

RAMSEY COUNTY  
**History**  
A Publication of the Ramsey County Historical Society

The Legend of Boxer,  
Bootlegger  
Sam Taran

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Winter, 1998

Volume 32, Number 4

A 'Journalistic Launching'  
A Chronicle of the St. Paul Daily News

Page 4



A cartoon in the St. Paul Daily News celebrating the tenth anniversary of the beginning of publication on March 1, 1900. Photo from the newspaper collection at the Minnesota Historical Society. See the history of the Daily News beginning on page 4.

## RAMSEY COUNTY HISTORY

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# RAMSEY COUNTY History

Volume 32, Number 4

Winter, 1998

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## A Message from the Executive Director

In this issue the Ramsey County Historical Society is honoring Elsie Wildung as a true friend of local history. Born in St. Paul a century ago—on April 30, 1898—and raised there, she and her family are examples of the extraordinary ordinary people who have built our community, the people local history celebrates. Although she remembered the Society in her will with the largest bequest in its history, she was a modest person who lived an unpretentious life and cherished her community. Her fortune came from the community and she has returned most of it to the community. Her legacy will perpetuate the sense of continuity she inherited from those who went before her.

Preserving our history is a way of preserving our common identity, of guiding us as we chart our future. In 1999, the society will celebrate its fiftieth anniversary and the thirty-fifth year of the continuous publication of *Ramsey County History*. And Ramsey County and the Gibbs farm together will celebrate the 150th anniversary of their establishment in 1849, the year Minnesota became a territory. Much of our heritage is kept alive in this magazine, in our archives, and at the Gibbs Farm Museum. We truly are the Society of people like Elsie Wildung; we have much worth preserving.

The Society has just completed a new strategic plan committing us once again to maintaining a tradition of excellence in all we do. There is no better way to secure the heritage we all share than by a bequest or gift to the endowment the Society has established. We are ready to assist any of you who wish to remember the Society in your will, or during your lifetime. Even modest amounts will grow to make a major impact on the future far beyond a modest beginning.

History is a powerful legacy to leave to future generations. Please consider this wonderful opportunity to make a lasting gift to our community by remembering the Ramsey County Historical Society in your will.

*Priscilla Farnham*

## Elsie Wildung Remembers The Society in Her Will



*Elsie Wildung*  
1898-1996

Elsie Wildung was a lifelong resident of St. Paul and her roots stretch deep into the city's history. She was born just a century ago, on April 30, 1898, the youngest of nine children, and she grew up on Dayton's Bluff. All her life she maintained a strong sense of family.

Her parents, Friedrich William Wille and Emma Sophia Volkert Wille, were of German and Alsace Lorraine ancestry, and it was a religious family. Her grandfather, Johann Nicolas Volkert, who was born on February 19, 1822, in Nuremberg, Germany, decided at the age of fifteen that he would like to become a missionary. Accepted by his local Mission Society, he sailed for the United States in 1847 to study for the ministry in Fort Wayne, Indiana. After ordination in the Lutheran church two years later, he served a number of congregations before becoming minister of Emmanuel Congregation, now known as Trinity Lone Oak Lutheran Church of Eagan, Dakota County, Minnesota.

Elsie Wildung's father was a farmer who also worked as a carpenter to help support his family. Her mother was a homemaker. The family attended St. John's Lutheran Church in St. Paul where the Wille children also attended the church school. After she graduated from Johnson High School, and with her brothers no longer at home, Elsie Wille remained there to help her mother with the housekeeping. She was active in

## A 'Launching Upon Journalistic Seas'

### A Chronicle of *The St. Paul Daily News*—1900–1933

James B. Bell

Following the establishment of Fort Snelling in 1820, the Minnesota region entered a new era. Many explorers made expeditions into the area: Lewis Cass in 1820, Giacomo C. Beltrami and Stephen H. Long in 1823; Henry R. Schoolcraft in 1832; George Catlin in 1836 and Joseph N. Nicollet in the late 1830s.

In 1834 Henry H. Sibley established a headquarters for the American Fur Company at Mendota. A treaty with the Dakota Bands in 1837 opened the lands between the St. Croix and the Mississippi rivers to settlement, and lumbering began. Settlements were started at Stillwater, Marine, and St. Croix Falls. The hamlet of St. Paul grew around the Catholic chapel built by Father Lucian Galtier in 1841. In 1847 the settlement that would become Minneapolis began at the Falls of St. Anthony.

In the wake of a land boom in 1848, immigration increased so rapidly that by the next year the region's population was large enough to permit the establishment of a territorial government. But, while Minnesota became a territory on March 3, 1849, there was no newspaper to announce the event to the public.

The rise in population and the political organization of the territory underscored the need for a newspaper to report local and national events. The genealogy of Minnesota's first newspapers is marked by limited financial resources, the factional interests of a new settlement, and contentions and controversies among the chief political parties, Democrat, Whig and later Republican. *The St. Paul Daily News* would be a descendant of these early efforts.

Minnesota's first newspaper was the *Minnesota Pioneer* which appeared on April 28, 1849, nearly two months after the territory was organized. A month later, in May, 1849, Colonel James Hughes, of Jackson County, Ohio, arrived at St. Paul with a printing press and

paper, and on June 1 issued the first number of the *Minnesota Chronicle*. The *Minnesota Register* appeared in the summer of 1849 and was merged with the *Chronicle* the following year to form the *Chronicle and Register*. By December, 1850, Colonel Daniel A. Robertson had established the *Minnesota Democrat*, which within a short time, absorbed the *Chronicle and Register*. This paper was followed a scant nine months later by the *Minnesotian*, with John P. Owens as editor. Candidly, by any measurement, circumstances surrounding the newspaper business in St. Paul during the second half of the 1800s could best be described as fluid.

#### New Weeklies

Purchases and mergers characterized the next few years as more newspapers appeared on the scene. All of these papers were weeklies, as was the *Pioneer*, which passed steadily through all the mutations of fortune undergone by its rivals. The *Pioneer* became a daily on May 1, 1854; the *Minnesotian* on May 11, 1854, and the *Democrat* four days later. All three daily newspapers, a surplus for a community of about 6,000 persons, were consolidated in the fall of 1855 into a new paper called the *Pioneer and Democrat*.

In the meantime, the *Daily Times*, an influential Republican newspaper published between 1854 and 1860, was purchased by the *Minnesotian* and emerged as the *St. Paul Daily Press*. In the fall of 1862, in the midst of the Civil War, a daily paper called the *Union* was estab-

lished, largely as an organ for an influential political faction in the state legislature. On April 11, 1875, the *St. Paul Daily Pioneer* was merged into the *Daily Press* under the name of the *Pioneer Press*.

The first number of a new evening paper, the *St. Paul Daily Dispatch*, appeared on February 29, 1868. It became first "Liberal Republican" and then Democratic in its politics. As the *Pioneer Press*, after its consolidation, assumed an independent attitude in politics, the Republicans, during the controversial presidential campaign of 1876 between Rutherford B. Hayes and Samuel J. Tilden, felt the need of an outspoken advocate. Tilden, the Democratic governor of New York, received a majority of the popular vote but the electoral vote was in doubt. Congress created an Electoral Commission to pass on charges of election fraud and disputed votes. The commission decided in favor of the Republican Hayes by a margin of one vote. In September, 1876, with new owners, the *Dispatch* had been transformed overnight into an aggressive Republican organ in the midst of the presidential campaign. In 1909 the *Dispatch* purchased the *Pioneer Press*, consolidating the management and production of the evening and morning newspapers.

A Democratic morning paper, the *St. Paul Daily Globe*, founded in 1878, had a checkered career for a quarter of a century. When it was discontinued, the *Pioneer Press* remained St. Paul's only morning newspaper. The city of 6,000 population in 1854 had three morning dailies; in 1911, with a population of about 215,000 it had only one.

At the turn of the twentieth century, a new era began in St. Paul's newspaper history. After many months of planning

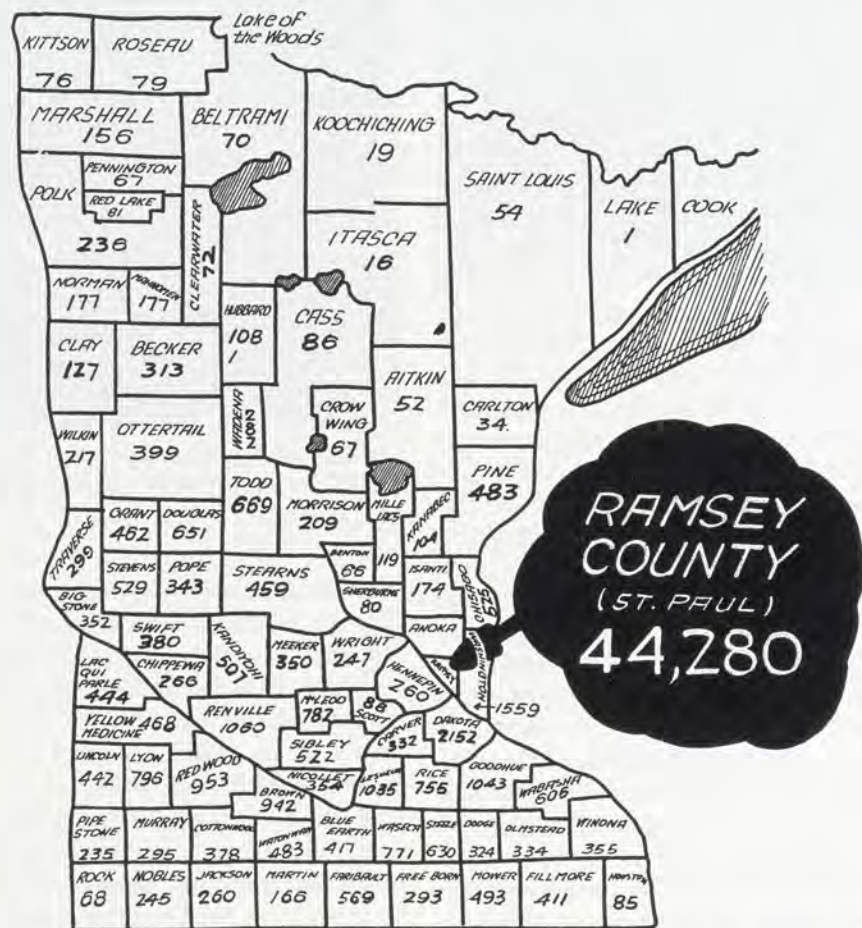
and the arrival of the newspaper's principal officers in the capital city, the *St. Paul Daily News*, was organized as an evening paper on March 1, 1900. Although it carried the name of two or more earlier papers, it had no connection with them either by pedigree or inheritance. The story of its thirty-three years as a major St. Paul daily begins here. The founders of the *Daily News* were long-time editorial and business colleagues: Nevill W. Reay, Lawrence V. Ashbaugh, and Frederick W. Kellogg. They all, as young men, had fashioned their editorial skills and management talents as members of the Scripps-McRae newspaper organization in Cincinnati and Kansas City.

Reay, born in Rockport, Indiana, on February 20, 1875, was the son of John Otho and Martha C. (Nevill) Reay. His father was an importer and exporter of tobacco, a business which kept him moving from place to place in Indiana and Missouri. Reay's association with the newspaper business began as a boy when, on April 20, 1890, he started collecting for the *Cincinnati Post*. In this way he became associated with Roy Howard, later head of the Scripps-Howard organization. In 1897, at age twenty-two he went to Kansas City where for a time he was connected with the *Kansas City Star* as an auditor working under the direction of Lawrence V. Ashbaugh. Later he joined with the *Kansas City World* as a collector, a bookkeeper, and then business manager, again under Ashbaugh's supervision. During this period Reay, along with Ashbaugh, Kellogg, and others, formed the Clover Leaf News Bureau.

### Upper Midwest Hub

Between 1850 and 1910 St. Paul was an Upper Midwest boom town. Immigrants from Germany, Ireland, and the Scandinavian countries and migrants from the East and New England were establishing their farms, building the railroads, working in the factories, and opening retail shops. St. Paul became a transportation, manufacturing, and marketing hub in the upper Mississippi River region. The city's population exploded over four decades from 10,331 persons in 1860 to 163,065 in 1900, all of them seeking their fortunes in the bustling city

# St. Paul Daily News Covers Minnesota



Map showing The St. Paul Daily News circulation around 1910. In ten years of publication, the newspaper, according to this map, had reached into every county in Minnesota with the exception of Cook County in the Arrowhead region. From the collection of Mrs. Robert M. Reay.

and state. This was the dynamic new community in which the *Daily News* was established.

When Reay came to St. Paul in 1900, he took over the business management and contributed in a large measure to the substantial growth and development of the *Daily News*. Throughout its history, the newspaper adhered strictly to the policy of presenting the news in a "clean,

condensed, and reliable way," and providing a paper that was "Independent but not Neutral." Reay, in time and turn, became the newspaper's treasurer, then president and publisher.

Lawrence V. Ashbaugh, another partner in the venture, was born in 1866 in Freeport, Pennsylvania. He began his newspaper career as a reporter on the Youngstown, Ohio, *Telegram*. In 1894

he moved to Kansas City and founded the *Kansas City World*. Five years later he established the *Omaha Daily News*, which was followed in 1900 by the *St. Paul Daily News*. In 1905 he also established the *Minneapolis Daily News* and under the management of Clover Leaf Publications operated several weekly newspapers. The initial News Bureau had been transformed into a thriving and dynamic publications enterprise. As chairman of Clover Leaf Publications, Ashbaugh was the chief business officer and the entrepreneurial engine driving the *St. Paul Daily News*, the other newspapers, and his team of talented associates. He served in this vital and productive capacity, despite several years of ill health, until his death on March 8, 1923, at his home at 259 Summit Avenue.

The final key participant in the launching of the *Daily News* was Frederick W. Kellogg, born at Norwalk, Ohio, on December 7, 1866, the son of a prominent lawyer. Educated in the public schools, he began his newspaper career in 1877 as a carrier for the *Cleveland Press*. The following year, with his brother, Charles R. Kellogg, he acquired the agency for the *Cleveland Press* and built it into the largest circulation region outside of Cleveland. Seven years later he entered the circulation department of the *Cleveland Press*, later joined the advertising staff, and in 1887 became advertising manager of the *Detroit Evening News*. In this capacity he induced James E. Scripps, publisher of the *Evening News*, to employ a regular salaried advertising staff instead of hiring men at odd times on a commission basis. As a result, the paper's advertising revenue increased \$200,000 during the first year.

Kellogg returned to the *Cleveland Press* in 1894 and a year later was appointed advertising manager of the Scripps-McRae newspapers. Four years later he resigned and, with Lawrence Ashbaugh and Furridge Davenal Butler, founded the *Omaha Daily News*. In 1900 the three partners formed the Clover Leaf chain. In the same year Kellogg and Ashbaugh also acquired control of the *Kansas City World*, which was added to the chain; two years later it was extended to include the Des Moines, Iowa, *News*,



The St. Paul Daily News building on Fourth Street, between Cedar and Minnesota Streets, a location that is now the parking lot behind the St. Paul Athletic Club. Minnesota Historical Society photo.

and the *Minneapolis News*. It was Kellogg who arranged the favorable financial terms for the twenty-five-year-old Nevill W. Reay to purchase his stake in the *Daily News*.

### A Brief Association

Kellogg's association with Clover Leaf Publications was short lived. He sold his controlling interest in these newspapers to Ashbaugh in 1907. Although he had removed to California for his health in 1905, the newspaper business was still in his blood. In 1913, with John D. Spreckels, the powerful sugar merchant, he established the *San Francisco Call*, an evening paper, merging the *Call* with the *San Francisco Evening Post*. They published the *Call* until 1920 when it was purchased by newspaper mogul William Randolph Hearst. Kellogg extended his business interests in California until he operated fifteen newspapers in various communities. In 1928 he sold them to Ira C. Copley, the Illinois and California publishing magnate, and retired.

When the *Daily News* was launched in St. Paul on March 1, 1900, with Lawrence V. Ashbaugh as editor, it was published at 92 East Fourth Street. The editor did not equivocate on the paper's purpose, proclaiming for his readers that:

The St. Paul Daily News is not launched as an experiment: it is here to stay. It will follow a well defined plan—independent but not neutral; bond to no party, tied with no corporation strings, yet with the best of feeling toward all members of each party and a boo for the erring officeholder, whatever his creed. Without bias, with no friends to favor, no enemies to punish—a clean record to make and the best obtainable talent gathered together to make it. The St. Paul Daily News is launched upon the journalistic seas to fill a field not already occupied.

Twenty-five years later it would be remembered that on that historic first day of operation "a small group of newspaper men bent anxiously over a second-hand printing press in a basement on East Fourth Street. The wheels began to turn. There were squeaks and groans from the



John P. Owens, editor of the *Minnesotian*, founded in St. Paul in 1851. Minnesota Historical Society photograph.

rusty cogs; the paper stuck to the inky rollers and tore; the type flattened out and had to be reset. But finally there emerged a small four-page paper."

The paper was printed daily in four pages since it was management's intention to adhere to this size regularly, except when the demand for advertising space made a larger paper necessary. On Saturdays, eight pages were printed to provide that extra space for news of "literary, miscellany, social and other special matter for more leisurely perusal than the average reader can give his newspaper on ordinary days." The editorial team of the *Daily News* declared it was their aim "to give the news in crisp, condensed form, covering in one paper the entire news of the twenty-four hours preceding the hour of publication." The price of the *Daily News* was one cent per copy, and six cents per week. It was delivered by regular city carriers to subscribers in St. Paul, or sent by mail at 25 cents per month. The management's goal was to set a price that put the *Daily News* within the reach of everyone.

### Pulitzer's Pattern

Following the pattern of flourishing metropolitan newspapers across the

country, the *Daily News* covered the usual proceedings of city government and school board, business failures and frauds, the menace and activities of gangsters, and reports of missing persons and spectacular murders. The format of the *Daily News* was influenced in part by the innovative accomplishments of Joseph Pulitzer and his extraordinarily successful New York newspaper, the *World*. A carefully crafted *Daily News* front page was a feature of every issue, presenting news of local, state, and national interest. An editorial page, which unabashedly reported the newspaper's position on vital public issues, was a *Daily News* hallmark during its entire career.

Like Pulitzer, the newspaper's owners took advantage of the increased use of advertising in American business life. The rapid growth of corporate product advertising around the turn-of-the-century brought big changes to the newspaper business. Newspapers long had carried classified ads and patent medicine pitches as a supplement to their core business of selling information to readers. Starting in the early 1880s, however, the traditional mix of revenues generated by reader sales shifted sharply. In 1880 about 65 percent of city newspaper revenues came from subscriptions and street sales and 35 percent came from advertising. By 1900, advertising revenues were 55 percent of the total, compared to 45 percent for subscriptions and street sales. In 1920 advertising amounted to 70 percent; since then it has drifted above the 80 percent level.

On its first anniversary, the *Daily News* editorialized that its circulation exceeded 20,000 copies per day and had earned for itself a place in St. Paul and a patronage among advertisers "greater than was believed possible. More than that, it is the belief of those interested in its success that it has made good the promise of a clean, condensed, impartial and honest newspaper."

The paper justified its brief existence by its efforts to help St. Paul and the people of the Northwest understand issues of significance to the city and state. The editor proclaimed that results during the first year included:



Colonel Daniel A. Robertson, who established the *Minnesota Democrat* in St. Paul in 1850. Minnesota Historical Society photo.

"Adoption of the new city charter."

"Move to compel public service corporations to make reports."

"Election of Moses E. Clapp, a St. Paul man, to the United States senate."

"Children's Santa Claus fund."

In the pages of the newspaper we read of many other local issues gripping the attention of various community factions and ripe with conflicting opinions, issues that have faded from view and significance with the passage of time. Yet there were important international, national, and local events of the first year which were first announced to the people of St. Paul in extra editions of the *Daily News*. Among others there was the death of Queen Victoria and the results of the city, national, and state elections.

The management declared on its first anniversary that for the future the *Daily News* would adhere to the pledge of its first issue: "Its desire is to print a condensed paper of interest to all and to give the news while it is news. Its aim is to be honest with the public, to demand justice for all, and to be influenced by no fear and by no favor."

Eight years later, in 1909, the newspaper's editor reported that the average daily circulation had reached 42,152.

Two years later the average daily circulation for February, 1911, had climbed to 51,312 in a city whose population had expanded to 214,744. Such growth proved to be the norm rather than the exception. On its twentieth anniversary, March 1, 1920, the newspaper recorded on its front page that "the first copy of the *Daily News* was a small, four-page paper, bought at first largely as a curiosity, . . . Today the *Daily News* is big in size, big in desire for service and read every day in 75,226 homes." The newspaper served a growing community of 234,698 persons.

Self-congratulation was a common practice of newspapers of the day. Not immune to the routine, the *Daily News* editorialized that it "began life untrammelled by precedent or prejudice. It has blazed its own trail of newspaper enterprise, regardless of what other newspapers do. It has advocated many things that were smiled at as 'impractical' or 'altruistic' 20 years ago—and it has lived to see many of them accomplished. It has led in many things, including these:

"FIRST (and still the only) paper to print news in crisp, concise, condensed style for busy readers.

"FIRST (and still the only) paper to print the TRUTH, whether WE happen to like it or not!

"FIRST (and still the only) paper to realize that news isn't just fires and murders and scandals, but rather the real, the odd, the unusual, the progressive, the happy, the noble things that men and women and children are doing.

"FIRST to print a noon edition, and a late afternoon edition—the justly celebrated 'PINK.'

"FIRST to open its columns freely to letters of criticism and comment from its readers.

"FIRST (and still the only) paper independent alike of political parties, class prejudice and public service corporations.

After the first two decades the newspaper could report such accomplishments as its circulation growth from 11,000 on its first day to 51,975 copies after ten years. On its twentieth anniversary the average number of copies printed daily for February, 1920, numbered 75,226, an



*Nevill W. Reay, one of the three founders of the St. Paul Daily News, launched on March 1, 1900. Photograph from the collection of Mrs. Robert M. Reay.*

increase of 24,000 copies over production a decade earlier. Furthermore, the growth in the paper's advertising was no less significant: during its first year, total lines printed were 714,028; during its tenth year the figure had increased to 3,779,832; during its twentieth year, total lineage was 8,470,896, an increase of more than 150 per cent. By 1930 circulation stood at well over 99,000.

Moreover, the *Daily News* had built one of the finest newspaper plants in the northwest at 55 East Fourth Street, adjacent to the St. Paul Athletic Club. Instead of a rusty press, it was now printed on a battery of modern high-speed presses.

### **The Self-made American**

Despite the paper's achievements, time, events, and changed circumstances, including Ashbaugh's death in 1923, had left indelible marks. Although he had been ill for several years he had participated actively, with Nevill W. Reay and Charles D. Bertolet of Chicago, in the direction of the Clover Leaf publications. Ashbaugh was a fine example of the self-made American. He started his newspaper career without funds and gradually built his publications into a power in the community. Moreover, he was familiar

with every aspect of the newspaper business, knowing the intricacies of a big press as well as the editorial and business departments.

In his last months he realized his greatest ambition - the building of a new and modern home for the *St. Paul Daily News*, but he never saw the fruit of his labor. He was confined to his home shortly after construction of the *Daily News* building began and never grew strong enough to visit the new plant. After his death, Ashbaugh's colleagues quickly asserted that his passing would occasion no change in the business or editorial policy of the Clover Leaf papers.

The *Daily News*, like the other Clover Leaf publications in Minneapolis and Omaha, rapidly proved to be a profitable venture for its founders. During its first sixteen years of operation it experienced only three years of business deficits. During its initial year, 1900, the newspaper incurred a start-up loss of \$24,930, which was narrowed the next year to a mere \$900. Thereafter, except for 1911, the *Daily News's* operation was in the black. Between 1900 and 1916, total receipts were \$4,574,596.68, and expenses were \$4,259,944.54, providing a net profit of \$421,960.27. The *Minneapolis Daily News*, which began publication in August, 1903, generated a net profit through 1916 of \$225,816.67, while the *Omaha Daily News*, which first appeared in October, 1899, had a net profit of \$735,633.70 for the period through 1916. The *St. Paul Rural Weekly*, first published in 1905, generated \$162,835.87 through 1916. Clearly, the officials of Clover Leaf Publications had a successful editorial and management formula for the production of profitable newspapers.

The pattern of profitability for the *St. Paul Daily News* continued during the years between 1917 and 1929. The firm returned a profit on its receipts in every year, ranging from \$1,039.44 in 1918, \$4,476.03 in 1920, \$141,132.66 in the boom year of 1926, and \$130,054.36 in 1928. Doubtless the collapse of the stock market in October and November, 1929, eroded revenues and profits for that year to \$103,334.64.

More management and financial changes occurred in 1927 when Nevill W.

Reay and Charles D. Bertolet, national advertising manager who was headquartered in Chicago, acquired a portion of the stock owned by Mary McCurdy Ashbaugh, Ashbaugh's widow. Associated in the purchase were Howard Kahn, since 1926 the paper's editor; William H. Neal, business manager, Matthew W. Thompson, advertising manager, and Charles J. Stein, secretary and treasurer. The sale also included in addition to the *Daily News*, the *Clover Leaf Weekly*, and the tabloid the *Clover Leaf American*. These weeklies had the largest combined circulation in the Northwest and until 1927, Reay and Bertolet were the company's largest minority stockholders.

Other newspaper transactions were stirring in St. Paul that year. On October 4, the *Dispatch-Pioneer Press* was sold by Charles K. Blandin to the Ridder Publishing Corporation of New York City for \$5,250,000. Long associated with the publication of a German language newspaper in New York, the Ridders had entered the English-language press field with the purchase of the *Long Island Press* in 1926 and, the *New York Journal of Commerce* in 1927.

### A Spectacular Crash

The effectiveness and success of any company is shaped in large measure by internal and external forces. The talents, skills, and vision of the *Daily News's* management and staff drove the company internally while the rhythms of local and national economies shaped its development externally. The fortunes of the newspaper were no exception. The nation enjoyed financial prosperity between 1897 and 1914, except for brief financial crises in 1903 and 1907, and recessions in 1910 and 1913-1914. These economic events are mirrored in the business experience of the *Daily News*. A period of flourishing economic activity followed the Armistice of 1918, with soaring prices, sales, and production that resulted from credit expansion and speculation. After May, 1920, a period of sharp deflation set in. A rising tide of prosperity returned in 1922 and was sustained for the next seven years by conspicuous expansion of the consumer's durable goods industry.

However, the spectacular crash of



Howard W. Kahn, crusading *Daily News* editor and later columnist "Paul Light" for the *Pioneer Press*. For more on the St. Paul *Daily News* and its coverage of crime in St. Paul, see the following article on St. Paul's "Fighting Tailor." *Minnesota Historical Society photo.*

stock prices in October and November, 1929, overshadowed all business activity in St. Paul and the nation. As the Depression deepened in the months and years that followed, the impact on the business affairs of the *Daily News* was crippling. A decline in circulation and decreased advertising revenues immediately diminished the paper's longstanding profitability. The newspaper was neither immune to nor insulated from the vagaries of economic disaster.

Since the Ridder interests purchased the *Dispatch Pioneer Company* in 1927, the *Daily News* had been locked in an advertising rate war. This kind of business practice was an unusual turn of events for St. Paul's competing newspapers. It did not occur during the term of the former owner of the *Dispatch and Pioneer Press*, native Minnesotan Charles K. Blandin, but now New York-style competitive practices had been brought to St. Paul.

Writing to a former *Daily News* reporter and current shareholder, Nevill Reay described to Henry B.R. Briggs of Santa Barbara, California, many details

regarding events leading to the sale of the *Daily News*. Briggs was now editor and publisher of the *Los Angeles Record* and assistant chairman of the board of the Scripps-Canfield newspaper chain. Reay recounted for Briggs the consequences of the advertising war for the previous six years between the *Daily News* and the *Dispatch and Pioneer Press*. He remarked that "one of their [*Dispatch*] methods was to go to the advertiser and make a contract on an exclusive basis with the distinct idea that under no circumstances would they give the *Daily News* any advertising, for which the *Dispatch* gave them a special discount of 4%. Other things they gave were free cuts, special position in the paper and many other minor things. The bad feature of it was that about 50 or 60 advertisers, large and small, were so narrow-minded in their own vision and civic pride, that they made this contract."

Reay had been gathering figures and evidence on this matter to bring suit against Ridder and to expose the practice on the pages of the *Daily News*. He told Briggs that he intended to start almost immediately a series of stories in the *Daily News* identifying the advertisers by name and telling the story of what his competitors were doing in an effort to make the contract so unpopular that other advertisers would be afraid to agree to it.

### A Proposal to Sell

Against this experience the transaction for the sale of the *Daily News* was undertaken in an atmosphere lacking in trust and good faith. Circumstances were desperate for the newspaper. The paper was facing an increasingly difficult financial situation with its revenues rapidly diminishing. In the midst of the turmoil and disillusionment of the nearly four-year-old Depression, Reay on August 25, 1933, notified the newspaper's stockholders of a special meeting to be held at the company's office on Tuesday, September 5, 1933. There were several purposes for the meeting, including approval of the contract, also dated August 25, 1933, for the sale of the *Daily News* and all its assets to the *Dispatch-Pioneer Press Company*.

The *Daily News* was sold for



\$750,000, \$335,000 payable in cash and \$415,000 in 6 percent Cumulative Second Preferred Stock of the Dispatch-Pioneer Press Company, paying a 6 percent dividend annually. The new owners were to assume all *Daily News* obligations—a \$93,000 mortgage and \$125,000 worth of debts. Reay guaranteed that accounts receivable for the *Daily News* would collect at least \$60,000. Furthermore, Reay assured the Dispatch-Pioneer Company that the liabilities would not exceed \$125,000. Under the terms of the sale Reay anticipated that the shareholders would receive a full return on their investment and the second preferred stock would be retired within four years. He informed the stockholders that should they be unable to attend the meeting they were to complete and sign the proxy form and return it to the company office.

### The Writing on the Wall

For three years the *Daily News* had weathered the ravages of the country's severest Depression. But now the writing was on the wall—the paper must be sold. It was triggered by the New York City investment firm of Marsh & Fentress who had purchased Mary Ashbaugh's stock in 1927 and sold shares to Bertolet and Reay. However, due to a decline in the newspaper's income, Reay and his management team determined in January, 1933, to stop making dividend payments on the stock. Marsh & Fentress were caught in the middle. They were paying Mrs. Ashbaugh \$30,000 a year based on the newspaper's dividend income—revenues that suddenly had stopped being paid. Because the *Daily News* was a thousand miles from any of Marsh & Fentress' other business, the shares represented the firm's biggest investment and carried the greatest hazard. They decided to sell their interests in the newspaper.

About mid-July, 1933, Marsh arrived in St. Paul and told Reay he was going to sell the majority interest in the paper. Reay told Briggs that "if [Marsh] was going to do that it was all right with me but I insisted that he give all the rest of us an opportunity to go out with him and he promised to do so." Reay confided to Briggs that he moved quickly to arrange and consummate the sale of the newspa-

per. He remarked that for the two weeks after he "was called into the picture" on August 1, 1933, he had "been to Chicago and New York working on this thing ever since. Of course it is night and day worries trying to get the best deal for us all."

Reay concluded that the sale of the newspaper was in the shareholders' best interests and provided an opportunity for them to receive immediately partial payment in cash for their investment and a timely repayment of the balance. He remarked to Briggs that \$200,000 of the sale price would be applied to retiring the preferred stock in the *Daily News* com-

pany. Furthermore, \$8,000 had to be assigned for payment on the preferred stock that had been deferred since January 1, 1933.

### Enter the N.R.A.

There was another card to be played in the interesting proceedings surrounding the sale of the *Daily News*. Based on his six-year experience with the Ridders on newspaper advertising rates, Reay shrewdly engineered a referee for the sale since it was not a friendly transaction. He maintained, with cause, good faith doubts regarding the Ridders' integrity. In hope of

# 12,894,680 SHARES CHANGE HANDS IN SALES STAMPEDE; TICKER 4 HOURS BEHIND

**Despite Heavy Volume of Early Distress Selling Vigorous Rally at Close Indicates There Is Little Ground for Prolonged State of Uneasiness, Financial Leaders Assert After Conference.**

## TRADERS CHEER AS U. S. STEEL, OLD-TIME BAROMETER, TURNS UP CHECKING PLUNGE

New York, Oct. 24.—(AP)—The remarkable era of avid public speculation in stocks which has swept over the country during the past five years came to a climax today in the most terrifying stampede of selling—totaling 12,894,680 shares—ever experienced on the New York Stock Exchange and other leading security markets.

The sickening plunge was checked late in the session when United States Steel common, old-time barometer of the market turned upward and was greeted by exultant cheering.

Not since the war panic which resulted in closing the exchange for seventeen weeks in 1914 has Wall street seen such a dark and trying day and never in financial history have security markets been thrown into such a tumult. It appeared for a time that the stock markets would be unable to face the situation and that trading would have to be suspended but the leading exchanges saw the ordeal through, although a few floor traders collapsed and had to be aided from the trading floors.

*A St. Paul newspaper's report of the ominous break in the New York stock market, October, 1929. From the newspaper collection, Minnesota Historical Society.*

controlling to a degree the sale process he sought the assistance of the NRA (National Recovery Administration) to oversee matters. Reay felt that it was necessary to have an official and public referee looking over the shoulders of the parties to the deal in order to ensure that the *Daily News's* stockholders received a fair price for their investment.

The NRA was a Depression-era agency designed to revive industrial and business activity and to reduce unemployment. It was based on the principle of industrial self-regulation, operating under government supervision through a system of fair competition codes. Under the statute creating and governing the National Industrial Recovery Act, fair competition codes drawn up by trade and industrial associations and approved by the president were enforceable by law. The president also was empowered to prescribe codes for industries and make agreements or approve voluntary agreements. Such actions were exempt from the antitrust laws, and the courts could issue injunctions against violators.

While the NRA initially was successful, code violations soon became increasingly frequent and complaints of cut-throat competition and unfair price-fixing were numerous. The National Recovery Review Board reported that the NRA was encouraging monopoly to the detriment of the small businessman. The United States Supreme Court held the NRA unconstitutional in 1935.

Reay took a keen interest in NRA regulations relating to the newspaper industry. He supported a strong code for newspaper operations, in particular a statement that newspaper owners would observe appropriate fair practice measures. Reay wired General Hugh S. Johnson, director of the NRA, protesting any newspaper code without a fair practice paragraph. Johnson answered that, "while he wouldn't say anything publicly, [he] would take up all the points [Reay] made with the code before it was adopted." The adoption of a newspaper code forced the Ridders and the Dispatch-Pioneer Press Company to join the NRA since all members were required to subscribe to the rules and regulations of the federal agency.

From the NRA's beginning the *Daily News* was a strong advocate of its full program. During the month before the sale of the *Daily News* in late August and early September, 1933, the paper carried a daily front page article about the NRA's efforts, as well as frequent editorials strongly supporting the agency. The paper meticulously chronicled the parade on August 24, 1933, of more than 50,000 St. Paulites led by Governor Floyd B. Olson and observed by an additional 100,000 citizens, in support of the NRA.

Reay suspected that as Ridder was a member of the NRA Newspaper Committee he probably had seen his telegram to General Johnson. Not resting his entreaties for moral support solely on the NRA, Reay telegraphed the publishers of nine other prominent newspapers in the United States seeking their support in obtaining NRA oversight of the *Daily News* sale. Ridder knew, Reay observed, that in St. Paul the NRA's program was immensely popular. It would not be publicly advantageous for the Dispatch-Pioneer Press Company to undermine the NRA's Newspaper Code. Reay remarked to Briggs that he felt that Ridder was very vulnerable on this point. He felt confident that the NRA would make Ridder behave.

### Employees Join the Fray

With the luxury of sixty years' hindsight, Reay's strategy seems plausible and strong. Yet the early 1930s were not days of speedy communications, of fax machines, video conferencing procedures, and television reports to monitor the consequences of the proposed sale of a leading community newspaper. It was the employees of the *Daily News* who mounted the strongest protest of the sale. They energetically rounded-up the support of the mayor of St. Paul, and their union sent two people to Washington to see President Roosevelt and NRA officials on the matter. Carrying their efforts further, the employees distributed circulars all over St. Paul, arranged radio interviews, and pursued every possible public avenue to broadcast their protest against the prospect of St. Paul becoming a one-newspaper town. They circulated a petition that garnered 20,000 signatures

against the sale of the newspaper and that strongly urged the public to stop subscribing to the *Dispatch*. Under such popular pressure the *Dispatch* finally reversed its decision to terminate the publication of the *Daily News* after the sale.

A public announcement appeared on the front page of the *Daily News* on Sunday, September 3, 1933. Labeled "A Statement to the Citizens of St. Paul," it announced that the *Daily News* was under contract to be purchased by the Dispatch-Pioneer Press company. The notice proclaimed that "When the sale is completed the *Daily News* will be operated by its present staff, as a separate institution under independent editorial direction." The sale was necessary, according to the statement, "because of the financial position of the *News* as a consequence of the Depression. The majority of the common stockholders of the *Daily News* came to the conclusion that the only solution possible lay in the purchase of the *Daily News* by the Dispatch-Pioneer Press Co. For this reason the Dispatch-Pioneer Press Co. agreed to buy and has decided to operate the *Daily News*."

Leo E. Owens,  
President and Publisher, Dispatch-  
Pioneer Press Co."

Nonetheless, *Daily News* employees continued to protest the sale of the paper. Circulated with the Saturday, September 2, 1933, issue of the *Daily News*, was a flier which proclaimed:

Strike while the iron is Hot! Truth will prevail! All St. Paul is deeply agitated and vitally concerned over the proposed merger of the *Daily News* and the *Dispatch-Pioneer Press*—the threatened NEWS MONOPOLY—that will make St. Paul a 'one paper' town and deprive 1,000 people of an honest livelihood. It will undermine the efforts of the thousands of sincere men and women who have this week so valiantly worked to build up confidence through the NRA. The newspaper merger can be halted if the public continues to voice its opposition to it.

The *Daily News* employees beseech you to continue to telephone your protest against this NEWS MONOPOLY by calling CEEdar 5000 (*Dispatch-Pioneer Press*) and



Thousands of St. Paul marchers in the NRA parade of August, 1933. Nevill Reay sought NRA help as a referee in the sale of *The Daily News*. Minnesota Historical Society photo

Garfield 2863, GARfield 2864 (the St. Paul NRA headquarters).

Hear the TRUTH at 8:00 p.m. Saturday over station WRHM.

The die was cast and the course of action was irreversible. On Tuesday, September 5, 1933, ownership of the *Daily News* was transferred to the Dispatch-Pioneer Press company. The editorial policy of the paper, fashioned over more than three decades, was to continue with its current staff. St. Paul, for better or not, was now a one-newspaper town. Immediately, Nevill Reay retired from his post as publisher. His personal and financial links with the *Daily News* were at an end. His more than thirty years of service and leadership in the establishment, development, and management of the paper was over. He was in fragile health, fifty-eight years old, and suffering from high-blood pressure. On Christmas Day, 1933, he had a massive stroke at his home at 823 Portland Avenue, and he died the next day.

For the next five years, the *Daily News* continued to be published under the new owners, but by management design or circumstances it was a dying paper. Howard Kahn, the crusading editor who

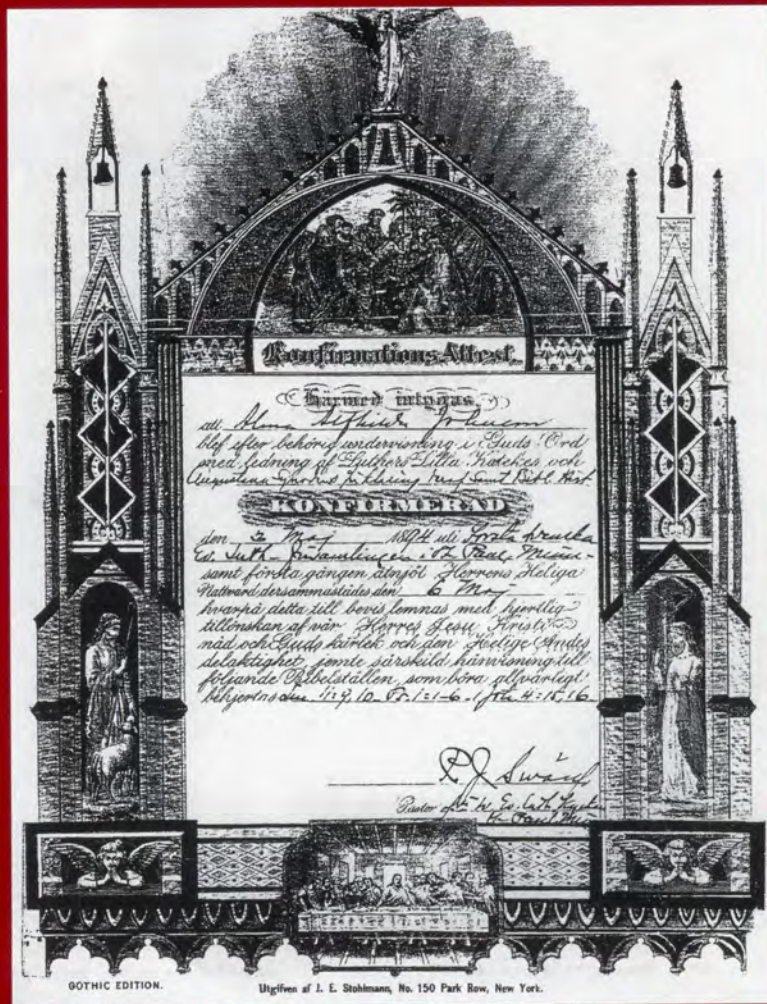
is often credited with a leading role in the investigation that cleaned up St. Paul during the crime era of the 1920s and 1930s, continued as the newspaper's editor. Later he would write the celebrated column "So What" under the pen name of "Paul Light" for the *Pioneer Press*. The *Daily News's* last issue appeared April 30, 1938. The once proud crusading publication, whose founding motto was "Independent but not Neutral," was converted into the *St. Paul Shopper* and became little more than an advertising vehicle, published twice weekly on Tuesday and Thursday, and circulated free to all homes in St. Paul. According to the management, this change had been brought about by the economic conditions which had caused the *Daily News* to operate at a loss since May, 1935. Furthermore, the owners now maintained that since 1927 the *Daily News* advertising volume had declined from approximately 8.5 million lines to about 4.5 million lines, a decrease of 43 per cent. This was coupled with a decline in circulation, which had dropped by 26,000 copies per day. Losses in revenue from these two sources totaled more than \$500,000 annually.

## Revisiting the Past

For a historian writing in the last months of the twentieth-century, accustomed to reading newspaper and business magazine accounts of successful and unsuccessful take-over deals, it is debatable whether the financial details of the *Daily News* for the last ten years of its existence should be revisited and examined in detail. Since 1933, operating costs of the *Daily News* had been rising steadily due to increases in labor costs, state and federal taxes, newsprint, and other materials. The Dispatch-Pioneer Company management contended that the Depression had intensified losses to a point [1938] where it was no longer possible to maintain the newspaper as a daily publication. Thirty-eight years of distinguished newspaper history and service to the St. Paul community and Minnesota was brought to an end.

The visions and accomplishments of Reay, Ashbaugh, Kellogg, and the rest of the team of editors and managers who had served the paper along the way was brought to a close. In retrospect, the achievements of the *Daily News* were very much linked to the accomplishments of certain extraordinary individuals. Without their driving presence, their imagination, and their leadership, the institution could not help faltering, particularly in troubled times. People do make a difference.

*A native of St. Paul, James B. Bell is a historian and author of numerous books and articles. His recent contributions to Ramsey County History have been the histories of the Seeger Refrigerator Company, the Yoerg Brewing Company's final years, and the Norwest Bank in St. Paul. For this article the author is indebted to Mrs. Robert M. Reay for allowing him to consult the papers of Nevill W. Reay. The rich resource of the run of the Daily News from March 1, 1900, to September 3, 1933, has provided an unequalled reservoir for the history of the paper and of St. Paul and Minnesota during the first-third of the twentieth century.*



Alma Johnson's certificate of confirmation from the First Swedish Evangelical Lutheran Congregation in St. Paul, May 3, 1894. See "Growing Up in St. Paul," page 17.

**R.C.H.S.**  
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