

Chapter 7

SAVING THE NEWS

**By Victor Pickard,
Josh Stearns
& Craig Aaron**

INTRODUCTION: JOURNALISM IN CRISIS

Journalism is a public good. As a society, we all benefit from quality news and information. But like many public goods, journalism has always been heavily subsidized. The subsidy model that prevailed for the past century — advertising-supported journalism — appears to be dying. If current trends continue, America could soon embark on an unprecedented social experiment by becoming the first advanced democracy to leave wide sectors of society and entire geographic regions without a fully functional, professional press. We are venturing into uncharted territory.

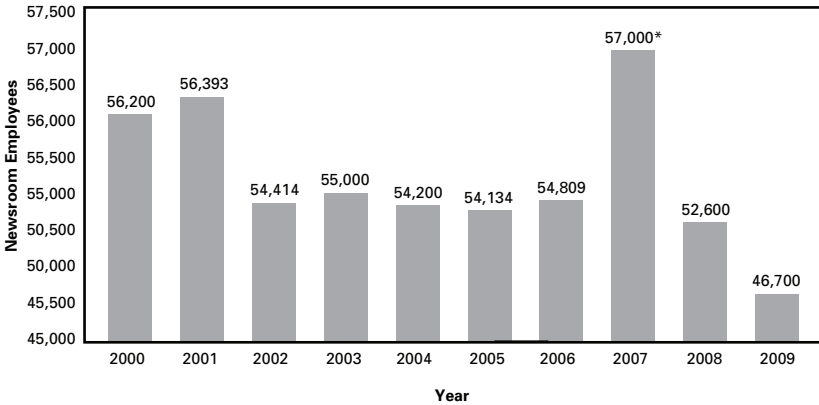
Hardly a day goes by without another obituary for the newspaper industry. Hemorrhaging jobs, subscribers and advertising revenue, news organizations are dismantling foreign, Washington and statehouse bureaus.¹ Nearly 16,000 journalists and newspaper employees lost their jobs last year, and more than 8,000 employees have been sacked in the first four months of 2009.² Major dailies already have disappeared or been severely shrunk: The *Rocky Mountain News* shut down after 150 years, the *Seattle Post-Intelligencer* went online-only and let go all but a handful of employees, and smaller papers like the *Ann Arbor News* are closing their doors almost every week. Other major newspaper companies are declaring bankruptcy, including the Tribune Co., owner of the *Los Angeles Times* and the *Chicago Tribune*, and Philadelphia Newspapers LLC, owner of the *Philadelphia Inquirer* and the *Daily News*. The *New York Times* has threatened to shutter the *Boston Globe*, and many other major papers verge on insolvency.³ It is likely that a major city will soon be without a daily newspaper.⁴

¹ Richard Perez-Pena, “Big News in Washington, but Far Fewer Cover It,” *New York Times*, Dec. 18, 2008.

² For a running tally of job losses in the newspaper industry, see <http://graphicdesignr.net/paper-cuts/>. See also “U.S. Newsroom Employment Declines,” American Society of News Editors, April 16, 2009, <http://www.asne.org/index.cfm?id=7323>; Jennifer Saba, “Newsroom Employment Drops to Lowest Level Since 1978 — But Online Jobs Up,” *Editor & Publisher*, April 16, 2009. The bloodletting has accelerated over the past several years. According to a 2007 report by Challenger, Gray & Christmas, 17,809 media jobs were lost in 2006, an 88 percent rise over the previous year. See Ann Becker, “Old Media, New Media,” *Broadcasting & Cable*, Feb. 25, 2007. By late 2008, the industry was in a “tailspin.” See David Olinger, “Ad Losses Send Industry into a Tailspin,” *Denver Post*, Dec. 5, 2008. By early 2009, the situation had surpassed the most dire predictions made just months earlier. See Lynda V. Mapes, “Seattle P-I’s Expected Closure a Sign of the Times,” *Seattle Times*, March 10, 2009.

³ Robert Gavin and Robert Weisman, “Times Co. Threatens to Shut Down Globe,” *Boston Globe*, April 3, 2009.

⁴ Mark Fitzgerald, “Several Cities Could Have No Daily Paper as Soon as 2010, Credit Rater Says,” *Editor & Publisher*, Dec. 3, 2008.

Figure 1: Newsroom Employment

*Online journalists counted in the survey for the first time in 2007.

Source: American Society of Newspaper Editors

Not just newspapers are failing. Recent evidence suggests both network and local television are facing severe downturns as well, and magazines are downsizing and closing.⁵ Internet reporting still defies profitability. Although some ethnic media and some smaller newspapers are weathering the downturn, cutbacks across the board mean fewer reporters on the beat, less investigative journalism, more syndication, and an overall homogenization of the news.⁶ This exacerbates a trend in which much of TV journalism has devolved into ambulance-chasing sensationalism, and cable news has elevated shrill commentary over original reporting.

Across the industry, diverse voices are disappearing from the airwaves and broadsheets in unprecedented numbers. The American Society of News Editors' 2009 survey showed that journalism job cuts are hitting people of color particularly hard. Of the nearly 6,000 journalists who lost their jobs in 2008, 854 were people of color, leaving the percentage of minorities in newsrooms at just 13.4 percent.⁷ Meanwhile, Sally Lehrman writes in the *Boston Globe*, "More than 42 percent of print newsrooms across the country employ no black, Asian American, Latino, or American Indian journalists at all."⁸ While ethnic media in major urban areas like Los Angeles and New York may

⁵ See the State of the News Media 2009, Pew Project for Excellence in Journalism, <http://www.stateofthenewsmedia.com/2009/index.htm>; A recent report found that nationwide, local television news stations slashed 4.3 percent – or 1,200 – newsroom jobs in 2008. See Radio-Television News Directors Association, "Television News Jobs and Salaries Decline As Amount of News Increases, RTNDA/Hofstra University Survey Shows," April 19, 2009. See also, David Carr, "Portfolio Magazine Shut, a Victim of Recession," *New York Times*, April 27, 2009.

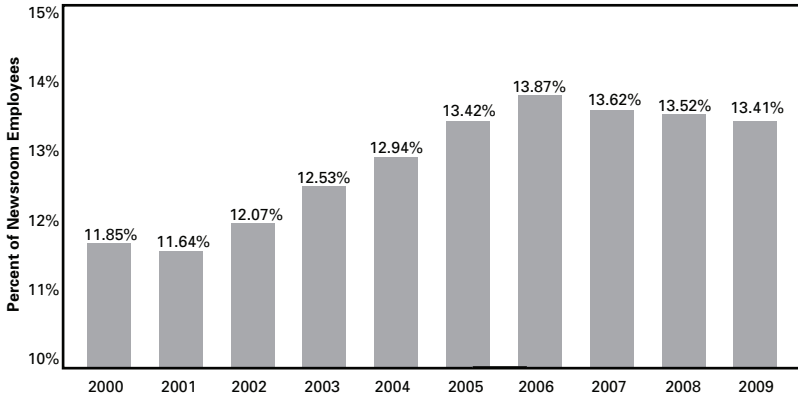
⁶ Mandalit del Barco, "Ethnic Outlets Survive in Sinking Media Market," National Public Radio, April 7, 2009, <http://www.npr.org/templates/story/story.php?storyId=102802880> ; see also Alberto Vourvoulias, "Interview: Secret Success," *On The Media*, March 13, 2009, <http://www.onthemediamedia.org/transcripts/2009/03/13/03>

⁷ "U.S. Newsroom Employment Declines," The American Society of News Editors, April 16, 2009.

⁸ Sally Lehrman, "The Danger of Losing the Ethnic Media," *Boston Globe*, March 5, 2009.

be doing better, in the near future, many groups in rural areas and smaller cities are at risk of losing the only media outlets that cover the issues facing their communities or that report in their language.⁹

Figure 2: Minority Journalists
(As a Percentage of Total Journalists)



Source: American Society of News Editors

These are all symptoms of the deeper crisis that confronts us: Journalism as an institution is collapsing before our eyes, a crisis that goes beyond the demise of newspapers to strike at the foundations of democratic self-governance. When a major news organization closes, civic engagement suffers.¹⁰ America still needs the public good that is quality journalism: in-depth, investigative stories like Watergate and the Pentagon Papers in the past or the more recent coverage of the AIG bonus fiasco and the neglect of veterans at Walter Reed Hospital, to name just a few examples. It is a truism that without a vibrant press, democracy falters: A society without journalism is a society that invites corruption.¹¹ The stakes, therefore, could not be higher. Understanding how this crisis happened will help frame our approach toward possible solutions.

The Perfect Storm

Traditional media, especially newspapers, have been battered by a perfect storm, as the rise of the Internet and the decline of their local advertising monopoly

⁹ Terence Chea, "Ethnic Press Stung by Recession, Advertising Drop," *Associated Press*, March 29, 2009.

¹⁰ Sam Schulhofer-Wohl and Miguel Garrido, "Do Newspapers Matter? Evidence from the Closure of The Cincinnati Post," *National Bureau of Economic Research*, NBER Working Paper No. 14817, March 2009, <http://www.nber.org/papers/w14817>

¹¹ Paul Starr, "Goodbye to the Age of Newspapers (Hello to a New Era of Corruption)," *The New Republic*, March 4, 2009. Alicia Adserý, Charles Boix and Mark Payne, "Are You Being Served? Political Accountability and Quality of Government," *Journal of Law, Economics and Organization*, Oxford University Press, vol. 19(2), pages 445-490, October 2003; James Rainey, "Newspaper Cuts Open Door to More Political Trickery," *Los Angeles Times*, March 20, 2009; David Simon, "In Baltimore, No One Left to Press the Police," *Washington Post*, March 1, 2009.

converged with the recent economic downturn.¹² The advertising-supported model of journalism that many assumed to be the natural source of news revenue throughout the 20th century is now collapsing. The numbers are staggering: Ad revenue has been down 23 percent across the industry in the past two years and may plummet by more than 30 percent this year, with even greater declines predicted for 2010.¹³ While newspapers still rely on print advertising for 90 percent of their revenue, advertisers pay much less for online ads to reach their target audiences, and classified ads are now available for free on Web sites like craigslist. Although newspaper readership overall has never been higher as more people read news online, online ad revenue makes up just a small percentage of newspaper earnings.¹⁴

It is important to emphasize that many of the media industry's wounds are self-inflicted, the result of bad business decisions and failed strategy. Instead of investing the mega-profits they were making just a few years ago into future news operations, publicly traded media conglomerates like Tribune, Gannett and McClatchy ran amok in their buying sprees, sacrificing journalism for ever-higher quarterly returns to satisfy Wall Street's increasing profit expectations. Now these companies are so deeply in debt and overleveraged, they're on the verge of shutting down or being pawned off to private equity firms that will break them down and sell them for scrap.

The industry's "dirty secret" is that newspaper properties are still largely profitable.¹⁵ McClatchy's newspapers saw a 21 percent profit margin in 2008. Yet the company still cut its work force by nearly a third in the past year as it struggled to finance the \$2 billion it owes from acquiring Knight Ridder in 2006.¹⁶ Gannett's newspaper holdings enjoyed an 18 percent profit margin last year, with some papers earning as much as 42.5 percent.¹⁷ Nevertheless, Gannett slashed 3,000 jobs and forced employees to take an unpaid week-long furlough while the

¹² The authors wish to acknowledge and thank their colleague Joseph Torres of Free Press for his contributions to this paper, especially his research on the history and nature of the newspaper crisis.

¹³ State of the News Media 2009; "Media Get More Bad News," *MarketWatch*, March 12, 2009; Richard Perez-Pena, "Newspaper Ad Revenue Could Fall as Much as 30 Percent," *New York Times*, April 14, 2009.

¹⁴ State of the News Media 2009.

¹⁵ Greg Mitchell interview on MSNBC, March 8, 2009. Available on the *E & P Pub*, <http://www.eandppub.com/2009/03/ep-editor-on-msnbc-friday-night.html>

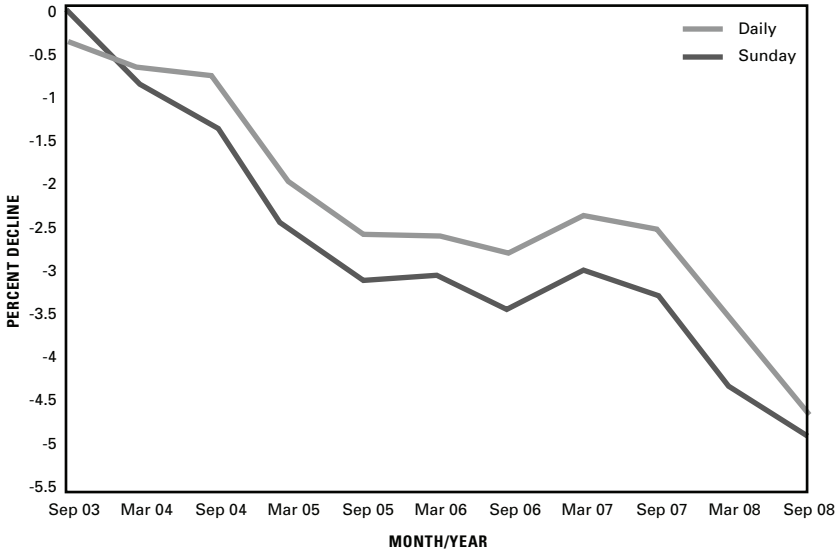
¹⁶ Nat Ives, "It's Not Newspapers in Peril; It's Their Owners," *Ad Age*, Feb. 23, 2009. See also, Craig Aaron and Joseph Torres, "Consolidation Won't Save the Media," *The Guardian*, March 26, 2009. <http://www.guardian.co.uk/commentisfree/cifamerica/2009/mar/26/pelosi-media-consolidation>

¹⁷ "Documents Reveal Double-Digit Profit Margins at Scores of Papers Now on Verge of Massive Layoffs," *Gannett Blog*, Nov. 28, 2008. <http://gannettblog.blogspot.com/2008/11/documents-reveal-double-digit-profit.html>

company's top executives received six-figure bonuses.¹⁸ Even now, many Tribune papers remain highly profitable, and the company as a whole earned a 5 percent profit margin in its newspaper division for the first three quarters of 2008, before declaring bankruptcy because it could no longer manage its enormous debt.¹⁹

Figure 3: Daily and Sunday Newspaper Circulation Declines

Percent declines in circulation by six-month period



Source: Pew Project for Excellence in Journalism/Deutsche Bank Securities

It is difficult to feel sorry for newspaper owners when much of the media industry's current predicament is the result of greed (as well as a failure of political will among policymakers to enforce media ownership regulations). Moreover, these undue commercial pressures consistently resulted in a degraded product that failed spectacularly to adequately cover life-and-death issues, from the run-up to the Iraq war to the recent economic meltdown.²⁰ Nevertheless, while blogs are carving out an increasingly important role in shaping and reporting the news, and innovative online journalism ventures are expanding across the nation, the overwhelming majority of reporting, whether online, broadcast or cable, still originates with

¹⁸ Richard Perez-Pena, "Gannett to Cut 10 Percent of Workers as Its Profit Slips," *New York Times* Oct. 28, 2008; Richard Perez-Pena, "Gannett to Furlough Workers for Week," *New York Times*, Jan. 15, 2009; Randy Turner, "Gannett Executives Receive Nearly \$2 Million In Bonuses, Golden Parachute, Amid Layoffs and Foldings," *Huffington Post*, March 18, 2009. http://www.huffingtonpost.com/randy-turner/gannett-executives-receiv_b_176435.html

¹⁹ Richard Perez-Pena, "Tribune Company Seeks Bankruptcy Protection," *New York Times*, Dec. 8, 2008.

²⁰ Recent years have witnessed innumerable academic studies documenting how media have provided inadequate coverage of important social issues. For an excellent study of how mainstream media failed to sufficiently cover key foreign and domestic policy issues, see Lance Bennett, Regina Lawrence and Steven Livingston. *When the Press Fails: Political Power and the News Media from Iraq to Katrina*. (Chicago: University of Chicago Press), 2007.

newspapers. Given this current state of affairs, if we were to stand by and allow these bad financial decisions to run their course, as many have suggested, we face the distinct possibility of losing any semblance of quality journalism — and countless seasoned journalists — for many years to come.

A Policy Problem

As with the current banking crisis, the media meltdown was aided by idle regulators who looked the other way while big media companies swallowed up local news outlets in a feeding frenzy of mergers and acquisitions. If some of these deals had been prevented or restructured by vigilant regulators, many bankrupt newspapers might still be viable. Bad policy decisions in Washington — influenced by intense lobbying and hefty campaign contributions — undoubtedly made this situation much worse. It will take good policy decisions to reshape the media system and salvage journalism.

But so far, there has been little discussion about the policies needed to foster quality journalism and give communities the news and information they require. And those in the position to make changes or with the most at stake in the outcome, whether policymakers, public interest advocates or journalists themselves, either failed to grasp the structural nature of this crisis or failed to recognize it as a policy problem. Further undercutting chances for broad-based support for imaginative alternatives is a dominant frame that sees the demise of newspapers as a natural progression. According to this view, the newspaper, like the horse and buggy, has outlived its utility. The market has spoken, and new technologies will lead the way. Another school — no less adamant — blames the Internet for all of the industry's woes, as if the Web could be put back in the bottle. And skeptics from across the political spectrum see professional journalism as a flawed system unworthy of saving. Others rightly believe this crisis offers no easy solutions, especially given current economic conditions. Although it is true that no magic bullet exists to immediately solve the journalism crisis, to resign ourselves to fatalism, given the stakes, is simply not an option. So what is to be done?

Although this crisis calls for immediate action, there are at least four hurdles that we must negotiate in our push toward addressing the journalism crisis. First, many people hold professional journalism today in such low regard that they even welcome its demise. This “let it burn” approach both neglects the fact that journalism is indispensable for any democratic society, and it mistakenly takes mainstream commercial media's present form as the inevitable product of professional journalism. As the authors of *Taking Stock* noted eight years ago: “Newspapers are increasingly a reflection of what the advertisers tell the newspapers some of us want, which is what the financial markets tell the newspapers they want.”²¹ However, different institutional structures could

²¹ Gilbert Cranberg, Randall Bezanson, John Soloski, *Taking Stock: Journalism and the Publicly Traded Newspaper Company*, (Ames: Iowa State University Press), 2001.

presumably produce better forms of journalism, especially alternatives not solely dependent on advertising or beholden to Wall Street's quarterly pressures. Now is our opportunity to experiment with new models.

A second barrier to solving the journalism crisis is that many people believe the inexorable power of the Internet naturally led to journalism's current predicament and, therefore, the Internet will somehow magically replace journalism, either by way of the blogosphere or some other process. Beyond the fact that the Internet is only one of several contributors to the current crisis, this belief also ignores the reality that professional journalism requires an institutional and financial support system that is, at least for now, not provided by the Internet. Much of the blogosphere's commentary, while greatly enlivening political discourse, is still dependent on professional news organizations. And few bloggers, whether they're doing original reporting or just critiquing the mainstream media, are running profitable ventures. Moreover, despite many commentators' complacent assumption that people will just get their news from the Internet, any solution to the crisis that depends on Internet access excludes a significant swath of Americans, some 40 percent of whom don't have broadband service at home. For example, former *Slate* editor Michael Kinsley argues in the *Washington Post* that the loss of newspapers isn't a problem because, "More people are spending more time reading news and analysis than ever before. They're just doing it online."²² Such statements assume that everyone—at least, everyone that *matters*—has a computer, has broadband access, and has the digital literacy necessary to sort, evaluate and engage diverse and competing news sources online.

A third related hurdle to solving the crisis is that many commentators, despite abundant evidence of market failure around us, believe the implosion of newspapers is a healthy, albeit messy, side effect of the market's creative destruction. According to this argument, there will be news when and where there is a market for it. Kinsley, again, subscribes to this view. In the same op-ed, he concludes: "If General Motors goes under, there will still be cars. And if the *New York Times* disappears, there will still be news."²³ These blasé "do nothing" arguments assume that if we just sit back and let the markets work, the news will continue. This notion neglects both the government's role to date in shaping the current system, as well as the clear need for government action if a public good—public service journalism—is not delivered by the invisible hand of the market.

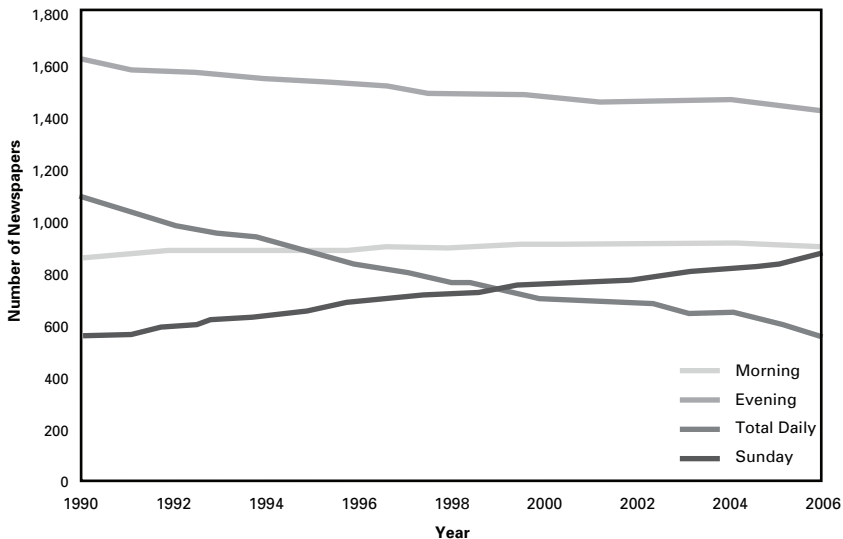
Finally, a major hurdle exists in the minds of policymakers, advocates and journalists who simply fail to think of the crisis as a policy issue. This issue is perhaps the most difficult to overcome given that clear and simple policy solutions do not exist. Addressing the crisis will mostly likely require more than a single, easy fix. Policy solutions have been largely left out of the discussion in no small

²² Michael Kinsley, "Life After Newspapers," *Washington Post*, April 6, 2009.

²³ *Ibid.*

part due to understandable concerns about “regulation.” Yet media regulation has always been present; the federal government has been deeply involved with policies that enable freedom of the press since the dawn of the Republic.²⁴ Unfortunately, many rules often have benefited private interests over public needs. Furthermore, good public policy toward journalism also has been undercut by otherwise legitimate concerns about government regulating speech. Clearly, we should not tolerate government policies that restrict speech or favor particular speakers. But policies that *promote* speech of all kinds should be embraced. In fact, inherent to the First Amendment’s guarantee of the freedom of the press is the responsibility of government to promote the widest possible dissemination of diverse viewpoints.

Figure 4: Number of U.S. Daily Newspapers
Weekday and Sunday editions, yearly increments, 1990-2007



Source: Editor and Publisher Yearbook data

Given the end of newspapers’ local advertising monopoly and the exacerbating effects of media consolidation, it is clear that journalism must now be subsidized by other means. Neither the market nor technology alone will save journalism, but with the right nurturing from both public and private interests, alternative commercial and noncommercial models can flourish. In confronting today’s crisis in journalism, we must draw from the wellspring that is the tradition of American innovation. This crisis calls for a period of vigorous experimentation with bold new models. To rescue journalism, now is not the time for piecemeal efforts or incremental reform, but rather structural interventions and systemic change. Government must step in not only to staunch losses, but also to provide the space

²⁴ See Richard Johns, *Spreading the News: The American Postal System from Franklin to Morse* (Cambridge, Mass.: Harvard University Press), 1995. Another long standing example of government involvement in media is copyright law.

and resources for investment in long-term solutions. Just as government invests in medical research to heal the ails of the body, we need government to invest in experimentation with news models to heal the democratic ails of the body politic.

Fortunately, there are a number of structural alternatives from which to draw. A wide range of global, historical and contemporary models of the press can offer alternatives to commercial, advertising-supported media institutions. Many of these models share a common feature: public set-asides in the form of subsidies and other sustaining resources. Government subsidies and other state-driven efforts that aim to carve out a public space in U.S. society for a free and independent press have a long and rich history, ranging from postal subsidies to public broadcasting. This tradition is as American as apple pie, and it deserves a healthy booster shot now.

Time for a National Journalism Strategy

Debates about the public service responsibilities of news typically occur during times of crisis when relationships between the public, the state and the press are re-evaluated. Such moments afford fleeting windows of opportunity, as old institutions come under scrutiny and media debates spread beyond elite circles.²⁵ These periods often witness a sudden openness toward experimentation. The advertising model of journalism, structurally vulnerable from its beginning, is finally collapsing beneath the weight of its contradictions. Taking stock of viable alternatives, therefore, has become an imperative. We must develop a new system to pay for accurate, credible and verifiable journalism.

The genuine national concern over the future of journalism — including community organizing to save local papers before it's too late — has sparked several interesting and promising new ideas and projects.²⁶ But almost all of these projects are underfunded, under-resourced, and often competing for scarce advertising or foundation dollars. Without collaboration, they are not learning from one another, and even the best ideas may not survive in this uncertain economy. Instead, we need a broader strategy that can help assess best practices and that public and foundation dollars are being invested in projects that will result in the kind of journalism democratic societies require.

The crisis facing journalism is a national issue, and the need for news and information in our democracy is absolutely essential. Therefore, we need a national journalism strategy to coordinate government intervention, a wide variety of experiments, and a system-wide overhaul. To preserve what is still working (and

²⁵ For a discussion of these “critical junctures,” see Robert W. McChesney, *Communication Revolution*. For an example of a critical juncture in the postwar 1940s that witnessed crises in journalism similar to the ones we are facing today, see Victor Pickard, *Media Democracy Deferred: The Postwar Settlement for U.S. Communications, 1945-49*. Ph.D. dissertation, University of Illinois, 2008.

²⁶ See, for example, the Supreme Court decision written by Justice Hugo Black in *Associated Press v. United States*, 326 U.S. 1, 20 (1945).

needed) in the current system and dispense with what is systemically flawed, any national journalism strategy must:

- **PROTECT THE FIRST AMENDMENT.** Freedom of speech and freedom of the press are essential to a free society and a functioning democracy. Everyone should have the right to access and impart information and opinion through the media of their choice.
- **PRODUCE QUALITY COVERAGE.** To self-govern in a democratic society, the public needs in-depth reporting on local issues as well as national and international affairs that is accurate, credible, and verifiable. Journalism should include and engage a diversity of voices and viewpoints.
- **PROVIDE ADVERSARIAL PERSPECTIVES.** Reporting should hold the powerful accountable by scrutinizing the actions of government and corporations. Journalism should foster genuine debate about important issues.
- **PROMOTE PUBLIC ACCOUNTABILITY.** Newsrooms should serve the public interest, not private or government aims, and should be treated as a public service, not a commodity. Journalism should be responsive to the needs of diverse and changing communities.
- **PRIORITIZE INNOVATION.** Journalists should utilize new tools and technologies to report and deliver the news. The public needs journalism that crosses traditional boundaries and is accessible to the broadest range of people across platforms.

With these values in mind, and with an eye toward concrete solutions and viable political options, we provide in the following pages a preliminary survey of policy alternatives for journalism. An emphasis is placed on models that aim to generate financial and institutional support for skilled journalism, defined here as systematic newsgathering that seeks to generate information vital to local, regional and national democratic culture. In its ideal form, this kind of journalism aims to provide a forum for diverse voices and viewpoints, to keep a watchful eye trained on those in power, and to cover important social issues.