

AMERICAN UNIVERSITY RADIO WAMU 88.5 FM

THE DIANE REHM SHOW

THE STATE OF THE NEWSPAPER INDUSTRY

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GUESTS

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THE STATE OF THE NEWSPAPER INDUSTRY

(11:00 a.m.)

MS. REHM: Thanks for joining us. I'm Diane Rehm.

After being in business from almost 150 years the Denver *Rocky Mountain News* published its last issue on February 27th. It was just the latest in a string of bad news for newspapers around the country. Joining me to talk about what's been happening to newspapers and their future in the Internet age, joining us from KQED in San Francisco, former editor for the *San Francisco Chronicle*, Alan Mutter.

Good morning to you, Alan.

MR. MUTTER: Good morning.

MS. REHM: Thanks.

MR. MUTTER: Thanks for inviting me.

MS. REHM: And thanks for joining us. NPR's David Folkenflik joins us from National Public Radio Studios in New York City.

Good morning to you, David.

MR. FOLKENFLIK: Good morning, Diane.

MS. REHM: And with me here in the studio, Leonard Downie of the *Washington Post*.

Good morning, Len.

MR. DOWNIE: Good morning.

MS. REHM: Good to have you all with us. We do invite listeners to be part of the program as you always are. Join us on (800)433-8850. Send us your e-mail to drshow@wamu.org. You can also reach us through Facebook and Twitter.

David Folkenflik, let me start with you. How are most people getting their news today?

MR. FOLKENFLIK: I think most people -- actually I believe the surveys show that people -- people will say that

the single greatest source of their news would be local television, but I think most people are actually getting their news from online -- a combination of online and print sources from newspapers. They are sort of the musculature of the news system.

And so you know, at a time when -- your other guest, for example, Len Downie's newspaper has -- had a precipitous drop in circulation, it's experienced an explosion of readership online for which it's not paid. So newspapers -- you are hearing about the cracking apart and that -- even the imminent demise of newspapers across the country. At the same time paradoxically and counter-intuitively newspapers remain to my mind the most single important source of news that the country and most communities still have.

MS. REHM: Turning to you, Len Downie, does it matter then that the print version of many newspapers are disappearing?

MR. DOWNIE: It doesn't necessarily matter if the print version has fewer subscribers or may even in some cases disappear. What matters is what happens at their newsrooms, and that's where the crisis is. As David said, much of the news that Americans get originates in newspaper newsrooms, whether they see it on local television after it's been published in the paper, or read it on the Internet provided by those same news organizations, it originates in these newspaper newsrooms.

And the problem is not audience, because as David said, the audience is larger than ever for what's being produced in newspaper newsrooms, but the problem is revenue. It's the print advertising revenue that has been catering primarily the classified advertising that's almost completely disappeared from newspapers and gone to the Internet, free on Craigslist, free on monster.com for jobs, et cetera. And as a result you don't have the money to support the large newsrooms, and the printing presses, and the delivery, and so on of big newspapers. And that's why a number of newspapers are losing money even as we speak, and some are on the verge of closing.

MS. REHM: As a matter of fact, *Time Magazine* in partnership with CNN just published this week the 10 most endangered newspapers in America today, including the *Philadelphia Daily News* and *Minneapolis Star Tribune* which has already filed for Chapter 11. The *Miami Herald*,

Detroit News, Boston Globe, San Francisco Chronicle, Chicago Sun-Times, New York Daily News, Fort Worth Star-Telegram and The Cleveland Plain Dealer. Not a happy list to read.

Alan Mutter, talk about the money for newspapers and whether in fact we are going to see a continuing decline?

MR. MUTTER: There is going to be a continuing decline in newspaper advertising. As Len just mentioned, the world of classified advertising has fallen away to a large degree for newspapers. Classified advertising, historically represented 40 percent, that's four zero percent, of a newspaper's revenue base in most markets, and more than 40 percent of its profit because the -- as a result of very high rates.

And today, as he pointed out, you can go to Craigslist to sell a car or to hire somebody for free. Now, most newspaper companies, I should point out, are actually still reasonably profitable. They are not nearly as profitable as they used to be, but even a newspaper like *The Philadelphia Inquirer* which filed for bankruptcy protection does make a profit.

The problem is that many of the newspaper companies went out and bought other newspaper companies in the 2005 and 2006 and 2007 timeframe, and they paid too much for those businesses. They paid too much because they had an expectation that the historic revenues and profits that they had enjoyed for many, many years would continue on into the future. And the problem is that readership has changed, it has fallen away. Newspaper readership is now down at the level where it was in 1946.

But because the population of the country is twice as large today that means only 18 percent of the people in this country take a newspaper. And advertising has dropped by some 25 to 30 percent from its all-time high of \$49 billion in the year 2005. So profitability is shrinking, but many newspapers remain profitable. They're just not profitable enough to pay the debt that they assumed to under -- under their new ownership.

MS. REHM: Now, Alan, as the former editor at *San Francisco Chronicle*, I gather the paper had to reach concessions with unions to keep the paper from being sold or closed?

MR. MUTTER: Yes, that's right. And the *Chronicle* situation is really quite different than most of the others. The newspaper has probably lost something to the tune of \$70 million last year. The new concessions probably will save around \$20 million or \$25 million. And if the economy continues to deteriorate, the newspaper could still be losing tens of millions of dollars this year, maybe even \$50 million. And that loss has been subsidized by the Hearst Corporation which has other very successful magazine and broadcast interests among other businesses.

MS. REHM: And the Associated Press reported just 30 minutes ago that the publisher of the *Miami Herald* says about 175 employees will lose their jobs as newspaper -- as the newspaper cuts costs. The cuts are part of a 15 percent reduction announced Monday by the newspaper's owner the McClatchy Company.

Alan Mutter writes a blog on the impact of technology on the media. He is a former editor for the *San Francisco Chronicle*. David Folkenflik is Media Correspondent at NPR News. Leonard Downie is Vice President at Large for the Washington Post Company.

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The *Washington Post* is making cutbacks in what you're offering to the public. You've cutback -- for example, you've eliminated a separate Book World section. You've now incorporated in the front page of the *Sunday Post* the editorial page whereas that used to be in separate Outlook section. What other changes are you anticipating?

MR. DOWNIE: We -- during the really rich years of the 1980s we enlarged our newsroom and our newspaper greatly. And we're having to cutback on some of that enlargement. We're still much bigger than -- for instance, I'm the former executive editor of the *Post*. I was at that job for 17 years. And our newsroom is still much bigger than it was when I became executive editor in 1991. And the physical newspaper is still larger in terms of the news content, not in terms of the advertising unfortunately, necessarily.

But for instance, we were the second-last newspaper in the country with a freestanding book section.

As far as I know, *The New York Times* is the one remaining one. And however, we've managed to save 80 percent of our reviews, but we're now putting a number of them in the Outlook section, which still exists, which is why we moved the editorial page from the Outlook section to the front section of the paper on Sunday, as it is every other day of the week.

And we're going to be looking for other places. We publish more comics than anybody else does in the world, for example. We still publish lots and lots of TV listings, even though you can scroll through them on your television set and your cable channels. So we're looking for places where we're no longer providing the primary service for our readers in print that we used to. We've cut those things out of the paper, and focused on our top priorities, which of course is local news, national news, and international news. And we're preserving those resources.

MS. REHM: I was somewhat taken aback to learn, David Folkenflik, that *The New York Times* had borrowed \$250 million from a Mexican financier at a 14 percent interest rate and folded the metro section into the newspaper. What was your reaction?

MR. FOLKENFLIK: Well, and you could add to that list the acceptance of sort of these banner ads at the bottom of the section fronts, including occasionally the front page which was something that has been -- that the *Times* had been one of the few newspapers to hold a line against. This is -- you know, their attempt to sustain themselves beyond this current incredibly severe downturn in the economy. They think that by doing the real estate transaction, by getting some financing, by trying to drum up a little bit of extra revenue, that they can perhaps sustain themselves past the current downturn, and prop up their stock price below the incredibly low levels that it currently resides at.

MS. REHM: David Folkenflik, he is Media Correspondent at NPR News.

We'll take a short break and be right back.

(Intermission)

MS. REHM: Welcome back, as we talk about the future of newspapers with Alan Mutter. He is a former

editor for the *San Francisco Chronicle*. He writes a blog on the impact of technology on the media. There is a link to his blog at our website wamu.org.

David Folkenflik is on the line with us from New York. He is Media Correspondent at NPR News. Leonard Downie; he is vice president at large, former executive editor at the *Washington Post*.

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Len Downie, we've been talking about all these websites and how newspapers are going more and more online. What is the effect of that going to be? I think of newspapers with layers, beginning with reporters, beginning with researchers, going to editors. Are those layers going to be in place?

MR. DOWNIE: Many newsrooms unfortunately have been cut by half or more, and so some of those layers have been very much disturbed, if not disappeared entirely in some newsrooms. Other newsrooms were in better economic shape as in the *Washington Post*. We are -- what we are trying to do is eliminate a lot of the overhead that is left over from the old days of technology where we --

MS. REHM: Such as?

MR. DOWNIE: Well, layers of editors, for example, that are no longer necessary; Internet age we have computers that can make editing work differently than it did before. You don't have to pass pieces of paper around a newsroom from one editor to another. So we're trying to make our cuts there rather than in the reporting ranks. For instance, we still maintain a bureau in Baghdad. It costs millions of dollars. We're trying to focus on the highest priorities.

It is harder at some newspapers to do that though. For instance, one of my most important priorities at the *Washington Post* was accountability journalism, investigative reporting, holding the powerful accountable to everyone else.

That takes people and time that does not go into just reporting what goes on everyday in your community.

And that is often the first thing to go in many newsrooms because it is so much more expensive. There are lots of investigative reporters who do not have jobs right now.

MS. REHM: David Folkenflik, talk about that issue. How does the decline of newspapers actually affect reporting?

MR. FOLKENFLIK: Well, I think there's an interesting issue here which is that some of the newspapers that we're seeing on the frontlines of "endangerment," for lack of a better word, the closing of the *Rocky Mountain News* in Denver, the *Seattle Post-Intelligencer* which looks likely to go to an all online version, these are certain -- these archaic holdover in two newspaper towns. What's going to be in some ways the most problematic will be in, you know, major areas and cities that are served by a single paper. One of the first stories I did this year was in, sort of, an imagining scenario to think, what if?

I went to Hartford, Connecticut a paper that has been well-served over the decades by *The Hartford Courant*, and said what would happen in this place which has been a center of the insurance industry, which is the seat of state government in Connecticut, what would happen if it went away? And what Mr. Downie is talking about, accountability journalism, has really been driven not by any means exclusively, but largely by an incredibly knowledgeable dedicated core of journalists at places like the *Hartford Courant*.

You know, even -- I talked to people at the local theater there, the stage. And one of the things they said was look, even the bad reviews help because people are aware of what's happening at their local cultural institutions and to be honest, they kept us honest. Sometimes they told us truths we didn't always want to hear. I thought that was an interesting insight. That's true, you know, replicated a hundred times over in communities like that where there are going to have to be new innovations. Local public radio stations to be honest are going to have to step up.

You're going to see local niche websites that are going to have to add reporting to the collating and curating and sort of passing along half-reported beliefs. They're going to have to add that to their arsenal. It's

hard to replace a newspaper. You're going to see it done in -- I think, in patchwork style at first, in fits and starts as we figure out sort of what's next? And by the way, we're doing it on the fly and that's making it all the tougher.

MS. REHM: What do you mean by half-reported beliefs, David?

MR. FOLKENFLIK: I think a lot of times you see people pick up on strains that might be in, you know, for argument's sake, the 17th paragraph of a fully reported newspaper article and they say hey, this is interesting. And they'll put it out. And sometimes they're right. Sometimes it's a deeply buried fact that actually in a sense could be the news itself. But they won't necessarily take that as a starting point to report it out as a rival newspaper might. They'll put it on their blog and they'll say, "Here's something interesting." And the good ones will say, do you -- "My readers, do you have some knowledge to bring to bear?" You know, in a sense they'll do what's called "crowd-sourcing," and they'll throw it open to the crowd, and say what do you think?

Can you link me to documents that might shed light? Can you point me to journal articles, or to medical research, or something that might help, you know, unpack what this means. There are other bloggers that simply say, well, looks like governor so-and-so is just doing the same old, same old. And they won't necessarily tell you the context behind the decision.

MS. REHM: Alan Mutter, what do you think is happening to local coverage?

MR. MUTTER: Well, you know, even the most dissipated newspaper staff, editorial staff, still probably is the largest group of journalists working in any given community in the country. But as has been pointed out by my colleagues here today, those numbers have been seriously depleted over the years, as the industry continues to try to cut costs to address the declining revenues. What is going to happen is that there is, you know, as there is a greater vacuum in local reporting and local commentary, lots of people will jump in to fill that vacuum.

Independent local websites will get started. Individuals will be -- will, you know, create blogs and the problem is that many of those people, even if they are incredibly well-intended, don't necessarily have the time, the skills, the training to fully report a story and give a balanced presentation in a compelling way of what they found. So we are not in danger of running out of information. In fact, I think we're going to have too much information. The problem is we're not sure what the quality of the information is going to be. So we may know more, but still be dumber as a society.

MS. REHM: Leonard Downie, I know you've been commissioned by Columbia University to develop an assessment of how to fund newspaper reporting in the future. What are some of the ideas there?

MR. DOWNIE: There are a lot of things that are going on. Somebody said earlier there's a kind of patchwork of innovation going on out there. It sort of reminds me of when many American newspapers got their start back in the 19th century. A lot of newspapers grew up, a lot of them folded. There were all different kinds. Some were trustworthy, some weren't, and some survive to this day, even though most did not. And we may be going through a period like that, only they won't be necessarily newspapers that are starting.

For instance, in many cities around the country, as Alan said, there are now Internet only newsrooms that have started out in places like San Diego, and Minneapolis, and New Haven, Connecticut. For instance, I was at the Voice of San Diego, which is one of these Internet startups, just a few years old in San Diego, started by a wealthy businessman who contributed a lot of money to it because he was worried about what was happening to *The San Diego Union-Tribune*, one of these newspapers that's been steadily shrinking.

And then they got foundation grants, these young people did, most of whom who had worked at other news organizations including the San Diego paper. They've also been getting some advertising, and interestingly they've been seeking memberships just like WAMU does from their audience. And they now have a staff of 12, and they're able to cover the cost for that, and continue to expand slightly. And they're focusing their coverage on what they

think are the most important beats at the moment such as local government, education, environment. In other words, they have narrowed their focus down to what they think are the most important things to cover.

And they've done some very good reporting, some very good accountability reporting, as a matter of fact, that's been out in front of the San Diego newspaper. Now what they can't do yet is cover sports, and entertainment, and have theater reviews and so on. And so the question is will they be able to grow into that with that economic model, or would they only be part of a larger group of news organizations that will need to serve San Diego in the future?

MS. REHM: But Alan Mutter, should newspapers charge for online content? Wasn't that something that was tried and abandoned by a couple of newspapers?

MR. MUTTER: Well, some newspapers, a very few number do charge for access to their websites. I view the decision of newspapers to give content away for free as being the original sin. They -- newspapers actually didn't think enough of the web and see its implications. So they decided to give the content away for free. And now today, of course, it's impossible to imagine charging for access to stock prices, or sports scores, or you know, the latest news from a guy on an iPhone who sees an airplane landing in the Hudson which is how the -- how that dramatic story broke.

But I do believe that newspaper companies and other publishers should be charging for specialized and valuable content that they create, that's unique and that their users would pay for. An example is --

MS. REHM: You mean a so-called "micro-charging?"

MR. MUTTER: Well, that -- that's one possibility, but more likely I think our subscription oriented things such as the *Financial Times* which is the equivalent of -- in the UK of *The Wall Street Journal* is beginning a China newsletter for people who want to do business in China.

It's going to have -- it's going to be a premium-priced newsletter with information that you would buy and

you'd want to know about if you were planning to do business in China. I think you need to create local things like that. *The Milwaukee Journal* sells a special online premium product that covers the Green Bay Packers. And you know, people will pay \$17.95 plus shipping for a plastic cheese head. I think that they would be willing to spend \$30 a year for a subscription to special content, and pictures, and information, and video about the football team that they love.

MS. REHM: But isn't that going to -- isn't that going to require a different mindset, David Folkenflik? I mean, you've got all this free stuff online, and now to begin to try to create a public radio model of paying for what you get online is going to require some rethinking, isn't it?

MR. FOLKENFLIK: I think it will. I mean, there are two different models just to be clear, the Voice of San Diego that Len Downie was talking about --

MS. REHM: Right.

MR. FOLKENFLIK: -- and the *Min Post* in Minneapolis. Those are trying to set up different stools, legs of the stool as our organizations do, particularly member stations do, where you have underwriting which is what, you know, commercial folks call advertising. You have voluntary contributions, then you have grants from not-for-profits. In the subscription model, it will be more like saying, okay, the publication happens not to be printed on paper, but it's worth it to you to get it.

And what Alan's talking about, and I have heard more and more in conversations with news executives, is the idea that we've got a really -- we can't simply give people our publication online and think they're going to pay for it. We've got to give them something that is really in some ways almost like you've put a newspaper in a centrifuge and the purest, distilled, the most value-added content; we can charge for it something special.

Los Angeles Times tried this with its coverage of Hollywood in entertainment and ultimately pulled back, as *The New York Times* did with its editorial and opinion sections. However, if the news -- I mean, it almost would have to take in some ways and you've -- you're beginning to

hear murmurings about, you know, would there be an antitrust exemption needed.

If major newspapers across the country were to say we're going to pull our content away from the free web, you know, their challenge would be to make it good enough that people couldn't simply go to the local TV station and get, you know, a densely written, very brief *Associated Press* wire stories, and occasional TV-written stories that would be good enough for them to get for free. But if all these newspapers did that at once and said we're going to do this for a town, suddenly Google News, and cnn.com, and Yahoo News wouldn't have nearly as much news about their parts the world to repurpose and to distribute for free.

It would be an interesting moment. People would have to say, is it worth it for me to pay as much a week for subscription to *Milwaukee Journal Sentinel Online*, as I do for say a single, you know, macchiato or whatever it is at Starbucks.

MS. REHM: At 27 before the hour, you're listening to the *Diane Rehm Show*.

But Len Downie, what about folks who do not use computers? Are they going to have to rely on other people to print out this material, so they can hold it in their heads?

MR. DOWNIE: Right, this is why there still is a clear demand for print newspapers. Even though the levels are falling dramatically from their peak, the circulation for the *Washington Post* and print for example still over 600,000 daily, newly 900,000 Sunday. And our surveys show that a surprising amount of our core readership, probably 10 to 15 percent of our overall readership, and our most loyal readers, never read news on the Internet. It's probably a factor of age and habit and other things. And these people aren't going die out immediately, they're going to be around for a while. So there will be demand for print newspapers where they can be supplied, where the economics work for that newspaper company to continue to provide print newspapers along with news obviously on other platforms.

And that is the -- David's right. We have to search for ways in which you can find niche contents that

can be sold in some way to your iPhone, or over the Internet screens in order to help pay for that newsroom.

MS. REHM: What about these sites like the Drudge Report and the Huffington Post? How did they work, David Folkenflik?

MR. FOLKENFLIK: Well, what they do is they, you know, they grab what they think the best of what they can cull from free sites around the web. Sometimes incendiary, some -- often presented in provocative ways that were not fully intended by the original authors. But you know, what they're doing is essentially giving people the opportunity to get quick glimpses of what the headlines are from the news sites without necessarily taking you to those sites, particularly in the case of the Huffington Post which gives little synopses before you click through.

It's a source of some frustration for newspaper and their websites because, you know, you don't have to go to the original site to get a feel for what the news is. You know, again, if a lot of the particularly valued content were kept behind a pay wall, they wouldn't really be able to do that. The downside is, is that they wouldn't necessarily be driving readers to their content or you know, creating broader acknowledgement of their value in the news stream, and that's a real tradeoff.

MS. REHM: Here's an e-mail from Greta, who says, "Newspapers are physically cumbersome. They are messy for fingers. I have to put up with opinions of editors and writers, and even when I've requested to have it stopped, they still pile them in my driveway.

"The Internet, easy, clean, less of that monopoly, can find a wider variety of points of view and search for opposing views, and even comment more easily. I don't have to fight with the company. Radio; can listen while working or driving. No mess or problems there, just wish more shows where like Diane's were multiple points of view are given fair voice and treated respectfully."

Thank you so much for that compliment. But how do you react to that bit about newspapers?

MR. DOWNIE: Every technology has its advantages and disadvantages, and so some people like some more than

others. You know the other side of the -- of how it is to handle a newspaper is that they are serendipity. You can read through a newspaper, be surprised by things you see. You're not confined to what is on the television screen in front of you or on the radio that you're listening to.

MS. REHM: Leonard Downie, Vice President at Large for The Washington Post Company.

When we come back it's time to open the phones. I look forward to hearing your thoughts about the future of news.

(Intermission)

MS. REHM: If you've just tuned in, we are talking about the future of news and newspapers, and where in the future you might get your own news.

With us here in the studio, Leonard Downie of the *Washington Post*; David Folkenflik; he is on the line with us from New York City. He's with NPR News. And Alan Mutter is a former editor for the *San Francisco Chronicle*.

Let's go to the phones now (800)433-8850. To Eddie in South Bend, Indiana.

Good morning to you.

EDDIE: Hi, Diane, I love your show.

MS. REHM: Thank you.

EDDIE: I look forward to your voice everyday.

MS. REHM: Oh, that's very kind.

EDDIE: My question is the decline in revenue for these newspapers. I don't see how it wasn't predictable, especially in 2007, when they started buying other newspaper companies.

MS. REHM: Alan Mutter.

MR. MUTTER: I totally agree. I think that there was a giddiness in the world in 2007 that you know, credit was incredibly easy to come by, and bankers lent an

enormous amount of money. For example the Tribune Company in Chicago which was the first major publisher to file for bankruptcy protection that was brought by Sam Zell right before Christmas in 2007. Before 365 days elapsed, this \$13 billion deal was in bankruptcy court. Before the deal closed the lenders required a special letter from an auditor saying that indeed it was a going concern and that it would survive this financing. They knew then it wasn't going to work. I have no idea why sensible people funded that deal.

MS. REHM: How about you?

MR. DOWNIE: This is -- it's actually a progression of mistakes by the newspaper industry. Most newspapers in the United States began as family operations, local family operations, and then over time they were bought up by bigger companies. And during the '80s in particular, so much money was being made at newspapers, 20 and 30 percent profit margins, that these large conglomerates wanted to buy more and more newspapers to share in those profits. And it created these, you know, very, very large distant corporations that ran many newspapers, only a few of which are still surviving like Gannett, whereas the others in bankruptcy. And so that what happened most recently with the sale of the Tribune, for example, is just the last gasp of that era, and now we're seeing all those deals unraveling.

MS. REHM: Well, here to follow-up on that from Donna in Rochester, New York. She says, "Your guests are not telling the whole story. To a large extent newspaper publishers have killed their own products. From 1992 to 2006, I worked for a daily, *Gannett* newspaper. The staff watched upper managements slowly destroy a quality newspaper, shrinking the news hole and staff, and dumping down the news in an effort to attract people who did not read the paper instead of maintaining the quality to maintain loyal readers. The newspaper, about one-eighth the size it was 12 years ago, recently eliminated one of its editorial pages. I agree with your guests that newspapers are critical to our democracy. I fear for our democracy. That's the bigger picture." What would the loss of handheld newspapers do for our democracy?

Len Downie?

MR. DOWNIE: Well, again it's really the loss of the newsroom that I fear the most in terms of you know, in the long run maybe, maybe not handheld newspapers would be important delivery mechanisms, but what's really important are the newsrooms, and that writer is exactly right. Too many of these corporate owners like Gannett, in order to maximize profits during those giddy years, cutback on all the costs they could to gun the profits, including shrinking newsrooms and shrinking news holes. And I think it's terrible what they did.

And if you don't have a newsroom large enough in each community to report on all the things that are going on with the government, and police, and courts, and education and in peoples' lives, and to hold the powerful accountable to citizens, I think there is going to be a real void that is a -- as we said earlier, some people are trying to fill, but it's wasteful of all the experience that was built up in these newsrooms in covering these communities.

MR. FOLKENFLIK: Diane --

MS. REHM: Let's go to Stephenville, Texas.

Joe, you're on the air.

JOE: Thank you, Diane. I want to just point out something. We're a three newspaper reading family here in Stephenville, Texas, where it's rural, and we take the local paper, and we take the *Fort Worth Star* and we get *The Wall Street Journal*. But we would also take the *Dallas Morning News*, but they've stopped delivering out here and - - but they've stopped delivering out here and the *New York Times* used to deliver to the Starbucks and no longer does so, and I think that the newspapers are looking to cut their circulation, and that isn't going to help.

MS. REHM: Alan Mutter?

MR. MUTTER: The caller is absolutely right. Newspaper companies have scaled backed on circulation to the fringe areas of the markets that they served. The Atlanta Constitution used to have a slogan, "We covered Dixie like the dew," which I've always loved, they pulled back out of dozens of counties in the south, well beyond Atlanta, even into Alabama. They have pulled back because

the cost of delivering a paper is so high. The *San Francisco Chronicle* reported a few weeks ago that it costs \$10 to deliver one copy of its Sunday newspaper to a subscriber's home.

And so advertisers -- and this is another dimension that we need to touch on a little bit -- advertisers are becoming increasingly analytical about how their dollars are spent. And the high price of newspaper advertising is something that's hurting the ability of newspapers to sell advertising. So by cutting circulation, and cutting the cost associated with fringe circulation, newspapers actually are able to somewhat lower the amount of money that they charge advertisers, and at a time when advertisers increasingly are looking to move their spend to online media, it's important for newspapers to sort of make their advertising as valuable as possible. And to do that, they are concentrating their audience in a tighter geographic area.

MS. REHM: All right. To Warrenton, Virginia.

Good morning, Philip.

PHILIP: Hi, good morning, Diane. This is a wonderful show, as yours usually are.

MS. REHM: Thank you, thank you.

PHILIP: A subject very dear to my heart. I am a newspaper reader from when I was probably in my teens, and delivered the *Washington Post*. I still read the *Washington Post* when I can actually get it. I am in one of those situations, a couple of miles from where the delivery line is today, so unless I get out of my house, I don't have the paper delivered to me. But a comment; I much prefer for myself to have my hands on the newspaper and read the stories in depth. I find myself when I go online and read about the *Washington Post*, and *New York Times*, or *Wall Street Journal* that I jump around. So I don't get quite as much in depth on the story. But that's me personally.

I am concerned about the day, if it ever happens, where the newsprint doesn't exist anymore, because I've come to rely on the newspapers that have provided news for the country for many years, the *Post*, *New York Times*, et cetera, and I'm concerned that many people are now getting

their information from sources that are not verified and that leads -- that scares me to death.

MS. REHM: David Folkenflik?

MR. FOLKENFLIK: Well, you know, I am a recovering newspaper man myself, and I -- you know, even when I go on vacation, I love taking the time to just unfold the paper and read it. It's genuinely a great joy. You know, Arthur Sulzberger who's the publisher of the *New York Times*, has said the *New York Times* will endure. I'm agnostic as to whether or not it will endure for ever on paper but you know, that's where actually the greatest part of the revenue comes from and they're not able to make it up entirely online.

I do think that this caller raises in a sense -- and as does the previous caller, one of the questions you raised before about the role that newspaper plays in a democracy and also the access that it has for people. That is, if it were to go all online, you know, what about those citizens who are either out of -- you know, don't have internet hookups themselves to do it. It would seem to me that newspaper companies in a sense would almost have to sponsor free kiosks at malls and libraries, places people could go easily and access it, because newspapers do and claim from you know, the highest soapboxes possible, you know, the public service they perform, and if that's to be continued, they have to do that in the farther reaches, you know.

I'm from Southern California. *Los Angeles Times* used to have not only a mighty Orange County edition where I lived, but also a Santiago edition. Well, that's not profitable for them, and it's costing them money, and they are pulling back from things like that. Dallas pulled back, Atlanta pulled back; they simply can't afford to distribute the newspapers in a sense for the gentleman who called from a place in Texas that was outside the *Dallas Morning News*' reach, they can legitimately argue, "Hey, the tradeoff is with our online edition that we may not be not delivering you physical edition, but even if you happen to be visiting relatives in Oklahoma, or Seattle for that matter, you can get the news pretty promptly online."

There is the question of this serendipity that Len Downie talked about so eloquently and in fact the idea

of a media is that the news is in some ways mediated. Well, news organizations -- critics have said, you know, they're getting between us and the information, but there is an incredible value served by mediators that you trust, by news outlets that you trust in trying to sift through what's chatter, what's information, and what's actually news and synthesizing it in a way that's of value to you. And I think that people fear that news organizations are going to disappear. Some of them may. What Mr. Downie and Alan Mutter are talking about are ways in which many of them will endure, and new ones may emerge.

MS. REHM: At the same time, going specifically to Philip's question, how does one verify reporting, if it's online, without those layers of editorial oversight?

MR. DOWNIE: You want to go the brands that you trust for verification, and that's why the top 10 most read news sites on the web are the old-line news organizations. They are the *Washington Post*, the *New York Times*, the *Wall Street Journal*, the *Financial Times*, CNN, *The Guardian*, and NBC, and so on, because people go to them directly for verification as they surf the net and see stories that interest them. If it's a political story, for instance, they may well come to the *Washington Post* to see what we have to say, or those are where the links are on the other blogs around the web.

MS. REHM: You know, it's interesting the *Washington Post* attempted to adapt to change by virtue of beginning Washington Post Radio. That did not work out. How come?

MR. DOWNIE: Right. I think probably because, first of all, NPR and Public Radio does a good job already. But we were asked to do, we were asked by a private radio company, Clear Channel, to essentially produce something that is like Public Radio. And we were making progress I think both in its quality and in its listenership, but not nearly what's required by a commercial organization in order to sell enough advertising. It simply did not sell enough advertising to pay the way from the commercial radio station's point of view and we dropped it.

MS. REHM: And of course, David Folkenflik, you know as well as I that NPR has many, many bureaus around

the world which newspapers are less and less able to afford now?

MR. FOLKENFLIK: Yeah, it's funny. It's the one in some ways undertold media story is the expansion and the strength and vibrance, even in the wake of some cuts in December, but the vibrance of NPR it's -- we're going to -- we have about 18 international bureaus, and roughly as many across the country. And in addition, we have our member stations which have their new staffs, many of them in, you know, states across the nation. So our reach is tremendous and it's an important role. You know, you contrast that a little bit to the newspaper companies, some of which we talked about, particularly some of the corporate ones.

You know, they mistook the ceiling, the high levels of profits as the floor for the future, that they would always get those level of profits. And you know, the writer who is a former journalist from Rochester who e-mailed to us to talk about that, you know, in a sense, the news organizations have claimed this higher ground at a time that they have been cutting the service they've been providing the public, and there's a backlash in that regard as well. You know I both am of public radio, and I cover public radio, but I can tell you that people seem thankful that we are there still to cover the world to give them context about their communities.

MS. REHM: Indeed. At 6 minutes before the hour, you are listening to the *Diane Rehm Show*.

And here's a final call from Nancy in Miami, Florida.

You are on the air.

NANCY: Oh, thank you for taking my call.

MS. REHM: Sure, go right ahead.

NANCY: I am a first-time caller, but long-time listener.

MS. REHM: Good.

NANCY: And this is my question. I have a 25-year-old daughter who graduated magna cum laude from a good

school in journalism, and she was laid off in November from a regional newspaper in Jacksonville, Florida. And there are no other jobs for her to go to. It's a very difficult and -- you know, very difficult time for her. But my point is I see a lot of my friends' kids still wanting to go to journalism school. And I don't see the J-Schools actually telling the truth to the parents or the students that yes, you're going to graduate, but there's no jobs out there for you.

MS. REHM: Len Downie?

MR. DOWNIE: We are in the middle of a big transition right now, and so a lot of the older jobs are going away. But at the same time new jobs are occurring, particularly multimedia ones. So actually it's some of those J-School students that are going to actually have a better chance at getting a job. First of all, they'll be starting at lower salaries, of course, which is attractive to news organizations, but they also are going to come out ready to shoot video, do audio, do blogging, and produce stories for printed newspapers in ways that the people there being laid off may not be able to do. So there's a transition going on that's going to harm many people but also create some opportunities for young people. And I'm surprised as I go around the country, talking to journalism students what enthusiasm there is actually for new media among those kids.

MS. REHM: Alan Mutter, finally, where do you see news -- the news industry in 10 years?

MR. MUTTER: Well, I think there will be a news industry that sort of looks like what we have today, where there will be a certain number of companies that have whatever is the implementation of the franchises that exist today. In other words, there will be a company that is the successor to the *Washington Post* in Washington D.C., or the -- you know the *Chicago Tribune* in Chicago. But they may not necessarily publish on print, and they probably certainly won't publish on print everyday of the week.

MS. REHM: Alan Mutter --

MR. MUTTER: Instead they will develop a complement of media, mobile media, internet media, and other media that are probably just around the corner that

we don't know about yet. And together there will be professional information utilities provided by those franchises. Additionally, there will be all kinds of --

MS. REHM: All right, we will have to leave it there, I'm afraid.

Alan Mutter, former editor for the *San Francisco Chronicle*; David Folkenflik, Media Correspondent at NPR News; Leonard Downie, Vice President at Large for the Washington Post Company. Thank you all so much.

And thanks for listening. I'm Diane Rehm.

SPEAKER: *The Diane Rehm Show* is produced by Sandra Pinkard, Nancy Robertson, Jonathan Smith, Tanya Weinberg and Susan Nabors. The engineer is Tobey Schreiner. Dorie Anisman answers the phones. Visit drshow.org for audio archives and CD sales, transcripts from Soft Scribe and podcasts.