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 sixty-five 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 repugnant to every idea of justice and fair dealing, so subservient 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 premise 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, (the agent in the East being the General Agent of the New York Associated,) 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 effort, they have directly invoked your aid to crush the Herald and establish a 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 $25 per splice, 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.

THE FOLLOWING PROTEST WILL EXPLAIN ITSELF:

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 ..................................................... 4,000
2,500 ..................................................... 9,333

Which rates are to be charged irrespective of the number of papers to whom the report is delivered, be 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 ..................................................... $500 ........................................ $1,500
500 ..................................................... 800 ........................................ 1,200
1,000 .................................................. 1,500 ........................................ 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 agreed you agreed that the price to it should be $400 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, there is no marked difference, is that the only point which 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 the 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 submit to a six 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 now generally 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, for 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 doing out news to the Herald, or the Times dependant on the Times for its Telegraphic Dispirers. 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 thus enjoy the 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
form new combinations; but the new Schedule, if enforced, will not only crush the old combination, but the only opposition paper now published, and generally prohibit the establishment of any others.

There is, however, another difference between the old and new schedules which is hardly equally sufficient to show the purpose for which you and your friends are now demanding the establishment of a new paper, as well as the reasons which have been adduced to adopt the new Schedule. It is the difference between the price 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 1.5 per cent. for the first increase of 50 per cent. in the number of words, 3.5 per cent. for the second increase of 100 per cent. in the number of words; or, starting from 250 words, 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. In the price of newspapers, which can only be due, and but one effect, and but one object, viz.: to add monopoly by giving the combination of newspapers which can take a large amount of news, an overwhelming advantage over the single paper which may be distributed to a larger number of subscribers, and which can do so at a lower price. In combination each get 2,500 words daily, as $8,383 a month, or $80 a piece; but the single paper which they refuse to admit to their association, starting at $750 per annum, will charge this single newspaper, (if the ratio of your Schedule is preserved,) more per word for 2,500 words a month than you charge the subscription for ten word dispatches, with address and signature appended. Could anything be more unfair?

Look at a moment the difference in the manner in which the enforcement of the new Schedule will affect the public. You raise the price to the Herald 122 per cent. and give it nothing in return. You raise the price to the combination 38.15 per cent. and give them in consideration 150 per cent. more news.

The effect rates the Herald is paying 6.92 cents per word for its news; you propose to raise this rate at once to 15.88 cents per word. The newspapers of the combination pay 2.4 cents per word; you propose to raise their rates from 1.58 cents to 12.5 cents per word. 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 $2,000,000 per month for 500,000 copies of dispatches, run by single women, pay $835 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 have not been paying them for a year or two, and if you have not been paying their principles, you will not succeed in maintaining the Herald. They have done their best, but for the sake of the California Association and making this discrimination, you kill the Herald just as effectively as though you denied it the use of your lines on any terms; you give the first papers of the California Association as complete a monopoly, perfect 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 $100,000 from the single papers; you propose to give the papers for the transmission of 1,000 words. Besides this the competition between the papers causes the sending of special and private dispatches which are considerably increases your profits, and the gross sum would be far less increased by saving the princely sum 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 $400,000 for only 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 other parties a monopoly.

When the very lowest and most selfish motive is thus wanting, when you use force to crush enterprise, not merely for no gain to yourselves, but at a positive loss to your stockholders, how can you honestly and successfully do business, or protect 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 integrity as sincerely as you do the preservation of the press, 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 curtailling his field of employment and tending to reduce his earnings.

This is taken to lay the trouble to lay your 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.

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

HENRY G. GEORGE.

Agent San Francisco Herald.

Your most obedient servant.

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