a number of publishers, in which they ascribed the increased cost of labor and material as being principally responsible for the higher cost of paper. On the other hand, some of the publishers declared that the dealers and jobbers had told them their prices were governed by uniform advances by the mills, and that advices from one company of a change would be followed in twenty-four hours by similar advices from other mills.

SAYS MANN IS AMUSING

The vast forest resources of the Pacific coast, available for pulp, were referred to by Mr. Norris, but he said that because of an insufficient water power advantage could not be taken of the opportunity to use that timber.

Mr. Mann called attention to the proposition in congress for water rights on the Snake river, Washington, which, he said, the president had announced his intention to veto. "Why don't you go up to the president and use your influence with him?" he inquired.

"If," said Mr. Norris, "you knew how amusing your talk is to me, you would appreciate some of the things you are saying."

"We are told now by Gifford Pinchot, who in this matter speaks through the voice and tongue of the president of the United States," asserted Mr. Mann, "that there can be no development of water power in this country for some time to come."

Mr. Norris said he did not know what the purpose of the inland waterways commission was except for the creation of water power.

"The primary purpose," said Mr. Mann, "is to draw salaries."

NOT DUE TO FREIGHT RATE

Mr. Norris refuted the contention of the manufacturers that the increase in price has been partly due to higher freight rates, and submitted a communication from the interstate commerce commission showing the freight rates from the principal mills to the larger consuming points, from which it appeared that with one or two exceptions there had been no increase for several years, and in two instances the statement showed a reduction in rates.

Mr. Norris next submitted an estimate of the daily output of news print mills in the east and west. This showed that mills in New York, New Hampshire, Vermont and Maine were producing 1,607 tons a day. Including the International Company, the production was 2,087 tons. He estimated that the western mills produced 800 tons, or a total of 3,607 tons a day.