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INTO THIN AIR: THE EVAPORATION OF THE AMERICAN NEWSPAPER

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“The outstanding fact in any survey of the American press is the steady and alarming decrease in the number of dailies. Consolidation, suppression, and a strong drift toward monopoly are taking their toll.”

Oswald Garrison Villard,
The Disappearing Daily (New York: Alfred A. Knopf, 1944), p. 3

December 18, 2008 – As politicians in Washington debated this week whether to spend billions of taxpayer dollars to bail out the century-old smokestack industry of automobiles, another relic of America’s Gilded Age, the daily newspaper, lay in extremis without hope of a life-saving intervention from the government. Panic has suppressed the sense of irony, and legislators are unlikely to recall that the automobile and its chatty vade mecum, the radio, contributed to the obsolescence of the urban newspaper.

The once mighty St. Louis Post-Dispatch, flagship of Joseph Pulitzer’s publishing fleet, announced in a small online posting yesterday a warning from its company’s accountant that it may no longer be, by the year’s end, a “going concern.” The value of stock in the Post-Dispatch’s publisher, Lee Enterprises, Inc., has dropped by about 97 percent since the beginning of the year. The company has lost more than 65 percent of its market value during the past 30 days alone. Lee Enterprises publishes more than 50 daily newspapers and more than 300 weekly newspapers and specialty publications. Less than four years ago, Lee Enterprises purchased the entire Pulitzer company, then publishers of 14 daily newspapers, for $1.5 billion in cash. A share of Lee stock then sold for $45; today a share sells for 34 cents. (Note how prescient the Pulitzers were to sell for cash, not for stock.) With the parent company’s market capitalization now only $22 million, what might the Post-Dispatch be worth by itself -- $200,000? Maybe $400,000 at most?

Michael Pulitzer, head of the family company and grandson of the founder, said at the time of the sale: “Lee and Pulitzer share similar cultures and values, beginning with our long history in, and passion for, the newspaper business. We both care deeply about our employees, communities and the public trust, and we manage our newspapers in the same devoted ways. In short, we couldn't have found a better steward to continue Pulitzer's 125-year legacy of journalistic excellence.” Mary Junck, Chairman and CEO of Lee Enterprises, hailed the acquisition of Pulitzer as “an exciting and logical next step” for her company.

That was then; this is now.

The Post-Dispatch announcement came a week after the privately held Tribune Company, publishers of such leading dailies as the Chicago Tribune, Los Angeles Times, and Baltimore Sun, filed for bankruptcy protection. During the same week the New York Times sought to mortgage its new headquarters building to meet urgent cash needs, and Detroit’s two daily newspapers announced that they were no longer dailies. They plan to publish only three days per week.
An institution, once grand and powerful, is vanishing into the ether, with no small assist from the Ethernet.

It may be that, as said the innovative political consultant and agitator of “Netroots,” Joe Trippi, “the revolution will not be televised.” But the newspaper business, notably the New York Times, is performing a valiant role for the moment at least in writing its own obituary. Nearly every day, the Times publishes one or more informative and mostly insightful reports on the demise of the newspaper medium.

More attention, however, could be paid to the parallels between today’s debate over government intervention to “rescue” industries and an earlier attempt to do just that for the daily newspapers. In 1970, the U.S. Congress, dominated then by Democrats, passed into law The Newspaper Preservation Act. Republican President Richard Nixon approved and signed the legislation.

The public philosophy behind government efforts to “preserve” – or more specifically, to prevent monopolies in -- metropolitan daily newspapers was reflected 64 years ago in Oswald Garrison Villard’s book, The Disappearing Daily. Villard was editor of the liberal/progressive opinion magazine The Nation. Noting that “the main support of a daily usually comes from the merchants of the place of publication…who not only do not oppose the newspaper trend to monopoly, but encourage it on the ground that if they advertise in only one daily they will save time and labor in the preparation of their announcements and have much less to pay out.

“What they and proprietors of newspapers who seek monopolies overlook,” wrote Villard, “is that the newspaper business is unlike most others in that it is ‘affected by a public interest.’ It is a vital public need that the people in a democracy shall have the news and the opportunity to read all sides of political debates of the hour. As Thomas Jefferson put it, the best way to head off unsound opinion in a democracy is ‘to give them [the people] full information of their affairs thro’ [sic] the channels of the public papers and to contrive that these papers should penetrate the whole mass of the people.’ To establish a press monopoly in a locality is to restrict the field of public information or to narrow its vision, or even perhaps to put an end to the presentation in the remaining dailies of anything but a partisan aspect of the national political or economic situation – and this despite the coming of the radio.” (op. cit., pp. 4-5).

Villard’s view was not confined to liberals of the 1940s. United States Representative Kevin Brady, a conservative Republican from Texas, expressed a similar outlook in an interview in today’s (December 18, 2008) New York Times concerning the shrinkage of Washington bureau staff of hometown metropolitan daily, the Houston Chronicle, from nine to three people in two years. “From an informed public standpoint, it’s alarming…. They’re letting go those with the most institutional knowledge, which helps reporters hold elected officials accountable.”

The Illusion of Joint Operating Agreements

The newspaper market in St. Louis, my native city, was central to the drama over the Newspaper Preservation Act. In 1959, a lengthy labor union strike by The Newspaper Guild,
representing editors and writers at the *St. Louis Globe-Democrat*, crippled that enterprise financially. The paper’s owner, S.I. Newhouse, sold its relatively modern printing plant to its competitor, Pulitzer’s *Post-Dispatch*. The afternoon *Post-Dispatch* and the morning *Globe-Democrat* formed a “joint operating agreement” to print their papers in the same plant at different hours of the day while keeping separate ownership and distinct “editorial voices.” The Justice Department provisionally relaxed antitrust applications to allow this and some other metropolitan joint operating agreements.

The Newspaper Protection Act of 1970 gave the legal certainty of a Congressional act to publishers who wished to consummate arrangements such as the St. Louis joint operating agreement. Government’s remedy to “preserve” newspaper competition from monopoly was to exempt newspapers from anti-monopoly (antitrust) laws. This was the desperate, upside-down mentality of warfare: To save the village (or competition) we will have to destroy it.

Where other businesses were forbidden to conspire against customers to fix prices and otherwise circumvent competition, local newspapers were allowed, even encouraged, to do so. In St. Louis and dozens of other big American cities, the trend of the metropolitan newspaper market toward monopolies was arrested temporarily by imposition of government-arranged duopolies.

My involvement in the Newspaper Preservation Act and its predecessor arrangements, since I was a toddler not yet able to read, has been intimate: Martin Duggan, my father, worked for 44 years for the *St. Louis Globe-Democrat*, as copy editor, news editor and editorial page editor. My family’s livelihood was artificially sustained – for a time – by the Newspaper Preservation Act. While I am appreciative of how this contributed to my family’s financial well-being and the fulfillment of my father’s vocation as a writer and editor, I still have to acknowledge that, in the long run, government “rescues” of industries tend to fail.

In St. Louis, the Newspaper Preservation Act simply postponed the monopoly for a number of years. In Miami, Cincinnati, Pittsburgh, and many other cities, the Newspaper Preservation Act also proved to be only a temporary life support. In 1983, the *St. Louis Globe-Democrat* gave way to a monopoly for Pulitzer’s *Post-Dispatch*. But much as my father and I and many others cherished the nocturnal roll of the presses and the warm smell and smudge of the greasy black ink on the cheap pulpy paper, there is life after the newspaper business: When the newspaper that employed him failed, my father started his own political discussion program on a local television station in St. Louis. Today, at 87 years of age, he still hosts the program every week. His program remains popular and consistently makes profits for the television station. It is a weird irony, but my father’s small and quixotic enterprise of an independent television program as something with which to busy himself instead of the boredom of premature retirement might outlive what once was the multimillion-dollar newspaper juggernaut of the monopoly *Post-Dispatch*. Such is the power of technological change.

Unremarked in much of the discussion of the newspaper industry’s woes is the powerful role of labor unions. The political economics of government attempts to “rescue” obsolescent industries usually involve a Faustian bargain involving corporate management and the unions. Government’s role is either direct taxation or the *de facto* taxation of government-imposed market distortions. The newspaper unions involved were those representing writers, typographers, pressmen, and delivery truck drivers. In like manner, a United States taxpayer bailout of the
automobile factories of Detroit would involve a subsidy to the United Auto Workers Union at the expense of able but less costly workers in Mexico and the Orient. And what are the chances of Detroit’s automakers achieving any greater success against technological change and competition than did Detroit’s two formerly daily newspapers?

Major government “industrial policies” tend to have unintended consequences. Some, relevant to the communications media, have been beneficial. Cold War defense spending by the United States to create a communications system that could survive a nuclear war gave birth to ARPANET (Advanced Research Projects Agency Network), the precursor to the Internet. But everyone should stay mindful of negative unintended consequences – usually in respect to schemes designed to “save” jobs or industries from the logic of supply, demand, and technological development.

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