

The Future of Printed Newspapers

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**Harvard Model
Congress Asia**

INTRODUCTION

Junius, the pseudonym of the anonymous pre-American revolution editorialist, argued a free press is what guarantees the survival of free societies. His endorsement was anything but tepid: “Let it be impressed upon your minds, let it be instilled into your children, that the liberty of the press is the palladium of all the civil, political, and religious rights.” Thomas Jefferson agreed: “Our liberty depends on the freedom of the press, and that cannot be limited without being lost,” as have politicians and theorists throughout American history. But today we are at a juncture. Early 2009 saw the domino tumbling of the traditional print media, with newspapers across the country filing bankruptcy, massively cutting budgets, going into deeper debt or even closing their doors for good. Like the horse drawn buggy giving way to Ford’s automobile, we seem to be on the cusp of newspapers receding from displays of newsstands to the displays of museums. What will be lost, if anything, with this transition? Are we losing the free press we have so long hailed as essential to our system of government; if so, what can we do to save it? If we try, as the government, to save newspapers, are we undermining the ‘free’ part of freedom of the press? You are urged to find a solution that will ensure both the long-term viability of quality journalism and “freedom” of the press, in the strongest sense of the word.

EXPLANATION OF THE PROBLEM

History of the Problem

Since Thomas Payne’s *Common Sense* achieved immediate success in 1776 arguing the need for an American revolution to free the colony from the British crown, America has clung to and been well served by and independent and free press. Newspapers have changed in format and content sporadically since then, from Paine’s pamphlets to the broadsheets with which we are more familiar today; from the muckraking of Ida Tarbell to today’s more standardized and even-handed investigative journalism. Now, we find ourselves at another ink crossroads. The demanded format of journalism is certainly changing—from print to web. With that change comes concerns that the content will change as



well, from what is widely considered a powerful and effective free and independent press of high quality to something less—less thorough, more biased or more fleeting. Whatever the outcome of the sea change we are experiencing, change has not come easily to traditional publishers. Newspapers have seen circulation and advertising revenue drop dramatically, resulting in higher newsstand prices and decreased solubility. In early 2009, these pressures came to a head as regional and national papers shuttered themselves or filed for bankruptcy protection one after another, leaving some calling for a bailout to save the industry and others decreeing that the time had come to move on to a new medium.

Steadily decreasing revenues and circulation

Fewer and fewer copies of newspapers have been selling since the early 1990s, with that trend accelerating as of late. Of the 25 top selling newspapers in the country, only the Wall Street Journal's circulation increased in the past year (the increase was small—0.61%). USA Today (America's most widely read paper) sold 7.46% fewer papers in the same period, The New York Times was down 3.55%, the L.A. Times 6.55% and the Washington Post shed 1.16% of its readers.

On top of less newsstand and subscription revenue, fewer readers and other factors meant lower ad revenues. For example, The New England Media Group, which includes *The Boston Globe*, boston.com, and a local Massachusetts paper saw its advertising revenues drop 35% from 2000—from \$494 million to \$319 million.

Decreasing readership and falling ad revenues meant a \$74 million loss for The New York Times Company in just the first three months of 2009—and led to dire circumstances for a number of other papers.

Bankruptcies, Layoffs & Closures

Late 2008 and Spring 2009 was a watershed time for traditional print media, with little good news. In March, it was announced that the *Seattle Post-Intelligencer* would go online only, making it the largest newspaper to toss aside the reams of gray paper. The *Rocky Mountain News*, the *Baltimore Examiner* and the *San Francisco Chronicle* also announced they were folding. The Tribune Company of the *Chicago Tribune* and *The Baltimore Sun* filed bankruptcy.

At the same time, The New York Times Company put *The Boston Globe* up for sale after cutting the bulk of its employees' wages 23% to help trim \$20 million from the paper's budget (on top of already completed budget cutting). The *Globe's* circulation fell 14% in the previous year and lost \$50 million. The prominent New England paper is projected to lose \$85 million this year.

Increasing Reader Age

As might be expected, the average age of people buying newspa-



pers at the news kiosk or through subscription is rising. The average reader of the *Chicago Tribune's* Sunday edition is 3.7 years older than in 2004—a trend that holds true across most publications and traditional media forms, including television. Well one may think age would not matter as long as papers are selling, the readers' average age is very important to advertisers who want to make new, lifelong customers out of young people. The increasing age of readers offers advertisers, who largely bankroll America's press, leverage to demand lower rates or the freedom to go some place where their message can be in front of younger corneas, further compounding traditional newspapers' money woes.

The Internet and Newspapers Downfall

Most trace newspapers' current woes to the World Wide Web, and for good reason. Thirty-seven percent of people said they read online news three or more times a week in 2008, up from just 2% in 1995; 13% of adults get their news almost exclusively from the web. Of course, traditional print has evolved Internet arms, but has been largely beaten by other news information sources on the web. Yahoo, BBC and CNN take up the top five of the Alexa News rankings by number of web visits; there are only two traditional newspapers websites in the top 15. Online-only startups like The Huffington Post (rank #21) are quickly gaining on traditional media websites and lack the debt and expenses of the big newspapers.

Even if traditional media did very well on the Internet, online new is not equivalent to old-fashioned newspapers, in terms of revenue—both subscriptions and from advertisements. Online content has been, in large part, free. What you would pay \$6 to read in a Sunday *New York Times* is available, in full, at nytimes.com. A number of outlets are now considering introducing or re-introducing online content fees, but many feel that doing so would drive more readers away, to remaining free sources, further undermining the companies. Advertisements on the web also do not capture the same revenue as print advertisements do. Simply put, many argue a web-only newspaper cannot sustain the necessary revenue to provide the same quality of reporting, opinion, and investigation that a traditional paper can. Others disagree, saying newspapers will adapt and the folding of the traditional version will push web-advertising rates up.

The web is the greatest challenge faced by newspapers. It has cheapened information to a point that most feel entitled to receiving it without pay. Still, online startups insist that they are blazing a trail that will make quality news viable through the Internet only. It can be fairly said that the traditional companies who can adapt to the new rules brought by the internet may survive, and the others will not: the internet



is not going away.

Recent Developments

The spate of newspaper upheavals brought the issue to fever pitch in early 2009—the same time the nation was discussing financial and auto bailouts. As referenced previously, several newspapers went into bankruptcy or shut their doors, *The Boston Globe* faced huge pay cuts and was put up for sale and advertising revenue continued to plummet.

Tax Breaks for Newspapers

The close of *Seattle Post-Intelligencer's* print operation, a regional landmark in business since the Civil War, left the Pacific Northwest lamenting the future of journalism and the loss of a second reputable journalistic voice (Seattle has another major paper, *The Seattle Times*). This, coupled with a bleak outlook in general for newspapers prompted Washington governor Chris Gregoire to sign a law allowing all newspapers a 40% tax break. The governor argued that more so than other businesses, the public has a great interest in having strong newspapers: “This was to send a message that we have to have a transparent democracy and informed public...” Washington is thus far the only state to offer significant legislation to aid newspapers, but many are paying close attention to see if other states follow Washington’s lead.

Congressional Action

Legislation has been proposed and hearings have taken place, but Congress has not produced substantive action to aid newspapers to date.

Senator Kerry Holds Hearings

Shortly after news broke that Senator Kerry’s (D-MA) home state paper, *The Boston Globe*, was considering being dumped by its owner the Senator, chair of the Senate Commerce Subcommittee of Communications, Technology, and the Internet, announced a hearing would be held on the future of journalism. “America’s newspapers are struggling to survive and while there will be serious consequences in terms of the lives and financial security of the employees involved, including hundreds at the Globe, there will also be serious consequences for our democracy where diversity of opinion and strong debate are paramount,” the Senator wrote in a statement regarding the hearings.

The hearing included witnesses representing old and new media, such as Steve Coll of *The Washington Post* and Arianna Huffington of the internet newspaper *The Huffington Post*. And while there was considerable discussion of the plight of traditional print media, there was also a sense that we will not be able to revitalize newspapers as they



were. Senator John D. Rockefeller (D-WV) reflected this sentiment in his opening statement, “For centuries, journalism has been a pillar of our democracy and a watchdog the public relies on... [b]ut what happens when our watchdog grows mute and can no longer bark? ... What happens is that we all suffer,” he paints a bleak picture of traditional newspapers current situation and goes on to say that, “From these facts we can infer that the newsgathering model that served us so well in the past is now in trouble. The future of journalism is digital.”

No follow up hearings have yet been held and no action was taken as a result of the hearing.

The Newspaper Revitalization Act

Senator Ben Cardin (D-MD) introduced Senate File 673 on March 24, 2009, The Newspaper Revitalization Act of 2009. The thrust of the bill is to allow newspapers to easily convert to 501(c)(3) non-profit status. It would amend the Internal Revenue Code of 1986 to treat newspapers similar to how churches, schools, foundations, and public broadcasting organizations are treated under the tax laws. Steve Coll, the former managing editor at *The Washington Post* said he likes and supports the idea, but says “very few [newspapers] can be expected to make [the] transition to nonprofit strategies.” No major action has been taken on the legislation.

FOCUS OF THE DEBATE

Conservative View

Free market conservatives, while perhaps nostalgic about the decline of centuries old newspapers, are far more likely to attribute newspapers current troubles to a failure to innovate and give consumers what they want. In this view, it is proper that newspapers suffer or even go out of business as new alternatives (in this case, mostly those online) absorb market share. To bailout newspapers would be to temporarily buoy an outdated industry that will almost certainly need constant and future bailouts or will go under as soon as government life support is pulled. Conservatives also argue that a free media propped up by government money is not a free media at all.

Perhaps ironically, this is similar to the view of many young people who do not have the same heartfelt memories of newspapers as older generations do. Many of America’s teens and young adults never were consistent newspapers readers, growing up instead with the information rife internet, and see no need for the printed editions any longer.

Liberal View

Liberals counter the conservative, capitalistic argument that internet innovations have “beat” traditional news sources, arguing that the highest quality web content would not be possible without the news



gathering operations of traditional news sources—that most of the web is reposting and discussing the work for free that is done by traditional media at great cost. If traditional media is to fold, the quality of the press will be adversely affected. Liberals rely on America’s history of a strong, independent press—indeed, the power of the press is the mark of any true liberal democracy. The public has a strong interest in maintaining this powerful set of eyes watching for corruption in government in business.

Liberals, more often than conservatives, also emphasize the job losses associated with the fall of print journalism. Publisher closures have and will likely continue to leave hundreds or thousands of people unemployed in the wake of each individual shutdown—something no family wants to face and that the country, in its financial crisis, cannot afford. Conservatives counter that newspapers employ only 0.2% of the nation’s workers.

Presidential View

President Obama shares liberals’ concerns about the future of independent journalism and about the individuals affected by the industry’s decline; however, the White House does not seem overly concerned or empowered to help the companies. Robert Gibbs, the White House Press Secretary, spoke on the President’s behalf, “Obviously the President believes there has to be a strong free press. I think there is a certain sadness when you see cities losing their newspapers or regions of the country losing their newspapers. So its certainly of concern. I don’t know what, in all honesty, government can do about it.” Aside from that, the White House has said little about newspapers’ future or its role in helping save them.

Interest Group Perspectives

The CATO Institute

The CATO Institute has not issued a specific brief on newspapers bailouts, but it can be reasonably assumed that CATO would be strongly against them due to their past opposition to bailout, their general philosophy of limited government, and their past criticisms of the print media. Steve Boriss, of CATO, in 2008 lambasted the traditional medias alleged biased and welcomed the internet’s ability to broadcast a wider range of perspectives.

The Heritage Foundation

Heritage came out strongly against Senator Cardin’s plan to allow newspapers to transition to non-profit status. “Imperiled telegraph and horse-and-buggy operators would have appreciated a hand from Ben Cardin,” writes Heritage’s Ken McIntyre, “For 220 years, the Constitution has guaranteed Americans a free press. It doesn’t have to be in print to stand watch against threats to liberty.” Heritage is squarely in the conservative camp on this issue, though McIntyre



admitted nostalgia for the papers—he was a reporter for many years—he does not see the trend turning back towards paper copies, and argues the government has no business influencing the tide in that direction.

POSSIBLE SOLUTIONS

Bailout Newspapers

In an effort to save newspapers and the public good provided by them, Congress could choose to provide financial support to struggling newspapers. This money could help newspapers through the current tough economy and allow them to invest in innovations designed to get the publications up-to-date with consumers preferences and the changed media landscape. This may take the form of cash grants (that do not have to be repaid), loans, tax breaks (as in Washington state), or debt reduction.

Status Quo

Pass a resolution expressing Congress' support of a strong, free and independent media, but noting that there is no place or way for the government to help, or that newspapers have the responsibility to survive or fail on their own merits—like any other company in a capitalist society.

Support print-to-digital media transition

Create a government office and perhaps give funding to aid companies in transitioning from print production to digital production. Similar to the White Houses' auto task force, such a council could consult with media companies about how to best make the switch.

Allow newspapers to convert to non-profit status

Follow Senator Cardin's lead and pass legislation that would allow newspapers to quickly and easily convert into non-profits, which would mean paying less taxes and allowing for a leaner business model. Support these efforts, if you wish, with government advisors most able to help newspaper companies convert.

QUESTIONS A BILL SHOULD ADDRESS

First, you must weigh the arguments for and against providing government support to the newspaper industry. Does the government have any role getting involved in this private sector industry? Does government involvement undermine freedom of the press? Why should the government stop or slow the natural course of capitalism? Alternatively, what are the consequences of letting newspapers go under? What will happen to the nature of our democracy with out them—will we lack the strong press required for a democracy? If you decide to give some sort of aid, what will it be? You may decide to offer money, loans, government advisers, tax breaks, or some combination thereof. No matter what your decision, remember to consider how you will explain and argue it to the public and, perhaps more im-



portantly, your constituents.

SUMMARY

No matter your position on government bailouts or the current state of the print media, you would be hard pressed to find in government any elected representative who does not strongly support the idea of a strong free press. While weighing the arguments for and against aid to newspaper companies, keep this in mind as your ultimate goal. Regardless of form, democracies necessarily must have a free press. Will the decisions you make support that goal? After Congress has discussed the issue and made a decision, will America still be the beneficiary of detailed reporting and a sharp media eye? The answers to those questions hold significant implications for the future of the republic.

GLOSSARY

bailout – a grant or loan by the government to a private company

free press – a group of media professional free from government control or influence

private sector – those businesses and organizations not supported by public money

revenue – the amount of money brought in by a company (not profit, which subtracts expenses)

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