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SHALL GOVERNMENT BUY SPACE IN SMALL NEWSPAPERS

Last autumn, Senator John Bankhead of Alabama introduced a bill authorizing the Treasury Department to purchase space in small newspapers as an aid to the periodic campaigns of that agency for the sale of bonds. The proposal had an interesting and mixed reception in and out of Congress. In some quarters it was hailed as an attempt to subsidize and control the rural press of the nation. Others deemed it but fair treatment to that vast group of small newspapers that had given so freely of their space for a host of governmental programs ranging from black-out advertising to ration calendars. We believe some observations on this measure will be of interest.

PROVISIONS OF THE BILL

This bill would authorize the expenditure of from 12½ to 15 million dollars for the purchase of space in newspapers that enjoy a second class mailing permit under the postal laws. Two groups of newspapers would be eligible. The first group would be dailies, weeklies, semi-weeklies and tri-weeklies in communities with a population of LESS THAN 25,000; the second group would exclude dailies and include only weeklies, semi-weeklies and tri-weeklies in communities OVER 25,000. The money would be expended by the Treasury Department for the duration of hostilities and a period six months thereafter. The Treasury would be assisted by an Advisory Committee on which both dailies and weeklies had representation.

GENESIS OF THIS PROPOSAL

An examination of Treasury and Federal Reserve records will indicate that the largest share of the cash and time deposits in the country are in the hands of individuals and that these are the resources which must be reached in the sale of war bonds. A tabulation of results on the Third War Loan Drive disclose that only 28% of the bonds sold were purchased by individuals. That means that out of total sales of 19 billion, slightly less than 5½ billion were sold to individuals. The remainder went to insurance companies, banks and other financial institutions. Fiscal experts insist that inflationary tendencies can be best met when bonds are sold to individuals. It was also disclosed that when bond sales were lagging in Canada, paid newspaper space was used in 1400 newspapers and that as a result, the Fourth War Loan was four times greater than the First and yielded sixteen times more subscribers. So the proposal was presented and will come up for action.

SOME CONTENTIONS AND FACTS.

(1) It has been contended that there is no precedent for such action. It seems that in 1864 when Lincoln was President and war loan sales were lagging, space was purchased at regular rates in nearly 5000 publications. (2) It is contended that it is a subsidy. Two answers appear in point. The first is that space is a commodity to be sold like mess kits, hand grenades, flour or shirts. Secondly, the War and Navy Departments spent $4,000,000 in 1943 for newspaper space at regular rates.