

*5 Newspaper Industry*

STRIKE PAPER vs. STRIKE INSURANCE  
in SAN JOSE

by

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STRIKE PAPER vs. STRIKE INSURANCE IN SAN JOSE :

New weapons in labor disputes in 1959 //

by

Nicholas D. Molnar

[Berkeley, University of California]  
June, 1959

June 9, 1959

Dear Mr. Ulman,

please take in consideration my  
very limited English knowledge.

Sincerely yours,

Nicholas Nichols

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Recent surveys show that both number and length of strikes have diminished in the United States during the last decade along with other parts of the world.

Strikes, in general, always have meant great damages for both employers and employees. It is a well known rule, that the longer the strike the greater the loss specially dangerous in the modern economy.

From the many losses resulting from a long strike, financial and moral damages are the most important. These are the ones which, in many cases, force one of the parties to give up the fight before the aims of the strike are achieved.

It is reasonable to compare economic warfare with any other warfare, as far as the selection of weapons is concerned. Tools used to achieve the aims always have to be in balance with the development of the economy as a whole. The improvement of or the change of the economic situation always determinates the best strike weapons in a given situation.

One of the most important aspects is the financial

and moral security of the parties.

A remarkable change in strike techniques has occurred within the newspaper industry during recent years. Both labor and management have found the means for entering labor disputes with more security.

Newspaper unions, usually led by the Newspaper Guild, secure their financial power and the morale of their members through strike papers, published in the case of strike with the cooperation of other unions. Meanwhile, publishers try to defend themselves with strike insurance against loss suffered from strikes.

These new security powers clashed in the San Jose strike for the first time in history. This strike, which still is continuing, could be the longest in the history of American newspaper industry.

San Jose, Santa Clara County, 45 miles south from San Francisco, is one of the fastest-growing cities in Northern California.

Twenty years ago the city was the trading center for a prosperous agricultural section - the <sup>W</sup>Santa Clara Valley. Its economy was that of a rural community, almost wholly dependent upon business generated by production and distribution of farm products. Its major industry was food packing. Industrial expansion was slow until the Second World War. During the war, San Jose established itself as a vital part of the Bay Region industrial complex. Within the past decade, San Jose has ~~become~~<sup>W</sup> become an industrial community. The number of inhabitants of the so-called San Jose Metropolitan Area is around 400,000. The total population of Santa Clara County is 650,000.

The San Jose Mercury-News-Herald, a morning newspaper with a Sunday edition was established in 1851. The Hayes family, the original owner of the paper, purchased the competing San Jose Evening News in 1942, and mechanical and business operations of the two enterprises were combined. The new company published the morning Mercury, the late afternoon Evening-News and the Sunday Mercury-News.

Northwest Publications, Inc., purchased the combined properties in 1952. Northwest Publications, Inc. is closely associated through family-owned corporations with Ridder Publications, Inc. Virtually both of the companies are owned by the Ridder family./ The publisher of the Mercury-News is Joseph B. Ridder./

Papers published by Northwest Publications, Inc. and Ridder Publications, Inc. include:

St. Paul Pioneer Press  
St. Paul Dispatch  
St. Paul Sunday Pioneer Press  
Duluth News-Tribune  
Duluth Herald  
Duluth Sunday News-Herald

Journal of Commerce, New York City  
Independent Press-Telegram, Long Beach, Calif.  
Star-News, Pasadena, Calif.  
Independent, Pasadena, Calif.  
American-News, Aberdeen, S. Dakota  
Herald, Grand Forks, N. Dakota  
Times, Seattle, Washington /one-half interest/

The Mercury-News' expansion of circulation and advertising lineage has broken all records during the last ten years. It has emerged as one of the largest newspaper properties in California.

(1)

Daily circulation:	1947	54,951
	1952	73,000
	1956	100,830
	1959	130,000



It is remarkable that meanwhile, in 1947, The San Francisco Sunday Chronicle's annual lineage was, with 1.5 million, more than of the Mercury-News, in 1956 the San Jose paper led with 300,000 already. In the advertising lineage of the week-day morning editions, the Mercury with 1 million lines per year behind the Chronicle in 1949, rose to a level of more than 5,000,000 lines above the Chronicle in 1956. In 1956, the afternoon San Jose Evening News alone carried more advertisings than The San Francisco News and Call-Bulletin<sup>2</sup> /San Francisco/ together.

The Mercury-News, enjoying a monopoly position, has grown to Metropolitan size.

Besides the Mercury-News, the city has a commercial weekly, the San Jose Shopping News, with 93,000<sup>1</sup> circulation.

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Both the employers and the employees in the newspaper business have a long organization history in Northern California. The first informal association of employers in the San Francisco Area was organized in the newspaper industry in 1851.<sup>3</sup> The several craft unions /ITU, Pressmen etc./ won jurisdiction over newspaper-shop wage earners fairly early.

The American Newspaper Guild was officially formed on December 15, 1933, after a bitter and long fight. As Heywood Broun put it: "The fact that newspaper editors and owners are genial folks should hardly stand in the way of the organization of a newspaper writers' union." <sup>4</sup> Publishers immediately declared that editorial unionism was a threat to freedom of the press, until the U.S. Supreme Court ruled that: "The publisher of a newspaper has no special immunity from the application of general laws."

In 1936 the Guild affiliated with the AFL.

In 1937 the Guild expanded its jurisdiction to cover advertising, business, circulation and promotion departments and affiliated with the CIO.

The Guild has its longest struggle with the Hearst papers, especially in Chicago during the 1930's.

The American Newspaper Guild entered the AFL-CIO with 27,550 members, about one-third of its estimated jurisdiction in the U.S. and Canada.

The membership is covered by 205 separate contracts. The papers with which it has contracts represent nearly half of the total daily newspaper circulation in this country and Canada.<sup>5</sup>

The San Francisco-Oakland Newspaper Guild was formed in 1934.

The San Jose Guild was chartered in 1937, and negotiated its first contract in the same year with the San Jose Mercury-Herald.

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In Northern California the rate of pay for newspaper craft unions usually is determined by negotiations in San Francisco. The scale adopted in San Francisco is applied almost uniformly by /union/ newspapers in other cities in the area.

Until the 1940's, general wages in the Bay Area and San Jose were far from uniform. However, the identity of San Jose with San Francisco as a common labor market was recognized during World War II by the Regional War Labor Board in establishing wage rates for industry.

The same wages were adopted first for building and construction workers, later for butchers and retail clerks.

Current salary rate surveys prove that pay rates for clerical and administrative personnel in San Jose are on a level with those in San Francisco and Oakland.

	<sup>6</sup> S.F.-Oakland	<sup>7</sup> San Jose
Typist	\$ 286.00 /monthly/	\$ 281.00/monthly/
Stenographers	307.00	320.00

PBX Operator	\$ 286.00	\$ 294.00
Key Punch Operator	284.00	300.00

/Covered 82,100 office workers in S.F. and 3,240  
office workers in San Jose./

Wage parity in the newspaper industry for photo-engravers, printers, stereotypers and pressmen was established some years ago. As far as editorial wage earners are concerned, gradual reduction of the differential between top minimum in San Jose and San Francisco has taken place between 1947 and 1957. Meanwhile, in 1947 average on top minimum for reporters in San Francisco was \$ 20 higher than in San Jose; the ~~salary~~ difference diminished to \$ 3.25 in 1956. In 1957 the Guild proposed parity with San Francisco for editorial and advertising jobs. The parity offer was turned down.

Current minimum weekly wage rates for editorial  
and advertising jobs /on April 1,1959/:

	S.F.	San Jose
Less than one year's experience	\$ 80.00	\$ 72.00
After one year's experience	90.00	82.96
After two years	100.00	93.49
After three years	108.50	106.14
After four years	118.50	121.70
After five years	128.00	137.00
After six years	138.50	---



The San Jose strike started February 14, 1959, with the walkout of the stereotypers and pressmen.

The contract between Northwest Publication, Inc., and the San Jose Stereotypers and Electrotypers Union No. 20, and the San Jose Printing Pressmen and Assistants Union No. 146 expired on February 28, 1958. The total number of employees is about 650, including 30 stereotypers and 43 pressmen.

Negotiations started in January 1958, and went on for more than a year without any success.

On February 13, 1959, the Central Labor Council of Santa Clara County sanctioned the strike of the two unions. Next morning publisher J.B. Ridder issued a signed letter to the public on the front page of the San Jose Mercury, /"In our nearly 108 years of existence, we have never had a strike. We do not believe one is necessary now. But if you fail<sup>8</sup> to receive your paper, we think you should know why."/

At 8 p.m. February 14, 1959 the stereotypers and the pressmen walked out of the plant. Newspapermen finished the big Sunday edition /circ. 160,000/ but Mailers and Teamsters refused to cross the picket line already established by the striking unions.

On the very same night the San Jose Guild held a

meeting at which "Guild members voted overwhelmingly - with only one dissenting vote - to respect the striking unions' picket line."

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On February 26 the Newspaper Guild, along with the support of the unions, published the first issue of the San Jose Reporter as a strike paper. Next day hundreds of copies of the strike paper were destroyed by circulation employees of the struck Mercury-News. The police department arrested several persons charging them with interference with newspaper publication. Publisher Ridder denied any connection with the destruction.

The first meeting between the unions on strike and management was held on March 2.

On the next day Rev. Walter L. Schmidt, S.J. director of the Santa Clara Youth Village, well-known consuler in the personnal relations field, offered his service as mediator to settle the strike for the welfare of the public.

On March 6, negotiations broke down again.

On March 12, and on March 23 negotiations with Rev. Schmidt without success. New attempt was started for settlement by the San Jose Merchant Association.

On March 30, the San Jose Reporter offered subscription

for the strike paper. The plan was later cancelled. On the same day the strike-insurance question was raised for the first time by the San Jose Reporter, mentioning the famous Brooklyn Eagle in its editorial.

On March 31, the San Jose Guild held its first official meeting with the publisher on the case of its own contract, which was to expire on April 30. The management did not have any proposition.

On April 5, a formal meeting was held between the striking unions and the publisher.

On April 6, an open meeting was held in the First Presbyterian Church /sponsored by the Santa Clara Valley Council of Churches/ in attempt to settle the strike.

On April 8, agreement was reached between the Pressmen Local and the publisher. However, the Pressmen Local declared that it wont sign the contract until the strike is completely settled, and voted to continue to honor the picket line of the stereotypers.

On April 13, meeting between the ITU Local and the publisher. ITU members are without contract since February 28, 1958, but they are still negotiating.

On April 15, the Sales Delivery Drivers /Teamster/ Local 296 notified the Publisher about their contract's

expiration on June 15. They declared themselves ready for negotiations.

On April 22, the president of the Stereo International and the representative of Ridder Publications, Inc. met in Chicago without success.

On April 24, the ITU /by a vote 107 to 84/ accepted the offer of the publisher for a new contract, but continued to honor the picket line.

On May 1, shortly after midnight, when its contract expired, the San Jose Guild held a membership meeting, and by 123 to 20 voted to strike, and immediately joined the picket line.

On May 5, the State Dept. of Employment's hearing started on the subject of unemployment benefits.

On May 14, the strike entered in the fourth months without any hope for settlement in the near future.

On May 24, the strike reached the 100 th day.



The strike started from a pure wage dispute between Northwest Publications, Inc. and the San Jose Stereotypers and Electrotypers Union No.20, and the San Jose Pressmen' and Assistants' Union No.146. These unions established a pattern some 15 years ago, but now the publisher, for the first time, refused to meet with the common pattern. The difference was 11.5 ¢ per hour, for a 35 hours week, which means \$ 4.02 weekly difference for each worker involved and exactly \$ 257.60 for the publisher altogether.

The "historic wage pattern" worked the following way:

The San Francisco Typographical Union negotiates the S.F. typographical contract with the San Jose Typographical Union inherits. The San Jose Pressmen and Stereotypers established their wage pattern with the San Jose typographical workers during World War II.

In 1958, the ITU in San Francisco settled wages at \$ 3.54.5 per hour which the San Jose ITU secured in its contract with Northwest Publications, Inc. The management, apparently, did not give much attention to this fact by that time, in 1958, and failed to realize that this would mean a wage increase for the stereotypers and pressmen as well. During the negotiations, with stereotypers and pressmen, the management

offered only \$ 3.43 per hour as a top minimum, which was refused by the unions. /Ridder, actually, offered a \$ 7.00 per week wage increase, plus reduction from 36 1/4 to 35 hours per week./

It is apparent, however, that the roots of the current labor dispute have been growing for years, and the relations between unions and Northwest Publications, Inc. became more and more bitter.

It is a fact that neither San Jose Mercury-Herald, nor the Evening-News ever had strike during their histories. The relations between wage-earners and the former establisher-owner families were ideal<sup>y</sup>, and wage or fringe-benefit problems were always settled easily.

The family-like picture generally changed when the new owner purchased the papers. This did not mean only a general change in the executive branch, but also a complete change in the policy of the papers. The new publisher, with his new and very able executive staff, decided to build up a real money-making newspaper plant, exploiting all possibilities coming from the fabulous<sup>y</sup> growth of the area on one hand and from the monopoly situation of the paper on the other.

This attempt was not without success. As we already

know, the Mercury-News has become one of the largest newspaper properties in California and a tremendous financial success was made. Meanwhile, thanks to the excellent management, the paper always has provided excellent coverage, and has become one of the best mass media in California in local, national and international fields.

It is necessary to mention that the fight between the Ridder enterprises and the newspaper unions is almost historical. Besides the Hearst papers, maybe this was the second anti-union newspaper enterprise in the row. The record shows that this policy was fully inherited by the Mercury-News.

It would be hard to tell whether the unions and the wage earners did not like the new "money-makers", or the new publisher decided to develop a pure business-type enterprise without any "family-like" cooperation with his employees. As former employees testify, the new publisher has never had any relation with reporters, staff members, advertising people or with other employees. The change was too sharp and too quick, and even some of the newspapermen felt, as they say, that "we have become tools of a money-maker only and slowly lost our interest in the paper."

At the same time, the new owner made some attempts "to water down the unions" as well. This action was introduced in the circulation department and was fairly successful. The circulation department was strongly held by Teamsters. The publisher's policy was to promote circulation employees to supervisory position at the price of their union membership. Since this time Teamsters have lost many members at the Mercury-News.

Some responsible industrial relation experts state, however, that the strike is a poor test-case both for the publisher and the unions.

They say that the Californian Publishers Association ~~(has wished)~~ had wished to challenge the strenght of the newspaper unions for a long time, and San Jose seemed to be the best place for it, with the greatest promise to "break through", having a strong newspaper and not threatened by a "general strike", a shut down of ~~may~~ many plants.

The case, however, seems to be a test-case for the AFL-CIO as well. They have tried to establishe in San Jose a general wage parity with San Francisco since World War II with a fair success. A victory, for stereo and press workers, apparently would be followed by a general attempt to get complete wage parity; a loss would postpone the goal for



many years.

The case of the Guild's strike is much clearer. The Guild has been in an excellent situation, already "locked out" without any willingness for quick settlement. The Guild was trying fully to exploit the opportunities of the already started strike. In its first wage proposal even <sup>sought</sup> ~~had~~ to achieve <sup>e</sup> higher wages, than those existing in San Francisco. After its second proposal, the Guild refused to accept any of the management's contra propositions and votes to strike, increasing the number of strikers with its 255 members from 64 to 319, and ~~and~~ delaying every hope for any easy settlement in the near future. It seems helpful to mention that in San Francisco the Guild's contract expired on March 27, 1959, and the Guild is still peacefully negotiating.

For comparison we should examine wage proposal differences and minimum weekly wages for editorial and advertising in San Jose:

	I	II	III	IV	V
Less than one year' exp. \$	72.00	100.00	85.00	74.10	76.68
After one year	82.96	125.00	95.00	85.38	87.20
After two years	93.49	150.00	105.00	96.22	98.27
After three years	106.14	175.00	120.00	109.24	111.56
After four years	121.70	200.00	150.00	125.25	127.91
After five years	137.00	---	---	141.00	144.00

- I. Wages until April 30, 1959
- II. Guild's first proposal
- III. Guild's second proposal
- IV. Management's proposal for wages from May 1, 1959
- V. Management's proposal for wages from May 1, 1960

On February 26, less than two weeks after the strike started against the Mercury-News, a brand new newspaper started publication: the quickly-organized San Jose Reporter, Inc., under the leadership of the San Jose Guild, published a strike paper " as a service to the community".<sup>11</sup>

The strike paper is a form of the boycott, which once played a very important role in the history of the labor movement in the United States.

In the first part of the 19th Century, the shoemakers were the first to establish<sup>11</sup> union-organized shops for the period of strike to force employer's capitulation and to provide for at least some income for the strikers, as well.<sup>12</sup> Their attempts were fairly succesful.

The boycott and strike paper practices in the newspaper industry date back as far as the second part of the last century. The strike was the weapon par excellence of the trade unions during the early eighties, but already we find a more or less frequent resort to the boycott. The typographical un~~ion~~ was the pioneer boycotter on this field.

"The boycott which for the first time attracted nation-wide attention was the one declared by Typographical Union 6, of New York /'Big Six'/, on December 18, 1883,

against the New York Tribune. The causes were the discharge of union men and the non-observance of a written agreement entered into one month previously between the foreman and the union, which the union understood to have been ratified by the owner, Whitelaw Reid. The union established a special paper, the Boycotter. Operations were directed not only against the Tribune and its advertisers, but in the next year the boycott became a factor in the presidential campaign. 13

The development of the strike paper practice was a great shock for the publishers, and they immediately charged unions with business interference. However, publishers could not stop the further development of this useful and important strike-weapon, and nowadays "...the American Newspaper Guild has dealt with the problem in many cities, and even a handbook of procedure /of strike paper/ has been developed." 14

It is true that the use of the strike paper became common after the establishment of the American Newspaper Guild. It was one of the results of strong inter-union cooperation among newspaper unions during strikes. As ANG President, J.F. Collis, points out, "It /the ANG/ has negotiated contract protections permitting members to refuse



to handle struck work or cross picket lines of other newspaper unions. And it has cooperated with other unions in the industry in the formation of local councils of newspaper unions and the development of new and militant techniques, like strike papers.<sup>15</sup>"

Naturally, strike papers were established only when a whole community was hit by strike, leaving no paper in the area, or when a strike was called against monopolist paper, as in San Jose.

One of the most successful strike papers was the Detroit Reporter, which published 35 editions during the famous Detroit strike. This was the longest period during which a strike paper ever had operated. /Note: San Jose Reporter issued its 70th number on June 1, 1959./ The strike hit the three Detroit papers /Detroit News, Detroit Times, Detroit Free Press/ with a total of 1,300,000 daily and 1.5 million Sunday circulation, and affected 4,7000 wage-earners. The strike daily was launched within 48 hours after the three papers met a strike of stereotypers by locking out the other unions.<sup>16</sup> The Detroit Reporter reached 160,000 daily circulation.

Another remarkable strike paper was the Pittsburgh Daily Reporter, in 1950, which was published for 34 days

by 12 unions and "helped to re-establish collective bargaining."

A strike paper can be established for several different aims. Being the only mass media available, it keeps the community informed, always emphasizing that union members are anxious to continue their profession. "They /the strike papers/ perform a public service and give evidence that the newspaper unions are genuinely concerned with the people's right to know." <sup>17</sup> This action is, generally, not without success because it proves that the union members are willing to work "for the community", and it is the publisher who does not act in the interest of the public. This, however, belongs to the well known "publicity" part of strikes, as N.W. Chamberlain puts it, that: "...the innocent public seems to be regarded by the parties only as a weapon or bludgeon to be used against each other to force surrender; each side proclaims its sympathy for the public, which is being abused by the other's adamant refusal of concession." <sup>18</sup> But we would not be impartial if we were not to mention here that during the San Jose strike, the publisher has been at least as eager as the unions to prove his innocence before the public.

The strike paper provides at least a temporary

satisfaction among the community and for the advertisers as well, who, during a city-wide strike, have usually no other channel through which to reach their costumers. The immediate effect of the above-mentioned features is that the public demand for a quick settlement is not so urgent, and the public pressure upon the strikers diminishes.

However, as far as the advertisers are concerned, the records show that big business doesn't use the strike paper for advertising. Big companies under pressure from the publisher, usually form a boycott against the union-organized paper, but small business is eager to use the cheaper channel.

Not less important is the moral aspect of the strike paper, from the point of view of the union. It is well known that during a longer strike it is more difficult to keep the union members in militant spirit, especially, if they are just sitting at home, doing practically nothing except picketing. Not being active either in work or in the strike, people sooner or later get tired, lose their fighting spirit, and after a certain time will be interested only in going back to their wage-earning jobs, as soon as possible. This is truer among white-collar people, such as newspapermen

and advertising workers, who are much less union-minded than factory workers or the rank and file of the unions.

However, if a strike paper comes into the picture, even the less interested members will suddenly feel themselves "on the bricks", Becoming greatly involved in the fight, of the unions, able to continue their profession, they will keep out morally even for months. Because of the usually smaller set-up of a strike paper, the union works out a rotation system in which everybody will be used in the operation at least every other week.

The union so doing actually serves the interest of the publisher too. First of all it keeps out other papers from nearby cities, which usually are eager to enter the market area. A second, equally important aspect is that it keeps the staff of the struck paper or papers together and diminished the danger /for the publisher/ that the best members of his editorial or advertising department will seek jobs in other cities and wont ever come back, even after a succesful settlement of the strike.

And now we can turn to the most important goal of a strike paper, the financial help coming from the operation. Knowles points out, that: "The results of strikes

might seem to depend primarily upon the staying power of the parties - staying power meaning the capacity to endure temporary 'war losses' and the losses depending partly on the length of the 'war'.<sup>19</sup> " And later: "While on the worker's side /during a strike/ there is the loss of wages, never compensated for, even if the strike has full Trade Union support by dispute benefit - which in any case comes from the worker's pocket - and still less otherwise, the contracting depts, and all the personal hardship that may<sup>20</sup> be involved."

The loss is great for the union, and usually this is the greatest menace for the strikers. But the strike paper, as a money-maker enterprise, provides for a steady financial source which is sometimes very important to the striking and out-locked unions. For example, the already-mentioned Detroit Reporter paid full union scales for its shop work, and met the top strike-benefit pay schedules<sup>21</sup> for Guild member, assigned to the job. The Pittsburgh Reporter was not any less successful. "The Reporter... was so successful financially that a payroll was placed in effect the last two weeks. Over a two weeks period, approximately \$ 30,000 was paid out to some 400 persons, each of

whom collected one week salary based on prevailing scales." <sup>22</sup>

It is not necessary to emphasize what result could be made with some ten thousand dollars "extra income" during a bitter and long strike. It would be true to state that newspaper unions are sometimes much more interested in this great financial help than in any moral "community serving" or publicity service.

Now that we have carefully surveyed the impacts and aims of a strike paper in general, let us examine the circumstances of the San Jose Reporter.

Establishment of the Reporter was the result of the very close interunions cooperation. Right after the strike started the Newspaper Guild came up with the idea, which was highly supported by other unions. This cooperation, or support, was necessary not only from moral, but from operational aspects. As there was only one newspaper printing shop in San Jose, and that shop already was idled by the strike, they had to make an agreement with a printing company in San Francisco /Henry Budde Publications, Inc./. They set up a small technical division in San Francisco and transported every edition to San Jose by Teamsters.

Agreement was made quickly and a few days later a

corporation was established with about \$ 15,000 - \$ 20,000 starting capital. The San Jose Guild offered \$10,000, the San Francisco-Oakland Newspaper Guild gave \$ 5,000; meanwhile, both the stereo and the pressmen gave \$1,000-\$1,000. These figures, however, are estimated only, because the leaders of the Guild refused to give exact data.

Twelve days after the strike started, on February 26, 1956, the first edition of the San Jose Reporter appeared on the racks.

The newspaper carried a first page editorial, in which it stated:

"For almost two weeks now you haven't known what's being going on in your home town. You have not known who died, who got married, who did something fine, who did something funny...Why are we doing all this? As a service to you, the reader. As a service to our community."<sup>23</sup>

The new paper's most important task was to cover local news, which the community almost completely had missed for two weeks. The job has been pretty well done since the first edition rolled out and the daily coverage has been always satisfactory. About 90 per cent of the newshole of the paper carried local news and stories, and many local



pictures as well. A San Jose reader of the Reporter could be well informed about what is going on in this city.

But the strike paper, as every other strike paper, is on many fields quite different from an average American daily. It is more akin to a university campus-paper than to ~~anything~~ else. It is concerned with local news and local news only.

Reading the paper one could find a very short summary about news outside San Jose. The Reporter does not get wire services and under the present practice<sup>it</sup> is not able to get them. In order to provide for nation-wide and world-wide wire service, a long term contract is required between the wire agency and the newspaper, and even then it would<sup>be</sup> too costly. The daily "Briefs" are just short sentences from the most important items which usually make headlines in other newspapers across the country from San Francisco to New York.

The same difficulties exist with features, syndicate writer' columns and comics. San Jose can get none of them because of the uncertain future of the paper, it would be unwise to enter into any long-run contract. Besides it is doubtful whether these agencies, which are connected closely

with the publishers' associations, ever would make any contract with a union operated strike paper.

These are real disadvantages for a daily newspaper and handicaps in circulation as well.

"To serve the community" in modern terms means not only news but advertising. It is not necessary to emphasize the importance of advertisings in the modern business life. The Bureau of Business Research of Michigan State University made a very remarkable survey about the effects of the absence of newsprint upon business life, connected with the already-mentioned Detroit strike. They proved that during the 46-day-long strike /just before and after Christmas/ Detroit's downtown area showed \$ 35 million decline; meanwhile, the suburbs gained \$ 4 million above the yearly average.

"This survey shows that whereas the Detroit area was suffering sales losses, the suburban areas, particularly those with their own daily newspapers, were registering terrific sales increases. In other words, when general business conditions are good, customers do not just naturally gravitate to a store. People react to a sales message in newspaper." <sup>24</sup>

Business reacted differently to the appearance of

the Reporter in San Jose. The publisher immediately tried to organize a boycott among his regular advertisers, not without success. Big business kept away from the strike paper and tried every other possibility to reach its customers. Postmaster Lionel J. Worden states: "During an eight-week period starting February 7, bulk /third class/ mailing from the office here is up 62 per cent over the same period in 1958. This increase is directly attributable to the newspaper strike. We find that many business here have increased their mail advertising greatly since the papers closed down." <sup>25</sup>

This early-organized boycott included national advertising too. The Reporter has been forced to depend on smaller advertisers and on classifieds. The absence of the big advertisers secured a once-in-a-lifetime advantage for smaller businessmen, speciality shops and services, owners of rented properties who's advertising usually disappears among the half-truck-size advertisements of the Mercury-News. That is, they are eager to use the Reporter on lower rates with a much better display than they used to receive. The survey on the editions of the Reporter shows a steady advertising increase, and recently suburban market centers and new car dealers have placed ads in the paper.

The Reporter prints either 8 or 12 pages which means 1344 or 2016 inches.

No. of issue	No. of pages	Ads	Class.	Total advertising	% of over all linage
1	12	820"	114"	934"	46%
2	8	455.5"	310"	765.5"	57%
25	8	148.5"	235"	383.5"	28%
26	8	317"	260"	577"	43%
35	8	257.5"	216"	473.5"	35%
36	8	355.5"	220"	575.5"	43%
37	12	1,209"	257"	1,466"	72% /. /
49	8	205"	222"	427"	32%
50	8	357.5"	231"	588.5"	44%
51	8	412.5"	238"	650.5"	48%

././ This issue carried a four-page color section.

The survey shows that on the average the Reporter carries 684" advertising and classified daily, that is 44.8 per cent of its overall linage.

Circulation was organized on a district basis, by door to door service with the help of union members and newspaper boys. The Detroit Reporter climbed as high as 160,000

daily circulation and the Pittsburgh strike paper had a 110,000 average, meanwhile the San Jose Reporter, after a 12,000 daily start offer a 25,000 circulation which fits with the need of the city and with the paper's budget as well. It should be noted that on March 30, the Reporter almost offered subscriptions, but hasn't done so yet. The circulation system pays its way and makes sufficient income for the paper.

The strike paper<sup>e</sup> has done the job for Northwest Publisher<sup>cations</sup>, Inc. too, for the very self interest of the unions helps to keep out the competition from the market of the struck Mercury-News. The San Francisco Examiner and The San Francisco Chronicle were among others the most eager to pick up new subscriptions right after the strike started. Although they do not cover local San Jose news, people seeking good mass media, appreciated them and, it is supposed, these papers together are selling around 20,000 copies more than usual in San Jose. Were it not for the Reporter this figure could be close to 50,000 daily or more. Unfortunately, the Reporter has no Saturday and Sunday editions which is an extra advantage for the great Bay Area dailies.

Since the strike began, only about 20 Guild members

have moved on to other permanent jobs out of the 255 strikers /newspapermen and advertising people/, and the staff is still together, willing to go back to the Mercury-News as soon as the paper can start again.

Because of the strike is still going on, it is impossible to summarize the financial success of the Reporter but the success is doubtless. The many-times-proved strike weapon, to lengthen the staying power of the unions, is working sufficiently again, although the unions refused to give out the exact figures, certain information was available to prove this success.

Bob Hickey, president of the San Jose Guild, said as early as ~~the~~ middle April: "The San Jose Reporter is doing very well financially. Today we have \$ 8,000 more /!!!/ than we started with. If the strike might go on eight to 12 weeks more, the Reporter should be showing a rather sizeable income." <sup>26</sup> It is important to remember that the Reporter had about \$ 15,000 - \$ 20,000 at the start; after a month's operation, after its operation costs, it made 50 per cent net profit. While a 12-15,000 average daily circulation during the first month, the paper had an average 22-25,000 circulation during April. It could not be far from the true figure, if we suppose that the paper has made around \$ 40,000 - \$ 50,000 net profit until middle May. This is about two-and-half times as much as all contributions received from ther locals, unions, etc. during

the same period.

A logical question could be : where does all this money go?

The American Newspaper Guild's strike benefits are strictly ~~x~~ limited.

Single member	\$ 15.00 / week
Married	25.00
Each add. dependant	10.00
Maximum	60.00

An additional \$ 5.00 is granted after the fifth week, but the total benefit could never be more than 90 per cent of the regular salary of the member.

These benefits really are not high. A married member with one child, even with the additional \$ 5.00 could hardly stay out for months from his \$ 40.00 /week benefit.

And this is the point where the Reporter's, and every other strike paper's net profit comes in the picture.

As we already know, the Pittsburgh Reporter paid regular salaries during the second half of its operation.

The Detroit Reporter paid extra benefits to its newspapermen and advertising workers too, and so does the San Jose Reporter.

However, leaders of the San Jose Guild refused to



admit the fact of extra benefits; we have only to quote from the official union papers. The official ANG monthly says that: "Their five-day-a-week newspaper, the San Jose Reporter after 17 issues was in the black and gave promise of rewarding the members in the form of increased benefits." <sup>27</sup> And a comment from the local union organ: "Members were hopeful <sup>28</sup> of receiving increased benefits from the Reporter..."

Certain San Jose newspapermen, who declined to give their names, admitted that right after the first week of operation they received an extra \$ 10.00 benefit, and this reward system has been continued later on.

Talking with striking newspapermen and advertising workers, one notices their high moral behavior is remarkable and they are in good spirit. They emphasize, however, that they don't have plenty of money, but don't have financial problems either, and are not willing to leave San Jose to take other permanent jobs. We can easily conclude from these remarks that, besides their regular ANG strike benefits, they are receiving "increased benefits" from the strike paper. It should be mentioned that in our last chapters we talked about Guild members only. Pressmen, mechanics, stereotypers and teamsters have found jobs easily, both in

San Jose and San Francisco.

Summarizing our survey, in the case of a modern newspaper strike, it is not necessarily true that "the workers tend to weaken quicker than the employer because their reserves are smaller."<sup>29</sup> The record shows that newspaper unions, with inter-union cooperation can possess any new-type and very useful strike-weapon with which they both financially and morally could stay on strike for months, in the face of the general experience of the labor movement, that only a short sharp strike can score a real win; but in the long drawn-out strike the fruits of victory rot.<sup>30</sup>

However, for striking union members, another security will be also available very soon. Newspapers just recently gave short information about the formation of the United Employee Insurance Co. to insure workers against wage losses in strikes. Benefits ranging from \$ 31.25 to \$ 62.50 weekly for as long as 12 weeks are proposed by the new Delaware corporation. The company has no plans to operate within any particular industry. Its basic goal is to obtain 80 per cent signups within any local union. The operation has not started yet.<sup>31</sup>

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To weight the gains and losses of a strike is like weighing the gains and losses of any other kind of warfare. On the employer's side the immediate losses are idle capital, loss of profits, the delaying of orders and loss of goodwill, as well as possible incurring of insurance or strike-breaking expenses.<sup>32</sup>

These losses are sometimes very high, because, regardless of the loss of profit, there are incredibly high operation costs even during the period of the strike, with payable bills, insurance and security costs etc. This is true for almost every factory, and for newspaper publishing companies as well.

Editor & Publisher recently published figures about the last financial year of the New York Times, and it says among others, that: "Cost of the strike, during which the Times published limited editions for two days and none for 17 days, was estimated at \$ 1,500,000 before taxes."<sup>33</sup> And this was a very short strike. During last decade strikes have diminished both in length and frequency; nevertheless, there were many labor disputes within the newspaper industry.

Here are some figures about length of time a major city has gone without any publication of its daily newspapers,

due to labor disputes:

Oct. 3, 1938	- March 23, 1939	Wilkes-Barre, Pa.	174 days
Nov. 18, 1945	- Jan. 12, 1946	Seattle, Wash.	56
Oct. 1, 1950	- Nov. 17, 1950	Pittsburgh, Pa.	47
Nov. 28, 1953	- Dec. 8, 1953	New York City	11
April 8, 1954	- Oct. 5, 1954	Wilkes-Barre, Pa.	181
Dec. 1, 1955	- Jan. 15, 1956	Detroit, Mich.	46
Dec. 6, 1958	- Dec. 19, 1958	New York City	17
Febr. 14, 1958	- .....	San Jose, Calif.	107 /./

/./ until June 1, 1959.

And it should be noted that these are the city-wide strikes only; not included are the tens and hundreds of other labor disputes, and sometimes month-long strikes within the industry.

What the ~~the~~ publisher can do is to provide for a so called strike-insurance.

What is strike insurance?

It is a form of coverage providing an employer with a minimum of financial reimbursement for loss incurred if he is shut down during a labor difficulty. It gives him enough fund to service his dept, pay his taxes, and keep up his corporate housekeeping. Sometimes it reimburses him profit

he would have made had his plant not been closed.

Such insurance has become peculiar to the newspaper publishing industry through the energies of the American Newspaper Publishers Association, and the specific details are a closely guarded trade secret.

The first time this practise became part of public record was the famous Brooklyn Eagle case. The Eagle went out of business when its owners chose what appears to have been profitable liquidation in lieu of responsible but presumably less secure management.

Sued by a group of employees for severance pay, the Eagle went to arbitration and doing so was obliged to answer ~~in~~ truthfully as to its financial background.

At a hearing in New York on June 2-4, 1958, the publisher of the Eagle admitted ~~on~~ the record he had received \$ 250,000 in strike insurance benefits during the strike in 1955, which preceded his decision to liquidate.

On May 29, 1958, the Newspaper Publishing Premium Fund Committee /Room 703, 744 Broad St, Newark 2, N.J./ distributed a highly confidential memorandum about strike insurance among its members. Shortly after that the American Newspaper Guild acquired a copy of this memorandum,

mimioographed it and sent to every local organization "for information". Editor & Publisher in its April 11, 1959 issue admitted the propriety of the "information", and what is more, later reported that: "...during the December, 1958 shutdown, caused by a deliverers' strike, the New York Times ...received \$ 282,000 from the Newspaper Strike Insurance Fund of the American Newspaper Publishers Association." <sup>34</sup> In other words, the existence of strike insurance is not secret anymore.

Strike insurance operates in the following way:

The first company to underwrite this kind a coverage was Lloyd's London. Later the system was further developed through the Montreal Trust Company, which along with the Lloyd financially backs the Newspaper Publishing Premium Fund.

The most important features of strike insurance are high premiums, limited coverages in time, extra and uncommon requirements, and sometimes the requirement that the publishing company should have never had any strike during its history.

The policy could be obtained by members of the American Newspaper Publishers Association only.

In the case of total suspension of publication there will be paid to the insured the full amount of daily indemnity for which the newspaper had paid, beginning with

the eighth publishing day after the strike starts.

If a strike does not result in total suspension of publication, the amount to be paid to an insured for losses occurring after the seventh publishing day the strike, will be the actual losses sustained for each publishing day of the strike, consisting of fixed charges, expenses that cannot be eliminated during partial suspension, and profits that the insured is prevented from earning because of partial suspension.

If a strike does not continue beyond the first seven publishing days, there can be no recovery of expenses, nor can there be any recovery for expenses incurred prior to the commencement of the strike.

Insurance underwriters are not liable for loss sustained by any one newspaper by reason of strikes for more than the product of its per diem indemnity multiplied by the number of days of coverage that the newspaper has paid for; or for losses sustained by all newspaper<sup>s</sup> published in any one city or by all newspapers which are signatories to any one strike. The insured must fulfill all labor contracts in order to collect the insurance. The policies don't cover any physical loss or damage to buildings,



equipments. There will be no payment for any loss due to suspension as the result of a lockout. The insured must offer to arbitrate disputes arising from or concerning news and editorial content, assignment or discharge of news or editorial department reporters and writers, welfare or pension plans, the union shop question, maintenance of membership or the closed shop.

No arbitration offer is required in the case of "strike".

The determination of "strike" under the policy is the following:

A "strike" means:

/a/ the voluntary and concerted cessation of work by an organized group of three or more employees of the insured,

/b/ a work stoppage resulting from the suspension of publication by the insured and/or the notification by the insured to its employees, not to report for work, when another newspaper in the same city is affected by a strike arising from a labor contract jointly negotiated by the insured and the struck newspaper or arising from the joint negotiations by the insured and the struck newspaper for the

renewal or extension of a labor contract.

A newspaper may be covered for 25 days, 50 days or 100 days. Indemnity will continue to be payable /1/ until the end of the strike, or /2/ the expiration of coverage or the exhaust of indemnity.

The maximum coverage available to any one newspaper is \$ 10,000 per publishing day, and \$ 500,000 as top maximum. Publisher can provide for extra indemnity for its Sunday edition.

Two daily newspapers that have no Sunday edition, published in the same plant may be ~~published~~ insured as a unit for \$ 20,000 per day.

Two daily newspapers with a Sunday edition - such as the San Jose Mercury-News - can be insured for \$ 10,000 per day per paper.

What the publisher has to pay for the insurance?

Indemnity payable	Payment for each \$ 100 of per diem indemnity	Payment for each \$100 of extra Sunday indemnity
25 days	\$ 123.00	\$ 12.30
50 days	\$ 163.50	\$ 16.35
100 days	\$ 203.00	\$20.30

Example in a similar case to the San Jose Mercury-News:

Subject	:	Two daily newspaper with one Sunday edition within the same town and plant.	
Per diem indemnity	:	\$ 14,000 for 100 days / \$ 7,000 - \$ 7,000 for papers/	
Extra Sunday indemnity:		\$ 10,000 for 25 Sundays	
Computation of cost	:	\$ 203.00 /cost per hundred for 100 days/ x 140 /number of hundreds of daily coverage:	\$ 28,400
		\$ 12.30 /cost per hundred for extra Sunday/ x 100 /number of hundreds of Sunday coverage/ :	\$ 1,230
<u>Total yearly payment</u>	:		<u>\$ 29,630</u>

In this case, with the above-mentioned total yearly payment, the publisher can collect \$ 1,000,000 for the two dailies /as top maximum/ and an additional \$ 250,000 for his Sunday paper.

And this is quite a large-sized security against any losses, even providing for at least part of loss of profit suffered under a strike.

That is, the existence of strike insurance could change the behavior of the publisher, as the strike paper could do the same with the union.

The general impact of the new kind of financial help for both sides could be a very important factor in

lengthening a strike as well securing at least partly against great losses.

As far as the San Jose strike is concerned, however, it is not proved, and could not be proved, whether Northwest Publication<sup>s</sup> Inc. has strike insurance or not.

The two striking unions expressed the belief the publisher of the struck plant possessed such insurance and predicted that the company would be willing to sit on its hands for possibly 100 days while receiving as extensive  
35  
as \$ 5,000 or \$ 10,000 a day.

When the publisher or representatives of the company were asked, they refused to give any answer, and because this kind of insurance are handled secretly, neither the unions, nor we are in the position to get further details. However, it seems very possible, almost sure, that Northwest Publication<sup>s</sup>, Inc. does have strike insurance coverage.

The strike in San Jose is still in its full<sup>1</sup>force.

This is the reason we had to limit our studies to the information about the strike and its techniques, without any comment.

A final summary, and conclusion could be completed only after settlement of the dispute; after all figures are available, the problem can be examined in perspective.

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