

¶Now Mr. Hearst is a mere salaried employee.

## THE DECLINE OF HEARST

FOR 17 years millions of U. S. citizens, to whom Hearst has been an institution as well as a legendary figure, have wondered what would happen to the institution when William Randolph Hearst was no more. Of late they have ceased to wonder, have realized that the institution has already started breaking up before their eyes. Mr. Hearst abdicated two years ago; and since then six Hearst newspapers, one news service and one magazine have been sold or scrapped; Hearst radio stations cut from ten to three; rare Hearst treasures have been knocked down for \$708,846; the value of all Hearst properties, estimated at \$200,000,000 in 1935, reduced to a fraction of that figure.

Hearst's inevitable dissolution was inherent in his career; now that that career is ending, its turning point stands out. In 1922 Hearst was at his zenith as a publisher. He owned 20 newspapers in 13 of the largest U. S. cities, with Universal Service and International News Service to flash them worldwide news, King Features Syndicate to dish out comics and boiler-

plate philosophy, the scandal-sheet *American Weekly* to boost Sunday circulation into the multimillions. He had a string of magazines, a newsreel, a motion-picture company. He had the world's highest paid stable of writers and editors. And he made more money than any other publisher before or since.

But his consuming personal ambition had been thwarted. In New York he had campaigned several times in vain to be elected mayor or governor; his papers could make or break small officials, but they never got Hearst farther than two unspectacular terms in the House. In 1922 Al Smith refused to run on the State Democratic ticket with him, and at last Hearst knew he would never be President. And so after 27 years in the East, he moved back to California and began to surround himself with a grandeur that no other private citizen has ever matched in U. S. history.

He spent money as few princes ever dared to do. He ensconced himself in San Simeon, a vast estate with palaces and a zoo, bought St. Donat's castle in Wales, built an elabo-

rate Hollywood publicity machine to glorify actress Marion Davies, indulged himself insatiably in the purchase of art treasures until he had spent \$35,000,000 for what could have been bought for about \$15,000,000. For money he used the income of his papers, the profits of the mines he had inherited from his prospector father, and a pocketful of promissory notes. Always a worry to his money men, he lost all reason in his spending. By 1924 he was strapped.

That year he began borrowing heavily on his newspapers and real estate, carelessly scrawling his signature as further security for the debts. By 1930 banks had floated \$60,000,000 worth of bonds and mortgages personally guaranteed by Hearst. Meanwhile the stockmarket had crashed and Hearst was strapped again.

To cut down his bonded indebtedness he floated stock. In 1930, when San Francisco Lawyer John Francis Neylan was his counsel, Hearst lumped together his six West Coast papers (on which he had previously borrowed \$20,000,000), four other profitable newspapers, and the super-profitable *American weekly* into Hearst Consolidated Publication Inc. He valued "circulation, press franchises, libraries, etc." at \$75,000,000 and with a bar-

rage of publicity denouncing phony stock schemes sold \$50,000,000 worth of preferred stock to the public.

For seven and a half years the preferred stockholders got their 7% and Hearst got a great deal more. He got over \$12,000,000 in common stock dividends. Publicly-owned Hearst Consolidated newspapers paid \$2,000,000 a year to King Features, which was owned by Mr. Hearst's privately owned American Newspapers Inc. And in 1935 Hearst sold his Baltimore, Atlanta, and San Antonio papers to Hearst Consolidated for \$8,000,000 (of which \$6,000,000 was for the familiar item of "circulation, press franchises, reference libraries, etc.") had lost \$550,000 in 1934. But other Hearst papers were losing even more, and real-estate values had toppled. Hearst was hopelessly mired in extravagance and debt and was squirming to free himself.

Judge Clarence Shearn, his trusted lawyer, acts, as the sole voting trustee for all Hearst enterprises. He was not only an old friend of Hearst's; he was close to a good source of credit, the Chase National Bank, and Hearst had to have cash. Hearst had several long talks with him, and after a while Judge Shearn, as sole trustee, became indisputable ruler of almost everything that is Hearst's.

After liquidating much that was unprofitable, Judge Shearn tried to squeeze more profit out of paying properties, to turn a profit with those that were doubtful. But the troubles that beset all publishers in 1938 nearly ruined Hearst. Newsprint went from \$42.50 to \$50 a ton, upping the Hearstpapers' bill by \$5,000,000. Advertising revenue dropped 25%, a staggering \$10,000,000 a year. Circulation fell off.

Cherubic Joe Connolly became general manager of all Hearst newspapers, responsible directly to Judge Shearn. Connolly reshuffled publishers of all Hearst papers, told them to cut out expensive promotion schemes, raise circulation rates where they could, make each paper pay its own way. To the publishers he granted more autonomy than the Hearst-papers had ever known. For the first time in history a Hearst publisher was conceded to have a head. Blasts from Hearst in San Simeon began to be disregarded. Hearst has had no more authority as to what news to play up or what story to publish.

Having once threatened to fire Mussolini (who used to write for Hearst) unless he released a jailed correspondent, Joe Connolly was perfectly capable of explaining such *lese-majeste* to The Chief. And Hearst, thoroughly frightened by the

condition he got himself in, is no longer the headstrong, unreasonable publisher he was. Since his papers began to go, he was worked doggedly to help save those that are left. All he now gets is a salary of \$100,000 a year as editorial director.

The empire that Clarence Shearn rules is solvent today but he has kept it from collapsing only by the most drastic retrenchment. Most Hearst enterprises make money; all together they would be highly profitable for Hearst if Mr. Hearst had not loaded them with debt. Selling part of an empire to get money to save the rest is a process that is hard to stop, and nobody knows this better than Judge Shearn.

Burdened as Hearst's properties are with debt, Mr. Hearst still owns three radio stations, nine U. S. magazines and three in England, 20 daily newspapers, 15 Sunday papers, *American Weekly*, King Features, INS, half a newsreel and a motion-picture company.

Two of the three radio stations make money. So do the magazines as a whole, although *Pictorial Review* had to fold this year and buxom *Good Housekeeping* and smart *Harp-er's Bazaar* are the only real money-makers of the U. S. group. The British magazines are a nuisance. *Metrotone News* earns a profit.

*American Weekly*, sold to non-Hearst papers for the first time last year, has a circulation of 6,700,000, makes more money for Hearst than anything else Hearst owns. Not only do the Hearst-papers guarantee 5,000,000 of its circulation, but it has held Hearst's Sunday circulation steady while daily circulation declined.

Hearst's career spanned exactly half a century, and more than any other career in history it proved the power and privileges of a free press. No other press lord ever wielded his power with less sense of responsibility; no other press ever matched the Hearst press for flamboyance, perversity and incitement of mass hysteria. Hearst never believed in anything much, not even Hearst, and his appeal was not to men's minds but to those infantile emotions which he never conquered in himself: arrogance, hatred, frustration, fear. But while Hearst dragged his readers vicariously through every depravity from jingoism to sex murder, he also helped to perpetuate a nation's songs, its humor and its heroes.

It was in 1887 that Hearst took over his father's San Francisco *Examiner*, published *Cassidy at the Bat*. Nine years later he was in Manhattan, buying a stable of Pulitzer writers for his *Journal*, whooping it up for Bryan and the Cubans.

By 1908 Hearst had newspapers in New York, Boston, Chicago, Los Angeles and San Francisco, had started buying magazines, and was easily No. 1 U. S. publisher. That was the year he printed the famed Standard Oil letters revealing bribery of U. S. Senators, high point in Hearst's career as a liberal muckraker.

In the War decade he became more powerful, lost his fervor for reform. He would embrace any policy to enhance his prestige, but his prestige slowly waned. He was bitterly disappointed when his efforts to keep the U. S. from siding with the Allies proved unpopular with the public.

In the 1920s his policies grew ridiculous. He published documents charging bribery of Senators by Mexico, saw them exposed as forgeries. He was expelled from France after engineering the theft of a secret Anglo-French naval pact. He established himself as No. 1 exponent of the Red Scare.

He had a brief return to power in 1932 when he swung the Roosevelt-Garner nomination. But Roosevelt would have none of Hearst, so Hearst turned to snarl at the "Raw Deal" and even boosted his old enemy, Al Smith, for President. Hearst staked his "reputation as a prophet" on Landon's election in

1936. When Roosevelt was re-elected he tried to do a turn-about, but nobody cared any more.

Four years ago Hearst said of himself: "At my time of life you just sit here and people bring you final decisions to make." But for nearly two years he has just sat there, no

longer absolute boss even of his papers' policies. He still owns fabulous Wynton and San Simeon, still dines on his allowance celebrities from silver plate in medieval splendor; but at 75 the bad boy of U. S. journalism is just a hired editorial writer who has taken a salary cut.—  
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