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Mr. Howard Goes to South America

The United Press Associations and Foreign Expansion

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The United Press Associations and Foreign Expansion

by Terhi Rantanen

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ver the past 20 years, a number of academic and professional studies have documented the high degree to which modern media are dependent on the international news agencies. This dependency assumes multifarious forms, the most apparent being the quantity of news that international agencies supply to media around the world. Extensive research of foreign news has shown that as much as two-thirds of all foreign news comes from the Associated Press and United Press International of the U.S., Reuters of Great Britain and Agence France-Presse of France.¹

The research on news agencies can be divided into three major approaches: (1) analysis of content; (2) studies of structure and function; and (3) historical accounts of agency development.² Unfortunately, it has developed along exclusive disciplinary lines—quite separately in different fields, such as international communication and journalism history, virtually without interaction and cross-fertilization. Particularly striking and regrettable is the ahistoricism of much social science research—serious inquiry into the historical development of news agency dependency has been particularly wanting.

Indeed, the segregation of media studies into two discrete fields—international communication and journalism history—has led to a basic misinterpretation of news agency operations. On the one hand, researchers in international communication have emphasized the subordination of national to international agencies, but have neglected the interrelationship among domestic agencies—as if competition in the internal, domestic market were not an important factor. Contrariwise, historians of journalism have committed the opposite transgression—they have focused exclusively on the relationship among domestic

agencies and ignored their foreign connections. Hence these two dimensions have been treated as independent variables. The starting point for a new approach must be strong, bi-directional dependency—between the national and international markets.

The early history of news agencies in the United States offers an important and interesting case, for it involves agencies that first concentrated on the domestic market, but subsequently expanded abroad and became international. To be sure, some of this development has been described, most notably in a book by the former general manager of the Associated Press (AP), Kent Cooper, who recounts the AP's "crusade" against the powerful cartel of the European news agencies—the British Reuters, French Havas and German Wolff. By contrast, much less is known about the AP's competitor, United Press Associations (UP, 1907-1958), and its foreign relations. That is a curious gap in the research, for the UP has a unique history; it was the only agency in the world that succeeded in establishing its own, independent foreign coverage (free of any affiliation with the international news cartel—in contrast to the AP) and became itself an international agency.

If Cooper has been credited with achieving the AP's foreign expansion (which he himself promoted and which will be questioned here), it was Roy W. Howard (1883-1964) who engineered the UP's expansion into the international news market. Howard began his work at the UP in 1907 as its first general news manager and became its general manager in 1912. Eight years later he resigned to become general business director of the Scripps Newspapers (later Scripps-Howard Newspapers).⁴

Howard's active role at the UP was considerably shorter than Cooper's, whose career at the AP lasted 40 years (he became general manager in 1925). In 1914-1920 Howard devoted himself to the UP's expansion into the foreign market, spending much of his time abroad. His main objective was to open the South American news market. Of his nine trips abroad in this period, he made three to South America in 1916, 1918 and 1920. During his first trip there Howard signed an

agreement with an Argentinean paper, *La Nación*. The contract marked a watershed in the history of the UP's (and AP's) relationship to the international news agencies.

Significantly, this foreign expansion of both the UP and AP was closely connected with their competition in the domestic market. The main task of this essay is to analyze this interrelationship, to suggest how the domestic and international markets were interwoven, and to illuminate Roy W. Howard's role in this process.⁵

THE ORIGINS OF THE UNITED PRESS ASSOCIATIONS (UP)

News agencies in the United States have developed along two major organizational lines, i.e., cooperative and private. Whereas the cooperative agencies have been extensively studied, far less is known about the development of private agencies. Thus, in contrast to the extensive scholarship on the different Associated Presses, researchers have paid scant attention to private agencies like the United Press (1882-1897) and United Press Associations.⁶

The early history of the United Press Associations is particularly interesting, for it was deliberately founded as a distinct alternative to the AP. Its founder, E.W. Scripps (1854-1926), owned a newspaper chain of numerous newspapers in cities and small towns. He condemned his competitors as capitalists and conservatives and saw his own papers defending the interests of the working class. He also believed in promoting young people as journalists. According to him, youth is in its period of struggle and therefore more likely to be radical and close to the people; maturity and age inescapably breed conservatism and general remoteness from the common people. Scripps practiced what he preached—he hired young journalists and promoted them quickly to responsible positions.⁷

Scripps detested both cooperatives and corporate monopolies. Instead he believed in one-man firms, where power was not divided between numerous stockholders, but one man had the power to decide any important question. That conviction derived from his deal-

ings with the old Western Associated Press, United Press, and the AP (of Illinois).

My experience with the old UP also had taught me that there was little to choose between an ordinary stock company of this kind and a mutual association, so far as proper and honest conduct was concerned. But there was an additional danger in a stock company in that contending parties must form factions to be followed by strife for stock control. I had known many newspapers to fail because of quarrels amongst stockholders and the constant shifting of balance of power.⁸

Dissatisfied with the ownership forms and operation of these agencies, he used small, independent news services for his own newspapers. They were such as the Scripps-McRae Press Association (originally Adscititious Report for Middle Western papers), Scripps-Blades Service (later Scripps News Association for Pacific Coast papers) and Publishers' Press Association. For several years these three agencies, each with independent management and organization, interchanged news and worked together. But none of them ever became profitable or a serious competitor of the AP.9

It was only in 1907, when Scripps founded United Press Associations, that the three associations were finally merged into a single organization. The stock of the UP was held by four men, but E.W. Scripps had the majority of the stock (51 percent). The first president was John Vandercock (he died within a few months), followed by Hamilton B. Clark (1908-1910) and C. D. Lee (1910-1912). The firm commenced operations with substantial liabilities (\$300,000) from the previous agencies. It had less than 300 clients, mainly afternoon papers. To put it mildly, its prospects were anything but promising; at that point, the AP's organization, resources and clientele were infinitely superior. The newly founded UP obviously faced a difficult uphill battle against a well-established agency, which already could claim extensive experience in both domestic and foreign news transmission.

Under the circumstances, the UP chose to create a profile that was

entirely different from that of the AP, adopting what Mintzberg has described as the "Simple Structure." According to this scheme, most organizations actually traverse this phase in their formative years, when they all share some common basic characteristics—little or no technostructure, few support staffers, a loose division of labor, minimal differentiation among units, and a small managerial hierarchy. Formulation of strategy and policy is the exclusive responsibility of the chief executive. The decision-making process tends to be highly intuitive and nonanalytical, often thriving on uncertainty and oriented to the aggressive search for opportunities. 12

Moreover, the UP's new profile was distinguished by a striking youthfulness of its employees, including those in responsible positions. Howard himself was 29 years old when he became the UP's general manager and most of his fellow workers were even younger. Compared to the AP's Melville Stone (then 64 years old), Howard was a "Wunderkind," who had achieved much more than men of his age usually did. Significantly, Howard had *not* slowly worked his way up through the ranks; it would have been inconceivable for the AP to name a general manager who had not laboriously climbed up the ladders of the organization. As Howard writes:

When the UP was born in 1907, it wasn't a very husky looking infant, and there was considerable doubt to whether a formula could be evolved on which it could be nourished. It had one piece of good luck, however. The 24-year-old young man selected to work out that formula—chiefly because no one else was crazy enough to want the job—had an equipment more valuable than he ever suspected. That equipment consisted, first, of a telegraph-desk-acquired knowledge of the extent of dry-rot in the AP report; secondly a blissful ignorance of what more experienced people knew could not be done; and third, an inordinate amount of cockiness, conceit and affinity for 14-hour work days. With that sort of a captain, and a crew made up almost wholly of brash upstarts his own age or younger, all equally full of pep, and equally devoid of inhibitions, the UP got under way.¹³

To be sure, Howard rapidly acquired a reputation not so much as Wunderkind as "enfant terrible," who had arrogantly and impudently challenged the dominant way of news gathering and launched a bold attack on AP. One of his concepts was "Today's News Today." The point, of course, was the exciting and arresting idea that it was not really "news" unless it could be published on the same day that it happened. It was more than an advertising slogan: Howard's own experience with telegraph operators enabled him to work on the development of news transmission technology. As a result, the UP became the first news agency to use the facilities of the American Telephone and Telegraph Company to telegraph its news transmission. Moreover, the UP also initiated the use of the telephone for the transmission of "pony" (i.e., small) news reports. The new device made it possible to provide a larger service than by telegraph and for less money. Later, the UP pioneered yet again when it became the first agency to adopt the printer-telegraph machine and radio in news transmission.14

Howard revolutionized not only speed and technology, but also attacked the shibboleth that news was "impartial" and "objective." In his view, the dominant myth of impartiality must and should be challenged; this old-fashioned journalism (which he equated with the AP) ensured only the delivery of routine, insipid, uninteresting news. Howard wanted to "color" the news—that is, it should truly represent the spirit and atmosphere of the news situation. As one of his contemporaries wrote:

These young men might not have so much understanding of rhetoric or so much appreciation of a balanced sentence; but they were able, by the character of their instructions, to put something of their own feelings into their news report. They expressed characteristically the popular point of view.¹⁵

The difference in conceptions of news was dramatically evident at the first national newspaper conference in Wisconsin in 1912. The general manager of the AP, Melville E. Stone, described his organization as colorless and unbiased and vowed to keep it that way. When he had finished, "a small, bright-eyed young man, looking like the leading juvenile in a stock company," 16 rose to reply. It was Howard who said:

I am sorry, but we haven't succeeded in keeping our bureau colorless and unbiased. We're only human beings, and most of us have pretty strong individualities. We couldn't keep our individualities out of the news, no matter how hard we tried. We don't try. We tell about the news as we see it. We make every allowance we can for the other side, and we don't lie or suppress, but there still remains the point of view. Our method is the only way to be honest with the public and with ourselves.¹⁷

Moreover, Howard's UP broadened the very definition of news, adding to its coverage such new features as sports, women's page matter, cartoons, comic strips and "human interest" stories. Because the UP initially served only afternoon papers, it continued its service into late afternoon until baseball games, races and other daylight sporting events had been concluded.¹⁸

Both Scripps and Howard shared the same view—"news," in their opinion, was purely a commodity that was sold only if it pleased customers. They regarded the UP as a frankly commercial organization, that is, a "business" that bought and sold news for a profit. This stood in contrast to the AP, which had no profit motive, for it was a cooperative in which members shared the costs.¹⁹

The UP rapidly achieved a reputation of a liberal-minded agency compared to the AP. As one contemporary wrote:

Unipressers are bound in an unusual esprit de corps, hard to define but nonetheless real. No doubt it has something to do with UP's fearless independence and with its leaning toward liberalism. Perhaps it is based on the fact that UP was the underdog and is now worrying the somewhat august AP. Other factors may well be that UP is an organization of young men—average age about 28—from

small town and mid-west colleges of journalism, plain fellows of Nordic stock with scarcely a Harvard B.A. among them, and that every UP executive has come from the ranks.²⁰

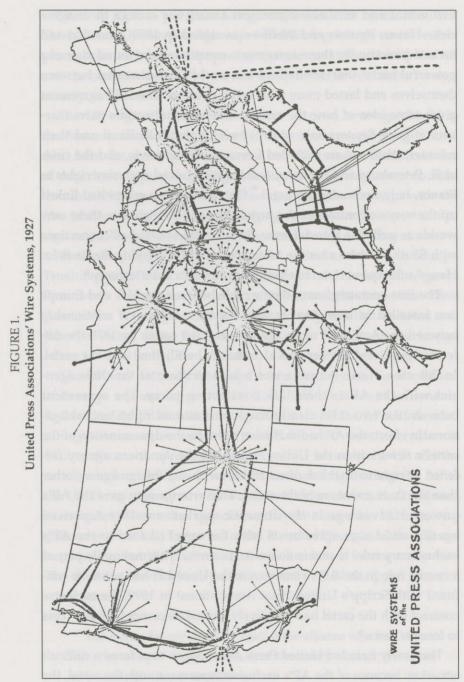
The UP created, in addition, a new method of gathering its news. Whereas the AP collected news from member newspapers, the UP established a correspondent net of its own. Most correspondents were paid only for what they submitted; productivity and quality thus remained under the direct control of the UP. As a result, the home office could change its correspondents—as well as their location—as often and fast as it pleased.²¹

Still more radical was the UP's decision to challenge the principle of "exclusivity" of news, so deeply embedded in the AP. The latter's exclusionary system not only forbade its members to sell separately their news reports to rival agencies, but even prohibited them from *receiving* it from competing wire services. Moreover, the AP required that two-thirds of all members approve the admission of a new member; indeed, the consent had to be unanimous from other newspapers operating in the same city as the prospective member.²² The UP furiously resented these monopolistic practices. It announced that its news was non-exclusive, that the UP would accept any client in any town or city, and that any other newspaper in that town or city could have the UP news at the same price.²³

All these revolutionary innovations contributed directly to the UP's phenomenal economic success. By 1912 it had 500 clients (compared to the AP's 850 clients in 1913) and their number was rapidly increasing. The UP also managed to diversify its clientele. At first it had almost only evening papers as clients, but later attracted morning papers as well. As a result, its net profits steadily increased—from \$33,700 in 1910 to \$61,100 in 1915.²⁴

THE UP'S FOREIGN RELATIONS

It is impossible to understand the development of news agencies before 1934 without taking the European news cartel into account. The



Source: The Manuscript Division, Library of Congress, Washington, D.C.

first extant and verifiable agreement among the cartel's three agencies—Havas, Reuters and Wolff—was signed in 1859; amended and revised periodically, these agreements constituted the foundation of a powerful cartel that divided up the world's news market between themselves and lasted more than seven decades. The 1870 agreement gives some idea of how the cartel carved up the world's news markets: it gave Reuters sole control over England, Holland and their colonies; Wolff's share included Germany, Scandinavia, and the cities of St. Petersburg and Moscow; and Havas received exclusive rights to France, Italy, Spain and Portugal. Once submarine cables had linked up the various continents, the cartel extended its claims to these new worlds as well. The French Havas, for example, established connections with South America after the cable opened in 1874, laying the basis for Havas' subsequent claim to all of South America as its territory. Once the cartel extended is claims to the connections with South America after the cable opened in 1874, laying the basis for Havas' subsequent claim to all of South America as its territory.

The first operating transatlantic cable between the U.S. and Europe was installed in 1866. That formed the basis for a new relationship between the American news agencies and the cartel: by 1870 the different Associated Presses had a contractual affiliation with the cartel. In this case, North America was a joint territory of the three agencies, with the AP as their U.S. contracting party. The agreement between the two sides clearly fixed their mutual rights and obligations. In effect, the AP had exclusive rights to the dissemination of the cartel's news within the United States, but the American agency forfeited its right to establish direct contact with any foreign agency other than the three members of the cartel. That arrangement gave the AP a powerful advantage in the domestic market: no other American agency could sign agreements with the cartel (thanks to the AP's exclusionary rule) to obtain access to its news.27 This monopoly played a crucial role in the AP's victory over the United Press (not to be confused with Scripp's United Press Associations) in 1899; the exclusive contract with the cartel had effectively denied its competitor all access to foreign news.28

The newly founded United Press Associations thus faced a difficult situation: because of the AP's exclusive agreement with the cartel, the

UP had no right to purchase foreign news from the cartel members. Thus it had only two possible ways for obtaining foreign news—either purchase news from newspapers or agencies unaffiliated with the AP and the cartel (which thus were free to sell news) or establish a foreign correspondent net of its own.

The UP originally planned to confine its news coverage chiefly to the domestic market. It had inherited only one correspondent (in London) from the previous agencies, and in 1908 it started a small service of American dispatches to England. But when Howard went to London in 1909 to reorganize the UP service there, he came up with the idea of expanding the UP and engaging seriously in the export of foreign news. The same year he signed a contract—for a sharing of news—with the Exchange Telegraph Co. of London and Nippon Dempo Tsushin-sha of Tokyo.²⁹ Later agreements were made with Agence Fournier in Paris, Hirsch Bureau in Berlin, and the Australian Press Association. These agencies were smaller enterprises that operated outside the control of the European news cartel. The UP opened foreign offices in Paris, Berlin, Rome, Madrid, Lisbon and St. Petersburg.³⁰

The UP was naturally interested when Baron Reuter (at the behest of Reuters' representative in New York) invited Howard to London. Reuters had had difficulties in negotiations with the AP and decided to negotiate an agreement with the UP. Howard went to London in 1912 to discuss the proposition of a contract between the UP and the cartel, which could have diverted its exclusive rights from the AP to the UP. Howard spent several weeks in London and on the continent, investigating these other agencies, and at the conclusion of his investigation came back and reported to the Board of Directors of the UP, recommending that the proffered tie be declined, as it subsequently was. The decision had the hearty endorsement of E.W. Scripps.³¹ Howard wrote later:

The reason for my deciding against the alliance was that I knew that it would put the UP as much at the mercy of these moribund and venal agencies, as the AP was.³²

Although Howard saw the advantages of the agreement, he realized that the agreement would have prevented the UP's expansion abroad.³³ Once the UP rejected this agreement with the cartel, its only way to acquire foreign news was either from its own foreign correspondents or newspapers or agencies that were not affiliated with the cartel. This was a major decision, which ultimately promised to elevate the UP to the level of the agencies in the cartel itself.

The problem was that the UP's connections abroad were very weak, limited mainly to Europe. The UP management had to push the development of its own news organization with greater vigor and speed into other continents as well.³⁴ It was only natural that the UP would give particular attention to South America—an area in which the American government and business had a special interest.³⁵ That meant, of course, it must enter an area that the cartel had reserved for the exclusive control of Havas.

THE U.S. NEWS FLOWS TO SOUTH AMERICA

We have applied the Monroe Doctrine to news and with American newspapermen trained in the United Press offices at home.

Roy W. Howard in 1917³⁶

One of the major problems in expanding news service into South America had been communication technology. The British dominated the submarine cables, so that messages from the U.S. to South America had to be sent via London. It was only in 1882 that the first direct U.S. cable between the United States and South America was finally laid. It had a dramatic and immediate effect on cable rates: once the so-called "Via Galveston" route had been opened, the rate between New York and Valparaiso had plunged from \$6.00 to \$3.07 per word. The rates rapidly continued to fall, and by 1917 the price per word stood at 50 cents.³⁷

Despite the growing U.S. interests in South America, news transmission was initially still a monopoly of the French agency Havas. In 1915 Jorge Mitre of *La Nación* (described as one of the five most significant newspapers in the world by contemporaries with a circulation of 100,000 in 1914³⁸) of Buenos Aires, asked the AP for the service of German official war communiques—which Havas had refused to transmit. Because of its agreement, however, the AP could not supply this material and indeed never even bothered to reply to the query. Mitre later sent a similar inquiry to the UP. Although Howard did not like the idea of selling war coverage instead of the entire news report, he agreed to a two-month trial period.³⁹

The following year Roy W. Howard made his first trip to South America and signed a 10-year contract with *La Nación*. He made contracts with two Rio de Janeiro newspapers—*O Pais* and *O Imparcial*. This made it possible to establish a major UP bureau in Rio de Janeiro. In June 1916 the UP started sending Argentina a world news service from New York and European news furnished by the European bureaus of the UP. Howard also created a pool of dispatches of the UP and *La Nación* correspondents, a service which he then sold to other South American newspapers. Still, the number of words cabled every day to the UP bureaus of Rio de Janeiro, Santiago de Chile, Lima, Bogota and La Paz did not exceed 5,000 words.⁴⁰

The UP could also make use of a major decline in telegraph rates. The Central and South American Cable Company had been negotiating with the State Department to enlarge cable traffic with South America. Consequently, at the behest of the State Department, the company reduced the press rate between New York and South America from 22 cents to 15 cents a word (later to 10 cents) and only two cents a word for each additional city at which messages were copied en route. These cities included Panama, Guayaquil, Lima, Valparaiso and Santiago. 41

The agreement with *La Nación* created a sensation in journalistic circles both in South America and in the U.S.

Editor and Publisher wrote:42

In entering the South American field the United Press is starting a history-making development. The peoples of North and South America sharing common political ideals and with similar forms of democratic government, have yet lived in different worlds. Our neighbors in the south have largely accepted ready-made European opinion of us, and have made little progress getting actually acquainted with their big neighbor to the north. [...]

This new expansion of the United Press will gradually but surely work a change. Our neighbors will come to know us, and to be our friends. President Roy Howard, of the United Press Associations, in arranging to furnish the news of the world to South American newspapers, has accomplished something big and epoch-marking. He has served his country, and these natural neighbor-nations of his country, more usefully than any ambassador or minister has ever been able to. He has richly earned the high tributes which have been accorded to him by the Secretary of State and other high officials at Washington; and he has also earned the appreciation of every son of Uncle Sam!

THE BATTLE OF BUENOS AIRES43

The AP had long been interested in the South American market. In the winter of 1914 its Board had already discussed whether to make an attempt to break through Havas's control over the South American territory. The question had arisen as the Board considered an application by a Mexico City newspaper to join the AP. Although the Board shied away from an open break with Havas, the situation had plainly become increasingly intolerable for the AP. The reason was the success of its competitor, the UP. Whereas the latter enjoyed the new press rate for its messages between the U.S. and South America, the AP still had to rely on news dispatches from Havas—which came via London and therefore at a more expensive rate. Indeed, the AP faced the very real specter that the UP would drive Havas completely out of the South

FIGURE 2. UP Advertisement, 1918

NEW YORK, SATURDAY, JANUARY 19, 1918

THREE BIG SOUTH AMERICAN PAPERS START UNITED PRESS SERVICE

On January 1st the three most important daily papers of Chile, the Edwards' chain of newspapers, El Mercurio of Santiago, Valparaiso and Antifogasta started the complete world-wide news report of the

UNITED PRESS

The News Service of the Americas

These three newspapers, the great dailies of the West Coast, are the property of Dr. Agustin Edwards, Chile's foremost journalist and her present Minister to Great Britain. It was only after detailed investigation of the resources of the United Press in Europe and in the Americas, both North and South, that he closed a contract with the United Press for a service that will duplicate the news report which has caused La Nacion, of Buenos Aires, to become recognized throughout Latin America as the greatest NEWS paper printed in the Spanish language.

UNITED PRESS ASSOCIATIONS

GENERAL OFFICES

NEW YORK CITY

Source: The Editor & Publisher, January 19, 1918

American market. And the AP also feared that, unless it acted promptly, it might miss this window of opportunity and forever lose its chance to expand there. Although the UP was able to expand in South America unimpeded until 1917, the AP had its own interests there and indeed had been the first to be approached by *La Nación*. After Mitre had expressed his dissatisfaction with the UP service and willingness to buy the AP service, the AP decided to act.⁴⁴

When Howard went to South America in 1918 for his second trip (with a letter of introduction and best wishes from President Wilson⁴⁵), he found a competitor among his fellow passengers—Kent Cooper, who was travelling to South America to explore the AP's prospects in the region. This trip ended with the single greatest failure for both the UP and Howard, as *La Nación* tore up its agreement with the UP and joined forces with the AP. By July of 1918 the AP had signed up 25 large and small papers in Argentina, Brazil, Peru and elsewhere. These newspapers became members of the AP and started receiving its service in January 1919.⁴⁶

Significantly, the AP's activities in South America were in flat contravention of its contract with the international news cartel. The AP managed, however, to extract (with Reuters' support) a major concession from the cartel in November 1918, when it concluded a separate agreement with Havas. This contract in effect gave the AP a free hand to services in all the cities and countries of South America, subject to a few minor restrictions.⁴⁷ Hence it was free to compete with the UP in South America.

All this led to a significant, but temporary, reversal in the UP's fortunes. As a result of the AP activities, the UP had lost its most important clients and a considerable amount of money—\$104,000 a year.⁴⁸ Howard wrote later:

I know exactly how I felt in South America in 1918 [...] Maybe my agony was a little bit more concentrated as I went from 129 pounds to 110 in about eight days but it was dragged out sufficiently that it took me nine months to get my weight back, and a consider-

ably longer time to get back my business stride even though things ultimately worked in such a way that what happened to me proved to be a blessing in disguise.⁴⁹

UP did, after all, recover quickly. In June 1919 the influential AP newspaper, *La Prensa*, started a special service from the UP, and six months later it signed for the full service. *La Prensa* resigned from the AP in 1920 and after that depended on the UP exclusively.

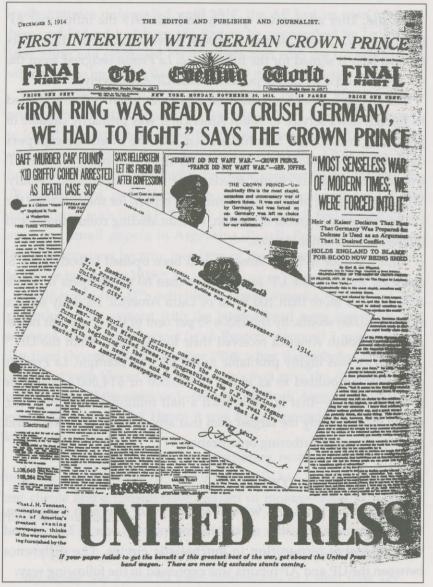
The UP was rather inexperienced and "provincial" when it started its foreign news service to South America. It was primarily capable of providing news from North America. But the South newspapers demanded international news, especially from Europe. When the UP was able to fulfill its clients' needs, their number increased rapidly. With the founding of the South American report, for the first time the UP became a truly global operation, with an abiding commitment and interest in international news.⁵⁰

Thus the door to South America had been opened to both the U.S. agencies. By 1927, the UP served more than 80 newspapers in South America and more than 100 in all of Latin America. Its daily service reached 10,000 words. By the 1930s 95 per cent of the important newspapers of South America received their foreign news from the UP. The service was highly profitable to the UP. For example, *La Prensa's* payments amounted to as much as \$10,000 or \$14,000 a week, or \$550,000 a year—that is, more than a half million dollars per year, which was probably the largest sum that any newspaper in the world paid to any news-gathering organization. ⁵²

SUBSEQUENT DEVELOPMENT

World War I marked a watershed in the UP's foreign expansion. Despite the false armistice news,⁵³ its coverage on war in Europe had won extensive recognition in journalistic circles. The difference between the UP and AP reports was expressed in the following way:

In reporting the affairs of Europe, for example, the worldrenowned correspondents of the AP had given the traditional old FIGURE 3. UP Advertisement, 1914



Source: The Editor and Publisher and Journalist, December 5, 1914.

accounts of debates in Parliament and of war rumors in the Continent. The UP tried to find and print news concerning the common people of Europe—what they were thinking and doing, what part they had in great events.⁵⁴

That is, it envisioned a mass medium that was not only for the masses, but also about them. At the same time, the UP steadily broadened and diversified its clientele. Thus the UP established the British United Press in 1923 to serve the international English-speaking market—newspapers in England, Scotland, Ireland, Canada, Australia, New Zealand, Tasmania, and South Africa. ⁵⁵ It also expanded its network of European newspapers as clients and consolidated its control over the South American market.

Still untouched, however, was the Asian market. To be sure, one of the UP's earliest foreign contractors had been the Japanese agency Dempo. For its part, the AP had established ties to the Japanese agency Kokusai Tsushin-sha, which was founded in 1914, but restricted to operate under Reuters. ⁵⁶ But American agencies faced two fundamental barriers to an expansion in this region. The AP's main problem was the fact that the Far East belonged to Reuters, meaning that the AP had no right to operate there. And both the AP and the UP found the cable rates to Asia prohibitively expensive. As Howard explained:

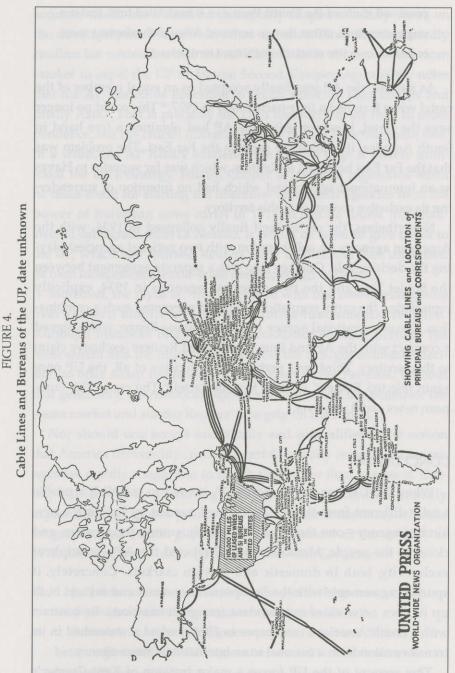
Japan and the Orient furnish our next objective. [. . .] News is a commercial commodity. The Japanese journalist and the American journalist buy in the market where a dollar gold yields the biggest returns of interesting facts. We are surfeited with the news of Europe and starved for news of the Orient, not because only European events are of interest, but because of a seven-cent press rate to Europe, where there is a cable competition, and a 45-cent press rate in Tokyo, where there is no competition.⁵⁷

New technology and World War I solved the transmission problem. After the American government had taken control over all radio stations in the area, it authorized the Department of the Navy to use radio facilities for news transmission across the Pacific at a very low word rate. Beginning in 1921, dispatches from the United States to newspapers in Honolulu or Manila could be sent by the U.S. radio.⁵⁸ That enabled both the AP and UP to commence expansion to the Far East, as the AP signed an agreement with a competing Japanese agency in 1921 (with Reuters' permission) and the UP entered the Chinese field by establishing a bureau first in Peking (1922), with subsequent branch offices in Shanghai and Hong Kong.⁵⁹ Now the U.S. agencies competed against each other not only in South America, but in the Far East as well.

The UP also signed an agreement with the new-born Soviet agency Rosta (later Tass) in 1922. 60 Although the treaty turned out to be short-term (lasting only three years), it was nonetheless a remarkable achievement. This was the first time that a national agency outside the European news cartel had signed an agreement with another national agency already affiliated with the cartel (Rosta had earlier made a contract with the German Wolff). But the agreement between the UP and Rosta was sundered in 1924; the European news cartel was still sufficiently powerful to force the Russian agency to break its agreement with the UP and instead sign a treaty with the cartel. 61

By 1927 the UP served approximately 1,100 clients in 37 countries. ⁶² Its increasing power all around the world now worried not only the AP, but the news cartel as well. As Sir Roderick Jones, General Manager of Reuters, wrote:

- [...] Our time was mainly taken up with the question of growing news competition in general, and of the increasing and often unscrupulous competition in particular of the United Press with the Allied Agencies in North and South America, on the Continent of Europe, and in the Far East, either under its own name, or under guises like that of the British Press.
- [. . .] On the question of competition, both Mr. Kent Cooper and I felt strongly that, in order more effectively to counter the United Press, we must place our resources more freely at each other's dis-



Source: The Manuscript Division, Library of Congress, Washington, D.C.

posal and confront the United Press as a consolidated unit, under a single command, rather than as scattered Allies each adopting more or less his own line of attack in different territories. ⁶³

As a result, the AP was finally accepted as an equal member of the cartel when it signed a four-party treaty in 1927.64 This could no longer save the cartel, however. After the AP had obtained a free hand in South America, it wanted the same in the Far East. The problem was that the Far East belonged to Reuters, which was far superior to Havas as an international agency and which had no intention of surrendering its exclusive control over this territory.

Nevertheless, the cartel itself finally collapsed in 1934, with the American agencies (in collaboration with two national agencies) playing the decisive role. One key step was a separate agreement between the Soviet Tass and the two American agencies in 1934, explicitly repudiating the cartel regulations that had prevented such a combination. The other national agency was the Japanese Rengo, which signed a contract with the AP and thus contravened Reuters' exclusive claim to this territory. Third, and perhaps most decisive of all, the UP once again rejected Reuters' offer to join the cartel. The era of the European news cartel was over.

CONCLUSION

When the UP was founded in 1907, it tried to establish a profile totally different from the AP. It achieved success by building a new kind of agency—one that was deliberately young, progressive, and closer to the people. Moreover, the UP rejected the AP's principle of exclusivity, both in domestic and foreign markets. Concretely, it spurned agreements with the European news cartel and instead built up its own network of independent foreign connections. Its contract with a South American newspaper in 1916 marked a watershed in its transformation from a national to an international news agency.

This account of the UP forces a major revision of Kent Cooper's

account, which has indeed fundamentally shaped scholarly views on the development of American news agencies. First, the data hardly confirm his contention that the AP did not enter the South American market to expel the UP or Havas. Second, Cooper ingenuously notes that the AP started its liberation in South America, then Europe and finally Asia. That is precisely the UP's itinerary on the road to independence, but the crucial difference is that the UP took this route first. In a word, the AP hardly sundered the cartel's grip; it merely mimicked the UP's strategy. Finally, Cooper is less than ingenuous when he takes credit for starting the liberation of national agencies from the power of European news cartel in 1914 (when he found the unanswered cablegram from *La Nación*). It would be fairer to give credit to the UP, which had spurned Reuters' offer in 1912 and then organized its own independent world-wide news coverage network.

Moreover, the myth of "free enterprise with free news" triumphing over the evil empire of a cartel requires fundamental revision. Although instances of government assistance abound, perhaps the most salient and the most significant was the U.S. government's decision to offer sharp reductions in radio rates to the Far East. Without that generosity, the American agencies simply could not penetrate the Asian market and sunder Reuters' iron grip on the region.

Nor should one accept uncritically and unqualifiedly the notion that America irreversibly crushed a cartel. In many respects, American agencies rapidly sought less to smash that power than to seize it. During World War I and throughout the 1920s, Americans rapidly expanded their global position in cable communications, wireless telegraphy, and motion pictures. Howard foresaw all this as early as 1916, when he wrote of the UP's agreement with La Nación:

 $[\ldots]$ America is destined to play a new part in things international is fully evidenced by the arrangements just concluded $[\ldots]$

Summed up, these arrangements mean that New York is to become the news-distributing centre, second to none—not even London.⁶⁸

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Decades later, in the 1970s the Third World raised its voice against the domination of *his* agency, ironically in tones not unlike Howard's denunciations of the cartel.⁶⁹ But unlike the UP, so far no Third World nation has had the economic strength to achieve independent, world-power status and to emulate what Roy W. Howard started inside the UP earlier in the century.

NOTES

- 1. Hamid Mowlana, Global Communication and World Information: New Frontiers in International Relations (New York: Longman, 1986), p. 28.
- 2. Oliver Boyd-Barrett, "News agencies: political constraints and market opportunities. The case of the 'Big Four'," in Ullamaija Kivikuru and Tapio Varis (eds.) Approaches to International Communication: Textbook for journalism education. Publications of the Finnish National Commission for UNESCO No. 35 (Helsinki: Yliopistopaino, 1986), p. 69.
- 3. Kent Cooper, Barriers Down: The Story of the News Agency Epoch (New York: Kennikat Press, 1942). See also Kent Cooper, The Right to Know: An exposition of the Evils of News Suppression and Propaganda (New York: Farrar, Straus and Cudaley, 1956); Kent Cooper and the Associated Press: An Autobiography (New York: Random House, 1959).
- 4. Howard started his journalistic career by working as a reporter for the *Indianapolis News*. In 1906 he came to New York to become a correspondent for the Scripps-McRae News Association. On Howard, see for example Richard Schwarzlose, *The Nation's Newsbrokers*, *Vol. 2. The Rush to Institution: from 1865 to 1920* (Evanston: Northwestern University Press, 1990), p. 217, and Jan Wieten, "Howard and Northcliffe: Two Press Lords on the Warpath," *Roy W. Howard Monographs*. School of Journalism, Indiana University, No. 1, April 23, 1990, p. 7.
- 5. This essay is based on material in different archives. The main archive has been the Roy W. Howard Archive (RWH-Archive) at the Indiana University School of Journalism. I have also used the Roy W. Howard and Carl W. Ackerman collections in the Library of Congress. In addition, the following archives have been used: Reuters' archive in London and Tsentral'nyi Gosudarstvennyi Arkhiv Oktiabrs'koi Revoliutsii (TsGAOR) in Moscow. The author wishes to thank the staff in all these archives for their contribution.
- 6. On the history of the AP, see for ex. Victor Rosewater, *History of Cooperative News-Gathering in the United States* (New York: D. Appleton and Company, 1930); Oliver Gramling, *AP: the Story of News* (New York: J. J. Little and Ives Company, 1940). On the UP, see Joe Alex Morris, *Deadline Every Minute: The Story of the United Press* (New York: Doubleday, 1957). On both agencies, see Richard A. Schwarzlose, *The Nation's Newsbrokers*, Vols. 1-2. (Evanston: Northwestern University Press, 1989-1990).
- 7. E.W. Scripps to Howard, September 27, 1912. RWH-Archive; Will Irwin, "The United Press," *Harper's Weekly*, April 22, 1914, p. 6. On Scripps, see Negley D. Cochran, E.W. Scripps (Westport, CT: Greenwood Press, 1961).
 - 8. Cochran, E.W. Scripps, p. 91.

- 9. E.W. Scripps to Howard, September 27, 1912. RWH-Archive; Roy W. Howard, "The United Press Association," *The Editor and Publisher*, April 24, 1913, p. 98.
- 10. Howard to L. D. Brandeis, December 12, 1915. Roy W. Howard Collection, Library of Congress, cont. 4; *The Editor and Publisher*, June 18, 1907; and July 20, 1907; Hansjoachim Höhne, *Report über Nachrichtenagenturen 2: Die Geschichte der Nachricht und ihrer Verbreiter* (Baden-Baden: Nomos Verlags Gesellschaft, 1977), p. 39; Joachim Rings, *Amerikanische Nachrichtenagenturen* (Berlin: Druck der Limburger Vereinsdruckerei, 1936), p. 44.
- 11. A contemporary described the UP office in the following way: "The UP owns no buildings, no presses, no cables, no wires, no telephone poles. Its 'plant' consists mainly of enough second hand furniture scattered over the world to fill a warehouse." Stephen Vincent Benét, "The Story of the United Press," *Fortune*, May 1933.
- 12. Henry Mintzberg, *The Structuring of Organizations* (Englewood Cliffs, N.J.: Prentice-Hall, 1979), pp. 305-313.
 - 13. Howard to William P. Hobby, June 1, 1956. RWH-Archive.
- 14. Oswald Garrison Villard, "The Press Today III: The United Press," *The Nation*, May 7, 1930, p. 540.
 - 15. Irwin, "The United Press," pp. 7-8.
- 16. He was described at the age of twenty-nine by his contemporary as "the greatest bundle of alertness and nervous energy you ever saw in such a small package. Howard has a head of a man and the body of a boy: he is small enough (physically) to make a good jockey, and bright enough mentally to serve as president or run a railroad. He wears all colors of the rainbow—yesterday he wore a white and black checkered suit, a tan vest, a straw hat, tilted slightly on the left side, and green hose. He combs his long black hair like Kubelik, and talks faster than an up-to-date insurance agent." Fred C. Sheasby, "Howard a Live Wire," *The Editor and Publisher*, August 10, 1912, p. 3.
- 17. Irwin, "The United Press," pp. 7-8; Howard's address at the first national newspaper conference at Madison, Wisconsin. See Roy W. Howard, "Legitimate News Color Necessary," *The Fourth Estate*, August 10, 1912.
- 18. Villard, "The Press Today III: The United Press," p. 541; Sheasby, "Howard a Live Wire," p. 3; Roy W. Howard, "The United Press Association," *The Editor and Publisher*, April 26, 1913, p. 98.
- 19. Roy W. Howard, "American News Abroad." An address delivered at the 32nd annual banquet at the Pittsburgh Press Club, March 15, 1917. Carl W. Ackerman Collection, Library of Congress. Cochran, E.W. Scripps, p. 90.

- 20. Benét, "The United Press," p. 100. See also Irwin, "The United Press," p. 8; Villard, "The United Press," p. 541.
 - 21. Villard, "The United Press," p. 540.
- 22. Stephen Shmanske, "News as a Public Good: Cooperative Ownership, Price Commitments, and the Success of the Associated Press," *Business History Review*, Vol. 60, No. 1. Spring 1986, pp. 64-69.
 - 23. Howard, "Legitimate News Color Necessary."
- 24. Sheasby, "Howard a Live Wire," p. 3; "How the A.P. Works," *The Editor and Publisher and Journalist*, May 3, 1913, p. 15; Rings, *Amerikanische Nachrichtenagenturen*, p. 45; Clark Hamilton to E.W. Scripps, March 26, 1915. The Roy W. Howard Collection, Library of Congress, cont. 6.
- 25. Gunilla Ingmar, Monopol på nyheter. Studia Historica Upsaliensia LII (Uppsala: Esselte Studium, 1973), pp. 19-27; Terhi Rantanen, "Foreign News in Imperial Russia: The Relationship between International and Russian News Agencies, 1856-1914," Annales Academiae Scientiarum Fennicae. Dissertationes Humanum Litterarum 58 (Helsinki: Gummerus, 1990), pp. 37-56.
- 26. Pierre Frédérix, Un siècle de chasse aux nouvelles: De l'Agence d'Information Havas a l'Agence France-Presse (Paris: Flammarión, 1959), p. 137.
- 27. Terhi Rantanen, "Domestic Monopoly and Foreign Dependence: The U.S. Associated Presses and International News Agencies, 1861-1918." Unpublished manuscript.
- 28. Peter R. Knights, "The Press Association War of 1866-1867," *Journalism Monographs*, No. 6, December 1967, pp. 48-49.
- 29. Iwanaga gives the year 1907. S. Iwanaga, Story of Japanese News Agencies. A Historic Account: From Meiji Restoration (1868) to The End of World War II (1945) (Tokyo: Shinbun Tsushin Chosa-Kai, 1980), p. 24; Benét, "The Story of the United Press," p. 71.
- 30. "[...] to 1909, when, as president of the UP, I signed the first known contract for the **export of American** news, and the collections and distribution of foreign news abroad through the instrumentality of an American-owned and American-operated news agency." Howard to President Dwight D. Eisenhower June 2, 1956. RWH-Archive. From that year the UP started a small service of American dispatches to England. *Newspaperdom*, May 19, 1920. Roy W. Howard, "The United Press Association," p. 98; "Keen Goes to London," *The Editor and Publisher*, July 15, 1911, p. 3; Höhne, *Report über Nachrichtenagenturen*, p. 100; Rings, *Amerikanische Nachrichtenagenturen*, p. 44.
- 31. Howard to Alf M. Landon, June 10, 1943. RWH-Archive; Cochran, E.W. Scripps, pp. 98-100; Rings, Amerikanische Nachrichtenagenturen, p. 44.

- 32. Howard to Karl Bickel, April 10, 1950. RWH-Archive.
- 33. Frank Ford, Unpublished manuscript on Roy W. Howard, ch. 8, p. 2. RWH-Archive.
- 34. Morris, *Deadline Every Minute*, p. 102; Cochran, E.W. Scripps, pp. 99-103; Karl A. Bickel, "Bickel Reviews History of United Press," *Editor and Publisher*, April 30, 1927, pp. 31, 53.
- 35. Direct U.S. investment in Latin America made up 46 to 50 percent of total U.S. direct investment between 1897 and 1929 and multiplied 12 times, with heaviest investment in Mexico, Cuba, Central America, Venezuela and Chile. Richard DuBoff, Accumulation & Power: An Economic History of the U.S (London: M.E. Sharpe, 1989), p. 149.
 - 36. Howard, "American News Abroad," pp. 6-7.
- 37. A Half Century of Cable Service to the Three Americas 1878-1928. (New York: All America Cables Inc., 1928), p. 39.
- 38. "Buenos Aires Papers," The Editor and Publisher and Journalist, July 25, 1914, p. 118.
- 39. Cooper, *Barriers Down*, pp. 4-6, 14-16; Morris, *Deadline Every Minute*, pp. 102-103; Ben Foster, Memorandum, May 31, 1961. RWH-Archive.
- 40. "United Press Extends News Service to Central and South American Points," *The Editor & Publisher*, August 12, 1916, p. 8; James Henry Furay, "Great News Net of the United Press Caught Facts for Vast Clientele," *Editor & Publisher*, May 22, 1919, p. 129; Bickel, "Bickel Reviews History of United Press," p. 53; Ben Foster's memorandum, May 31, 1961. RWH-Archive.
- 41. Cooper, Barriers Down, pp. 65, 80 and 116; "United Press Extends News Service to Central and South American Points," p. 8; Roy W. Howard, "Markets of the World to Be Opened to America through Interchange of News," Editor & Publisher, March 17, 1917, p. 14; Eugene W. Sharp, "International News Communications: The Submarine Cable and Wireless News Carriers," The University of Missouri Bulletin. Journalism Series, 1927, Vol. 28, No. 3, p. 17.
- 42. "United Press Extends News Service to Central and South American Points," p. 8.
- 43. Howard used this expression in his letter to James Morris who was the key person in further operations in South America. Howard himself never returned there. November 27, 1928. RWH-Archive.
- 44. Cooper, Barriers Down, pp. 4-5, 54-60; Morris, Deadline Every Minute, pp. 102-111.

- 45. Cooper, Barriers Down, p. 89; "A Wilson Message to South America," The Editor & Publisher, February 2, 1918, p. 22.
- 46. Cooper, Barriers Down, pp. 81-82; See also Morris, Deadline Every Minute, pp. 103-106.
 - 47. Cooper, Barriers Down, pp. 78-80.
- 48. Howard to his mother, June 13, 1918. RWH-Archive; Morris, *Deadline Every Minute*, pp. 106-111.
 - 49. Howard to Mrs. Ethel Fortney, January 26, 1926. RWH-Archive.
 - 50. Benét, "The United Press," p. 72.
- 51. "Largest Cable News Service in the World," *Editor and Publisher*, January 8, 1920, page unknown; "America's Greatest World-Wide Distribution of News-UP," *Editor and Publisher*, June 21, 1924, pp. 96-97; "Bickel Reviews History of United Press," pp. 31, 53; Benét, "The United Press," p. 100.
 - 52. Morris, Deadline Every Minute, p. 108.
- 53. Howard himself sent this premature telegram on the armistice. See for example Cooper, *Barriers Down*, p. 72.
 - 54. Irwin, "The United Press," pp. 7-8.
 - 55. "British United Press," Editor and Publisher, June 21, 1924, p. 98.
 - 56. Iwanaga, Story of Japanese News Agencies, pp. 28-29.
 - 57. Roy W. Howard, "American News Abroad," p. 7.
- 58. Jean-Luc Renaud, "The U.S. Government Assistance to AP's World-Wide Expansion," *Journalism Quarterly*, Spring 1985, p. 12; *Sixty-sixth Congress. Hearings before the Subcommittee on the Merchant Marine and Fisheries* (Washington, D.C.: U.S. Government Printing Office, 1919), pp. 1-41; Sharp, "International News Communications," pp. 37-40.
- 59. J.H. Furay, "Papers in 37 Countries Now Receive News from United Press," *Editor and Publisher*, April 30, 1927, p. 136.
- 60. Tsentral'nyi Gosudarstvennyi Arkhiv Oktiabr'skoi Revoliutsii (TsGAOR), fond 391, opis' 162, listy 41-42, 62.
- 61. Biulleten' tsentrorosty No 3/ 1924, p. 1. Report for Sir Roderick Jones of negotiations between Reuters, Havas and Rosta, held at Paris on March 27 and 28, 1924. Sir Roderick Jones papers. Reuters' archive/BF 3.
- 62. "President Coolidge U.P. Dinner Speaker," Editor and Publisher, April 23, 1927, pp. 8-9.

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63. Report (private and confidential) by Sir Roderick Jones of conferences in London with Mr. Kent Cooper, General Manager of the Associated Press of America, and subsequently with him and with Dr. Mantler, chief director of the Wolff agency, and Monsieur Meynot, director of the Havas Agency, during the fortnight ended May 20, 1927. June 25, 1927. Sir Roderick Jones papers. Reuters' archive/BF3.

- 64. Reuters' archive 1/8714756.
- 65. Literature on the collapse of the cartel, see Cooper, *Barriers Down*; Iwanaga, *Story of Japanese News Agencies*; Sir Roderick Jones, *A Life in Reuters* (London: Hodder, 1951); Morris, *Deadline Every Minute*; Graham Storey, *Reuters' Century*, 1851-1951 (London: Max Parrish, 1951).
 - 66. Cooper, Barriers Down, pp. 43, 65, 115.
- 67. See Emily S. Rosenberg, Spreading the American Dream: American Economic and Cultural Expansion, 1890-1945 (New York: Hill and Wang, 1982), p. 87.
- 68. Roy W. Howard, "New York To Be News Clearing House of the World," *Editor and Publisher*, November 11, 1916, pp. 1, 32.
- 69. Marlene Cuthbert, "Reaction to International News Agencies: 1930s and 1970s Compared," *Gazette*, 26 (1980), p. 108.