



Institution Analysis

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CAPITOL HILL NEWS SERVICE

(Executive Summary)

Capitol Hill News Service came into being in September 1973 with the help of a \$40,000 grant from Ralph Nader's Public Citizen, Inc. The Nader subsidy has continued down to the present, although CHNS staff reporters say that it is scheduled to end as of the close of 1977. CHNS is officially represented in the press and radio-television galleries of the United States Senate and House of Representatives and advertises its service as being able to cover "Anything that happens in Congress that is relevant to you and your readers."

The founder of Capitol Hill News Service was Peter Gruenstein, a Washington, D.C., attorney whose prior journalistic experience included writing a study for Ralph Nader on how the press covers Congress. Gruenstein found that only about 27% of the daily newspapers in the United States had their own or even shared Washington correspondents, with the percentages for radio and television being even lower. CHNS was designed in part to remedy these presumed inadequacies and to provide regular coverage of Congress to those districts not normally served by the major wire services. Coverage today stands at 42 clients in 7 states: Kentucky, Indiana, Kansas, West Virginia, Pennsylvania, Illinois, and California. Of the 42 clients currently listed, 40 are newspapers, one is a radio station, and one is a television outlet. Those newspapers on the list for which circulation figures are available have a combined circulation of better than 500,000 people.

Reporters for Capitol Hill News Service earn a flat \$8,000 per year and have been selected from among applicants with prior experience working for such publications as the Washington Post, the Washington Star, the New York Times, the Christian Science Monitor, the Nation, the Progressive, Broadcasting magazine, and newspapers in such cities as Omaha, Nebraska; Wilmington, Delaware; and San Francisco, California. Relatively low salaries help keep the overall CHNS budget at a lower figure than otherwise might be

the case, the budget for 1977 being estimated at something in excess of \$100,000. The principal source of money to meet expenses derives from subscriber's fees, which range from \$50 per week for newspapers with circulations of up to 49,999 to \$150 per week for those with circulations in excess of 150,000. Fees for radio and television stations are set in much the same manner. The difference between actual revenue and budgetary needs is met chiefly through the subsidy from Nader's Public Citizen, as well as through grants from various foundations, principally the Stern Family Fund, a noted grantor of tax-exempt funds to radical causes, including the Peoples Bicentennial Commission, the United States Servicemen's Fund, and the Institute for Policy Studies.

While it is clear that Capitol Hill News Service is not a public policy organization as that term is generally construed, it is equally clear that it is far from being divorced from public policy or, more precisely, from those who are charged with its formation and execution. The available evidence indicates that the creation of CHNS in 1973 was one aspect of an expanded program aimed specifically at affecting public policy along lines acceptable to Ralph Nader and that CHNS was designed, at least in part, to function as a Nader-line news service dealing with members of Congress.

INTRODUCTION

Capitol Hill News Service (CHNS) bills itself, according to its basic brochure, as "Your Own Washington Bureau at a Fraction of the Cost." Rates vary from \$50 per week for newspapers with circulations of up to 49,999 to \$150 per week for those whose circulations exceed 150,000. Radio and television rates are scaled similarly. Rates are kept relatively low partly by paying reporters salaries which are markedly lower than those paid by the bigger news services; Mick Rood, with CHNS for about a year and a half and in charge of the office until his recent departure, says that a reporter for Capitol Hill News Service is paid \$8,000 per annum, which is well below the average in Washington. According to Rood, they are willing to work for this wage because of a desire to gain the sort of practical journalistic experience that one gets only by working in the nation's capital.

The 1977 edition of the Congressional Directory reflects that CHNS is among "Networks, Stations, and Services Represented" in the radio and television galleries of the United States Senate and House of Representatives and that it is also among "Newspapers Represented in [the House and Senate] Press Galleries." Such representation provides, according to the CHNS brochure, "objective, comprehensive, high-quality coverage of Congressmen, and other Washington stories, at the lowest feasible cost to media who would otherwise be unable to afford their own Washington bureau." The same source specifies the following benefits purportedly derived by subscribing to CHNS:

- * You will routinely receive comprehensive coverage of your state's congressional delegation, both House and Senate. What are your Congressmen doing, thinking, saying on issues of concern to your community? How do they run their congressional offices? How do they operate in their committees? What happened to the \$500,000 federal grant for a new sewage system your Congressman said he would try to get? In several files per week, you will get straight, fair and interesting coverage of what is happening in Congress -- and Washington -- that affects your community.
- * You will be among that select group of media having its own Washington bureau.

- * You will have the right to use your own Washington bureau slug on stories.
- * From time to time there may be a congressional story you want covered. CHNS will cover it.
- * You will have no long term commitment to CHNS. If you become dissatisfied with the service, you may cancel within thirty days.
- * As a special service, you can get fast-breaking stories by telecopier or phone. Other stories will be mailed to you.

CHNS summarizes this package as providing to its subscribers "Anything that happens in Congress that is relevant to you and your readers" and claims further that "CHNS can offer you local coverage of Washington for less than it costs to cover City Hall."

CHNS AND RALPH NADER

This rather ambitious-sounding project was initiated in September 1973 with the help of a \$40,000 seed grant from Ralph Nader's Public Citizen, Inc., and the Nader connection has remained up to the present, although, as will be outlined in a subsequent section of this study, it is presently contemplated that Nader's subsidy for CHNS will be terminated as of the end of 1977. This initial \$40,000 Nader grant enabled CHNS to operate for its first six months and to offer free service for a brief trial period to potential subscribers. CHNS's revenues are now derived chiefly from regular subscribers' fees, with the difference between this amount and the CHNS budget being made up by the continuing Nader subsidy and grants from foundations, principally the Stern Family Fund, a well-known provider of tax-exempt funds to assorted radical causes.

Founder of Capitol Hill News Service was a Washington, D.C., attorney named Peter Gruenstein, who had served for two years as aide to a member of the House of Representatives. Gruenstein had also been affiliated with the Nader complex, having written a study for Nader on how the press covers Congress. It was reportedly Gruenstein's view that CHNS would remedy some of what he saw as the inadequacies in this coverage. Specifically, Gruenstein found that only 27% of the daily newspapers in the United States had their own or a shared Washington correspondent, with the percentages for television and radio stations being even lower (4% and less than 1%, respectively). Further, he felt that the big wire services, Associated Press and United Press International, rarely provided really close coverage of individual Congressmen, a situation which allegedly led to legislators' filling

the gap themselves with their own press releases and canned broadcasts.

Still another tie to the Nader operation is found in the fact that Capitol Hill News Service, as reported by one source, grew out of the Nader Congress Project, a somewhat ill-starred venture that has been tellingly dissected in a recent book, Ralph's Nadir: Or What Went Wrong with the Nader Congress Project, written by Stephen Douglas Brown (Monroe, Michigan: Book Haus, 1976).^{1/}

CHNS PERSONNEL

During the formative period, the Capitol Hill News Service staff was led by Gruenstein, whose experience, in addition to his work as an attorney, had included free-lance writing for the Christian Science Monitor, the San Francisco Chronicle, the Nation, and the Progressive. He placed advertisements in journalism-oriented publications and received responses from some two hundred people, among them from 40 to 50 he regarded as hireable. They included applicants with experience working for such publications as the New York Times, the Washington Post, Newsday, and Newsweek. Gruenstein finally hired four:

- * David Holmberg, a Capitol Hill reporter for the Washington Star who had also worked at one time for the defunct Washington Daily News;
- * Lauralyn Bellamy, recently of the staff of Broadcasting magazine;
- * Chris Matthews, free-lance reporter for the Philadelphia Daily News, Washington Post, and Washington Star; and
- * Clay Steinman, former Editor-in-Chief of the Duke University daily newspaper, an Associated Press "stringer," and a reporter for the Vancouver, Washington, Columbian.

CHNS has lately been staffed by a different group of reporters led by Mick Rood, formerly a reporter for the Omaha Sun and the Topeka Capital Journal; Rood has only recently left CHNS to work for Congressional Quarterly after being with CHNS for about a year and a half. In addition to Rood, who has not as yet been replaced, the roster of CHNS reporters in recent months has included:

- * Joseph Nocera, a former free-lance writer in Boston, Massachusetts, who has been with Capitol Hill News Service for approximately three years and who covers Pennsylvania;

^{1/} Brown learned of the inner workings of the Congress Project at first hand, working as a member of a Nader team which studied the commerce committees of the House and Senate.

- * David Hoffman, who formerly worked for a newspaper in Wilmington, Delaware, and who presently covers California matters for CHNS;
- * Geoff O'Gara, formerly a reporter for a small newspaper in the San Francisco, California, area who now covers West Virginia and Kentucky for CHNS;
- * Mike Isikoff, who covers Illinois and who formerly worked for the Alton Telegraph (presently a CHNS client newspaper) and for Northwestern University's Washington, D.C.-based Medill News Service; and
- * Jean Christensen, who covers Kansas and who brings to CHNS her background of experience with both the Kansas City Star and the New York Times.

According to Rood, there is also a three-man board of directors which does not really function in any active manner in setting policy. The most recent roster of board members includes Rood, Nocera, and Alan Berlow, although, like Rood, Berlow has now left CHNS to work for Congressional Quarterly. As has been the case with others who have worked for Capitol Hill News Service over the years, Berlow's background includes writing for Ralph Nader; according to Jean Christensen, however, none of the others currently working for CHNS has been connected with Nader in any way. (Asked whether the present Nader subsidy was in fact being terminated at the end of 1977, she replied that such was the case, adding: "We don't have much to do with him.")

EXTENT OF CHNS COVERAGE

In the earlier period of its operation, Capitol Hill News Service aimed at coverage of every congressional district in Indiana, Montana, Nebraska, and West Virginia, along with the districts of 12 members of Congress from Pennsylvania and a few other individual members. The most recent list of CHNS clients indicates coverage of Kentucky, Indiana, Kansas, West Virginia, Pennsylvania, Illinois, and California; Montana and Nebraska are not listed, although, as is noted in a subsequent section of this study, a resumption of coverage for Montana appears likely. The idea has been to provide coverage for those districts which are not regular recipients of Washington coverage provided by the larger, more established news services.

STORIES COVERED BY CHNS

The issues covered by CHNS reporters have been, as one might expect, varied; and stories developed by CHNS reporters

have often generated considerable controversy. Also, coverage has not been limited to purely local stories; stories of national scope have also been developed and sent out to subscribers. A few representative examples of CHNS coverage follow:

- * One story provided a listing of 43 members of Congress who ran one year without opposition while allegedly receiving, despite this fact, some \$592,000 in contributions, much of it money from lobbying groups unrelated to the members' home districts. It was alleged that the members kept most of this money.
- * Another item reported that apparently illegal printing of campaign literature, including Gerald Ford bumper stickers, was carried out by a government-subsidized printing shop.
- * One of Gruenstein's efforts reported on the extensive use of the House recording studios by Congressmen seeking reelection, the emphasis being on alleged use of these facilities, which are provided at unusually low rates to members, to give incumbent members an unfair advantage in preparing what amount to campaign commercials.
- * Other stories have dealt with the large number of free or inexpensive services available to sitting members of Congress, many of them not generally known to the public at large.
- * A story which earned CHNS a fair amount of national publicity resulted from a report by Lauralyn Bellamy on a telephone poll conducted by CHNS among Senate legislative aides. There were responses from 75 of the 100 offices, with aides naming Henry Jackson of Washington as the "most effective" Senator, Jacob Javits of New York as "brightest," and Philip Hart of Michigan as the one with the "most integrity." Senators Mike Gravel of Alaska, William Scott of Virginia, and Vance Hartke of Indiana, on the other hand, were rated "least effective." Hardly surprisingly, reaction was strong, some Senators being understandably pleased and others being outraged. Despite doubts by some that the polling method had been less than impressive, the item was picked up by United Press International, thereby gaining national distribution.
- * An example of a story with more local interest occurred when CHNS reported that a reporter for the Scranton Tribune worked for \$5,000 a year as a "public relations assistant" to Joseph McDade, a member of the House from

Jack Howey Peru Tribune Peru, Indiana	9,356
Jack Armstrong Elwood Call Leader Elwood, Indiana	5,350
Decatur Daily Democrat Decatur, Indiana	5,478
Stuart Awbrey The Hutchinson News Hutchinson, Kansas	47,318
Hays Daily News Hays, Kansas	10,986
Olathe Daily News Olathe, Kansas	8,705
Roger Hartsook KVOE Radio Emporia, Kansas	
Chanute Tribune Chanute, Kansas	6,202
The Salina Journal Salina, Kansas	
Robert W. Beane The Industrial News Iaeger, West Virginia	1,400
Patricia Block The Wetzel Republican New Martinsville, West Virginia	1,658
Bronson McClung The Richwood News Leader Richwood, West Virginia	4,810
Phil Fourney The News Ravenswood, West Virginia	3,379
Linda Benson Preston County Journal Kingwood, West Virginia	5,200
Charles Cline Independent Herald Princeville, West Virginia	
Roy Heffelfinger Allentown Call Chronicle Allentown, Pennsylvania	101,287

Alfred G. Roberts North Penn Reporter Landsdale, Pennsylvania	17,246
Bob Parfit Times News Lehighton, Pennsylvania	16,106
Clifford Amerman The Wayne Independent Honesdale, Pennsylvania	10,542
Lee Oakman The Fulton Democrat McConnellsburg, Pennsylvania	3,580
WDAU-TV Tom Powell Scranton, Pennsylvania	
Jack Mitchell Beaver County Times Beaver, Pennsylvania	40,502
John Northrup The Observer Reporter Washington, Pennsylvania	32,164
E.K. Frear The Gazette Bedford, Pennsylvania	6,545
Paul Teske News-Dispatch Jeanette, Pennsylvania	10,889
New Castle News New Castle, Pennsylvania	22,432
George Sphier New Citizen Vandergrift, Pennsylvania	3,299
H.A. Barnhart Blair Press Roaring Spring, Pennsylvania	2,014
Pittsburgh New Sun Pittsburgh, Pennsylvania	
D.G. Schumacher Alton Telegraph Alton, Illinois	37,910

Lindsay Schaub Newspapers
Decatur, Illinois

Jack Winning
Contra Costa Times
Walnut Creek, California

Bod Edkin
Redding Record Searchlight
Redding, California

It is noted that there are no area of coverage figures listed for either the radio station or the television station and that there are circulation figures listed for only 34 of the 40 newspapers. The total circulation for these 34 papers is 507,430. Of these newspapers, 33 have circulations below 49,999; none has a circulation of between 50,000 and 99,999; one has a circulation of between 100,000 and 149,999; and none enjoys a circulation in excess of 150,000.

CHNS FINANCES

The foregoing breakdown is of interest because it relates directly to the formula according to which Capitol Hill News Service assesses the fees it charges subscribers to its services. These subscribers fees are the principal source from which CHNS finances are derived, according to Mick Rood of the CHNS staff. The schedule of fees as it appears in the basic CHNS brochure is a very simple one. For newspapers, the fees are as follows:

<u>Circulation</u>	<u>Price Per Week</u>
Up to 49,999	\$50.00
50,000 to 99,999	75.00
100,000 to 149,999	100.00
over 150,000	150.00

A radio station with an "Area of Coverage" under 25,000 is charged \$50.00 per week; one with coverage of from 25,000 to 100,000 is assessed \$75.00 per week. (These fees apply only to "written files;" rates for "audio and visual services" are not given.) Television rates are similar: \$50.00 per week and \$100.00 per week for "written files" sent to stations with coverage of under 100,000 and over 100,000, respectively.

Since no area of coverage figures are provided for either the radio or the television station, it is safer to assume the minimum fee of \$50.00 per week in each case for purposes of speculation. Assuming also that each subscriber pays for CHNS services for the full 52 weeks a year, one arrives at the following figures in computing the revenue to be earned from subscribers fees during 1977:

Newspapers	\$91,000.00
Radio Station	2,600.00
Television Station	2,600.00
Total	<u>\$96,200.00</u>

Rood provided an offhand estimate that these fees account for 80% to 90% of the Capitol Hill News Service's income, the difference being supplied by Ralph Nader's Public Citizen, Inc., and by grants from other foundations, chief among them being the Stern Family Fund. The 1977 grant from Public Citizen, according to Rood, is \$12,500, a figure which, when added to the \$96,200 from subscribers fees, would give CHNS a minimum income for 1977 of \$108,700. No precise figure for the 1977 CHNS budget is available, but Rood himself estimated it to be in excess of \$100,000. He also said that Nader's subsidy is being terminated as of the end of 1977. He specified that while many on the CHNS staff are not unsympathetic to Nader and his goals, several of their clients tend to balk at what they see as affiliation with the Nader complex. Rood claims, however, that Nader has actually been "less interfering than your average publisher" would have been insofar as trying to insert his personal views and/or prejudices into CHNS coverage is concerned.

CHNS AND STERN FAMILY FUND

Again according to Rood, the Stern Family Fund has been the principal source of foundation grants for Capitol Hill News Service. This datum is an interesting one when one realizes that the Stern Family Fund has been among the more prominent grantors of tax-exempt funds to organizations of a demonstrably radical -- and even revolutionary -- coloration. Included in the list of beneficiaries of Stern largesse in recent years, for example, have been such organizations as the Peoples Bicentennial Commission, the United States Servicemen's Fund, and the Institute for Policy Studies. Of the PBC, the Senate Internal Security Subcommittee wrote as follows in its May 1976 report on The Attempt to Steal the Bicentennial:

The "Peoples Bicentennial Commission"...poses as a "nationwide citizens organization dedicated to restoring the democratic principles that shaped the birth of this republic." In actual fact, it is a propaganda and organizing tool of a small group of new-left political extremists whose pantheon of political heroes include such Marxist luminaries as Fidel Castro, Mao Tse-tung, Che Guevara, and Regis Debray, and who seek to pervert the meaning of the American Revolution and to exploit the

Bicentennial celebration in order to further their own revolutionary goals.

The USSF was described by the House Committee on Internal Security in 1971 as an organization founded in 1968 by leaders of the New Mobilization Committee to End the War in Vietnam "as a financial and organizational support group for military-oriented new left activities." The New Mobilization Committee was itself described by the HCIS in 1970 as being under "communist domination."

The Institute for Policy Studies is discussed in detail in the second paper in this series (Institution Analysis, No. 2, May 1977), which cites an IPS publication as having acknowledged "an initial major grant from the Stern Family Fund" as having been of particular help in establishing the IPS operation in 1963. The same study also cites a January 23, 1977, article in the Washington Post as having referred to the Stern Family Fund as being among the "major supporters" of the Institute during the 1960s. In its annual report for 1971, the House Committee on Internal Security described the IPS as a "far-left radical 'think tank' in Washington, D.C.;" and the May 1977 Heritage Foundation study documents the pattern of pro-Communist activity characteristic of the principal leaders and associates of IPS since its inception.

CONCLUSION

A few conclusions may be drawn on the basis of the foregoing review of available material. First, it is obvious that Capitol Hill News Service does not fall within the ambit of what is generally understood to be a public policy organization -- although this is certainly not the same as saying that it is necessarily unrelated to public policy or, in this case, to those who are charged with its formation. The creation of CHNS in September 1973, in fact, would seem to have represented one aspect of an expanded program aimed specifically at affecting public policy along lines acceptable to Ralph Nader.

In this connection, it is worth noting that just prior to the opening of CHNS, a Scripps-Howard writer prepared a lengthy article which appeared in, among other outlets, the August 6, 1973, edition of the Rocky Mountain News. Written by Robert Dietsch, this article discussed projected plans on Nader's part to shift the focus of his activities from the usual exposes to "congressional lobbying" and other similar matters. Such a shift in emphasis by Nader is not without interest when considered in conjunction with the grant of \$40,000 from Nader's Public Citizen, Inc., which enabled Capitol Hill News Service to come into existence and even to offer free service to potential subscribers during an initial period. The continuing

subsidy from Public Citizen, as well as the Nader-connected backgrounds of several CHNS reporters over the years, only tends to reinforce the impression that CHNS was created at least partially to serve as a Nader-line news service dealing with members of Congress.

Further, although a detailed analysis of CHNS news copy would clearly be far beyond the scope of such a brief review as this, available published material on Capitol Hill News Service indicates that there have been significant instances of distorted coverage of some members of Congress, the incident recounted by De Toledano being particularly revealing but by no means unique. Taken in conjunction with the fact that a major selling point with CHNS is its ability to cover members of Congress from districts not generally well covered by the major wire services, one must at least wonder whether Capitol Hill News Service is serving the best interests of better than half a million of our citizens by providing them, through their local news outlets, with truly objective reporting on those elected by them to vote on the great public questions of the day. To many people, both in and out of Congress, this question will be a disturbing one as they realize the obvious role played by Nader money and Nader-affiliated people in setting up and operating Capitol Hill News Service since 1973.

(August, 1977) The foregoing analysis is one in a series prepared by the Research Staff of The Heritage Foundation. This publication is intended as a background analysis of an important organization which affect public policy. Any comments should be addressed to the Director of Research at The Heritage Foundation, 513 C Street, NE, Washington, DC 20002.

