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An Unexpected Crisis: The News Media in Postindustrial Democracies

Paul Starr\textsuperscript{1}

Abstract
Social and political theory in the twentieth century envisioned the flourishing of both democracy and the information economy. But while the digital revolution has promoted freedom of expression and freedom of information, it has had mixed effects on the freedom of the press. Throughout the advanced democratic world –more acutely in some countries than in others –the rise of digital communications has undermined the financial condition and economic independence of the press. New media have not, as of yet, offset losses in more traditional media. With its high dependence on advertising revenue, American journalism has been especially vulnerable to stress. In the late twentieth century, observers expected the news media in Europe to evolve in an American direction; instead American journalism has been moving in a more European direction –more partisan and less financially secure –though public policy in the United States shows no signs of adjusting to the new realities.

Keywords
freedom of the press, digital media, media economics, comparative media systems

The digital revolution has unquestionably been good for freedom of expression—for the free expression, that is, of opinion. It has also been good for freedom of information—for making previously inaccessible information more widely available. But it has not been so good for freedom of the press, if one understands that freedom as referring not merely to the formal legal rights but to the real independence of the press as an institution.

The digital revolution has been good for freedom of expression because it has increased the diversity of voices in the public sphere. The digital revolution has been

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good for freedom of information because it has made government documents and data directly accessible to more people and has fostered a culture that demands transparency from powerful institutions. But the digital revolution has both revitalized and weakened freedom of the press. It has revitalized journalism by allowing new entrants into the media and generated promising innovations, and in countries where the press has been stifled, that effect is the most important. But in the established democracies, the digital revolution has weakened the ability of the press to act as an effective agent of public accountability by undermining the economic basis of professional reporting and fragmenting the public. If we take seriously the idea that an independent press serves an essential democratic function, its institutional distress may weaken democracy itself.

And that is the danger that confronts us: Throughout the postindustrial world, the news media face a serious long-term crisis that social theory did not anticipate. Beginning in the 1970s, theories of postindustrial society projected a flourishing and happy future for the fields associated with the production of knowledge and information. As information became more valuable, more people would be employed producing it, and the professions responsible for that work would receive higher rewards and gain authority and status on the basis of their knowledge. The most influential theories of contemporary political development also did not anticipate a crisis in the news media that would pose a problem for democracy. As the twentieth century came to a close, the collapse of communism and the Soviet Union gave rise to increased confidence—in some quarters, triumphalism—about the future of liberal democracy and its institutions. The Internet and other new media initially seemed to reinforce that confidence. As the digital revolution developed, its theorists argued that it inevitably creates a more open, networked public sphere, thereby strengthening democratic values and practices. In short, all of these perspectives have suggested that in the postindustrial world, a free press and democracy would thrive together.

Social theorists were not alone in their optimism. The professionals and executives in the news media—at least in the United States—shared that same confidence about the prospects for growth in their industry. Through the last decades of the twentieth century, the trends throughout the economically advanced societies supported these expectations. Like the other knowledge-producing professions, journalism expanded. In the United States, from 1978 to 1990, the number of journalists at news organizations increased by 40 percent, up from 40,000 to 56,900. Moreover, the values of freedom of expression, freedom of information, and freedom of the press became more widely respected in the world as the number of democracies in Europe, the Americas, and elsewhere rose. With the advent of personal computers and the Internet, the costs of producing and distributing media of all kinds diminished, and previously marginalized groups and individuals could bypass the old mass-media gatekeepers in reaching a wider public.

But in recent years, the contemporary transformation has taken a darker turn for journalism and for democratic government more generally. Several long-term trends have combined to weaken the finances of the news media and to reduce professional
employment in journalism. A recent OECD study reports that over the decade ending in 2007, the number of newspaper employees declined 53 percent in Norway, 41 percent in the Netherlands, 25 percent in Germany, and 11 percent in Sweden, while holding steady in France and Britain. In the United States, the number of journalists has fallen back down from 56,900 to 41,500, according to a recent census of newsrooms.

Everywhere, the media are under severe financial stress. The data on revenue for newspapers, magazines, and other news media in the rich democracies typically show a pattern of growth through the last three decades of the twentieth century, a peak around the year 2000, and then a decline in the past decade, accelerating in the last several years.

The expectation that the news media would flourish in postindustrial society failed to take into account certain economic realities, social trends already in progress, and emerging technologies. The prevailing optimism ignored the reality that information, including news, is a public good and that public goods tend to be systematically under-produced in the market.

The prevailing optimism failed to consider that the news media had been able to overcome the public-goods problem, with varying degrees of success, only because existing communications technologies had limited the ways for the public to find information and entertainment and for advertisers to reach consumers. And even though it should have been clear that new technologies would expand the choices for both advertisers and the public, hardly anyone anticipated that in this new environment, the public would fragment, the audience for news would shrink, advertisers would be able to reach their markets without sponsoring news, and the traditional commercial basis for financing journalism would be shattered.

These developments are not playing out exactly the same way everywhere. Because of historical differences in institutions and varying rates of change in media use, the crisis in the news media is more severe in some countries than others. The contemporary developments are also changing the structure of media institutions, upsetting long-held patterns. After a period when the media in Europe were moving closer to an American model, the reverse is now taking place, and in some crucial respects, the American news media are coming to look more like the European. But for both ideological and institutional reasons, the United States may find it more difficult to respond to these new conditions than do countries with strong traditions of public-service broadcasting and government aid to the press.

Structural change in the news media

Since World War II—and in certain respects, going back even to the nineteenth century—three distinct institutional patterns have emerged in the news media in the United States and northern and southern Europe. Forgive me if in sketching these differences, I borrow from Daniel Hallin and Paolo Mancini and use a broad brush, ignoring exceptions and nuances. The big picture captures elements that are important for understanding the contemporary crisis.
As a general rule, while the press in Europe has been more closely tied to politics, the press in the United States has been more commercial in its orientation. European newspapers typically follow party lines, while American newspapers present themselves as being independent. In addition, the news media have been more centralized at the national level in Europe but more widely distributed in the United States. These patterns were originally established in newspapers and carried over, in varying degrees, to radio and television.

Within Europe, newspaper circulation per capita has generally been lower in southern than in northern European countries. This is a legacy of earlier historical differences. In the late nineteenth and early twentieth centuries, while a mass press emerged in northern Europe, it failed to develop in the Mediterranean countries because of a continuing lag in literacy rates and particularly in newspaper reading among women. And if a mass press did not emerge by the time radio and television arrived, broadcasting then assumed a more central role in communication, and newspaper circulation continued to lag.

Differences in newspaper circulation typically affect the relationship of the press to political parties and the state. Where circulation is low, the press tends to be more closely connected to politics, and the style of writing tends to be more polemical. Where circulation is higher, the press generally derives more of its revenue from advertising, depends less on political sponsorship, often downplays strident partisanship, and spurns literary ideals in favor of a plainer, more popular style. In addition, during the early development of radio and television, southern European countries tended to keep broadcasting under direct political control, whereas northern European countries—including Britain—vested greater authority in professionalized, public-service broadcasting systems.

As a result of these differences in historical development, the news media in southern Europe developed in a pattern that Hallin and Mancini call “polarized pluralism,” as against the more highly professionalized, albeit still politically oriented, news media of northern Europe, and the thoroughly commercial and ostensibly nonpartisan and independent journalism of the United States.

During the final decades of the twentieth century, media systems in Europe appeared to be moving toward the American commercial model, particularly as a result of the privatization and liberalization of television. More private channels, less regulation of their program content, and more dependence on advertising all suggested a long-term movement in the direction of American commercialism. Some sociologists overtheorized the change, seeing in it an inherent tendency of modern societies toward the differentiation of journalism from politics. But the shift reflected political choices, not an ineluctable modernization process.

While the media in Europe moved toward a more liberalized, market orientation, the news media in the United States during the late twentieth century were becoming even more market-oriented than they had been. Long been owned by families who were highly protective of their editorial quality, many newspapers were sold to chains and conglomerates that demanded they generate higher financial returns. Similarly, television networks that had originally operated news divisions at a loss began to
expect those divisions to generate a profit on their own. These changes in media businesses reflected a more general shift in the norms of American corporate management. Increasingly, management came to see the maximization of shareholder value as the corporation’s sole, guiding principle. At media companies, executives sought to increase financial returns by cutting back editorial staff even before the Internet and other changes eroded revenues.

In all the postindustrial societies, the increased number of television channels and the advent of the Internet, mobile phones, and social networks have expanded media options for consumers and fragmented the attention of the public. In the early decades of television, when the viewing public in both Europe and the United States had few alternatives, the news often had a captive audience. As television channels proliferated, however, viewers who preferred entertainment could avoid watching the news, while those with strong interests in politics could watch more news than before. With the spread of cable television in the United States, according to my colleague Markus Prior’s study *Post-Broadcast Democracy*, about 10 percent of the old TV news audience chose to watch more news, while about 30 percent stopped watching any news at all.10 The traditional network-news audience included many viewers with low political interest, but cable news tends to draw the most politically interested and most partisan. Adapting to that reality, the cable news channels with the highest ratings have become sharply partisan.

The Internet is moving news and public discussion in the same direction. More choice allows partisans to seek out news that fits their political preferences, and as a result, partisan media are thriving on the Internet as they are on cable television. Furthermore, as regional newspapers have abandoned bureaus in Washington and overseas, both national and international news coverage have become concentrated in a few national news organizations. Among those organizations, *New York Times* represents a more liberal perspective, the *Wall Street Journal* a conservative one. In short, the American media system is moving in a European direction—toward a more ideological organization of both the public and the news media, and a more consolidated national press.

In the new environment, while the politically interested increasingly learn about the world through partisan media, people without strong political interests are less likely to encounter the news at all. In the past, when they bought a newspaper or watched television, many people who were not especially interested in politics were nonetheless exposed to news about public affairs. The old media environment encouraged incidental political learning. In the new media environment, however, people watch entertainment, check in with friends on Facebook, or find out about sports, the weather, or job listings on the Internet without being exposed to news about the wider world. As a result, many people have effectively dropped out of the public, while the remainder sees politics increasingly through the lens of polarized news media. That, at least, seems to be the new structure of the public in the United States.

Although partisan media are hardly a novelty in Europe, the public may be shrinking here too, if the media use of the young is any indication. During the 1950s and 60s,
surveys in both Europe and the United States recorded relatively small differences between young adults and older age groups in patterns of reading newspapers or watching TV news. That was still the predominant pattern in the early 1980s, when the World Values Survey asked people whether they regularly read a newspaper. In ten of thirteen countries, young adults were only slightly less likely than older age groups to read newspapers regularly. More recent surveys of newspaper reading, however, have shown increasingly pronounced variations by age. Growing generational differences have also appeared in surveys of television news audiences. Young adults are now much less likely than their parents or grandparents to read newspapers or watch television news.\(^{11}\)

The change is not, I think, just a matter of the young substituting new media for old ones, at least in the United States. As media use has become more individualized, news has ceased to be a shared experience in the home. In the first three to four decades after World War II, reading the newspaper over breakfast and watching the television news in the evening were regular events, almost rituals, in many families. But as those practices have waned, families have not socialized the young into regular news habits to the same degree as in the mid-twentieth century.

Unfortunately, no systematic cross-national data are available on trends in exposure to news that take all media, new and old, into account. Such data are available, however, for the United States, though the trends are unclear. Between 1998 and 2008, according to surveys by the Pew Research Center, the proportion of Americans who said they didn’t get the news in any medium on an average day rose from 14 percent to 19 percent. Among 18- to 24-year-olds during the same period, the proportion who said they get no news on an average day rose from 25 percent to 34 percent.\(^{12}\) But the most recent survey shows an increase in the average number of minutes a day people are spending on the news. Whether that is a blip or the start of a recovery in news consumption is impossible to say.\(^{13}\)

**Variations in the News Crisis**

The cross-national differences in media institutions may help explain the variations in the severity of the crisis that the news media face.

The news media in the United States have been especially vulnerable for three separate reasons. First, American newspapers have derived 80 percent of their revenue from advertising, and much of that advertising revenue has been irreversibly lost. Metropolitan newspapers used to enjoy a stranglehold on certain categories of advertising. The Internet has now broken that monopoly and provided advertisers with alternatives that are often better and cheaper than what newspapers can offer.

Second, chiefly as a result of generational change, American newspapers have experienced comparatively large, long-term losses in circulation that have intensified in recent years. So income from circulation as well as advertising is under pressure.

Third, through mergers, acquisitions, and leveraged buyouts, many newspaper companies took on heavy debt burdens just before their advertising revenue began to collapse. Unable to deliver expected profits, the newspaper industry lost nearly all of its market value, and eight major newspaper companies went bankrupt.\(^{14}\)
While American newspapers made a steep descent from monopoly returns to financial collapse, newspapers in southern Europe were never so profitable in the first place. As in the United States, their papers have been vulnerable to a crisis but for different reasons—endemic weaknesses in both advertising and circulation, exacerbated by contemporary trends.\textsuperscript{15}

In contrast, the most stable news media appear to be those of northern Europe, with relatively strong newspaper circulation and public-service broadcasting systems that are less vulnerable to commercial downturns because they were never as dependent on advertising as the American news media.

Some Europeans, observing the bankruptcy of some leading American media companies, may be unable to avoid a certain \textit{schadenfreude}. After all, Americans have not exactly been modest about their achievements in the development of media. But because of the underlying changes in technology and society, print media that have been the heart of journalism are likely to lose paid circulation and advertising everywhere. I am not saying that news organizations are going to disappear, but their capacities are likely to be weakened in three respects. First, economic pressures will likely undermine their capacity for original reporting of the news. Second, in the new fragmented media environment, they will no longer be able to assemble on a daily basis the great, mass public that they were able to create in the past. And, third, with fewer resources and less influence over public opinion, they will be less capable of standing up to powerful interests in both the state and private sector.

This deterioration in institutional capacity brings us back to the original problem that a crisis in the news media poses for democracy. Several studies indicate that corruption flourishes where journalism does not. In cross-national studies, the greater the free circulation of newspapers—a combined measure of freedom of the press and newspaper circulation per capita—the lower is the level of political corruption.\textsuperscript{16} Other studies suggest that where there is less news coverage, political incumbents enjoy a greater electoral advantage over challengers.\textsuperscript{17} Those findings make sense together. The less news coverage, the more entrenched political leaders become and the more likely they are to abuse power.

That is the danger. But if we are aware of its full dimensions, we may be better able to respond to it. Subsidizing the old print media is just a holding action; money would be better spent to support new online forms of journalistic enterprise and to help the news media seize opportunities for new streams of revenue from mobile phones and other mobile devices. Governments should also create incentives or set requirements in the design of media interfaces and the media environment that lead people to bump into the news routinely, even if they don’t intend to search it out.

In this new phase of development, the United States may well suffer from self-imposed disadvantages. Most Americans, including those in the news industry, reject out of hand any form of government assistance and say noncommercial support for journalism must come entirely from private, philanthropic sources. But it is hard to see how philanthropy can match the resources that are being lost. Since 2000, the newspaper industry alone has lost an estimated \textquotedblleft$1.6 billion in annual reporting and editing
capacity . . . or roughly 30%,” but the new nonprofit money coming into journalism has made up less than one-tenth that amount.18 Countries with long-established public-service broadcasters may be better equipped, ideologically and institutionally, to deal with the challenges of the media crisis. The American media system, I’ve suggested, has recently moved in a European direction, at least in some respects. What the United States really needs to do in that direction is to invest substantial resources to transform its limited public broadcasting networks into a strong, multi-platform system of independent public media. Nowhere will that be an easy transition, but a great deal hinges on how well our societies carry it out.

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Notes
3. For the most sophisticated version of this argument, see Yochai Benkler, The Wealth of Networks: How Social Production Transforms Markets and Freedom (New Haven, CT: Yale University Press, 2006).


