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Political and Economic News in the Age of Multinationals

This article compares two media multinationals that supplied different genres of news, political and economic. Most media companies provided both genres, and these categories often overlapped. Still, investigating two firms founded in twentieth-century Germany shows how product differentiation affects the organization, geographical orientation, and business models of multinationals. While political news had the greatest impact when it was free and ubiquitous, economic news was most effective when it was expensive and exclusive.

News and information are, in many ways, the lifeblood of globalization. News fosters cross-border trade and can function as a commodity itself. As a former news agency employee put it in 1910, of all types of commerce and transportation, news "acquired first and most often a global character."[1] But only very specific multinationals—news agencies—collected and disseminated global news from the mid-nineteenth century. Apart from major publications like the London *Times* or *Vossische Zeitung*, most newspapers could not afford foreign correspondents or even journalists in their own capital cities. They relied instead upon news agencies for global and national news filtered through the technological conduit of cables and, later, telephones, wireless, and ticker machines. To express the difference in commercial terms, news agencies were "news wholesalers," distributing news to their "retail clients" (newspapers).[2] Newspapers repackaged the news for their

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[1] Friedrich Blanck, *Der deutsche Nachrichtenmarkt* (Heidelberg, 1910), 4. Translation is the author's, as elsewhere in the article.

[2] Oliver Boyd-Barrett and Terhi Rantanen, "The Globalization of News," in *The Globalization of News*, ed. Oliver Boyd-Barrett and Terhi Rantanen (London, 1998), 6.

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particular publics and added their own content before printing and selling their products to readers.

But not all news was created equal. In particular, providing political or economic news led to very different types of multinational media organizations. In its purest sense, economic news consisted of financial and commercial numbers: stock market prices, exchange rates, commodities, and so on.[3] Political news, on the other hand, was information about events that might simply inform the audience or that might serve a propaganda purpose. These categories were complex and often not entirely distinct. In Germany in the first half of the twentieth century, however, two news agencies emerged that differentiated more strictly between the two genres of news. This somewhat unusual separation provides a window into how product differentiation affects the composition of multinationals. Teasing out the differences between the two companies also helps to explain why news multinationals successfully adopted varying strategies.

The literature in comparative media studies is extensive, though it tends to classify media by national media markets and the role of the state rather than the economic structures and dynamics of media organizations themselves.[4] These works privilege the nation and politics over the multinational firm. Meanwhile, historians of early modern news have pointed to the differences among types of news, showing that merchants pooled their collective informational resources to create the business press before other forms of newspapers emerged.[5] Histories of modern news have generally concentrated on political and literary journalism rather than economic news.[6] They often use the term "news" as a catchall expression without investigating how genres affected media business structures. Histories of news agencies have advanced furthest in examining news as a business. Some have pointed to the ways news agencies interacted with the infrastructural

[3] Though, of course, numbers are not per se more objective. See Theodore Porter, *Trust in Numbers: The Pursuit of Objectivity in Science and Public Life* (Princeton, 1996).

[4] For the most well-known examples, see Theodore Peterson, Wilbur Schramm, and Fred Siebert, *Four Theories of the Press: The Authoritarian, Libertarian, Social Responsibility, and Soviet Communist Concepts of What the Press Should Be and Do* (Freeport, N.Y., 1973); Daniel Hallin and Paolo Mancini, *Comparing Media Systems: Three Models of Media and Politics* (New York, 2004); Daniel Hallin and Paolo Mancini, eds., *Comparing Media Systems beyond the Western World* (New York, 2012).

[5] John J. McCusker, "The Demise of Distance: The Business Press and the Origins of the Information Revolution in the Early Modern Atlantic World," *American Historical Review* 110, no. 2 (2005): 295–321; Will Slauter, "Forward-Looking Statements: News and Speculation in the Age of the American Revolution," *Journal of Modern History* 81, no. 4 (2009): 759–72.

[6] Some interwar academic works distinguished between the two, for example, Karl Bücher, *Gesammelte Aufsätze zur Zeitungskunde* (Tübingen, 1926), 25.

firms of submarine cable companies, while others have examined the importance of commercial news services as the profit-making arm of news delivery.[7] Still, scholars have yet to explore in depth the differences between economic and political news. These differences were not just commercial, but could also be geographical, organizational, and technological.

On the whole, news agencies found that political news services tended not to pay for themselves, while economic news proved profitable and thus subsidized political news. For those engaged in supplying political news, profits within the news business were generally less important than the potential soft power that news could provide. In the German case, political news bolstered Germany's international reputation through free news. The more people reading or hearing news from Germany, the more valuable news became politically. While political news had its greatest impact when it was free and ubiquitous, economic news was most effective when it was expensive and exclusive. Economic news earned money. Political news earned influence.

The Development of News Agencies

Sometimes, news seems hard to classify. It can serve the public interest, yet media companies are frequently private businesses. One way to understand news is to use economics terminology and call news a quasi-public good. Fresh air or street lighting, for example, are public goods that everyone can enjoy and where one person using the good does not diminish or prevent use by another person. When it is technically possible to restrict use, a public good is called a quasi-public good. For example, drivers can be excluded from a road by a toll, making roads a quasi-public good. One person reading the news does not diminish another person's ability to read the news. But people can be excluded from access to news, making news nonrivalrous yet excludable, like other quasi-public goods. Akin to other quasi-public goods such as roads, news generally relies upon subsidies and the state.[8] But news differs geographically and economically. Geographically, roads and electricity often unified nations, though they also created transnational

[7] Jonathan Silberstein-Loeb, *The International Distribution of News: The Associated Press, Press Association, and Reuters, 1848–1947* (Cambridge, U.K., 2014), chap. 5; Dwayne Winseck and Robert Pike, *Communication and Empire: Media, Markets, and Globalization, 1860–1930* (Durham, 2007).

[8] On roads and electricity, see Jo Guldi, *Roads to Power: Britain Invents the Infrastructure State* (Cambridge, Mass., 2012); Christopher Jones, *Routes of Power: Energy and Modern America* (Cambridge, Mass., 2014). On subsidies for news, see Richard R. John and Jonathan Silberstein-Loeb, eds., *Making News: Historical Perspectives on the Political Economy of the Press in Great Britain and the United States since 1688* (Oxford, 2015).

infrastructures in early modern and interwar Europe, to give two disparate examples.[9] News emerges from global events, but has historically catered to national publics.[10] In the mid-to-late nineteenth century, telegraphy spread rapidly starting with the first durable transatlantic cable in 1866, reaching India, Australia, Latin America, and Africa by the late 1870s. This new cable infrastructure and the concomitant growth of global trade fostered the emergence of news agencies. The "Big Three" news agencies were all created in this period: Agence Havas, in the early 1830s; Wolff's Telegraphisches Bureau (Wolff), in 1849; and Reuters Telegram Company, in 1851.

Economically, news agencies both gathered and delivered news. News agencies had very high fixed and sunk costs in news gathering. Fixed costs are expenses that do not fluctuate with changes in the amount of news produced, while sunk costs are expenses that a company has incurred and cannot recover. News agencies had high fixed costs because they needed to station correspondents abroad who would report on news that might happen. Global coverage required a large network of correspondents. The high price of telegrams, too, was a significant fixed cost. Even with discounted press rates, telegrams were expensive. Just before World War I, Wolff spent over a million marks gathering news and Reuters spent four to five times that amount.[11] This significant barrier to entry meant that only a handful of news agencies existed, making them an easier bottleneck to control than thousands of individual newspapers.

In contrast to the high fixed and sunk costs of gathering global news, it cost very little to supply each additional newspaper client within a particular national territory. In other words, there were very low marginal costs of news distribution. News agencies thus constantly tried to ensure the exclusivity of their products by keeping out rivals. Strategies to create excludability could take various forms. News agencies might try to generate artificial scarcity through law, state intervention, or technology. Their frequent inability to turn a profit from newspaper subscriptions made news agencies susceptible to and reliant upon state subsidies. The state could provide preferential access both to content and to technological conduits for disseminating that content. States

[9] On the early modern post, see Wolfgang Behringer, "Communications Revolutions: A Historiographical Concept," *German History* 24, no. 3 (2006): 333–74. On interwar Europe, see Johan Schot and Vincent Lagendijk, "Technocratic Internationalism in the Interwar Years: Building Europe on Motorways and Electricity Networks," *Journal of Modern European History* 6 (2008): 196–216.

[10] Benedict Anderson, *Imagined Communities: Reflections on the Origin and Spread of Nationalism*, rev. ed. (London, 1991).

[11] N. Hansen, "Depeschenbureaus und internationales Nachrichtenwesen," *Weltwirtschaftliches Archiv* 3, no. 1 (1914): 80.

generally controlled telecommunications infrastructures. State support frequently encouraged research and development in faster telecommunications technologies that could beat rival firms. The specific features of news agencies often led to an unusual combination of state intervention and market forces.

News (and information more broadly) also suffers from economist Kenneth Arrow's fundamental paradox. Arrow's fundamental paradox states that customers can only determine the value of information that they would like to purchase when they see the information. However, once they have seen the information, that information no longer holds any value. Since the late medieval period, news providers have sought different solutions to solve the market failure inherent in Arrow's paradox.[12] For instance, news providers might list categories of news, such as foreign exchange numbers, that they will print. Consumers see value in receiving those categories of news and pay for their ability to know foreign exchange fluctuations, though they do not know what the foreign exchange will be on a given day. Even without state subsidies, cross-subsidies have helped to retain readers, who have often paid far below market value for news. Advertisements, for instance, have subsidized newspaper content since the early eighteenth century.[13]

As multinationals, news agencies sought both private and public solutions on national and global levels to create excludability. On a national level, the American Associated Press (AP) used a private franchise system in the late nineteenth and early twentieth centuries to seek a balance between exclusivity and cooperation.[14] The major German and French news agencies, meanwhile, relied upon arrangements with the state for exclusive access to official news in return for some state supervision of that content. Finally, Reuters and Havas each developed private businesses to ensure that they could turn a profit; Havas maintained an advertising agency, while Reuters unsuccessfully dabbled in private banking and also sent private telegrams, using Reuters's code to reduce the number of words and thus the cost.

Global private cooperation provided another way of minimizing the costs of news collection. Informal collaboration between the three major news agencies—Reuters, Agence Havas, and Wolff—led to a formal

[12] See Gerben Bakker, "Trading Facts: Arrow's Fundamental Paradox and the Origins of Global News Networks," in *International Communication and Global News Networks: Historical Perspectives*, ed. Peter Putnis, Chandrika Kaul, and Jürgen Wilke (New York, 2011), 9–54.

[13] Andrew Pettegree, *The Invention of News: How the World Came to Know About Itself* (New Haven, 2014), chap. 14.

[14] Jonathan Silberstein-Loeb, "Exclusivity and Cooperation in the Supply of News: The Example of the Associated Press, 1893–1945," *Journal of Policy History* 24, no. 3 (Summer 2012): 466–98.

global cartel from the late 1850s until 1939.[15] The cartel agencies divided the world between them: each collected news on their nation's empire as well as areas that seemed connected culturally and economically. The agencies then exchanged that news with one another. Each cartel member negotiated exclusive bilateral contracts with smaller national news agencies within their sphere to exchange news. The cartel mitigated both the excludability and nonrivalrous problems of news by creating the only global network capable of supplying world news to national customers.

Only a few major changes occurred over the seventy years of the cartel's formal existence. First, in 1893, the American agency AP began to participate in news exchange arrangements as an equal partner, but left in 1933–1934 over a dispute with Reuters about the exchange of news in Japan (though Reuters and AP cooperated into the 1960s). Second, after a hiatus during World War I, the cartel restricted Wolff to reporting only on Germany, but allowed new national agencies in Central and Eastern Europe to sign contracts with Wolff solely for German news, if they wished. Wolff's continuing participation in the cartel was normal business practice for private companies during the interwar period. Cartels and similar arrangements regulated between 30 and 50 percent of global trade between 1929 and 1937, while Germans were represented in 60 to 75 percent of cartel agreements in 1932.[16] Despite complaints about Wolff's status, the firm remained a member of the cartel even after the Nazis took control of the organization when they gained power in 1933. The cartel only broke down with the advent of World War II. Still, German concerns about Wolff's junior position had inspired Germans to search for alternatives since the early twentieth century. German elites turned to other news agencies for the dissemination of German news abroad, while German newspapers started to use other news agencies to supply information at home. Nevertheless, Wolff kept its position in the cartel as an effective way to gather global news and to maintain dialogue with the leading agencies.

[15] Alex Nalbach, "'Poisoned at the Source'? Telegraphic News Services and Big Business in the Nineteenth Century," *Business History Review* 77, no. 4 (Winter 2003): 577–610; Terhi Rantanen, "Foreign Dependence and Domestic Monopoly: The European News Cartel and U.S. Associated Presses, 1861–1932," *Media History* 12, no. 1 (Spring 2006): 19–35; Silberstein-Loeb, *International Distribution of News*, chap. 7; Heidi Tworek, "The Creation of European News: News Agency Cooperation in Interwar Europe," *Journalism Studies* 14, no. 5 (Oct. 2013): 730–42.

[16] Clemens Wurm, "Politik und Wirtschaft in den internationalen Beziehungen: Internationale Kartelle, Außenpolitik und weltwirtschaftliche Beziehungen, 1919–1939," in *Internationale Kartelle und Außenpolitik: Beiträge zur Zwischenkriegszeit*, ed. Clemens Wurm (Stuttgart, 1989), 9–10.

German dissatisfaction with global news arrangements had emerged around 1900 for political and economic reasons, but intensified after World War I. Politically, many Germans began to push for Germany to operate as a global and imperial power rather than a broker within Europe's borders, as Otto von Bismarck had advocated. In the last decades of the nineteenth century, Germany acquired colonies in South West and East Africa along with islands in the Pacific Ocean and concessions in the Chinese port city of Qingdao. Germany held only a small physical empire, but elites began to acquire global geopolitical ambitions. These ambitions extended to gaining more control over global news as well.

Economically, German industrialists and exporters viewed news as a key way to represent Germany abroad and to guarantee that its foreign trade would not be undermined by hostile news from Britain and France. The German share of world exports had increased steadily, from 9.5 percent in 1872 to 13.1 percent in 1913. Germany overtook the French Empire's share of world exports by the early 1890s and nearly equaled that of the United Kingdom (without the British Empire) by 1913.[17] This prowess sparked unease about how the global news system had created disadvantageous information asymmetries for German exporters. Exporters worried about how British, French, and American news agencies filtered news from the rest of the world before reports reached Germany. Conversely, they grew anxious that target export regions were receiving biased news about Germany. Exporters sought to increase their share of global news to match Germany's growth in world trade.[18]

While most studies have focused on the cartel, two news agencies outside the cartel show how multinational news organizations adapted their firm's structures, geography, and pricing depending upon the types of news that they supplied and the subsidies that they received. These adaptations drew from and promoted innovation in the next boundary-crossing technology: wireless.

The development of wireless technology around 1900 provided Germans with one method of directly reaching audiences as far away as Latin America and East Asia. The technology used Morse code to send messages over electromagnetic waves without cables to connect the sender and receiver. German politicians, industrialists, and journalists seized upon emergent wireless technology to undermine the premise

[17] Calculated from Arthur Lewis, "The Rate of Growth of World Trade, 1830–1973," in *The World Economic Order: Pasts and Prospects*, ed. Sven Grassman and Erik Lundberg (New York, 1981), 11–74.

[18] Heidi Tworek, "Magic Connections: German News Agencies and Global News Networks, 1900–1945," *Enterprise & Society* 15, no. 4 (Winter 2014): 672–86.

upon which the global cartel had been based: telegraph cable networks. Wireless could also disseminate messages to multiple receivers at one time, making it a point-to-many technology, unlike the point-to-point technology of cables. Germans actively pursued innovation and became world leaders in wireless technology to support their ambitions in news dissemination. For most foreign observers, that success was most obvious in the global reach of the political news agency Transocean.

Transocean and Political News

Transocean was founded by a coalition of German industrialists and politicians. This group included figures such as Gustav Stresemann, later German chancellor in 1923 and foreign minister during the 1920s; Hjalmar Schacht, who would head the Reichsbank in the 1930s; and Otto Hammann, an experienced leader of government press policy who had worked closely with German chancellors since the late nineteenth century. The group had founded Transocean to disseminate German news abroad using emergent wireless technology—in particular to areas that the German semiofficial news agency, Wolff, did not supply directly. In 1916, after disputes over what news Transocean should provide, the industrialists split off to found their own news organization, Deutscher Überseedienst, to supply news where industrialists hoped to increase exports, such as to Latin America. Transocean became fully government owned, but it retained its original goal of using news as a form of soft power abroad.

From the start, Transocean relied upon two forms of subsidies: of conduit and of content. Subsidies of conduit meant financial, regulatory, and technical support for the infrastructure delivering news. Subsidies of content addressed the production and dissemination of the news itself. Subsidies for the conduit of wireless telegraphy had started in Germany around 1900. While news agencies had initially relied upon submarine cables laid by Anglo-American companies, non-British news agencies and governments became increasingly uncomfortable with the arrangement. By the 1890s, the Americans, French, and Germans feared that British control over the telegraphic conduit could translate into censorship of cabled content. They all began to engage in extensive cable-laying projects: the amount of submarine cable expanded from less than 320,000 kilometers in 1898 to over 520,000 in 1913. The German government even teamed up with the Dutch to create the Deutsch-Niederländische Telegraphengesellschaft, to lay cables to Asia. The United States doubled its submarine cables from 50,000 to 100,000 kilometers, but the British still held 54 percent of lines in 1914.[19]

[19] Max Roscher, "Das Weltkabelnetz," *Archiv für Post und Telegraphie* 12 (1914): 382–83.

The German government, however, invested simultaneously in a method that would circumvent cables: wireless technology. The German government intervened in private enterprise and, in 1903, compelled two competing firms, Siemens & Halske and AEG, to form a joint subsidiary, Telefunken. Telefunken was an early example of national cooperative management on the European market and syndication of otherwise competing enterprises. Telefunken produced innovative research and development in wireless technology while manufacturing wireless receivers and erecting wireless towers around the globe.

Government contracts, particularly from the German Navy, provided 70 to 80 percent of Telefunken's revenue in the first eight years of its existence.[20] After Telefunken's early disputes with the Marconi Company, located in Britain, the London Conference of 1912 obliged both companies to make their wireless receivers compatible. By July 1914, Telefunken and Marconi were the two largest wireless companies. Telefunken went from supplying 10 percent of wireless stations aboard ships in 1909 to 33 percent in 1914; Marconi's share decreased from 67 percent in 1909 to 39 percent in 1914.[21] The wireless market resembled much more of a duopoly than did the cable market, which British companies dominated.

The German government also subsidized the construction of an All-Wireless Route around the world to counter the British All-Red Line of submarine cables around the globe that had been finished in 1902 with a Pacific Ocean cable. By 1914, wireless towers connected Germany's scattered colonies in the Pacific and Africa directly with Berlin. German news agencies were the main source of information for these colonies. With the outbreak of World War I, the British and their allies swiftly focused on capturing German colonial wireless towers just as Britain immediately sent a ship to cut all but one of Germany's submarine cables.

Left with only wireless to connect directly with countries overseas, the German government continued to invest in wireless technology. Throughout the war, Transocean sent news wirelessly to neutral countries in an effort to combat Allied propaganda. Its news reached the two Telefunken towers on the East Coast of the United States, where it was forwarded to American newspapers and onwards to Asia via wireless towers on the West Coast. By 1917, Telefunken had erected the tallest

[20] Michael Friedewald, "The Beginnings of Radio Communication in Germany, 1897–1918," *Journal of Radio Studies* 7, no. 2 (2000): 441–63.

[21] Other firms (e.g., French and American) supplied 1,100 devices. Michael Friedewald, "Telefunken und deutsche Schiffe, 1903–1914," *Zeitschrift für Unternehmensgeschichte* 45–46 (2000): 48.

wireless tower in the world, at Nauen, just outside Berlin; its signal even reached Sydney, Australia.

The experience of World War I cemented the idea in the Weimar Republic that the advantage of securing German communications to the outside world outweighed the disadvantages of wireless. Before the widespread use of shortwave in the late 1920s, atmospheric disturbances could affect wireless signals. Wireless was easily intercepted by anyone with a strong enough receiver and thus was less secure than cables. Submarine cables lasted, on average, for seventy-five years, which meant very low depreciation of capital stock; continual technological improvements to the range of wireless towers meant that they were frequently replaced and experienced very swift depreciation of capital stock. Unlike submarine cables, however, there were no lines to sever. If another war occurred, wireless would still connect Germany with the outside world.

Throughout the 1920s, successive Weimar governments continued to subsidize the conduit of wireless. The state wished to retain control of radio in contrast to the strategy of secretly subsidizing private companies to build cables.[22] Using the 1892 Federal Telegraph Act as a precedent, the Chancellery had assigned regulation of the wireless and radio industry to the Postal Ministry in 1919. The Postal Ministry created or supervised the timetables for Telefunken's privately owned wireless towers and gave Transocean preferential broadcast times.

Finally, in 1931, the Postal Ministry exercised its option to purchase Transradio AG, a Telefunken subsidiary founded in January 1918 that owned the wireless tower at Nauen. A contract in February 1921 had given the government the right to purchase Transradio's equipment on January 1, 1932, at a price that was at least 140 percent of the initial costs. If the government and Transradio failed to reach an agreement, the government was obliged to purchase the equipment.[23] Transradio had suggested abrogating the treaty as the development of shortwave had devalued the equipment. The Postal Ministry still purchased Transradio, seeing it as a useful addition to its fifteen radio lines for broadcasting overseas.

These subsidies for the conduit to disseminate news complemented the government's subsidies for Transocean's content. From 1913 until 1945, government subsidies consistently outstripped Transocean's

[22] The private Neue Deutsche Kabelgesellschaft was founded in 1922 to lay and operate a cable from Emden to New York. It received secret subsidies from the German government. Hans Bredow to Reich Chancellery, 28 Jan. 1922, R43I/1996, 111–12, Bundesarchiv Berlin-Lichterfelde, Berlin, Germany (henceforth, BArch).

[23] Contract described in a report from Dr. Solmssen, chairman of Deutsch-Atlantische Telegraphengesellschaft, to Chancellery, 19 Dec. 1930, R43I/1997, 21, BArch.

revenue. These subsidies came in multiple forms: the provision of office space; the brokering of an agreement in 1917 to use news from Wolff, the semiofficial news agency; and the direct subsidizing of content creation and dissemination. Nazi leaders, too, kept Transocean for its good reputation abroad and to build on its work overseas without alienating existing clients. Soon after the creation of the Reichsministerium für Volksaufklärung und Propaganda (RMVP), in March 1933, Transocean was moved from the Press Department in the Foreign Office to the RMVP. From the late 1930s, and especially after 1939, the Foreign Office started to assert more control over propaganda abroad, resulting in frequent conflict between it and the RMVP. Both agreed, however, that Transocean was a useful tool of the state's policies for propaganda. In 1933, subsidies of just over RM (Reichsmark) 300,000 comprised 67 percent of Transocean's budget. Transocean's budget increased almost exponentially as the Nazi state geared up for war in the late 1930s. By 1941, the agency received RM 5.6 million in subsidies, totaling 95 percent of its budget.[24]

Transocean's content was surprisingly successful in riling Germany's global competitors. From 1915 until the United States entered World War I in April 1917, Transocean news was sent over wireless to two Telefunken towers on the East Coast. It appeared in myriad American newspapers, from 877 articles in the *New York Times* to 363 items in the small *Ogden Standard* of Utah.[25] After the war, the Allies were so concerned about Transocean and German wireless that Article 197 in the Versailles Treaty forbade Germany from disseminating naval, military, or political news over wireless for six months after signing the Treaty. (Transocean circumvented the regulation by sending news from Norddeich, a tower not listed in Article 197.)

By the early 1920s, Transocean actively sought to disseminate news throughout the world. Officials cared very little about whether anyone paid to receive it. In January 1922, the English press baron Lord Northcliffe expressed immense outrage when he discovered that his British P&O liner to Sri Lanka was printing Transocean news in English and posting it on the liner's news bulletin board. Northcliffe saw Transocean's news as a sign that Germany was wasting money spreading noxious propaganda, as during World War I, rather than paying

[24] Annual report for Transocean for 1941, R55/284, BArch; Cornelius Klee, "Transocean," in *Telegraphenbüros und Nachrichtenagenturen in Deutschland: Untersuchungen zu ihrer Geschichte bis 1949*, ed. Jürgen Wilke (Munich, 1991), 190. The Reichsmark was introduced in 1924 to stabilize the currency and remained in use until 1948.

[25] I am currently constructing a database of all Transocean articles printed in the United States. They were sent under the name "Overseas News Agency." To give a sense of scale, the database includes 5,190 articles from 160 newspapers in Chronicling America (www.chroniclingamerica.loc.gov) and 4,046 articles from the ProQuest newspaper database.

reparations. Northcliffe's complaint spread from a single article in his London *Times* to a string of items in other papers, including Northcliffe's *Daily Mail*, and stretching all the way to the *Japan Times*. While extending outwards, Northcliffe's outrage also climbed the political rungs. By March 6, 1922, it led to a question in the House of Commons about whether the prime minister, David Lloyd George, knew that "the German wireless press service from Nauen was spreading anti-British and anti-French propaganda around the globe."[26] The Germans' clear advantage spurred Britain's urgency in creating a wireless network. Soon after, Reuters started an association with the British Post Office that owned the broadcast stations to begin wireless transmissions in 1922.

Transocean built on its success with ships. The German Foreign Office encouraged ships to take Transocean news without payment, noting in 1928 that it was in Germany's political interests for Transocean news to be disseminated as widely as possible.[27] Transocean also concentrated on Latin America and East Asia, two areas that Germany had neither reached by cable nor covered under the cartel. Transocean sent its news to multiple locations in Germany's former colony of South West Africa to maintain contact. Reuters even agreed to distribute Transocean messages in South Africa in the mid-1930s. The items were not labeled "Transocean," leaving South African authorities in the dark about the German connection as late as November 1937.[28] Finally, Transocean built connections with the Middle East, reaching Tehran, Tiflis, Jerusalem, and Cairo from the early 1930s as part of an effort to spur local resistance to the British.[29] Global reach mattered more than profits.

Transocean operated differently depending upon the receiving country's political situation and the most suitable brokers there. Sometimes, Transocean's own correspondents delivered the news directly to newspapers, or Transocean found a contact that would forward its news to local newspapers, as in Argentina. At other times, Transocean signed an agreement with a local news agency to distribute the news. These were often official news agencies, and Transocean would negotiate directly with governments to ensure access. In China, Transocean

[26] *Hansard*, vol. 151, 6 Mar. 1922, col. 835. See Heidi Evans, "'The Path to Freedom'? Transocean and German Wireless Telegraphy, 1914–1922," *Historical Social Research* 35, no. 1 (2010): 209–36.

[27] Note on Transocean, 1928, R122204, Politisches Archiv des Auswärtigen Amts, Berlin, Germany (henceforth, PA AA).

[28] Secret letter to C. R. Price, Dominions Office, 30 Nov. 1937, KV3/100, The National Archives, Kew, U.K. (henceforth, TNA).

[29] Transocean annual report, 1931, R901/60792, 7, BArch. On the Middle East (without mentioning Transocean), see Jeffrey Herf, *Nazi Propaganda for the Arab World* (New Haven, 2009); David Motadel, *Islam and Nazi Germany's War* (Cambridge, Mass., 2014).

initially succeeded by playing the anti-imperial card. After the creation of a Chinese national news agency in 1927 (Kuomin), the Chinese government chose Transocean as its international agency in 1928. The Chinese wished to avoid dominance by Reuters, which they deemed an imperial agency. The representative from Agence Havas, the French news agency, in Shanghai attributed Transocean's success to its anti-imperial tone, claiming in 1930 that Transocean's "political position produces its success naturally, necessarily."[30] Finally, if it could not cooperate with local contacts or governments, Transocean subsidized a local news agency to distribute its news, while Telefunken subsidized the local radio tower. In Brazil, Telefunken had erected a radio tower near Rio de Janeiro. Telefunken's subsidiary, Transradio, signed a contract in July 1926 to exchange radio telegrams with Companhia Radiotelegráfica Brasileira.[31] Transocean then cofounded a cover agency, Agência Brasileira, in 1928; Transocean owned 60 percent of its shares. Agência Brasileira mainly distributed local news, while the German newspaper in Brazil supplied Transocean as the source of foreign news. The German legation subsidized both the receiver and the subscription.[32]

As the Nazi government drastically increased subsidies, Transocean's activity in Latin America grew substantially. The head of Transocean, Friedrich von Homeyer, even visited the continent in 1938 to drum up business. The British worried about Transocean, noting the intensified German propaganda starting in 1941.[33] By then, seventy-nine newspapers in Brazil, thirty-eight in Argentina, and thirty-five in Chile printed Transocean's news.[34] Reuters remained greatly concerned about Transocean and constantly investigated the possibility of extending its services to Latin America in conjunction with the Ministry of Information and the BBC.[35] The British Security Services also monitored Transocean's activities with extreme care.[36] Simultaneously, the Nazi state broadcast extensive shortwave programs of music and news to

[30] Fontenoy to Havas headquarters, 6 Nov. 1930, 5AR/310, Archives Nationales, Paris, France (henceforth, AN).

[31] *25 Jahre Telefunken: Festschrift der Telefunken-Gesellschaft, 1903–1928* (Berlin, 1928), 199.

[32] Fontenoy to Havas headquarters, Report on Agência Brasileira, Mar. 1932, 5AR/41[3], AN.

[33] British Ambassador at Santiago to Principal Secretary of State for Foreign Affairs, "Report on German, Italian and Japanese Propaganda: Foreign Propaganda in Chile," 1 Sept. 1941, FO371/25889 and FO371/26105, TNA. On British exaggerations of Nazi propaganda for their own purposes, see Nicholas Cull, *Selling the War: The British Propaganda Campaign against American "Neutrality" in World War II* (New York, 1995).

[34] Klee, "Transocean," 199. For an excellent historiographical overview on Germans in Latin America, see H. Glenn Penny, "Latin American Connections: Recent Work on German Interactions with Latin America," *Central European History* 46, no. 2 (June 2013): 362–94.

[35] Reuters to BBC, 21 Oct. 1942, R28/153, BBC Written Archives Centre, Reading, U.K.

[36] Jean Leslie, Report, 23 Dec. 1944, KV3/100, TNA.

German immigrants in Latin America as a complement to supplying news through Transocean.[37]

In the United States, fears about the activities of Transocean correspondents in North and South America led to an investigation by the House Un-American Activities Committee (HUAC) starting in 1939.[38] By July 1941, this led to a trial of Transocean for distributing propaganda and failing to register with the U.S. State Department as an agency of a foreign government.[39] The U.S. Federal Court of the District of Columbia had arrested Transocean's manager in North America, Manfred Zapp, and another representative, Günther Tonn, in March 1941. The grand jury had indicted the two men for failing to fulfill the U.S. requirement, passed by Congress in 1938, that agents of a foreign government register with the State Department. After this indictment, the two men were required to testify before an investigative committee. Zapp attempted to portray Transocean as a normal business that received no government subsidies. Before the correspondents could stand trial, however, they were released and returned to Germany, possibly in a prisoner swap with two United Press agents, whom the Gestapo had arrested in Berlin several weeks after the grand jury indictment. The trial of Transocean continued. The agency was convicted, with the court finding that Transocean had received subsidies for 93 percent of its activities.

The trial concerned itself primarily with understanding Transocean's activities in Latin America. In fact, J. Edgar Hoover invested much time and effort into infiltrating Transocean offices in Latin America.[40] The American government feared that Transocean's news might push Latin American governments to maintain neutrality or even to become pro-Axis.[41] The trial formed a central piece of evidence

[37] Frauke Pieper, *Der deutsche Auslandsrundfunk: Historische Entwicklung, verfassungsrechtliche Stellung, Funktionsbereich, Organisation und Finanzierung* (Munich, 2000).

[38] On fascism in the United States during the 1930s and HUAC, see Joseph Fronczak, "The Fascist Game: Transnational Political Transmission and the Genesis of the U.S. Modern Right," (forthcoming). The summary of HUAC's findings appears in *Special Committee on Un-American Activities: House of Representatives 76th Congress 3rd Session on H. Res. 282, Appendix II* (Washington, D.C., 1940), 969–1053.

[39] The trial records and letters are located in file 39-51-1017, box 116, RG60, National Archives and Records Administration, Washington, D.C. (henceforth, NARA).

[40] The files on the trial, Hoover's letters, and the trial transcript are contained in the following locations: box C248; box C302, 862.20211; box C358, 862.20251/89; box 5587, 862.20210; RG59, NARA.

[41] On American fears, see Max Paul Friedman, *Nazis and Good Neighbors: The United States Campaign against the Germans of Latin America in World War II* (Cambridge, U.K., 2003); Uwe Lübken, *Bedrohliche Nähe: Die USA und die nationalsozialistische Herausforderung in Lateinamerika, 1937–1945* (Stuttgart, 2004).

of Nazi cunning in an American book published in 1942, *The Nazi Underground in South America*.[42]

Transocean's trajectory dovetailed with the course of World War II in Latin America and the escalation of American pressure on Latin America after Pearl Harbor. Peru and Cuba ordered Transocean to shut down its offices in 1940 for spreading news designed "to harm democratic institutions."[43] Mexico, Ecuador, and Colombia followed suit in 1941. Brazil, Bolivia, and Uruguay declared war on Germany after the Pan-American Conference with the United States in Rio de Janeiro, in January 1942, and consequently stopped any receipt of Transocean news. Chile closed its Transocean office in January 1943.[44] Argentina remained loyal the longest: ANDI, the Argentine news agency, stopped receiving Transocean overseas news only in December 1944, when Allied bombing effectively destroyed Nazi radio capacity.

In East and Southeast Asia, Transocean also aroused suspicion. The U.S.S.R. complained in 1935 about Transocean's encroachment into China, calling it "a dangerous element for the interests of peace between the U.S.S.R. and other powers, particularly in the Far East."[45] In January 1939, one British official noted that German news was "more disseminated than even Japanese in the adjacent territory of Siam."[46] The British were right to worry about Transocean. Transocean built up a significant base in Chiang Kai-Shek's China, including Chongqing. After Germany recognized the Japanese puppet government in China as the only legitimate government, in July 1941, Transocean was forced to retreat; before that, though, it had supplied the second-largest amount of news to Chongqing, behind United Press, but ahead of Reuters and Havas.[47] Transocean then became the most printed news agency in Japanese-occupied China. In 1936, it provided 23.2 percent of the news in the northern Chinese city of Tianjin. In 1941, the official Nanjing news agency run by the Japanese puppet government printed 12,554 Transocean news items and only 5,003 from the official Japanese news agency, Dōmei.[48] Though conditions differed in each Southeast Asian country occupied by the Japanese, Thai newspapers

[42] Hugo Fernández Artucio, *The Nazi Underground in South America* (New York, 1942), 92–104.

[43] Quoted in Klee, "Transocean," 198.

[44] Report on news in East Asia, Jan. 1943, R901/58399, 74, BArch.

[45] Minutes of 7th plenary assembly of Agences Alliées conferences, June 1935, 5AR/473, AN.

[46] Note by A. N. Galsworthy on a request by the German Consul General in Singapore for appointment by the German government of a press agent to distribute German press news, 24 Jan. 1939, CO272/657/15, TNA.

[47] Report on news in East Asia.

[48] Barde to Havas headquarters, reports on the distribution of news in the Chinese press, 5AR/313^{2}, AN; report on news in East Asia.

printed far more Transocean news than Dōmei news as late as September 1942 (the last figures available).[49]

Contact between Transocean and Asia stopped in late April 1945. Though Transocean ceased operations in May 1945, American intelligence officers placed journalists and news agency correspondents in China under particular scrutiny in late 1945. An American report in April 1946 claimed that the German government had maintained "a powerful German propaganda machine" in China.[50] While Transocean's success stemmed from its wide customer base, another, concurrent news agency would follow a far more exclusive approach.

Eildienst and Economic News

In the 1920s, another news organization emerged to spread information beyond German borders as well as within them. This firm, Eildienst, provided an economic news service aimed initially at businesses and, from the mid-1920s, at the press, too. In contrast to the global dissemination of political news, however, the value of economic news lay in its exclusivity. That exclusivity emerged from both supply and demand. On the supply side, the state and Eildienst used technical means to make terminals exclusive to Eildienst as well as regulatory mechanisms to restrict Eildienst's customer base to business in Central Europe. On the demand side, the expense of Eildienst news limited the potential customer base. Eildienst relied upon the ability and willingness of customers to pay for news that held value for their businesses, just as Transocean capitalized upon the willingness of newspapers and ships to accept news for little or no payment.

While the state proved a crucial incubator for Eildienst, the company had private funding and swiftly achieved profitability. Eildienst was founded in 1920 and grew out of the Foreign Trade Office (Außenhandelsstelle), created in 1919 to help German businesses revive export contacts abroad. Legation Councilor Dr. Ernst Ludwig Voss worked in the Foreign Trade Office and was particularly involved in establishing a new section: Eildienst des Auswärtigen Amtes (Express Service of the Foreign Office). The Eildienst section received economic reports by telegraph or dispatch from abroad and distributed them to around four thousand companies. The news was sent under the keyword "Dahaste" (Deutsche Außenhandelsstelle) in Morse code on longwave through Königswusterhausen. The service proved highly

[49] Report of Jan. 1943, R901/58399, 62–63, BArch.

[50] "German Propaganda Agents and Organizations in China during World War II," secret report, Strategic Services Unit, 16 Apr. 1946, E182, box 23, folder 124, RG226, NARA.

popular, and the Foreign Office decided to send Voss on leave to establish Eildienst as a private company.

Together with Ludwig Roselius, a Bremen businessman who had invented decaffeinated coffee in 1906, Voss established Eildienst GmbH with capital stock of 50,000 marks in July 1920.[51] Its full name was Eildienst für amtliche und private Handelsnachrichten GmbH (Express Service for Official and Private Trade News). The company had representatives abroad who sent news to Berlin by telephone, cable, or wireless. The company disseminated two main types of economic news: foreign currency exchanges and commodities.[52] These were purely numerical. Eildienst offered news on foreign currency exchanges from ten locations, multiple times daily: eleven times a day from New York, eight times daily from London and Amsterdam, five times from Paris, and once daily from Vienna.[53] Commodity news items were incredibly varied and detailed, ranging from information on crops to prices of American short ribs, global cotton, and metals. Eildienst broadcast different services every five to fifteen minutes every day except Sunday; some broadcasts of particular commodities happened only once or twice a week. Other services transmitted news from various stock exchanges upon receipt, rather than sending omnibus reports.

Despite its private capital, Eildienst relied upon subsidies of its conduit, wireless. Above all, Eildienst depended heavily upon the exclusive access to wireless granted by the Postal Ministry. Postal ministries or similar government bodies controlled the allocation of airwaves everywhere; these bodies often regulated radio as a public utility, as in the United States and Great Britain. As in Great Britain initially, the German Postal Ministry controlled both the airwaves and the licensing of wireless receivers.[54] Even in the more commercially oriented American system, the Federal Radio Commission (FRC)—or FCC from 1934—considered whether broadcasters were acting in the public interest. The FRC could, technically, deny licenses to station owners who broadcast attacks on people or institutions, making wireless and radio a particular target for state intervention around the world. In Germany, too, the Postal Ministry had the authority to deny a wireless license for Eildienst to any business.

[51] Winfried Lerg, *Rundfunkpolitik in der Weimarer Republik* (Munich, 1980), 55.

[52] Eildienst broadcast register, Sept. 1924, I/6e/168/V/1a, Österreichisches Staatsarchiv, Vienna, Austria (henceforth, ÖStA).

[53] Berlin, Cologne, Amsterdam, Paris, London, Zurich-Geneva, Milan, Vienna, New York, and Rio de Janeiro. By 1925, Eildienst had correspondents in sixteen European cities and New York. Postal Ministry, memorandum on radio, June 1925, R1501/114232, 108, BArch.

[54] On the similarities between American, British, and German radio, see Heidi Tworek, "The Savior of the Nation? Regulating Radio in the Interwar Period," *Journal of Policy History* 27, no. 3 (Summer 2015): 465–92.

The State Secretary for Telegraph, Telephone, and Radio from 1921, Hans Bredow, strongly supported Eildienst. Bredow hoped that the Postal Ministry's power to deny a license might prevent outspoken business opposition to the state, even if businessmen ranked among the most skeptical of Weimar democracy. Bredow also believed that Eildienst would justify government expenditure on wireless as well as on his own particular passion—the development of public spoken radio.[55] In a provisional agreement of June 1921 with the Postal Ministry, Eildienst agreed to cover the costs for a central broadcast station and guaranteed at least one thousand subscribers. In return, the Postal Ministry agreed to allow other news providers to disseminate wireless economic news only if Eildienst gave express permission. In the final contract, in December 1922, the Postal Ministry agreed not to provide better conditions for any other economic broadcast service, though the contract did not apply to press broadcast services.[56] The contract cemented Eildienst's place as the leading provider of economic news to businesses.

In addition to controlling the airwaves, the Postal Ministry held legal and technological control over access to wireless receivers. Like elsewhere during World War I, private radio had been forbidden for security purposes. To assuage military fears about public use of wireless, the Postal Ministry classified Eildienst customers as telephone subscribers. The three main German radio manufacturers, Lorenz, Telefunken, and Huth, created a prototype. They made an agreement with the Postal Ministry to deliver one thousand receivers by summer 1921, though due to various delays, the apparatus appeared only in 1922.

Recipients paid the Postal Ministry to rent the receivers and have them installed, along with a monthly subscription fee to Eildienst for its news. The wireless receivers swiftly provided financial revenue to the Postal Ministry, and Bredow justified the initial large expense of erecting the wireless station at Königswusterhausen with the profits. By June 1923, there were over a thousand participants, who had paid a total of 2.5 million marks for rental fees and over 4.5 million marks for installation costs. This proved a handy cash injection for the Postal Ministry.[57] Following currency stabilization in 1924, installation cost RM 350 to 500.[58]

Eildienst also swiftly turned a profit. The minimum monthly subscription cost RM 75 in 1925.[59] That year, Eildienst turned an operating

[55] Hans Bredow, *Im Banne der Ätherwellen: Festschrift zum 75—Geburtstag des Verfassers*, vol. 2, 2nd ed. (Stuttgart, 1960), 164.

[56] Hertha Stohl, *Der drahtlose Nachrichtendienst für Wirtschaft und Politik* (Berlin, 1931), 17.

[57] Twenty-second meeting of Federal Radio Commission, 25 June 1923, R3301/2098, 44, BArch.

[58] Postal Ministry, memorandum on radio.

[59] Ibid.

profit of RM 753,000. The creation of many new small banks and private foreign-exchange firms during the postwar period gave Eildienst a vastly expanded customer base. This enabled the agency to take advantage of the low marginal costs of news distribution. By January 1924, Eildienst had approximately seven thousand subscribers, though this obviously remained an exclusive circle.[60] Those subscribers could derive significant financial advantages from receiving Eildienst news hours or days before competitors. Subscribers might trade stocks or adjust supplies based upon Eildienst news before competitors could react. And subscribers were willing to pay for that exclusivity. The numerical content allowed Eildienst to prevent *Schwarzhörer* (illegal listeners) by sending a code for those numbers to subscribers and changing the code frequently. The Postal Ministry also tuned the receivers securely, through lead sealant, to a certain wavelength to ensure that users could not listen illegally to military or other radio traffic.[61] In effect, this created proprietary terminals that could access only Eildienst news.

Eildienst raised hackles among journalists, who berated the company for supplying businesses directly while not allowing newspapers to subscribe. *Deutsche Tageszeitung* claimed in May 1924 that Eildienst's subscription rate was too high. The whole situation amounted to little more than "a concession of a hidden monopoly position [to Eildienst] within the post monopoly." Even worse, thought the article's author, Eildienst was duping officials to serve private interests and Voss's pockets. The article declared that "using the post monopoly in order to create a hidden monopoly in favor of private interests is completely inadmissible."[62] From early 1924, Eildienst responded to such complaints by creating an industry broadcast for companies that could not have afforded its initial service. The industry service disseminated world market prices for particular branches, such as metallurgy or cotton.[63]

Eildienst also profited from its substantial revenue from abroad. The firm concentrated on Europe, to mirror Germany's prewar concentration of exports and to attract customers from firms that had traded with Germany before the war. Europe had received 76 percent of Germany's

[60] "Monopol und Geschäft: Die Eildienst GmbH und die Presse," *Berliner Tageblatt*, 8 Dec. 1923.

[61] Twenty-first meeting of Federal Radio Commission, 9 June 1922, R121096, 186–87, PA AA.

[62] "Das Monopol der Eildienst-GmbH," *Deutsche Tageszeitung* no. 354, 31 May 1924. The paper believed that Bredow would not allow an Eildienst monopoly, unaware of his integral role in creating it.

[63] Buntkirchen, Postal Ministry, to Press Department, 24 Jan. 1924, R121097, 52–53, PA AA.

exports in 1913.[64] From March 1922, Eildienst provided news under the name Europradiodienst (or Europradio) to neighboring countries, initially Austria, Hungary, Norway, and Czechoslovakia.[65] Europradio signed a contract with the Czechoslovak news agency in March 1923.[66] It expanded to Poland through a contract with Maison Wdowinski, a commercial and financial news agency in Warsaw that competed with the cartel agency, PAT (Polska Agencja Telegraficzna).[67] By concentrating on immediate neighbors, Europradio strove to create a Central European economic information realm under its auspices.

The German Interior Ministry derived great satisfaction from Eildienst's success abroad, stating that its inroads were very important for foreign politics.[68] The Foreign Office started a new strategy of economic diplomacy after World War I, involving the "conscious use of German economic might as an instrument of foreign policy."[69] German bureaucrats believed that Eildienst would enable Germany to overcome its disadvantageous foreign trade situation. The Versailles Treaty had stipulated that Germany was obliged to guarantee the victorious powers a one-sided most-favored-nation treatment until 1925.[70] Eildienst's private endeavors offered one method of informing German and Central European businesses about trading opportunities and preparing for trade freedom starting in 1925. This resembled the sixteenth-century origins of business journalism, which arose to attract buyers and sellers to a given market by making previously secret information more publicly known.[71]

Governmental ministries hoped that their conduit subsidies to Eildienst would result in financial power domestically and regionally. Domestically, officials believed that simultaneous access to global economic news could prevent speculation and currency inflation. Bredow polemicized in June 1921 against the few Berlin and Cologne banks that received wireless foreign-exchange news from abroad. He believed that they were using this news to destabilize the German economy and

[64] Cornelius Torp, *Die Herausforderung der Globalisierung: Wirtschaft und Politik in Deutschland, 1860–1914* (Göttingen, 2005), 375.

[65] "Statistik der Reichspost- und Telegraphenverwaltung," 1923, R3301/2098, 98, BArch.

[66] The Czechoslovak bureau paid 500 gold francs monthly for the service. Contract between Czechoslovak bureau and Europradio, 10 Mar. 1923, I/6e/168/V/1a, ÖStA.

[67] Cartel meeting in Vienna, May 1925, 5AR/179, AN.

[68] Hans Bredow to Chancellor Wilhelm Marx, 12 Jan. 1928, R43I/2000, 181, BArch.

[69] David Cameron and Anthony Heywood, "Germany, Russia, and Locarno: The German-Soviet Trade Treaty of 12 October 1925," in *Locarno Revisited: European Diplomacy, 1920–1929*, ed. Gaynor Johnson (London, 2004), 123.

[70] On interwar trade policy, see Robert Spaulding, *Osthandel and Ostpolitik: German Foreign Trade Policies in Eastern Europe from Bismarck to Adenauer* (Providence, 1997), chaps. 3–6.

[71] McCusker, "The Demise of Distance."

that supplying economic news to more businesses would reduce foreign-exchange speculation. Like government bureaucrats in general, Bredow believed that speed would increase stability. The simultaneous receipt of information would prevent speculation and reduce market fluctuations. This idea built on a prewar belief that news had caused the increase in global trade because the exchange of economic information had decreased the risks of global speculation.[72] As before 1914, however, the increased exchange of information did not prevent speculation, nor did it stabilize the German currency and prevent hyperinflation.

The government did not just hope to tie domestic business to the state. In particular, Eildienst seemed another means by which to retain links with Austria. In December 1920, Eildienst reported that Viennese banking and press circles were eager to receive New York stock exchange news directly and asked the Foreign Office if it could make the Austrian and German wireless services compatible. Although the Allies had forbidden a union with Austria in Article 88 of the Treaty of Saint-Germain (September 1919), the Foreign Office still nourished secret dreams of unification. Happy to promote any connections with Austria, the Foreign Office declared the inclusion of Vienna in the Eildienst service "extremely desirable" and helped to facilitate that technological possibility.[73]

After the Austrian Chancellery incorporated the Austrian news agency as a department, in January 1922, Europradio and the Austrian news agency (ANA) signed their first contract in April 1922. In May 1924, the two signed an exclusive contract, as ANA worried that the newly founded official Austrian radio broadcaster Radio Vekehrs AG (RAVAG) would gain government permission to disseminate economic news. ANA paid 7,000 gold kronen monthly.[74] This cemented a highly profitable relationship for Europradio; its gross earnings in April 1924 from its Vienna office alone hit 165 million Austrian kronen, and its expenditures amounted to 68 million kronen, 28 million of which it spent on its ANA service, leaving tidy profits of nearly 100 million kronen. The ties with Austria proved binding: Eildienst employees who worked in ANA's office until the *Anschluss* in 1938 were subsumed into the Nazi news agency, Deutsches Nachrichtenbüro (DNB). It is hard to measure any direct impact of financial news in maintaining German-Austrian ties or its role in preparing the groundwork for the failed customs

[72] For example, Max Roscher, "Über das Wesen und die Bedingungen des internationalen Nachrichtenverkehrs," *Weltwirtschaftliches Archiv* 3, no. 1 (1914): 37–59.

[73] Foreign Ministry representative, meeting on Eildienst, 23 Dec. 1920, R121107, 33, PA AA.

[74] Contract between ANA and Europradio, 16 May 1924, I/6e/168/V/1a, ÖStA.

union of 1931, but it contributed to cementing the importance of news in dreams of creating a German *Mitteleuropa*.[75]

While the German state sought to promote Eildienst through wireless subsidies, Eildienst significantly altered the private ordering of global financial news. Reuters and Havas both started economic news services in 1922 and 1923, respectively, to compete with Europradio. Reuters's observations of Europradio's success swept away its initial reluctance to use wireless.[76] From 1922, Reuterian, the economic news service operated by Reuters, broadcast exchange rates in Morse code seven times daily from Northolt, a Post Office wireless station in London. Reuters continued to feel threatened by Europradio's American service, which competed with Reuterian in countries like Denmark.[77] Reuters relied on its financial services for profit; after 1924, its commercial news services generated more revenue abroad for Reuters than its contracts with newspapers.[78] Reuters had concluded by 1925 that the best way to resolve the issue was to cooperate with the European cartel agencies.

Increasingly troubled by Eildienst's success, Reuters and Havas called an emergency meeting of the cartel agencies in Vienna in May 1925. The conference concluded that Europradio posed a "grave danger" and recommended that Wolff negotiate with Eildienst for Eildienst to be incorporated into the cartel. Eildienst acquiesced but extracted important concessions in order to retain its regional strength. Eildienst became the key point of contact with cartel agencies in Eastern Europe and the Balkans. A contract of November 1928 reconfirmed the agreements: Article 4 stated that Europradio would not compete with cartel agencies or it would pay a fine of 10,000 gold marks, while Article 5 stipulated that Europradio would distribute only financial and commercial news.[79] The absorption of innovative firms into cartel structures was common practice. As historian Jeffrey Fear put it, "the bottom line paradox [for cartels] is that competition may stimulate innovation but effectively hinder firms from carrying it

[75] The term stems from Friedrich Naumann, *Mitteleuropa* (Berlin, 1915). It implies a pan-Germanist approach to Central and Eastern Europe. On *Mitteleuropa* as an economic realm, see Jürgen Elvert, *Mitteleuropa! Deutsche Pläne zur europäischen Neuordnung (1918–1945)* (Stuttgart, 1999), 97–111.

[76] Entwisle calls it a "German news service," though it is Europradio. John Entwisle, "Dancing to a Different Tune," *The Baron: Connecting the Dots for Reuters People Past and Present*, http://www.thebaron.info/archives/dancing-to-a-different-tune. Accessed 5 May 2015.

[77] Ritzau (Danish news agency) to Reuters, 1925, 5AR/179, AN.

[78] Silberstein-Loeb, *International Distribution of News*, 257.

[79] Contract between Reuters, Havas, Wolff, and Europradio, 23 Nov. 1928, 5AR/179, AN.

out."[80] Here, the inclusion of Eildienst retained its particular focus on economic news with wireless technology.

Simultaneously, Eildienst entered into new domestic arrangements to address accusations of eliminating the press and to bolster its profits. Eildienst's profits fell from RM 753,000 in 1924 to RM 115,000 in 1926, largely due to greater expenditure on procuring financial news independently of the cartel.[81] For Eildienst, greater cooperation with Wolff would safeguard its integration into the cartel, ensuring a massive saving in collection costs. For Wolff, it eliminated an unwelcome domestic competitor. In 1926, Eildienst and Wolff created a subsidiary firm, Deutscher Kursfunk GmbH, to send trade, stock, and price news to newspapers and private customers.[82] Both Wolff and Eildienst contributed economic news, but Eildienst still possessed the right to broadcast from the Postal Ministry. Kursfunk paid Eildienst a lump sum for the broadcast rights. Eildienst also agreed to send individual radio companies its news for RM 500 a month.[83]

The German state soon became enamored of Eildienst's success. In 1928, a government trustee purchased a significant portion of Eildienst's shares; as a result, Nazi influence over the agency was easier to assert, once they came to power in January 1933. Eildienst was so successful that the Nazis allowed the agency to continue to exist (unlike Wolff, which the Nazis folded into the DNB). Still, the Wolff/Eildienst subsidiary, Deutscher Kursfunk, was dissolved on December 31, 1933. Eildienst was left to supply mainly private customers, its initial base of customers in the early 1920s.[84] The DNB gradually took over many of Eildienst's services for the press, and in 1944, the Foreign Office and the Economics Ministry took over all Eildienst shares.[85] Eildienst achieved regional prowess in financial news that the Nazis too sought to exploit. In the end, Eildienst returned to its greatest realm of success: supplying economic news to an exclusive customer base for a high price.

[80] Jeffrey Fear, "Cartels," in *The Oxford Handbook of Business History*, ed. Geoffrey Jones and Jonathan Zeitlin (Oxford, 2009), 285.

[81] Pohlmann, *Außenwirtschaftlicher Nachrichten- und Auskunftsdienst*, 20.

[82] Report from Reichsstelle für den Außenhandel to Außenhandelsstellen, 24 Oct. 1933, R11/1298, BArch.

[83] Eildienst letter to Ministry of the Interior, June 1926, R1501/114236, 135, BArch.

[84] Reich Office for Foreign Trade to Foreign Office, 12 Jan. 1935, R122196, 80, PA AA; DNB to Agences Alliées, 27 Dec. 1933, 5AR/177, AN. Eildienst was bombed on November 22, 1943, destroying archival materials, particularly from the Nazi period.

[85] André Uzulis, *Nachrichtenagenturen im Nationalsozialismus: Propagandainstrumente und Mittel der Presselenkung* (Frankfurt am Main, 1995), 106.

Table 1
A Comparison of Political and Economic News

	Political News	*Economic News*
Price	Cheap/free	Expensive
Audience	Broad	Exclusive
Geographical Focus	Global	Regional
Access Terminals	Retail	Proprietary
Subsidies	Conduit and content	Conduit
Aims	Soft power	Financial power

Source: Compiled by author.

Genres of News

The example of these two news agencies provides more than just a history of German attempts to reconfigure global news supply. It also shows how multinational enterprises varied strategies depending upon their products. In this case, political and economic news differed in six key areas: price, audience, geographical reach, access terminals, subsidies, and aims (see Table 1).

Transocean's political news was cheap or free. Solving Arrow's paradox for Transocean meant computing value through reach rather than profit. By offering political news for a low price, Transocean aimed to reach as broad an audience as possible. Eildienst, on the other hand, seemed to deliver exactly the opposite lesson: the value of news lay in its exclusivity. While political news appeared to have the greatest impact when it was free, economic news was most effective when it was expensive. Eildienst's service reached larger businesses and banks that could afford both installation fees and the monthly subscription. The expense created a niche customer base that benefited from receiving information faster than others. This in turn created Eildienst's substantial profits.

The geographies of political and economic news differed drastically. Transocean exploited the unconquered media territory of the ocean to unsettle the British. It built on this to gain important customers in its key continental foci of Latin America and East Asia over the 1920s and 1930s. Transocean sought to boost Germany's political presence globally by disseminating news from Germany throughout the world. By contrast, expensive economic news had a regional focus. Eildienst wished to cement its presence within Central Europe, concentrating on geographically contiguous territories. Eildienst supplied global news to an exclusive group of business customers to match Germany's export targets.

The access terminals of the two agencies mirrored their intended audiences. Any ship, wireless tower, or person with a powerful wireless receiver could theoretically receive Transocean news. These "retail" wireless devices ensured that Transocean could reach as large a public as possible. By contrast, the Postal Ministry cooperated with the three leading wireless manufacturers to create a proprietary wireless device for Eildienst customers; lead sealant on the dial ensured that each customer could use that wireless terminal only to receive Eildienst news.

Subsidies for the two agencies differed in tune with their audiences, access terminals, and aims. The German government subsidized the technological conduit of wireless for both agencies in different ways. Its involvement with Telefunken and promotion of wireless R&D provided the technological infrastructure for both firms, culminating in the 1931 purchase of Transradio, the Telefunken subsidiary that operated the Nauen wireless tower. More specifically, the German government provided Transocean with preferential broadcast times. The Postal Ministry ensured that Eildienst had exclusive access to disseminate economic news over wireless for several crucial years in the early 1920s. Simultaneously, the Postal Ministry negotiated to free wireless from the military's control and to customize a wireless device for Eildienst's use.

While Eildienst gained subsidies for its conduit, Transocean also received subsidies for content. The German government facilitated an agreement with Wolff during 1917–18 to ensure that the two agencies could share news, making Transocean functionally parasitic upon Wolff's membership in the cartel. The Foreign Office provided much of Transocean's budget; this would increase almost exponentially as a part of the Nazis' global propaganda strategy.

Finally, the two agencies aimed to exert fundamentally different forms of power. Transocean represented an opportunity to bolster Germany's soft power.[86] The more news from Germany that readers abroad received—so ran the logic—the greater their understanding of and sympathy for Germany. Published opinion seemed the easiest route to influence public attitude. This, the German government hoped, would translate into increased power on the global political stage. Eildienst, on the other hand, offered the opportunity to exert financial power through a private company. From the state's perspective, Eildienst's apparently neutral numbers would help to rebuild a German economic sphere by tying German and Central European businesses to German information. Eildienst's exclusive economic news seemed to build a foundation for reestablishing a German economic *Mitteleuropa*. For

[86] Joseph Nye, *Soft Power: The Means to Success in World Politics* (New York, 2004).

Eildienst itself, success in Central Europe meant a larger role in the news agency cartel and the opportunity for greater profits.

Of course, most news organizations deliver both political and economic news. The main news agencies of the mid-nineteenth century had begun by supplying economic news. Wolff's New York and European stock exchange news service had enabled it to pay shareholders a 10 percent dividend on its comparatively small capital stock of one million marks just prior to World War I.[87] Approximately 74 percent of Wolff's telegrams printed in newspapers between 1849 and 1919 were stock exchange or financial numbers.[88] The profits from financial news paid for the collection and dissemination of political news.

Similarly, from 1851 to 1930, Reuters functioned more like "a trading company operating in news."[89] By the late 1930s, revenue from Reuters's commercial service covered losses of news operations. And Reuters's early adoption of new technology for financial news in the 1970s helped to return Reuters to profitability. These initiatives included the introduction of Videomaster, a screen display of stock and commodity prices, along with Reuter Monitor Money Rates Service, launched in 1973 as an electronic marketplace for foreign exchange.[90] The heuristic separation of political and economic news can illuminate the business strategies of mixed-use multinationals as well.

Conclusion

In the contemporary news business, the rhetoric of "newness" often seems overwhelming. "Bringing history (back)," on the other hand, shows that many dilemmas of media multinationals are not so novel, nor do they stem solely from technological innovation.[91] This article examined two German news agencies to construct a matrix of political and economic news with characteristics that still occur today. To give a few examples, predominantly political news outlets include Al Jazeera, Russia Today, and the BBC. The BBC's report in 2015 on the future of news called the corporation "an ambassador of Britain's values and an agent of soft power in the world."[92] Meanwhile, Al Jazeera's finances

[87] Hans Morf, *Die Drahtberichterstattung im modernen Zeitungswesen* (Bern, 1912), 55.

[88] Jürgen Wilke, "Die telegraphischen Depeschen des Wolff'schen Telegraphischen Büros (WTB)," *Publizistik* 49, no. 2 (2004): 130.

[89] Silberstein-Loeb, *International Distribution of News*, 165.

[90] Donald Read, *The Power of News: The History of Reuters*, 2nd ed. (Oxford, 1999), 360–70.

[91] Geoffrey Jones and Tarun Khanna, "Bringing History (Back) into International Business," *Journal of International Business Studies* 37 (2006): 453–68.

[92] BBC, "The Future of News," 28 Jan. 2015, 45, http://newsimg.bbc.co.uk/1/shared/bsp/hi/pdfs/28_01_15futureofnews.pdf.

rely upon the Qatari government, which underwrites the channel.[93] More broadly, Al Jazeera fits into Qatari initiatives in soft power ranging from hosting the soccer World Cup in 2022 to the Education City campus on the outskirts of Doha that houses branches of several foreign universities: six American, one British, and one French.

Bloomberg, on the other hand, represents a company more focused on economic news. Al Jazeera English and Al Jazeera America aim to reach an audience of one billion English speakers. By contrast, Bloomberg concentrates on just 315,000 terminal subscribers concentrated in global financial centers. These business and journalistic subscribers pay $20,000 per annum for a subscription to information on a proprietary terminal. The designations of political and economic news organizations are made not as value judgments on content or aims, but rather to give a sense of how different media multinationals structure their businesses and why.

This article has traced the history of how two news multinationals adopted different strategies based on their products. Along the way, it has retold the history of an earlier technology with global geopolitical and economic stakes. In the 1920s, as now, news formed an integral part of Great Power politics and economic competition. Contemporary news organizations have generally viewed the Internet as an exceptional technology that fundamentally upended the logic of news production. Certainly, the supply side of news has changed drastically: phones with Internet connections have dramatically lowered the barrier to entry, and nonprofessionals create increasing amounts of news. But these nonprofessionals rely upon multinational media platforms that exhibit patterns similar to firms of the past. Previous technologies have had similar effects, though on different scales; news organizations in the past developed strategies to cope with and take advantage of new technologies that could provide succor to news organizations in the present. Then as now, the media economy relied upon the fundamental, though fungible, distinction between profitable economic news and cheap political news. Then as now, the development of new technology created a space for new firms to enter the market before barriers to entry rose to unassailable heights.

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[93] Dean Starkman, "Al Jazeera America Struggles to Get Off the Margins," *Columbia Journalism Review*, 20 Aug. 2014, http://www.cjr.org/the_audit/al_jazeera_america_struggles_t.php.

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