

Taking Stock:

Journalism and the Publicly Traded Newspaper Company

by Gilbert Cranberg, Randall Bezanson and John Soloski (Ames: Iowa State University Press, 2001), 210 pages.

Reviewed by Marc Edge

Industry changes have a way of creeping along silently until, as happened recently in the newspaper business, their implications come home with a sudden shock of realization. Such was the effect of events at the *Los Angeles Times* that began in 1997 with elimination of the "Church-State Wall" between editorial and advertising offices and culminated in the 1999 Staples Center scandal. The sudden concern can only come as slight solace for those, such as Ben Bagdikian, who warned of the dangers for democracy of newspaper companies entering the stock market for capital in his 1983 book, *The Media Monopoly*. His hypothesis has been taken up by three University of Iowa professors in a 1997 study funded by the Open Society Institute in New York.

While their research is definitely a start in the right direction, it suffers from a couple of fatal flaws, not the least of which is some unfortunate timing. This publication will be compared with the exhaustive "State of the American Newspaper" project underwritten by the Pew Charitable Trusts and also published in mid-2001 by the University of Arkansas Press as *Leaving Readers Behind: The Age of Corporate Journalism*. The difference is acknowledged by the Iowans early in their study. While the Pew project seeks insight into changes in newspapering through "detailed and thematic cases studies," Cranberg, Bezanson and Soloski explain that theirs is a study that focuses on "a more systematic understanding of structural forces – economic, market, social, legal, and technological." Were their flattering self-assessment even remotely accurate, their research would be of immensely more value, as a systematic understanding of the structural forces affecting the newspaper industry is what this study lacks most.

Taking Stock is a curious construction that lacks some basic scholarly features, such as a bibliography. The publisher notes cryptically that it was printed "from camera-ready copy provided by the authors," suggesting perhaps that the vital editing stage was omitted. The result of two years of research into the seventeen publicly-traded firms that control just over 40 percent of U.S. daily newspaper circulation, the study is based on detailed financial information from the companies and interviews with more than 100 journalists, newspaper executives and stock analysts. Almost a quarter of the book comprises a useful appendix that outlines the financial performance and ownership structure of the firms, including a listing of the 10 largest institutional investors of each. But excerpts of the interviews with 50 editors and dozens of stock analysts

are needlessly repetitive, including, at one point, more than five pages listing each editor's answer to the question of whether he or she had ever felt pressured about the financial bottom line.

The authors begin with their conclusions, then detail their findings that share ownership and incentive management have resulted in weakened journalism. Finally, some recommendations are made for negating the ill effects attributed to stock market influence, most of which would seem eminently sensible in a world where anything might be possible but hopelessly unrealistic in a business protected by the First Amendment. Even leaving workability aside, the reader is left wondering how some connections were made. For example, one recommendation for a reversal of government policy on Joint Operating Agreements comes without the book having even introduced the subject previously, much less having referred to the voluminous literature on the subject.

But most troubling is the chapter the authors say is the strength of their study. Far from displaying a "systematic understanding" of newspaper economics, the book at best overstates and at worst misstates industry trends. A "new economics of news" is posited and attributed to Bezanson, a professor in the Iowa Law School. He sees the emergence of niche markets as no less than reversing the economies of scale which have hitherto ruled the newspaper business. He also sees the advent of computer technology as all but eliminating the enormous barriers to entry into the newspaper business. But he fails to refer to any of the considerable research into newspaper economics and competition, which explains much of the growth of niche publications in competition with metropolitan dailies. Instead, he primarily cites the 1947 Hutchins Commission report and an interesting but highly speculative 1996 article in a professional journal that looked to what was then a very uncertain future for newspapers.

While such cursory treatment is hardly worthy of an important subject like this, the authors still perform a valuable service by taking a vital first step in scrutinizing stock market influences on the press. The book ought to also provide a stimulus for further research into complaints that publicly traded newspaper chains foster low-quality journalism in favor of short-term financial gains.

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