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Laying the Newspaper Gently Down to Die

And keeping the spirit of journalism alive. Craig Newmark says: "My guess is that either me, personally, or my craigslist team, will promote work which merges professional and citizen journalism, along with more fact checking and more investigative journalism."

In his recent [essay](#) for CJR, "Saving Journalism," the scholar and researcher Philip Meyer has some advice. "If we are to preserve journalism and its social-service functions, maybe we would be wise not to focus too much on traditional media. The death spiral might be irreversible." Therefore:

We should look for ways to keep the spirit and tradition of socially responsible journalism alive until it finds a home in some new media form whose nature we can only guess at today.

Later he returns to that point:

We need to keep genuine journalism alive long enough for the successful media entrepreneurs of the future to find a way to capture and sell the influence that traditional media are abandoning through their cost-cutting strategies.

But who is "we?"

It would certainly have to include Craig Newmark of [craigslist](#), which is causing so much [trouble](#) for the newspaper business by [grabbing](#) the classified ad market online. Here is Newmark at his [weblog](#) March 3: "I don't really know what I'm doing, but I really think a tipping point in journalism is happening, and I think it's time to get involved."

We don't know what craigslist will be doing with journalism, and neither does Newmark— yet. I asked him yesterday if what he had in mind was anything like "keep the spirit and tradition of socially responsible journalism alive until it finds a home," as Meyer put it. He wrote back:

I realize I'm no newsguy, not an activist; just like everyone else, tired of news that I can't trust. My favorite irony is that Jon Stewart produces fake news that's honest; and the White House produces allegedly honest news that's really fake.

My guess is that either me, personally, or my craigslist team, will promote work which merges professional and citizen journalism, along with more fact checking and more investigative journalism. We're relying on people who really know this stuff to advise, and can't predict what me or craigslist will do. However, it's really important to us that we help newspeople and newspapers survive the big transition, and thrive.

The big transition has been baffling news people. Merrill Brown, the editor-in-chief of MSNBC.com when that operation got off the ground, now a consultant and thinker (see my [interview](#) with him from '03) recently [wrote](#) about the gap between the old economy of news and the new:

Many of the news organizations that make most Web site journalism possible, either through their dollars or the work of the journalists reporting for their traditional products, are in some

combination of strategic, journalistic and financial peril. It is those organizations that make large-scale Internet news sites viable. In a world of dwindling resources, a world of falling daily newspaper readership and fragmented television news audiences, who will produce the journalism of scale and importance that informs citizens about national political campaigns and international conflict? Bloggers? Citizen journalists? The software developers who produce RSS? (See also Brown's new report for the Carnegie Corporation, [Abandoning the News](#).)

Yes, who? Michael S. Malone made a career in newspaper commentary. In his latest **column** for ABCNews.com he said it isn't gonna be daily newspapers, caught between platforms:

This is the last great divide, and my sense is that few newspapers will be able to make the crossing. If they kill their print editions now, they won't have the revenues to make a smooth transition to cyberspace; but if they keep wearing their paper albatrosses, they'll have less of a chance of succeeding in the new world. Thus, if all of the old-fashioned newspapers are going to die, nearly all of the forward-looking ones will too.

"So, let's finally come out and say: Newspapers are dead," Malone writes, trying to wake some people up. "They will never come back."

Dead, more or less. But curiously profitable. In fact, it's stranger than that. The newspaper industry is basically dead—in "strategic peril" at a minimum—and the fact that it's still (highly) profitable is one of the *signs* of this death. Meyer explains how that is possible. Since the existing business model has been "irreversibly undermined" by new technology, "the only way to save journalism," he says, "is to develop a new model that finds profit in truth, vigilance, and social responsibility."

It is a big rainbow to get over, and where the pot of gold is no one can presently say. But an industry that won't move until it is certain of days as good as its golden past is effectively dead, from a strategic point of view. Besides, there is an alternative if you don't have the faith or will or courage needed to accept reality and deal. The alternative is to drive the property to a profitable demise. Meyer explains:

A Harvard professor, Michael E. Porter [has] a last-resort business model for companies undermined by substitute technology. He calls it "harvesting market position." Managers do it by raising prices and reducing quality so they can shell out the money and run. I know of no newspaper companies that are doing this consciously, but the behavior of most points in this direction: smaller newshole, lighter staffing, and reduced community service, leading, of course, to fading readership, declining circulation, and lost advertising. Plot it on a graph, and it looks like a death spiral.

This is not theoretical. It is not a drill. The kinds of things we would expect to see if the newspaper industry had consciously chosen the profitable demise route are starting to show up in behavior. (I know from my own correspondence that some newspaper journalists fear this is the path their own employer is taking—without telling them so. They don't *know* it's happening, but they suspect it.)

The Project for Excellence in Journalism, in its invaluable **report** on the state of the news media today, **puts it** this way: "If older media sectors focus on profit-taking and stock price, they may do so at the expense of building the new technologies that are vital to the future. There are signs that that may be occurring."

Newspapers in 2004, for instance, increased their profits at double the rate (8%) that their revenues grew (less than 4%), according to the Newspaper Association of America, a distinct sign of profit-taking. The industry remains highly profitable. Margins averaged 22.9% in 2004, according to the analyst Lauren Fine, and are expected to rise in 2005. The investment in online publications, though, where the size of the profits is still fairly modest, remains by most evidence cautious.

No R & D rush. No large investment in the future. No siren call to find the new model. And yet the Project for Excellence in Journalism report says that in 2004, daily newspapers (the ones still making money) **employed** fewer reporters and editors. They also squeezed in more ads per page, and less news. Not only are we not seeing the big investment in an online alternative, there are signs of a withdrawal before the great divide.

“There is more evidence than ever that the mainstream media are investing only cautiously in building new audiences,” the report states. “That is true even online, where audiences are growing. Our data suggest that news organizations have imposed more cutbacks in their Internet operations than in their old media.”

Getting it yet? Growing audiences, lower budgets. Pulling back when you should be stepping forward. The harvesting of the newspaper’s monopoly position has apparently begun. The assisted suicide is underway. But not in every company, or every town, which kind of makes it interesting. It could be a great nonfiction book someday: *Laying the Newspaper Gently Down to Die*. (Does **Kurt Eichenwald** have a new project?)

The reasons are obvious why it will never be announced as such. Stated publicly, the laying down would be a scandal. But it does not have to be a wholly conscious choice for the enterprises that are going down that road. They can just continue with business-as-usual, obeying the incentive system as it stands, and the demise will “happen.”

“There is no way to overstate the complacency or arrogance of the greater newspaper industry,” writes Slate’s Jack Shafer in his recent **column** on billionaire Philip Anschutz’s plan to introduce free newspapers across America. (Which could morph into a new Internet model, he suggests.) For a prosaic example from the industry’s files, **here’s** what the Wall Street Journal reported in 2001:

Some advertisers are upset that the Kansas City Star, which in the 1950s said it reached 90% of local homes, today reaches fewer than 40%. Circulation is now about 268,000 daily. The Star raises its ad rates every year, but advertisers say they don’t have a viable alternative. “We’d love to get away from advertising in the Star altogether — if we could,” says James Sheehan, president of the Retail Grocers Association of Greater Kansas City.

During the 1990s economic boom, many advertisers accepted ad-rate increases unquestioningly. Now that the economy has weakened, however, some advertisers are starting to grumble at Knight Ridder’s annual increases of 3% or more. It isn’t lost on them that their own profit margins are nowhere near the 20% that [CEO Anthony] Ridder has achieved at Knight Ridder, let alone the 25% that he vows to reach by the end of 2003.

“We deliver you less and charge you more.” That is not the attitude of an industry that wants to survive. As to how it happened (the death spiral) Malone **says**: “One answer is that most newspapers are unbelievably retrograde. They grew up in a world of newsprint and that’s where they intend to stay. They cannot believe an institution as venerable as the newspaper can ever go away.”

It’s a case of legacy costs. The people who are in a position to make the key decisions cannot see decisions to be made until they admit they lost the trail a while back. The disincentives to do that are quite high.

Equally a problem is the complacency of the semi-informed view among rank and file newspaper people. That’s when a journalist says, “I’ve checked it out, this Web future of yours, and I am sorry to burst your bubble, but...” It’s the gadfly conceit, the crumudgeon’s voice, the glib de-exciter who hasn’t delved far enough to see why people were excited in the first place, and thus cannot offer a usable critique. As in **this** from the Chicago Tribune’s **Maureen Ryan**:

Regarding Michael Malone’s thought-provoking piece predicting the demise of newspapers ... weren’t we all supposed to be working in paperless offices by now? And isn’t Broadway supposed to be dead too?

This debate — are newspapers dead, on life support, do they just have bad head colds, etc — reminds me of the whole “Are bloggers journalists?” debate. It’s a discussion that’s never going to have a definitive answer, it seems to me. And, well, does it matter?

As if definitive answers were the way of the world, and we await them. David Shaw’s **latest column** in the Los Angeles Times, which finds him rooting for bloggers to be denied standing as co-members of the press, isn’t about crossing the divide. But it’s a fine example of the semi-informed view: I’ve checked it out, and sorry to burst your bubble, Internet people, but bloggers ain’t press!

Shaw didn’t check far enough into that increasingly **empty** term “blogger” to find the more relevant category for his column’s purposes, which is the **stand alone journalist**, as Chris Nolan puts it. Are bloggers journalists? the question Shaw wants to ask, is a tired one for **all** involved. What’s the difference between a *stand alone* and a *corporate* journalist? is the relevant question, but Shaw didn’t learn enough about his subject to ask it. And check this part out:

Shield laws (and the 1st Amendment guarantee of freedom of the press, the philosophical progenitor of these laws) were created to enable the media as an institution to inform the citizenry, without government interference.

Maybe that’s true for shield laws. Among First Amendment scholars Shaw would find very few takers for the view that the free press clause was specifically created to “enable the media as an institution”— as against anyone who got his hands on a press and wanted to speak to fellow citizens. (See Matt Welch, who has written the **proper reply** to Shaw. Also see this **earlier** exchange among Shaw, Welch and myself.)

Shaw’s stingy and insular view—we’re the ones the founders were talking about when they said *press*, so back off amateurs—is actually part of the “death spiral” Meyer referred to. It was always a newsroom delusion that “journalists are the only profession mentioned in the First Amendment.” But now it’s more deadly, for as Jeff Jarvis **puts it**, “The barrier to entry to media is demolished. Media, always a one-way pipe, now becomes an open pool.” The First Amendment is not about the pipe; it’s about the pool.

Brave would be the media columnist who took a few months to investigate the unannounced liquidation of newspaper properties— what former editor of the Des Moines Register Geneva Overholser **calls** “the long, steady suffocation of America’s newspapers.” (See her **overview** here, showing how long the trail of warnings has been.)

This suffocation could not be carried out without some people in the industry knowing, or guessing the truth, and then confirming it for themselves. There, I think, is the nonfiction book someone will write— it would be about those people, and what they did, when they figured out that the patient was being led to a profitable death. Alas, it cannot be said out loud (until someone does it.)

“The only way to save journalism is to develop a new model that finds profit in truth, vigilance, and social responsibility,” Phil Meyer said.

That dull phrase, “new model,” includes stuff that is **not dull** at all. Like a different **kind of company** to work for, a better sense of how journalists can **create value** on the Web, a new and deeper commitment to **interactivity with users** as a way to do more **kick-ass reporting**.

By now we could make a **list of projects** where these things are starting to happen. The **infrastructure** is emerging too. So it’s not like the new model is **nowhere** to be found. There are **people to ask**. Places **to start**. Site **visits** to make.

But getting newspaper journalism across the divide means a big investment *now* in the Net and its emerging forms. It requires a wave of Research & Development. It means re-training your people, and taking on “newsroom cultures that discourage innovation, don’t reward risk-taking and drive out many of the best and brightest younger journalists, all of whom entered the profession aware of the paltry pay

scale.” (From **Tim Porter**.)

Newspapers, in the words of Mark Malone, would have to “accept reality and metamorphize into real Web presences rather than merely online downloads of their print copy.” This, of course, is what happened in Greensboro, NC at the News & Record. (See **this** and **this** for background.) Lex Alexander, the editor spearheading the online efforts at the N & R, recently **told** the AP, “I don’t know for a fact that what we’re doing is going to get us to the goals we have, but continuing what we were doing certainly wasn’t an option.”

Notice: They don’t *know* that they can bring the News & Record across the divide this way. But they are going ahead.

Not in Greensboro, but for most of the industry continuing down the same path is the sane option. Charlie Madigan, editor and columnist for the Chicago Tribune **explains** why: “The short answer to the question of why we’re not all trashing the presses, selling the trucks to Mexico and going full digital is because it’s not making money yet and newspapers are.”

But the fateful decision isn’t, as Madigan suggested, between going full digital and sticking with print and paper. Tom Curley, CEO of the Associated Press, identified the key choice in his November 2004 **speech**: “When the Web was born as a commercial content enterprise back in the mid-’90s, we thought it was about replicating—that is, ‘repurposing’—our news and information franchises online.”

That’s what I meant by losing the trail. The big decision today is to go back and fix that error from the mid-90s, to junk “re-purposing of content” as an organizing idea, and organize Web efforts around a new purpose, a new idea. The organizations that want to live will do that. Those that don’t will harvest their profits and give out.

The rest of us, meanwhile, have to do what Meyer said: “Look for ways to keep the spirit and tradition of socially responsible journalism alive until it finds a home in some new media form whose nature we can only guess at today.” (And what Newmark said: “promote work which merges professional and citizen journalism.”) What I like best about this is a distinction Meyer builds in. Journalism is one thing. The media another.

In specific cases, yes, but in general we have no reason to trust the media to bring serious journalism across the great divide, into a new and democratic life on the Web. And so we have to do it ourselves, whatever *that* means.

After Matter: *Notes, reactions & links...*

See also a later post on the same theme: **The Migration** (April 27, 2005)

“While people in the old press pack up, and tell stories about giants they knew in the era when... they are also asking each other: where headed? As in: How are your people planning to make it across?”

Jeff Jarvis thinks it over. This post and the ones it links to. He says journalism is not a noun, not a “thing,” but an activity, which he breaks down into a series of actions. And the action has changed because distribution is no longer available only to professionals. “We won’t save journalism the way it was. We shouldn’t if we could. The business must change.” (Plus, see **Tim Oren** on Jarvis’s post.)

Dan Gillmor responds: **A Dying Craft, or a Dying Business?** He takes issue with my term “gently,” arguing that it will be anything but.

The notion of driving a property to a profitable demise is pernicious, and impossible to pull off

in a coherent way. It assumes that newspaper companies can milk the properties gently into their good night. No way.

What will happen, if newspaper companies don't start working right now, is the following: Profits will dwindle to a point where Wall Street demands higher profits (or kills the stock price, making even a good newspaper company vulnerable to takeover by one of the real sharks out there). This will set off a death spiral of firing staff, losing readers and advertisers, firing more staff and so on. It will not be a slow process once it starts.

Gillmor hits the main point:

If the newspaper business does turn out to be dying, we need to make sure that journalism does not. I apologize to my blogging friends for saying this, but the free for all in the blogging world, however valuable (and I love it), is not sufficient to replace what we'll be missing.

We need ways to combine the best of the old and the new. That's what I'm working on.

Read the rest.

Is the notion of "letting the newspaper die" a crock?

I asked Alan D. Mutter, an industry insider, and former assistant managing editor at the San Francisco Chronicle, who now blogs as **Newsosaur**, what he thought of the *gently down to die* thesis. Here is his reply:

Thomson sold all 60 of its newspapers in 2000-01 to **focus** strictly on electronic media. Scripps substantially has redeployed its assets into its cable channels and associated online media (see **this**).

Gannett, Tribune, Cox and Hearst all have significant broadcast and/or cable TV operations and I think Hearst has the most ABC affiliates of anyone. In addition, many family companies have sold their newspapers (Louisville Courier Journal, Los Angeles Times, Chicago Sun-Times, Baltimore Sun, Boston Globe, S.F. Chronicle) so they could allocate their assets among multiple generations of heirs.

Apart from the notable strategic decisions by Scripps and Thomson, however, I can't think of any major newspaper companies that have taken overt acts to exit the business. Further, I don't think many, if any, senior newspaper executives are consciously pursuing the sort of "liquidation" strategy you hypothesize. Rather, I believe senior industry executives are responding rationally to compensation programs that reward them for delivering steady, predictable, near-term earnings growth that will support their target stock prices. To **quote** myself:

"In light of the significant competitive threats to the long-term health of their business, why would newspaper companies emphasize profit growth instead of further investment in building new audiences through new media? Because a company's success in the stock market, as Bernie Ebbers or Ken Lay will tell you, is a significant factor — maybe the significant factor — in a senior executive's compensation package, as discussed previously here. Unless compensation plans are changed, publishing companies will continue to prize short-term profits over the long-term health of their enterprises."

Unless institutional investors change the incentive structure, the executives will continue to emphasize profits at the expense of the enterprises they manage. If nothing changes, the business will be (unconsciously?) strip-mined to death and a vital public trust will be vitiated or destroyed.

Otherwise, everything is going real good.

That's an apt description of what's in store— “the business will be (unconsciously?) strip-mined to death.”

Don't miss **Umair Haque's one-graph** summary of newspaper economics. Newspapers are cash cows, he says. “But they're cash cows that can hide massive strategy decay.”

Precisely what I am saying.

Stirling Newberry comments on this post: “Once one is part of a media machine that sucks in money, then that process, and not the information itself, dominates thinking.... Generally the rules keep the money flowing in—that is why they exist—however, often they force decisions which are bad decisions, even from the point of view of making money.”

That's part of it too.

Meanwhile, Philip Meyer e-mails:

We in journalism education are starting to feel like those Irish monks who kept the wisdom of western civilization and Christianity alive through the Dark Ages. We can preserve the ideas and keep passing them along, but the rank-and-file journalists have to help us out. In the final chapter of *The Vanishing Newspaper*, I propose organizing to set measurable standards for both journalistic competence and moral behavior.

Have you noticed how the criticism of the administration's video news release program has been directed mainly at the government? Why aren't the legitimate journalists among us going after the stations and their news directors that put the fake news on the air? Why aren't we organizing ourselves to do that?

Hmmm. See PressThink, **Boston University J-School Faculty Takes a Stand on Video News Releases**. Here's more about Meyer's new book, **The Vanishing Newspaper**. (Highly recommended.) Also see Tim Porter's chapter-by-chapter **outline**.

Matt Welch tells David Shaw a few things:

In case you didn't notice, Shaw thinks he and his colleagues are “accurate and fair”.... This, I believe, is the nut of his real objection — that the weird, ahistorical 1960-2000 period of newspaper consolidation, and the “professionalization” that came with it, produced a monochromatic culture of trying-to-be-fair newsgathering that Shaw believes is basically the only legitimate form of journalism. It's an incredibly conservative and arrogant view...

Jack Shafer: Will somebody please help the Los Angeles Times' David Shaw get a grip?

Joe Gandelman: “Strip it all away and there seems underlying resentment: how can bloggers get their readership without having to do what we had to do?... *We* had to jump through more hoops than a dog act at a circus; they just wrote, pressed a button and got read.”

Chris Nolan:

As for the line between bloggers and Big Media? That's not as deep a moat as David Shaw wants to think. Blogging – like file-sharing, on-line fundraising – is a tool; it's what you do with it that matters.

This new world of instant and instantly available choice isn't easy – remember when there was only one phone company? – but it's pretty exciting. It's new. It's different. And we all get to

be in charge.

We all get to be in charge. Very different from: no one in charge.

See **Doc Searls** on pushing rocks up the hill (old way) vs. rolling snowballs down it (new). Alerting the newspaper industry to its fate—that's rock pushing. But citizen journalism is like rolling snowballs.

But see **Suw Charman**, who argues back. "The problem I have with Doc's post is this - in order to get ideas rolling downhill, you need to already be uphill."

Rebecca MacKinnon on March 3: "The question of whether 'mainstream media' will survive, or whether it should survive, or in what form, or how, is irrelevant. I don't care. I'm sick of arguments about that. What I care about is whether journalism—the process of hunting down factual information and verifying it—survives and thrives somewhere, somehow."

Editors Weblog weighs in with a pair of posts ([here](#) and [here](#).)

American Journalism Review on the **circulation problems** of the Washington Post.

The Chicago Tribune on the **trials** of the Tribune Company:

Since the Times Mirror deal closed, the Los Angeles Times has been Tribune's biggest-circulation paper. But even though Tribune has squeezed \$130 million in annual costs out of the Times, the crown jewel of the Times Mirror empire hasn't lived up to expectations.

The paper's advertising revenue has been about flat since the takeover, and last year the troubles deepened when the paper suffered a surprisingly sharp 5.6 percent falloff in circulation, to a 902,164 weekday average.

Ken Auletta in the New Yorker: **Do ads still work?** "In many ways, the advertising business in the early twenty-first century would be unrecognizable to the generation that once thrived on Madison Avenue. The traditional assumption, as Keith Reinhard says, was that advertisers chose the time and place of a 'one-way show-and-tell' ad. The consumer was a captive audience. Today, advertisers chase consumers with a certain air of desperation."

Eric Black Star-Tribune, March 26, quoted me:

The reaction journalism Prof. Jay Rosen of New York University had to the Columbine-Red Lake comparison turned the whole premise on its head. "Columbine was a media frenzy," he said. "It was overdone. Red Lake is a media frenzy. If this is a smaller media frenzy, I'm not going to get too upset about it, and I think activists who are asking for a bigger media frenzy have found a strange way of advancing the interests of their group."

Posted by Jay Rosen at March 29, 2005 1:03 AM