

THE NEWHOUSE PHENOMENON

The emergence of any newspaper empire is worth watching. But when a newspaper empire has mushroomed almost overnight to become the second largest in the nation, it inevitably commands more than ordinary attention. None has commanded more attention in recent months than the far-flung enterprises of Samuel I. Newhouse, whose journalistic empire-building is chronicled here by Robert Shaplen, a long-time newspaperman, author, and magazine writer.

By ROBERT SHAPLEN

WHILE the old newspaper empires of Hearst and Scripps-Howard and McCormick-Patterson have been dwindling in numbers and vitality during the last decade or two, a new kind of tycoon, Samuel Irving Newhouse, a peripatetic little man with a battered brown briefcase for an office and a bountiful supply of hard cash, has become one of America's leading publishers. Newhouse, who describes himself as a "newspaper businessman and technician," now owns fourteen papers outright, among them the *St. Louis Globe-Democrat*, the *Portland Oregonian*, and the *Birmingham News*, and in total number, though not in circulation, he is one ahead of Hearst. Scripps-Howard still controls eighteen, but Newhouse is far from through. In the last few months he has bought a 15 per cent interest in the *Denver Post* and 40 per cent of the three papers in Springfield, Massachusetts, the *Republican*, the *Union*, and the *News*. He has

already arranged to buy another 45 per cent of the three by 1967, although it now appears he will have a fight on his hands to gain absolute control in Springfield, as well as in Denver. He also owns the Condé Nast magazines, which include *Vogue*, *Glamour*, and *House & Garden*, and their editions abroad; the Street & Smith magazines, including *Mademoiselle*; and a Paris publication called *Adam*. Six TV and three radio stations round out the Newhouse portfolio—for the moment. He has another dozen or so prospects that range from warm to hot, and is currently trying to buy papers in Boston and Worcester, Massachusetts, and in Nashville and Dallas. For some time he has been reported to be seeking an interest in *Newsweek*.

Newhouse's rise to eminence in the field of communications is a phenomenon that bears close examination on several counts. Since the pre-war period, there has been a sad and steady

diminution in the total number of newspapers in this country, with the result that some top-flight dailies and weeklies have folded because of financial difficulties, while others have merged with lesser but healthier competitors. In still other cases, sales of long-time family-held properties have taken place because of deaths that produced bickering among heirs or brought about cumbersome trusteeships. In too many cities, the end result has been a monopoly of single ownership, sometimes, as in the case of Newhouse's three Syracuse papers, not only dividing the morning, afternoon, and Sunday fields in advertising and circulation but also splitting the political spectrum. Gone are the days when great newspapers bore the distinctive stamp of dynamically expressive men, a Bennett, a Greeley, a Day, a Dana, a Raymond, a Pulitzer, or an Ochs. *The New York Times*, while it is perhaps our only great newspaper today, still lacks the



—Wide World.

Samuel I. Newhouse—he quietly builds an empire.

special character it had under Ochs, while the *St. Louis Post-Dispatch*, under lesser Pulitzers than Joseph, is not what it used to be and is, in fact, losing ground to Newhouse's opportunistic, livelier *Globe-Democrat*, with its sharp civic appeal, in the daily though not in the Sunday field.

The Newhouse enterprise prides itself on its decentralized and non-standardized formula, whereby each paper is allowed to go its own way editorially. Another name for the formula is absentee ownership; the organization's very dispassion and lack of forceful editorial control from the top—in short, its lack of an imprimatur—is open to criticism as motivated by something other than a staunch belief in a free press. It has been said that Newhouse buys papers as a collector would pieces of sculpture. It would be more exact to say that he buys them like horses—for the dollar distance he can get out of them on a long and sometimes muddy track. The distance he has covered to date has been considerable, for the estimated \$150 million fortune of this self-effacing, self-made man, now sixty-five years old, has been almost all won, he maintains, in publishing. Notwithstanding his business acumen, he can properly be called the “organization man” of journalism, embracing and exemplifying as he does the contemporary concept of economic gain ahead of meaningful influence in the market place of ideas. In today's climate of opinion and opinion-making, he represents the kind of cultural flatness that more than one contemporary critic has noted generally in the American scene.

BUT let us, at the outset, be fair to Newhouse, who is both a highly perceptive and an often engaging man. When I visited him not long ago in his Park Avenue duplex, on the eve of his departure for Europe (more purchases admittedly in the offing), he talked frankly about his methods and his philosophy. They are both empirical, accounting for his belief that “the days when newspapers were highly partisan are gone.” (Partisan in what sense, yesterday vis-à-vis today, I wondered, but we didn't go into that, for he had his own point to make.) Harking back thirty years ago to his initial newspaper purchase, the *Staten Island Advance*, which he still owns, Newhouse said, “I began with the idea of having a newspaper of my own and being its spokesman, but then, when I began to expand, I felt I had to concentrate on developing new properties instead of simply building up the ones I already had. I had the hunch, intuitively, that staying in the back-

ground, from the editorial standpoint, would help my papers. I felt they would do much better if I remained the operating, motivating head and allowed each local management to run its own show, keeping its own community touch. This was just something that developed gradually in my mind, and it's worked out.”

Whether it has always worked out, whether indeed it is possible for a paper to “keep its own community touch” when it is in the hands of an outsider and operating thereby in a kind of vacuum, is doubtful, though, again in fairness to Newhouse, it must be said that, for the most part, he has kept his hands off. In his scheme of things, so long as a paper continues to make money, editorial advice is given only if it is asked for. Newhouse, a Democrat, has often disagreed with his editors on politics, but he continues to give them free rein. Most of his papers have been consistently pro-Eisenhower for eight years. It's no secret that he disapproves of the segregationist policies of the highly prosperous *Birmingham News*, for which, along with the *Huntsville (Alabama) Times*, he paid a record price of \$18.7 million in 1955; and he and Alexander (Casey) Jones, editor of the *Syracuse Herald-Journal*, have differed over a number of issues, including China policy. As Philip Hochstein, who has been with Newhouse since the early Staten Island days and now acts as general editorial director, puts it, “Each paper must consistently earn the right, through editorial vigor and integrity, to rule itself.”

Hochstein, a gentle, thoughtful man with an almost academic approach to his job, goes on to say, “Mr. Newhouse is interested in a paper as an institution *and* a property. He's big enough to be interested in both, and he's least of all concerned with an immediate return. For the sake of integrity, he'll even take a loss, but naturally he expects to make money in the long run.” Hochstein cites Newark and St. Louis as two examples of properties where yearly profits have been sacrificed for long-term gains and have regularly been plowed back into the editorial operation against tough local competition. (But, at the same time, Hochstein also admits that Newhouse salaries are not munificent, even though all but two of the papers are now solidly in the black; and Newhouse has been accused more than once of trimming sails by cutting editorial and mechanical costs and payrolls, notably in St. Louis and Portland.)

There are those who believe Newhouse's policy of editorial noninter-

ference is a sham. The issue was raised sharply not long ago by James Wechsler, editor of the *New York Post*, who charged that the Newhouse papers were all operated on the “frank premise” that only the box office, not editorial content, counts. Hochstein immediately labeled the charge “outrageously untrue.” Wechsler then asked, “Do you think that degree of indulgence [to editors] would survive if one of the newspapers engaged in a campaign which incurred the hostility of local advertising interests and resulted in severe commercial setbacks?” Hochstein replied that, though no such problems had arisen, there was sufficient economic strength in the organization as a whole to handle this firmly if the occasion arose. When I saw Hochstein, he told me there had been at least one instance, in Newark some years ago, when a strong hand had been taken against advertisers who objected to a story on a leading local gangster. (That one, of course, was easy; the paper had been involved with a bootlegging crowd when Newhouse bought it, and the influence obviously had to be eliminated.) The Wechsler-Hochstein exchange seems to me to have missed the main issue: whether an owner of many newspapers (Newhouse stanchly insists he does not run a chain) should, in today's context, make his presence felt and himself a factor in molding opinion. This is what Wechsler has ably done on his editorial page. Newhouse could indeed play a far greater role, editorially, than he does—and still make his large profits.

THIS, however, immediately raises that other important question: Can home rule and home ownership properly be separated without losing something vital in the operation of a paper? The issue has been brought forcibly to public attention as a result of Newhouse's purchase last June, for almost \$2 million, of the 40 per cent holdings in the Springfield papers that were owned by the relatives of the late Samuel Bowles, founder of the *Republican*. At the same time, the widow and children of Sherman H. Bowles, another family branch, agreed to sell Newhouse the 45 per cent they will control of the three papers in 1967. At that time the voting rights of the trustees who took over management control in 1952 expire. The employees' pension funds own 15 per cent. Newhouse has already deposited the additional \$2 million or so for the Sherman Bowles holdings in a Boston Bank.

The Springfield deal was a complete surprise to the community and to the editorial staffs of these excellent papers.

"The work and pride of four generations is at an inglorious end," a front-page editorial in the *News* declared. "Inroads by outsiders into New England business are attaining galloping proportions. . . . Principle, integrity, and courage are giving way to the lure of easy money. . . . The Bowles family has chosen to abdicate in favor of an outsider. . . . His [Newhouse's] motives are allegedly profits. This represents his first invasion of New England. It is not good for the community. . . ." William Baldwin, great-grandson of Samuel Bowles, declared that he and his relatives sold out because they had no real voice "in determination of dividends and other vital decisions" under the trustee system. Actually, there are four members of the two branches of the Bowles family on the eleven-man board of directors of the parent company, the Republican Company, though the dominant operating hand has been held by the four trustees of the pension funds, including a top editor from each paper. The trustees immediately denied the claim of one of the Bowles attorneys that they had been given a chance to meet Newhouse's offer and had refused.

SIDNEY COOK, director and treasurer of the Republican Company and spokesman for the papers' management, which is determined to battle Newhouse as hard as it can, met him in New Haven the day of the original announcement and again in New York four days after that, when he told Newhouse that, as a minority stockholder, neither Newhouse nor his agents would be welcome in Springfield; Newhouse, in fact, has not been allowed in the plant or permitted to look at the books.

Editorial sentiment would appear to be behind Cook and against Newhouse—the pension funds there have been acknowledged to be among the best-run in the country—but if the management persists in its efforts to keep Newhouse completely out now (he does, after all, whether it meets with local approval or not, already control two-fifths of the operating company), he will undoubtedly go to court to obtain access to records. In the meantime, in what is a preliminary round of legal skirmishing, he has filed suit to force the pension funds to turn over to the Republican Company, which Newhouse of course hopes to run completely by 1967, the half control of a local TV and radio station the trustees bought in 1953. The argument of Newhouse spokesmen is that the station should be owned by "a responsible group" and that the pension funds are not "dynamic" enough. The management in Springfield contends that Newhouse is already out to destroy the pension funds as the

first step in his subtle campaign to establish firmly the kind of absentee control he seeks, and needs, to make his operation financially successful. The TV suit already "has destroyed the myth," says management, that Newhouse is content "with normal profits from his investments, and [will] benignly let alone the management and employees of his individual enterprises."

A current ally of the Springfield papers in their fight to keep Newhouse out, at least as long as possible, is the *Denver Post*. This spring, soon after Newhouse bought 15 per cent of the *Post's* stock from Mrs. May Bonfils Stanton, a daughter of one of the founders, another daughter, Mrs. Helen Bonfils Davis, who hasn't spoken to her sister for years, took steps to protect her equity. Unlike Mrs. Stanton, Mrs. Lavis has played an active role in the paper's direction, and she wants no part of Newhouse in Colorado. For \$20 more a share than the \$240 per share that Newhouse paid Mrs. Stanton, Mrs. Davis and her associates purchased 21 per cent of the paper's stock from one of several outside trusts, and thereby boosted their combined holdings to 41 per cent. Newhouse can still gain majority control, but it is now apparent he will have to pay heavily for it—and the chance remains that the opposition will beat him to the punch. In the meantime, Newhouse has been received with medium cordiality in Denver. He was at least taken through the plant, and, as Palmer Hoyt, the publisher, emphasized, he was treated as any other minority stockholder would have been.

Perhaps a more serious ally of the Springfield group is Senator Wayne Morse, the combative Oregon Democrat. Morse, who in the past has hit Newhouse's alleged strike-breaking tac-

tics in Portland, late in August announced in the Senate: "I have studied in some detail the practices of the growing Newhouse monopoly. I am satisfied it is a threat to sound public policy in this country. I serve notice today that in the next session of Congress I shall do all within my power to seek a Congressional investigation of the type of monopolistic practices the Newhouse so-called newspaper, radio, television chain is developing in this country. The American people need to be warned before it is too late about the threat which is arising as a result of the monopolistic practices of the Newhouse interests. . . . I have only begun to fight. . . ."

HOW far Morse will get remains to be seen. Newhouse and his lawyers have carefully established their operation to handle such challenges with as much legality as they can muster, both as regards possible monopoly attacks against them and for tax protection. Virtually every newspaper in the Newhouse group is split in ownership—that is to say, a Syracuse company owns part of the paper in Jersey City, a Newark company owns the Springfield interest, the Birmingham interest is split between an Oregon and a New Jersey concern, and so on. (All of the stock of the various individual newspaper corporations, however, is held by Advance Publications, Inc., which is entirely owned by Newhouse.) By dividing ownership of the specific newspapers in this fashion, Newhouse is able to avoid violating Securities and Exchange Commission regulations forbidding "unreasonable accumulation of surplus," and he can at the same time lessen his tax burden. He has lately extended
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"Wouldn't you give anything to see their faces in the morning?"

Polls and Sampling



By ELMO ROPER, *public opinion analyst and an SR editor-at-large.*

THIS is another one of those years when public opinion polls are much in the news. It is also—by a tradition established as early as 1936—open season on pollsters. This is the year when violent partisans on both sides of the political fence feel they have a perfect right to challenge the statistical competence, the psychological competence, and even the integrity of everyone who publishes poll results they don't like. It is the year when a plethora of articles will reveal that behind the illusion of the voter's free choice lie the machinations of crafty and amoral pollsters who pull the strings of a puppet electorate. Sometimes these charges are made honestly, by people genuinely concerned over the possible effects of polls on elections. Other times they are made cynically or out of rancor at particular poll results which show someone's favorite candidate lagging.

So far this year, the attacks leveled at the polls have come chiefly from two people: Senator Albert Gore of Tennessee and columnist Joseph Alsop. Of these attacks, the more important comes from Senator Gore. In discussing it, I hasten to say that I have a great respect for Senator Gore and do not believe he is in any sense guilty of wanting to wreck the profession of political poll-taking by reckless charges. He is an honest man, honestly concerned over any indication that polls have an unfortunate effect on the operation of our democracy. Senator Gore's primary misgiving is that the polls create a bandwagon effect in favor of the candidate who is shown to be ahead. Now, I suspect it is quite true that when quite large numbers of people have no clear candidate preference, some people simply decide to vote for "the winner"—just as others vote for "the underdog." Yet I cannot believe that the polls themselves have ever generated either movement in any perceptible degree—for the simple reason that, over the years, the polls have been remarkably accurate predictors of election outcomes. As for 1948, there was clearly no bandwagon operating, although the polls might indeed have helped to generate an *overconfidence* in Dewey supporters that

contributed to his defeat. The polls, like almost all other political prognostications, were wrong in 1948 primarily because of the assumption of a static rather than what turned out to be an extremely fluid political situation, in which the polls of August had little relevance in November.

Let me say here that the polls of August—or even mid-October—should never be assumed to be guaranteed predictors of the election itself. In politics, new elements may enter the situation suddenly, elements like Harry Truman's fighting 1948 campaign or the Israeli invasion of Egypt in 1956, which will render yesterday's poll meaningless. Pollsters try at best to gain a little understanding of the mind of the electorate at a given point in time, and perhaps to gain some sense of the direction in which voters are moving; they have no magic looking glass into the future. Because of this, I welcome criticisms which serve to dispel the aura of undue power and omniscience that sometimes surrounds the polls.

IN A sense I share *some* of Senator Gore's misgivings, particularly about the effect of the polls on *nominations*. I have been dismayed to find many convention delegates exhibiting an obsessive and exclusive interest in finding a winner, dismayed at the weight given to pre-convention polls which are in my opinion little more than a name-familiarity game, but which are often accepted as gospel evidence of the ability to win in November. Yet when Senator Gore goes on to challenge the validity of the polls because of problems in their interpretation, such as the questions of how to distinguish voters from nonvoters and how to separate true "undecideds" from those reluctant to reveal their candidate preference, I cannot subscribe to his view. In the first place, I again offer past Presidential poll results as an indication that we are solving these problems pretty well; the rough spots that remain are only, to my mind, challenges to further refinements of the polling device. I cannot go along with the Senator when he attacks the size of Dr. George Gallup's sample. Personally, I feel just a bit safer with a somewhat larger sample, primarily to permit the reliable analysis of population subgroups (such as farmers or people living in the Far West),

but I'm sure Senator Gore would think our sample was too small, too.

I don't understand Senator Gore to be in any sense attacking Dr. Gallup's integrity. If he did, I would have to disagree with him, because I have known George Gallup for twenty-five years, and I am sure he has one basic interest in his polling—to be right.

Columnist Joseph Alsop carefully points out in *his* attack on Gallup that "All this is not intended to suggest that Dr. Gallup has been cooking his poll. He has not been doing anything of the sort." Yet the Alsop queries seem to me to be quite different from those of Senator Gore. Joseph Alsop is, of course, an ardent advocate of the candidacy of Senator Kennedy. It is quite understandable that he should be looking hard for flaws in anything which indicated that his favorite was not now well ahead.

First, he challenges Dr. Gallup's inclusion in the totals of those he describes as "leaning" rather than "decided" in favor of Nixon or Kennedy. Now, one thing pollsters have learned is that some people are loath to do more than hint broadly at what they may do in November, and one problem the pollsters have been working on since 1936 (when both George Gallup and I started doing political surveys) is the perfection of a battery of questions which will let us know what is *likely* to be the end action of somebody who is playing cagey. If this is a fault of Gallup's, I share it with him. Back when Roosevelt was running for the Presidency, we used to find people who would indicate that they had never voted anything but Democratic in their life, that they thought Roosevelt had saved us from economic ruin, that they regarded him as one of the three or four greatest Presidents America ever had, that they thought Dewey was not competent to be anything more than a District Attorney, and that they viewed the Republican Party with deep distrust—and who would then capily answer, "I don't know," when we asked them for whom they would vote.

Alsop also observes that Dr. Gallup did not count all of the people he interviewed as *potential voters* and points out that more of the people Gallup did not include call themselves Democrats than call themselves Republicans. From this he seems to conclude that Gallup gave Senator Kennedy a raw deal. This, of course, clearly reveals Joseph Alsop's ignorance about polling. The question of who will vote is the hardest one pollsters have to answer. Because it has become "not respectable" to admit that one does not intend to vote, we nor-

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