

# The New York Times is not really a newspaper

by Richard Freeman

*Part I of this series described the New York Times, America's most prestigious newspaper, as a "nonprofitable, non-newspaper. . . . The New York Times is an intelligence bureau." The Times, once run by interests who angered J. P. Morgan because of editorial attacks on the 1875 Specie Resumption Act's gold standard, was bankrupted by Morgan, who then purchased it, with the idea of making it into an international intelligence-gathering agency for the British Round Table. But Morgan did not wish to do anything obvious along these lines in his own name. He therefore went fishing for a buyer, and he found one in the "backwoods bankrupt," Adolph Ochs.*

## Ochs 'buys' the Times

After hearing that the *Times* was available for purchase in spring 1896, Ochs went to his close friend H. H. Kohlsaat in Chicago to get advice. Kohlsaat for most of his life was a high-ranking British intelligence operative, and close confidant of Col. Edwin House, the ranking American in charge of British intelligence interests in the United States.

Kohlsaat advised Ochs, "buy the *Times*." What proceeded next is straight out of a fairy tale. Ochs described in letters to his family how he impressed everyone, including especially J. P. Morgan, so much they willingly turned over the *New York Times* to him, the same paper which they had willfully bankrupted to keep it out of honest journalists' hands. According to Ochs, he, a high school drop-out who had run nothing bigger than a newspaper in Chattanooga, and whom every banker in New York could check to find a nonexistent credit rating; was welcomed by J. P. Morgan, and with no collateral, given large sums of money to buy the *New York Times*, one of the most prestigious newspapers in the country.

After he had "bought" the *Times* on Aug. 18, 1896, Ochs wrote to his pro-Confederate mother Bertha, "It is a matter of the greatest pride to me that I have enabled my mother to say that she is the mother of the publisher of the *New York Times*. I am here safely in a position which puts me in the front rank of the newspaper men of the world. . . ."

Ochs described in one fanciful letter how he supposedly "conned" Jacob Schiff, one of the world's most cut-throat bankers, into parting with his \$25,000 in *Times* stock:

It is a great story. Mr. Schiff has \$25,000 in old *Times* stock that cost him \$25,000 cash, but he told me to come again tomorrow and he would give me the certificate and I could do with it as I pleased. . . . He made me a present of the stock. Of course, he thinks it has no value, but it will get \$5,000 of new stock and I hope to make that worth par in less than 3 years."

Ochs's encounter with J. P. Morgan is even more suggestive. Harrison Salisbury, one-time executive editor of the *Times*, recounted the incident in his biography of the newspaper, *Without Fear or Favor*. Salisbury tries to shade over the obvious, but his account is worth noting:

Mr. Ochs valued his association with and his support by the eminent Wall Street men who assisted him in the purchase of the *Times*. To the end of his life he recalled with pleasure and surprise his first meeting with J. P. Morgan the elder in Morgan's portentous offices at No. 23 Wall Street, a young southern country entrepreneur of thirty-eight, expecting Jovian thunder. Instead, Mr. Morgan rose pleasantly from his desk, shook hands, and said, "So you're the young man I have heard about. Now where do I sign the papers?"

The meeting took only 15 minutes. Salisbury continues:

Mr. Morgan's reception was duplicated by the response of all the others, August Belmont, George Peabody, and Marcellus Hartley, director of the Equitable Life Assurance Society. . . . The truth was that for many years the *Times* was haunted by rumors that Mr. Morgan was its real owner, a rumor that bothered Mr. Ochs considerably in later life, but which may have served the paper in good stead in its shaky beginnings.

Of course, the rumor was true. Unlike Jacob Schiff, Morgan did not part with his *Times* stock for free. He exchanged his shares of stock in the old *Times* company for shares in the new *Times* company. Plus, it appears, he converted the bulk of the \$250,000 in *Times* debentures in the new *New York Times* company. Thus, J. P. Morgan remained holding the bulk of the *Times*' outstanding debt.

The outstanding 100,000 shares of the old *Times* company were converted into 10,000 shares of the new *Times* company. Adolph Ochs was able to afford only 1,125 shares of the new company at a price of \$75,000. Where did he get the money? From Wall Street. But owning 1,125 shares of *Times* stock did not give Ochs the majority of the shares, and thus ownership. To give Ochs control, Morgan and the other real owners of the *Times* voted to award Ochs an additional 3,876 shares in the *Times* free, thus giving Ochs 5,001 out of 10,000 shares, if Ochs could make the *Times* profitable for three years in a row. This proved no difficulty. All that was necessary was for the Morgan-Schiff-Belmont-controlled merchant advertisers who had withdrawn their advertising from the *Times* in the 1890s to put their advertising back in.

In sum, Adolph Ochs didn't buy the *Times*. He was given it for free.

However, even with all this aid, Ochs still fell into financial difficulty. At one point he got Spencer Trask, one of the Morgan-controlled Trask Co., to buy shares of the *Times* to help Ochs out. On another occasion, Ochs got a \$300,000 loan, a large sum for those days, from Marcellus Dodge of the Remington Arms Co., a big controller of the Wilson administration (1912-1920). In return for this loan, Ochs had to turn his stock ownership of the *Times* over to Dodge as collateral. For the first 20 years that Ochs "owned" the *Times*, 1896-1916, he had the stock of the company in his personal possession for only five years!

### **Morgan control of the *Times* today**

A cursory review of the *Times* today reveals that Morgan Guaranty still runs the *Times*. The principal members of the *Times*'s 12-member board of directors includes:

*William R. Cross*: Retired executive vice-president and vice-chairman Credit Committee, Morgan Guaranty Trust. Cross is a member of the New York Times Foundation and also figures prominently in the *New York Times* intelligence connections;

*Richard Gelb*: chairman of Bristol-Meyers Company, the drug company, and also a board member of Bankers Trust, a bank officially set up and controlled to this day by Morgan interests;

*William F. May*: dean of New York University Business School; former chairman of American Can Company, a Morgan-established company, and currently a board member of the Morgan-run Bankers Trust;

*Cyrus Vance*: former secretary of state, Vance is one of the 12 trustees of the Episcopal Cathedral of St. John the Divine in New York City, a position at the highest levels of the Church of England's lay hierarchy in the United States.

*George Shinn*: chairman of the Morgan-allied First Boston Corp. investment bank.

*William Scranton*: former Governor of Pennsylvania, a board member of the Morgan-allied IBM computer giant. (The chairman of IBM is on the board of Morgan Guaranty Trust.)

Of the other six members of the *Times* board, four are the children of Iphigene Ochs Sulzberger, the daughter of Adolph Ochs. One of these four children is Arthur Ochs "Punch" Sulzberger, the publisher of the *Times*. Another of the children is Marian Heiskill, chairman of the Council on the Environment of New York City, and wife of Andrew Heiskill, chairman and publisher of *Time* magazine.

Official control of the *Times* is supposedly lodged in the Ochs-Sulzberger Trust. The financial manager of that trust, at least through the late 1950s was Morgan Guaranty Trust. Information beyond that period is not available.

The stock transfer agent of the *New York Times* is Morgan Guaranty Trust. The registrar of the *New York Times* is Morgan Guaranty Trust. The dividend disbursing agent for the *New York Times* is Morgan Guaranty Trust.

The company that handles most of the *Times*'s financial transactions is Morgan Guaranty Trust, with some of the work being done by the Morgan-allied First Boston.

### **Mentally unfit**

During the period that Ochs supposedly ran the *Times*, in addition to his other quirk: he was mentally unstable and prone to breakdowns. David Halberstam, a former *New York Times* reporter, in his book about the *Times*, *The Powers That Be*, describes how the Morgan-puppet Ochs would self-destruct:

But it was a terrible moment for Ochs. . . . He went into a period of prolonged depression. He thought for a long time of retiring. . . . The crisis passed but the depression lasted.

It was not his first or his last depression, for he was almost surely a manic-depressive. There are no exact records concerning his illness, and much less was known about mental illness in those days (nor were family members as anxious to face the realities of illness), and his family, which still controls the *Times*, carefully smudged the description of his sickness in the authorized history of the paper. But there was talk about his melancholia, and his occasional prolonged periods of depression. . . . Later, during the years of his greatest triumphs, the illness seemed to hang most heavily upon him; *there were long, long periods of deep depression when he seemed almost immobilized, when he could not work and when he simply stared out into space for hours on end*. During these depressions he became totally convinced that his death was close at hand. (During one of his depressions he became obsessed with the subject of death, and bought a plot of land for his grave, writing to his family that he was very pleased with the purchase because it was on "nice high ground. Very desirable. No malaria.")

With this crackpot as the official head of the *Times*, the British Round Table had a field day.

(To be continued)