

# The Newspaper Crisis



## POLICY RESEARCH INSTITUTE FOR THE REGION

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# The Newspaper Crisis

May 1, 2009

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*This Executive Summary of the proceedings offers an overview of the symposium.  
A recording of the conference may be viewed in its entirety at PRIOR's website  
[www.princeton.edu/prior](http://www.princeton.edu/prior).*

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The Policy Research Institute for the Region was established by Princeton University and the Woodrow Wilson School of Public and International Affairs to bring the resources of the University community to bear on solving the increasingly interdependent public policy challenges facing New Jersey, metropolitan New York, and southeastern Pennsylvania.

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# The Newspaper Crisis

May 1, 2009

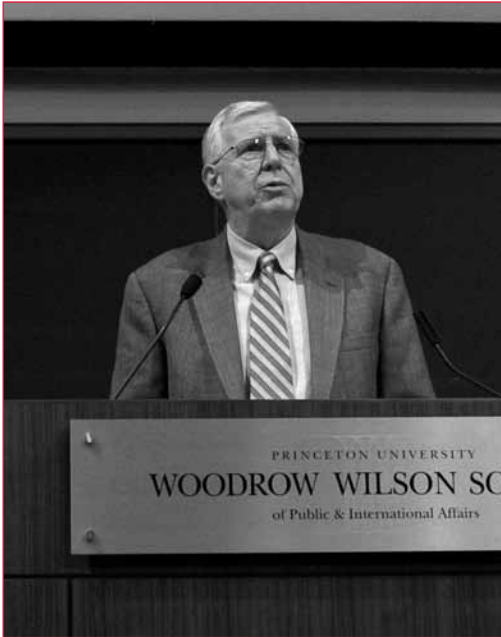
## Introduction

Newspapers form Americans' primary source of global, national, and local news. We rely on them for the information that democracy needs to function. But today, newspapers across the country, including in the New York --New Jersey -- Pennsylvania region, are in crisis. Declining circulation and advertising revenue have led to staff cuts, less content, and even bankruptcy, putting in question the ability of the newspaper industry to continue providing vital information to the public.

To address this problem, the Policy Research Institute for the Region (PRIOR) of the Woodrow Wilson School of Public and International Affairs at Princeton University convened a conference on "The Newspaper Crisis" on May 1, 2009. Bringing together leading journalists, editors, and media scholars from the region and the country, the conference analyzed the challenges facing the newspaper industry, the crisis' impact on government and democracy, and possible solutions.

PRIOR Director Richard Keevey set the tone of the day with some grim introductory remarks. Just in the region, he noted, the New York Times has closed its Trenton bureau; the Star-Ledger has bought out most of its senior staff; Gannett papers went from six reporters covering the New Jersey Statehouse to two; and Philadelphia Newspapers, which owns the Inquirer and the Daily News is in bankruptcy. Nationally, newspapers are cutting back across the board, and there are more and more cities left without any local paper.

The Internet is responsible for many, though not all, of the industry's present difficulties, Mr. Keevey noted. As information and advertising revenue shift online, newspapers have found their traditional business model unsustainable. Yet Internet news sources have not matched the depth, reliability, and investigative reach of traditional newspapers.



*PRIOR Director Richard F. Keevey*

Mr. Keevey pointed out that online news sites do not perform the investigative reporting that produces in-depth series like the Washington Post articles on Walter Reed Army Hospital, the Philadelphia Inquirer investigation of now-convicted State Senator Vince Fumo's nonprofit organization, Citizens' Alliance, and a recent New York Times series investigating New York State's Workers' Compensation Board. He asked, "Who will perform the monitoring and investigative reporting that has traditionally been provided by newspapers? Since about 85% of the news that people presently get is initiated by newspapers, what happens as they disappear?"

How news organizations can adapt to technological changes without reducing the quality of the news was the key challenge before the conference speakers.

## KEYNOTE ADDRESS

### Goodbye to the Age of Newspapers: (Hello to a New Era of Corruption)

#### Paul Starr

*Stuart Professor of Communications and Public Affairs in the Woodrow Wilson School & Professor of Sociology and Public Affairs, Princeton University*

Professor Starr began his remarks with the story of the Sherlock Holmes character Neville St. Clair, a journalist in London who disappears while writing a story about beggars in the city. It turned out, the great detective discovers, that Mr. St. Clair was not the victim of foul play, but rather had found that he could earn more begging in the street than as a journalist. The story may, Professor Starr warned, be more prophetic for today's journalists than we would like. "Journalism produces a public good," Professor Starr noted, "And we may be forced to pay for it in new ways."

The traditional newspaper business model of subscriptions and advertising has failed, Professor Starr explained. There has been a sharp decline in newspaper circulation, especially amongst young people, and many advertising dollars that once went to newspapers or classified ads are instead going to Google or Craigslist. The de facto monopolies that newspapers once enjoyed over their cities—if you wanted to get the word out, you had to take out an ad in the local paper—have been uprooted by the Internet. For Professor Starr, the result is that "Many newspapers are already a shadow of what they once were."

New Jersey may be particularly affected, according to Professor Starr, because its two major media markets (New York and Philadelphia) are actually located outside the state. As papers in these cities cut back, New Jersey news may be first on the chopping block.

How should we respond? Professor Starr noted that some "Internet triumphalists" celebrate the decline of the print newspaper, arguing that everything that can be done on paper can be done online, and indeed can be done better. Such critics "fail to consider the immediate realities and the full consequences of what is happening now of this crisis in professional journalism," Professor Starr argued. Newspapers are the chief engine of original reporting, and there is no sign that Internet sources are filling the void the shrinking of the newspaper industry has left. This trend is particularly pronounced at the state and local levels. It is newspapers, Professor Starr argued, that put "journalistic boots on the ground," not websites.

The decline of newspapers also has real consequences for democracy and politics.



*Professor Paul Starr noted that print newspapers are the chief engine of original reporting, and there is no sign that Internet sources are filling in the void the shrinking of the newspaper industry has left. This trend is particularly pronounced at the state and local levels.*

Professor Starr cited research by some of his Princeton colleagues who found that the best predictor of a country's corruption level was not its level of development or the nature of its political institutions, but rather the number of free newspapers in circulation. "Without an independent press capable of holding local and state government accountable, the basic project of a federal democracy is in jeopardy," he argued. "The Internet is undermining the ability of the press to cross-subsidize the production of a public good, public service journalism, out of the profits that it has long enjoyed as the intermediary in local markets," that is, with advertising revenue.

Professor Starr stressed that he was not arguing that there is some inherent problem with online journalism. The New York Times website, for example, is a wonderful resource of high-quality information. Indeed, in some ways the online format can be superior to print, with its potential for linking, interactivity, and continuous updates. The problem, instead, is that "there isn't much real journalism that is being financed and developed online." In other words, the newspaper business has yet to find a way to finance itself on the Internet.

Professor Starr decomposed the challenge into three distinct problems. First, there is the production of professionally reported news. "While the Internet unquestionably offers a diversity of opinion, and access to new sources, it is not sustaining general interest professional journalism at its previous level," he argued. Instead, niche markets are being served, creating a potential division between informational haves and have-nots.

The second problem is the "creation of an engaged public." Even if people only read newspapers for sports scores or crossword

puzzles, they were inevitably exposed to a bit of news too. Online, in contrast, people can seek exactly what they want without inadvertently learning what is happening in the world. Professor Starr concluded that in the current media environment the future of our democracy will depend on whether or not we can find a way to address the increasing gap between the small minority who take an intense interest in public life and the considerably larger number who drop out of the public sphere all together.

This, in turn, relates to the third problem, ensuring effective political accountability. "The ability of the news media to serve as a check on government doesn't just depend on laws protecting free speech. It depends also on the economic strength, the reach of the press. Powerful interests can intimidate financially weak organizations through lawsuits and other means."

Professor Starr questioned the value of automated news sites that aggregate material without editors or reporters of their own. He stated emphatically, "I'm afraid I don't see the positive contribution of sites that scrape material off the Internet, indiscriminately mixing press releases and genuine reporting without any standards of significance or trustworthiness. At best this is irrelevant to the problem of sustaining independent journalism, civic engagement and political accountability, at worst by skimming off some of the profits, automated news sites aggravate the financial problems of the press."

Professor Starr's talk elicited a number of questions. One audience member asked if radio reporting and TV news might fill some of the gap the decline of newspapers was creating. Professor Starr responded that

the overwhelming majority of original stories come from newspapers. Broadcasters, in turn, generally pick stories from the print media. Moreover, they too are suffering from changing technology, and so Professor Starr cast doubt on the idea that TV- or radio-based news organizations would be able to invest more time in investigations. Perhaps the biggest change wrought by the Internet, Professor Starr suggested, will be the merging of various media. Broadcast stations' Internet sites now offer text articles, and newspaper sites include audio and video content.

Another audience member asked what the impact of declining newspapers would be on elections. Professor Starr worried that the turnout would be lower, and that the public would be less informed about the issues. He cited a study of the city of Cincinnati that measured civic engagement before and after the closing of the Cincinnati Post, and found a sharp decline.

Several questions focused on possible responses. Professor Starr doubted that the United States would ever subsidize the media publicly, as is done in France or Britain, "there are just too many bailouts as it is," he noted. He also doubted that online sites like that of the New York Times will be able to successfully charge for news, given that they now give it out for free. Broadcasters like television and radio give out content for free, Professor Starr noted, so people may not agree to pay for something they can get free elsewhere.

## Panel I:

### The Newspaper Crisis in the Region

Moderator: Richard Keevey

*Director, Policy Research Institute for the Region*

The first panel focused on the newspaper crisis within New York, New Jersey, and Pennsylvania.

### Charles Layton

*Senior Writer for the American Journalism Review; former editor, Philadelphia Inquirer*

Mr. Layton began his talk by reporting the findings of several studies conducted by the American Journalism Review. Looking at all 50 states in 1998, Mr. Layton and his colleagues found that there were only 513 newspaper reporters covering state government full-time. In many of the states, the number of reporters was only about half of what it had been in the 1980s. The reporters were also younger and less experienced than



*Charles Layton reported the findings of the American Journalism Review that not only has there been a 31 percent decline nationally in the number of journalists covering state and local governments, but many papers are combining their news bureaus in order to save expenses.*

before, and their stories received less space. Similar trends had unfolded in television and radio, the study found.

Lamentably, the most recent study, conducted in 2009, shows even more decline. There are now only 355 full-time newspaper reporters in state capitals, a 31 percent decrease over the last decade. Within the region, Pennsylvania went from 20 to 13 reporters, and New Jersey went from 32 to 15. Delaware has the perverse distinction of having only one full time reporter covering state government.

Moreover, papers are increasingly combining their bureaus to save on expenses, Mr. Layton noted. This may adversely affect reporting because “competition is important to keeping journalists energized and sharp.” The American Bergen papers, which had the two largest bureaus in Trenton, have combined and will now be cooperating, Mr. Layton noted.

All of these cuts have come at a time when “the importance of state government and its size and its complexity have increased substantially.” One indicator of this trend is the increase in the number of lobbyists. In the 1960s lobbyists were few and far between in state capitals. But in 1990 an AP survey identified an average of 850 in each state capital, or 120 lobbyists for every reporter.

The result is a lack of information about subjects of public concern. Mr. Layton told the story of a state representative from North Carolina who was told not to worry about voting against the interests of her constituents on certain bills because, the party leadership told her, “You can vote any way you want to up here ... the folks back home will never know.” Sadly, this may be true. “Newspapers

just are not on top of it,” Mr. Layton warned. “We Americans are not getting the information we need to function as a self-governing people.”

## Richard A. Lee

*Director of Communications, Hall Institute of Public Policy*

Mr. Lee discussed two papers he had written: an overview of how news organizations in New Jersey have been affected by cutbacks and consolidations, and a study of local news coverage in the Trenton Times.

On the first subject, Mr. Lee applied a theory known as the “Propaganda Model” to New Jersey media. The Propaganda Model suggests that news passes through a series of filters before it reaches the public, with each filter potentially distorting the information. The first filter Mr. Lee identified was the consolidation of news organizations. In 1970 New Jersey had 33 papers, mostly independently owned. Today there are only 18 dailies, 12 of which are owned by just two chains, Gannett and Advance. This consolidation creates the danger of homogenization, Mr. Lee argued.



*Richard Lee discussed the Propaganda Model, and how the filters of consolidation of news organizations, slowing advertising revenue, and the symbiotic relationship between government and the media have the potential to distort news before it reaches the public.*

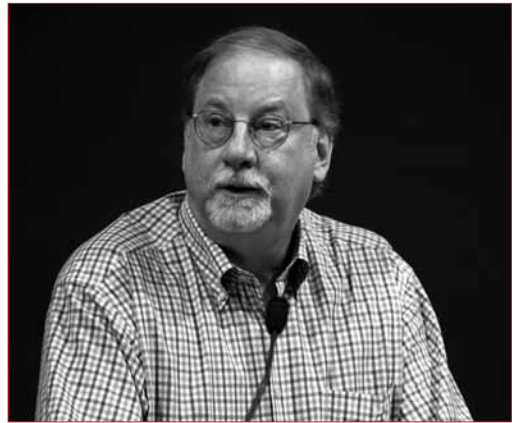
Second, Mr. Lee argued that in order to remain financially viable, newspapers must attract advertisers, who prefer affluent readers. This need for profitable readers tends to slant news toward a higher socio-economic sector of the population.

The third filter Mr. Lee identified was a “symbiotic relationship” between government and the media. News organizations need stories, and politicians need outlets for their arguments. Sometimes this relationship becomes too close, to the detriment of readers and citizens. While it is obviously important for papers to cover government, Mr. Lee argued, they run the risk of becoming overly familiar with their subjects when the journalistic-political world shrinks too much.

Next Mr. Lee reported the results of his close analysis of the coverage of local news in the Trenton Times before and after a period of buyouts and consolidation in spring 2006. Perhaps surprisingly, the number of local stories was about the same in both periods, as was the percentage of stories written by Trenton Times staffers. Mr. Lee also found little difference in the quality of the articles in both time periods. In other words, it looked like the Trenton Times was able to continue to offer the same quality of journalism after a process of consolidation, a finding that provided a ray of optimism in the conference. While there may indeed be a crisis in the business side of journalism, the journalism itself may manage to survive.

### **Jim Willse** *Editor, Star Ledger*

Mr. Willse recounted the experience of the New Jersey paper the Star Ledger under his tenure as editor. When he arrived in



*Jim Willse noted that the worsening economy and migration of content to the Internet has severely affected the Star-Ledger's advertising revenue and circulation, forcing the paper to cut back almost 40 percent of its staff and therefore, its ability to provide public service journalism.*

that position, the paper was, in his words, successful but un-ambitious journalistically. Mr. Willse attempted to refashion the paper along the lines of the country's best regional papers and hired 60 new journalists. This effort paid off in rewards and recognition, not to mention a steady uptick in circulation. “We felt some measure of pride to be able to say, “Hey look- good journalism really is good business.”

“Then,” as Mr. Willse put it, “the plague hit with a ferocity that none of us could have imagined.” Over the past two years the paper's advertising revenue has decreased 50 percent as a result of the worsening economy and the migration of content to the Internet. The impacts have been severe. Circulation has shrunk from 400,000 to 300,000. The paper bought out some 40 percent of its staff, 150 journalists. Portfolios like environment, healthcare, and science were eliminated, as was the Washington Bureau. The Trenton office shrunk from 12 to seven.

All of these painful cuts impede the ability of the paper to provide public service journalism, Mr. Willse stated. For example, investigative reporting requires papers to sort through

public records and request access to certain government records, occasionally in court, a time-consuming and expensive process that will now have to be pushed aside. Willse stated that “It may not be as true as we would like it to be that daily newspapers are a hedge against corruption, but it’s true enough.” He said that good investigative reporting led to stories about racial profiling, corruption in government, mismanagement at the University Hospital, and other important issues that may not be covered in the future due to the reduced number of reporters. With fewer staff journalists, the paper also found itself relying on outside sources like Global Post and ProPublica for stories, Mr. Willse reported.

Going forward, several things will have to be done for the paper to continue providing quality information to the public. First, newspapers need to get out of the manufacturing and distribution business, which Mr. Willse cited as consuming 50 percent of the costs of the business. Second, the physical size of the paper should shrink from the broadsheet to something more compact. Third, the frequency of publication should be reduced from seven days a week to three or four. Fourth, newsrooms need to be streamlined, with fewer people processing copy and more generating stories. Willse asserted that the new model should concentrate on journalism that matters; shining light in dark places; and good writing.

## Wendy Warren

*Editor and Vice President, Philly.com*

Ms. Warren brought the perspective of a former print journalist now working as the editor of a news website. She sought to expand the discussion beyond what she termed the “print mindset” to “start thinking



*Philly.com's Wendy Warren noted that most online content—particularly the good content—comes from print sources, so online news agencies are just as threatened by the newspaper crisis as newspapers themselves.*

about how information is shared with citizens, what they do with it, and particularly where it comes from.”

Most online content, Ms. Warren stressed, and particularly the good content, comes from print sources. In this way, online news agencies are just as threatened by the newspaper crisis as newspapers themselves. The fundamental problem, Ms. Warren argued, citing a Merrill Lynch analyst, is that supply of news outstrips demand. There are too many information providers and too few customers to make the traditional business model work.

Ms. Warren then cited a successful partnership she had been engaged in to cover the 2007 Philadelphia mayoral race. The Daily News teamed up with the local public radio and television station and a good government advocacy group to provide information about the election online, with financial support from a local foundation. The Internet-based format was “beautiful,” Ms. Warren said.

“Users could come to it whenever they wanted it. They didn’t have to hope that the good story about the election

was in the Tuesday newspaper. If they missed it, it was sitting right there for them. We could break up traditional news stories into smaller pieces that they could understand. We could allow them to interact with the information in a totally different way. They could ask us questions. They could comment. They could do online polls. It was an eye-opening experience.”

What was perhaps most interesting about the site was the sharp uptick in usage that occurred just before the election. Perhaps news organizations should not attempt to give readers information according to the organization’s schedule (e.g. daily) but rather when readers want it (e.g. when they need to make a decision for whom to vote), Ms. Warren speculated.

## Q & A Session

Mr. Keevey began the question period by asking the panelists to follow up on the point Charles Layton made about the rise of lobbyists. Mr. Layton noted that there is now good information available about lobbying and campaign contributions, but it requires a lot of time to sort through it. Journalists may not have the time to do so, meaning citizens might have to find other ways to learn about the influence of various interest groups. Ms. Warren noted that the web provides a perfect, searchable format for such information.

One audience member pressed the panelists to be more specific about who was responsible for the decline of the newspaper industry. Had newspaper managers, used to high profit margins, made bad business decisions for which they were now paying? Richard Lee responded that while there

had certainly been mistakes, it was still the fundamental technological shifts that were most to blame. Wendy Warren noted that newspapers had not been very proactive in seizing new technology as an opportunity they could profit from, citing Bloomberg and Google as two companies that have made fortunes by distributing news and information in non-traditional ways.

Another question focused on the fate of wire services and international news coverage. The panel noted that the AP, which is owned by a cooperative of newspapers, is in an extremely difficult situation because it is “constantly trying to figure out how to, in effect, serve the ownership in a world where the ownership is severely troubled.” As for international coverage, Jim Willse noted that a new service called Global Post was a collective of some 70 correspondents providing content to newspapers at reasonable rates.

One audience member, noting that Mr. Willse had said that part of the solution to his financial crisis was hiring young reporters who were willing to work for very little, wanted to know more about the economics of retaining journalistic talent. Mr. Willse agreed that this practice was not a long-term solution, and said his goal was “not to indulge in child exploitation with the young reporters,” but to find a business model that works. The questioner also pointed out that online content is only available to those with access to a computer, and so risks creating a digital divide in news readership. Ms. Warren agreed with this latter point, but noted that the digital divide is increasingly small.

## Panel II:

### Responding to the Crisis: National Models

#### Moderator: Paul Starr

*Stuart Professor of Communications and Public Affairs in the Woodrow Wilson School, Professor of Sociology and Public Affairs*

The second panel, moderated by Professor Starr, looked outside the region at some alternative forms of journalism, especially the roles of online news, non-profit business structures, and philanthropy.

#### Stephen Engelberg

*Managing Editor, ProPublica*

Mr. Engelberg introduced the audience to the unique news organization he edits, ProPublica. In 2007 Herb and Marianne Sandler decided that the decline in newspaper resources, especially for investigative journalism, was something that could be addressed with philanthropy. They thus gave ProPublica \$10 million per year to carry out investigative journalism in the public service. ProPublica distributes its stories through its own website, and also in partnership with other news organizations, including papers that reprint the stories.

An advantage of this enviable situation, Mr. Engelberg noted, was that ProPublica could focus on the impact of its stories as the principle measure of success. Page-views, unique visitors, prestigious prizes, and other metrics are of course good things, but the goal, as Mr. Engelberg put it, was to create “an organization that would do stories that made a difference.”



*Stephen Engelberg of ProPublica discussed the unique nature of his organization, which receives a philanthropic donation to carry out investigative journalism in the public service, distributes its stories through its own website, and also partners with other news organizations to distribute and reprint stories.*

Because philanthropy of this scale may not be sustainable in the long-term, ProPublica is part of a group of concerned individuals looking at different business models. Hybrid organizations, in which part of the funding comes from philanthropy and another part from traditional business revenues like subscriptions and advertising, seem most promising.

Mr. Engelberg affirmed that, ultimately, a way will be found for online readers to pay some contribution to the cost of producing news. He noted that the Wall Street Journal has proven able to charge online readers. While some attribute this success to the Journal's unique niche in the industry, Mr. Engelberg reported that the people he spoke with at the Journal believed their ability to charge was not as unique as is commonly believed. Moreover, Mr. Engelberg cited the example of Consumer Reports, which has also built a successful business model charging for online content. These examples provide hope that news organizations will be able to continue to derive at least some revenue from non-philanthropic sources even in a digital world.

## Charles Firestone

*Executive Director, Communications and Society Program, Aspen Institute*

Mr. Firestone began his remarks by putting the current, Internet-induced changes in historical perspective. He noted that newspapers have survived the advent of radio, television, and cable television. To be sure, each new technology caused certain disruptions and changes, some good and some bad, but news has persisted throughout all of these.

Mr. Firestone then questioned the idea that a news organization should do the whole job of gathering and disseminating the news. Instead, we should think about a “pixelized” world of journalism in which different kinds of organizations handle different aspects of the process.

What tasks would need to be performed? Mr. Firestone identified fact-finding as the “real essence” of reporting, and what journalists do best. This is followed by verification and authentication, which may not need to be done by news organizations, Mr. Firestone argued, citing the erroneous Dan Rather story concerning President Bush’s National Guard service on 60 Minutes. Because the Internet provides a quick way to research and challenge factual errors, verification can be, in a sense, outsourced to the public. Contextualization is another key task, as is analysis. Again, the Internet may help with these functions by providing extensive background information, as on Wikipedia, or giving people a chance to expound on stories, as blogs do. Editing and filtering are also easier on the Internet, where search is possible, as is aggregation.



*Mr. Firestone put the current Internet-induced changes to the newspaper industry in a historical perspective, noting that newspapers have survived the advent of radio, television, and cable television and while each new technology caused certain disruptions and changes, the newspaper has persisted.*

Once journalism is divided into these various tasks, it is easy to see, Mr. Firestone argued, that newspapers are essentially intermediaries between fact-finding and readers. It may be possible to find new ways to divide these tasks so that the entire process of journalism becomes financially viable in the Internet age. Philanthropic gifts may be important, Mr. Firestone acknowledged, but worried that the model may not necessarily be replicable.

## Joel Kramer

*CEO and Editor, MinnPost.com*

Mr. Kramer is the editor of MinnPost.com, a Twin Cities-based online news organization that relies on a mix of foundation support, individual donations, and advertising revenue. This innovative structure has made MinnPost.com a closely watched experiment, a possible prototype for future news organizations.

In Minneapolis-St. Paul there are two newspapers, one in bankruptcy, and one almost in bankruptcy, Mr. Kramer reported. MinnPost.com publishes only



*Joel Kramer outlined the positives and negatives of being a solely online news organization that reflects a “news-intensive” readership and public affairs journalism.*

online, five days a week. They were the only organization, Mr. Kramer believes, to have actually opened a Washington bureau in 2009, a move that reflects MinnPost.com’s commitment to a “news-intensive” readership—which Mr. Kramer estimates to form one sixth of the population—and public affairs journalism.

MinnPost.com spends about \$1.2 million per year, of which a quarter comes from advertising, 35 percent from membership and fundraising, and about 40 percent from foundations. By 2012, MinnPost.com aims to eliminate the need for foundation support in order to become more financially sustainable. This small budget means that MinnPost.com is unable to pay its journalists at the wage levels of metro newspapers. Mr. Kramer noted that many of his journalists had severance packages from the other papers, or were young and willing to work for nonprofit-style salaries. It is “just a sad fact,” Mr. Kramer lamented, that “we can’t really have people who need to support a family working for us.”

How viable is the model? Mr. Kramer noted

that MinnPost.com already has 1400 donors, even though the content they provide is free, likening the arrangement to public radio. More problematic for Mr. Kramer was the advertising side of the equation. He argued that “the Internet has undermined the relationship between advertising and content” by making it less effective to sell advertising in proximity to content. It has also shifted the balance of power from the publisher to the advertiser, because on the Internet everyone is a potential publisher.

## Dunstan McNichol

*Former reporter, Star Ledger*

Mr. McNichol shared his thoughts on a possible future model for a news organization. “It’s a premise that starts from one simple idea,” he said,

“I think that news in and of itself has value...if you can link up the target audience that will benefit from knowing that information with the information that your reporting staff can generate, you’ve got a model for being able to take subscription revenue.”

This model, he noted, has been exploited successfully by Bloomberg, which provides important information to a targeted audience. The news aspect of Bloomberg is not profitable itself, but is instead supported by the specialized information service.

The news organization Mr. McNichol envisions would operate similarly, selling information about developments at, for example, the New Jersey Statehouse, to interested lobby groups, and also providing a more general news service. First, there would



*"I think that news in and of itself has value...if you can link up the target audience that will benefit themselves from knowing that information with the information that your reporting staff can generate, you've got a model for being able to take subscription revenue."  
Dunstan McNichol, former reporter, Star Ledger.*

be a traditional news website that covers general news, what used to appear in local papers.

Second, there would be a subscription service that included detailed information on bills before the legislature, the lobbyists working on them, etc. All

this information is freely available in printed reports, Mr. McNichol noted, but is only really useful when organized online. Third, the news organization could sell local stories of broader interest to news organizations elsewhere, like a wire service. Fourth, the organization would identify certain market groups—e.g. industries potentially subject to regulation—that would pay for premium information.

## Q & A

The first questioner asked about the role of government in saving or restructuring the newspaper industry, which elicited differing responses on the panel. Mr. Engelberg argued that “the ability implicitly and explicitly of our Congress and political leadership to pressure newspapers, journalists and so on, it makes it not worth it.” Mr. Kramer disagreed, noting that public broadcasters,

which do receive public support, have managed to remain fairly independent. He also, however, doubted that any money for newspapers would be forthcoming.

Another question invited the panelists to comment on the point made in the previous panel that supply for journalism had outstripped demand. Mr. Kramer argued that while there is certainly repetition in the world of journalism, and every Washington press conference may not need 50 reporters, a reduction in the supply of journalism would likely be bad for democracy. Mr. Firestone questioned whether demand was really so weak, citing a study that estimated that some \$13.3 billion will be spent on local advertising over the coming year.

Mr. Engelberg noted that while news sources often pick up each other’s stories, the actual production of different news items was quite small. Citing the CIA waterboarding story that ABC News broke, he noted that while the story was made available across all media, it had in fact severely underestimated the incidences of waterboarding. While it seems that there are more and more sources of information, what we are really seeing is a proliferation of entities that repackage existing information. The production of news may lose out in such a world.

Another audience member asked the panelists to evaluate the aphorism “do what you do best and link the rest.” Mr. Firestone agreed that the phrase resonated with his “pixilated” view of journalism, though Mr. Engelberg warned that dividing functions across many different organizations and individuals may reduce the credibility of news content, which has been the hallmark of traditional journalism.

One audience member who described himself as a “40-year veteran of Dow Jones and the Wall Street Journal” highlighted the success of his organization, which has always charged readers for online content. He also noted that both the Washington Post and the Journal are subsidized by their large parent companies, which run a number of successful businesses. Another audience member worried that charging for online content would create a socio-economic divide between readers or news and non-readers. Mr. Kramer responded that, given that news is a public good, it may not be unreasonable to have the government support it. He also noted that business journalism tends to be more economically sustainable than general interest news.

Another questioner asked whether traditional news organizations were suffering because they were not pitching their content to young users in a format they could understand. Mr. Kramer disagreed with this assessment, noting that a quarter of his readers are under 35, and that “news intensive” consumers appear at all age groups. Furthermore, he argued, the problem for newspapers is not getting readers, per se. The New York Times has tens of millions of readers on its website. Rather, the problem is getting readers to pay for what they read.

## Conclusion

The current newspaper crisis is not the result of one fatal flaw in the system, or the “fault” of individual people or occurrences. The numerous factors affecting the newspaper industry, including huge financial and technological changes, have coalesced into a problem that is multi-faceted and difficult to solve. Although there was a great deal of pessimism expressed during the conference, there was also some optimism about the future of investigative reporting in a new era. Panelists agreed that there is a need to incorporate the technologies of the Internet-news organizations, on-line social networking sites, “twitter,” and blogging- with traditional methods of news dissemination.

After the public conference ended, the panelists and a select group of invited stake holders gathered at a closed session meeting where they shared ideas about financing investigative news reporting, adapting to the modern news environment, and pursuing innovative venues for distributing the news, such as targeted news clips sent to mobile phones and devices like Kindle.

The participants discussed the role of foundations in supporting local news organizations and newspapers, creative ways of addressing the financial problems that are crushing the newspapers, the role of journalism schools in training young journalists to work in an ever-shrinking market, and many other pressing issues that are challenging the newspaper industry. They adjourned with a commitment to an on-going dialog about this far-reaching issue and PRIOR is proud to have been the catalyst for this energetic conference.

# Appendix A

## Conference Agenda

### The Newspaper Crisis

May 1, 2009

*Sponsored by the Policy Research Institute for the Region at the Woodrow Wilson School of Public and International Affairs, Princeton University*

#### Welcome and Opening Remarks

**Richard F. Keevey**, Director, Policy Research Institute for the Region,  
Woodrow Wilson School, Princeton University

#### Keynote Address—Goodbye to the Age of Newspapers (Hello to a New Age of Corruption)

**Paul Starr**, Stuart Professor of Communications and Public Affairs in the Woodrow Wilson School, Professor of Sociology and Public Affairs

#### Panel I—The Newspaper Crisis in the Region

##### **Moderator:**

**Richard F. Keevey**, Director, Policy Research Institute for the Region,  
Woodrow Wilson School, Princeton University

##### **Panelists:**

**Charles Layton**, Senior writer for the American Journalism Review; former editor,  
*Philadelphia Inquirer*

**Richard A. Lee**, Director of Communications, Hall Institute of Public Policy

**Jim Willse**, Editor, Star Ledger

**Wendy Warren**, Editor and Vice President, Philly.com

## Panel II—Responding to the Crisis: National Models

### Moderator:

Paul Starr, Stuart Professor of Communications and Public Affairs in the Woodrow Wilson School, Professor of Sociology and Public Affairs

### Panelists:

Stephen Engelberg, Managing Editor, ProPublica

Charles Firestone, Executive Director, Communications and Society Program, Aspen Institute

Joel Kramer, CEO and Editor, MinnPost.com

Dunstan McNichol, former reporter, *Star Ledger*

## Closing Remarks

Richard F. Keevey, Director, Policy Research Institute for the Region, Woodrow Wilson School, Princeton University



Commentary sponsored by the Policy Research Institute for the Region at the Woodrow Wilson School of Public and International Affairs at Princeton University.

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The Policy Research Institute for the Region was established by Princeton University and the Woodrow Wilson School of Public and International Affairs to bring the resources of the University community to bear on solving the increasingly interdependent public policy challenges facing New Jersey, metropolitan New York, and southeastern Pennsylvania.

With a full-time staff augmented by project coordinators and guided by faculty associates and an advisory board, the institute reflects and understanding that the issues facing our region cut across not only state and municipal borders, but also across a range of traditional academic disciplines. Our mission is to bring together the University's greatest resources—its faculty and students, its research expertise, and commitment to public service—to find solutions across boundaries that improve the quality of civic life in our dynamic, multi-state region.

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