Communications and Society Program

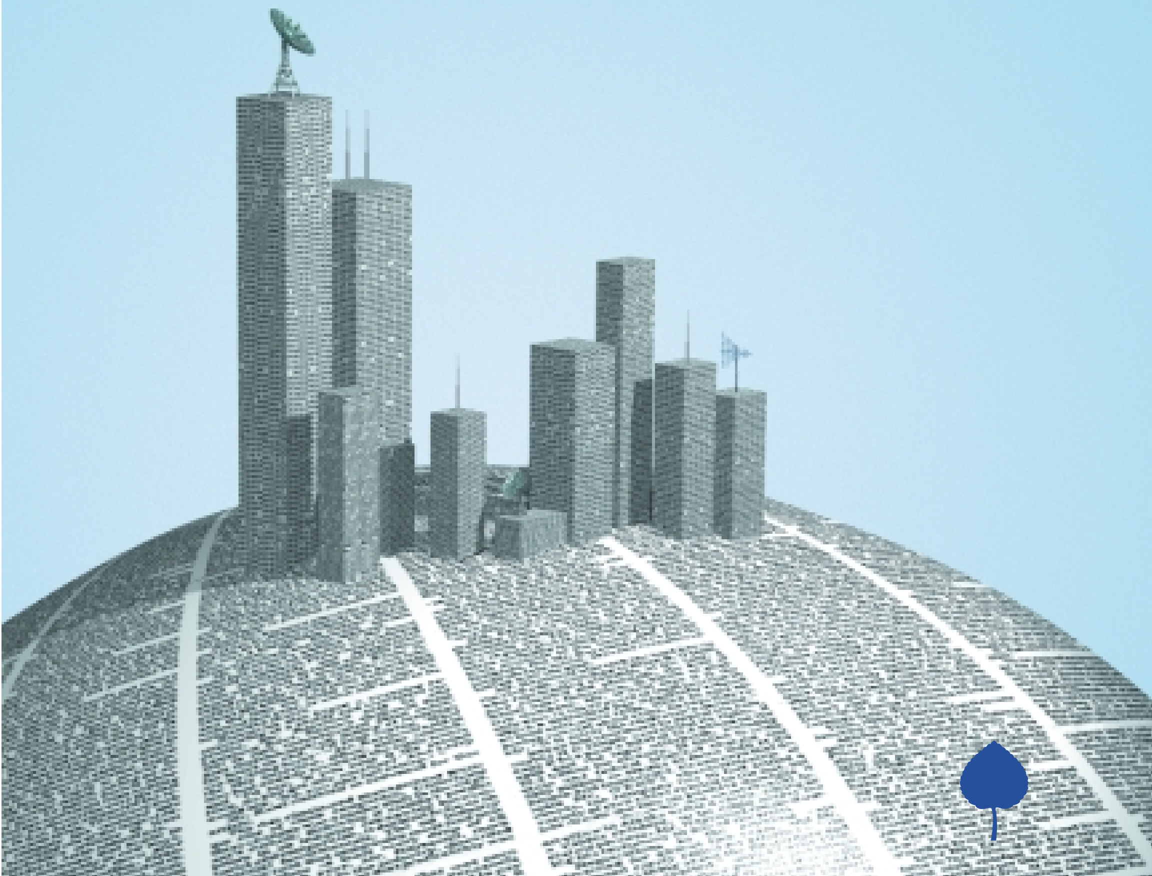
Values for the Digital Age: The Legacy of Henry Luce

Gerald M. Levin

with a report of the Third Annual Aspen Institute
Conference on Journalism and Society

**Disruption and Disorientation:
American Journalism in Transition**

by David Bollier



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THE ASPEN INSTITUTE

Communications and Society Program
Charles M. Firestone
Executive Director
Washington, DC
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The Aspen Institute
Communications and Society Program
One Dupont Circle, NW
Suite 700
Washington, DC 20036
Phone: (202) 736-5818
Fax: (202) 467-0790

Charles M. Firestone
Executive Director

Amy Korzick Garmer
Associate Director

The Aspen Institute
One Dupont Circle, NW
Suite 700
Washington, DC 20036

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Foreword

Conferences are organized for many reasons, but for those of us connected with the gathering whose proceedings are summarized in the following pages, there was one unifying theme: concern about the current quality and apparent trends in the news business.

Because of that concern, the John S. and James L. Knight Foundation joined with the Catto Charitable Foundation and the Aspen Institute to sponsor a conference in the summer of 1999 to discuss not merely yesterday's public media embarrassments but also the underlying pressures they simultaneously illustrate and mask. We agreed that such a conversation had to include a representative sample of the people who control today's communications companies if it was to add anything of value to what has become a ubiquitous national debate.

Implicit was the belief that many of the most troubling features of today's media landscape had less to do with conscious design than with horseback responses to the pressure of explosive changes in technology, ownership, and public taste. Perhaps something good might emerge if those who had the ability to call the shots were given the opportunity to talk about the need to master events and improve their organizations' performance as purveyors of news.

As it turned out, something good did emerge. From Gerald Levin's eloquent opening remarks to the final day's individual statements of intent and possibility, we heard almost as much about what could be done to reassert the dominance of basic news values as what had gone wrong. At first tentatively, then with growing force, a consensus emerged that this kind of discussion, with participants such as these, was too good an idea to allow to wither after one outing.

One reason was that most of the conferees brought considerable background knowledge to the table—and it showed. No one tried to snow anyone else. The "if you knew what I know" gambit was notable for its rarity. From beginning to end, the emphasis was on finding ways to cope and improve rather than to criticize and demonize.

The latter emphasis was particularly important. It is as easy as it is tempting to play "pin the tail on the donkey" when we talk about that sprawling, teeming, and rapidly morphing entity we call the media.

At the end of the day, however, it is of little value beyond the therapeutic for those of us whose anguish or anger needs venting.

The truth is that except when the captains and commanders of the mass media are put on the spot publicly, many are as quick as their most severe critics to express dismay about aspects of current media performance. Equally to the point, most of us who are comfortable in the role of media critics know that we have to clear out considerable ahistorical underbrush before we examine the current health of what was called, until very recently in this country, the press. It has always been the best of worlds and the worst of worlds.

There never was a pristine Eden untouched by commercial considerations from which we have since been cast out: not 25 years ago, not 50, and not 200. If in the beginning of our great national experiment with a free press there was the word, printed and distributed to selected audiences of the literate, there was also the everyday reality that both press and paper depended on money and consumers.

The money might come from political or economic factions or from advertising and circulation; it might even be diverted from other enterprises under control of the same owner. Its source, however, was not nearly as important as its necessity. Whether budgets were huge or miniscule, the books had to balance. Preferably, of course, they were expected to be comfortably in the black.

Audience preferences mattered. Factional publications appealed shamelessly to their factions. Commercial news was aimed at the rising commercial class. The yellow press set about the business of appealing to a mass audience with enthusiastic verve, pandering to ignorance and prejudices without a blush. Local newspapers were megaphones for provincial bias more often than not. Most Southern newspapers were cheerleaders in turn for slavery, secession, and segregation. There were wondrous exceptions always and in all places, but no honest student of American press history can pretend that most newspapers rose very far above the mores of their time and place.

With the dramatic wonders of technology—radio and television—came an ethos that openly promoted itself as a delivery system for bringing consumers to advertisers. News values ran a distant second in radio and then in television.

There was a brief time after World War II—little more than an interlude measured against the full sweep of media history in this country—when the combination of single-paper monopolies in most communities and a three-network stasis in the electronic communications world resulted in something close to managed competition. The rules of the road were well established and the nature of the game better defined and understood than at any previous time. This interlude lasted little longer than a quarter century, but because it was only yesterday, it is the reference point for most current criticism of media performance.

From one point of view, it should be. For a time, there was emerging agreement about certain basic ideas. Among them: Fair, accurate and thorough journalism, however the news product is delivered, is vital to the health of the democracy. Those who control the media control a public trust, not a preserve to be plundered in the name of bottom-line imperatives. The media are not set apart from this democratic republic but are squarely in and of it and have implicit responsibilities accordingly—just as individual citizens have such responsibilities. Society needs mirrors that reflect, not distort, society's realities. Freedom of the press, like freedom of speech, is only as meaningful as its vigorous exercise in the face of criticism, pressure, and even rage.

Those truths did not and do not exist in a vacuum, however. Historically, change has been the one certainty in the media, and today's unnerving racetrack of change again challenges old verities with the charge of irrelevance. The charge is as wrong as it can be cynical, but it is a healthy reminder of the task at hand. We must find ways to apply fundamental principles to a transformed communications landscape. Talking about the good old days is escapism.

Which brings us back to the conference in Aspen last August. Its members tried hard to deal with what exists, what is coming, and what might be done to improve on the prognosis. There was honesty and contention; a wonderfully skillful job by Jim Lehrer, the moderator; and common agreement that follow-up with an even broader base of participation by media managers was needed. With any luck at all, there will be.

Hodding Carter III
President and Chief Executive Officer
John S. and James L. Knight Foundation

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The Aspen Institute would like to acknowledge and express its sincere gratitude to the Catto Charitable Foundation and the John S. and James L. Knight Foundation for sponsoring the Third Annual Aspen Institute Conference on Journalism and Society. In particular, we thank Jessica and Henry Catto, president and vice president of the Catto Charitable Foundation, Hodding Carter, president of the John S. and James L. Knight Foundation, Del Brinkman, director of Journalism Programs of the Knight Foundation, and Creed Black, former president of the Knight Foundation, whose vision, commitment, and determination made this Conference possible.

We would also like to express our appreciation to Gerald Levin, chairman and CEO of Time Warner Inc., who served as the 1999 Catto Fellow, and delivered an exceedingly thoughtful keynote address. Our gratitude also goes to Ken Auletta, columnist of *The New Yorker*, for lending his time and advice throughout the planning stages; moderator, Jim Lehrer, executive editor and anchor of *The NewsHour with Jim Lehrer*, who did a masterful job at guiding the discussions as moderator; conference participants, who generously gave time out of their busy schedules to reflect on their work and the current state of their profession; David Bollier, conference rapporteur, whose deft pen once again captured the most interesting insights of the conference and wove them into a very readable report; Amy Korzick Garmer, associate director of the Communications and Society Program, for her work on research, conference materials and editorial supervision; copy editor David Stearman; Becky Weaver and Tyler Stone of the Aspen Institute's publications staff; and Sunny Sumter-Sana, program coordinator and publications manager, for her work on the conference and on this report.

Charles M. Firestone
Executive Vice President, Policy Programs
and
Executive Director, Communications and Society Program
The Aspen Institute

Values for the Digital Age: The Legacy of Henry Luce

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Gerald M. Levin

keynote address delivered
at the Third Annual Aspen Institute
Conference on Journalism and Society

It's a great honor to be this year's Catto Fellow and to be part of such impressive company. I'm grateful to Henry and Jessica Catto, whose generosity and thoughtful commitment to public dialogue have made this event possible.

As privileged as I am to be included, I realize I'm something of a departure. Unlike Robert MacNeil and Max Frankel, the two keynote speakers who have preceded me, I have no credentials as a journalist—never mind the statesman status they occupy in the profession.

In view of this, I tried to think of some way to wrap myself in the mantle of a journalist. One possible connection is that I attended the same college as Norm Pearlstine, who's not only a respected journalist but the editor-in-chief of Time Inc.

Unlike Norm, who majored in history, I majored in biblical literature. It could be argued that the Bible offers one of history's greatest collections of first-hand reporting on floods, famines, wars, and the struggle for human liberation—stories as fresh as tomorrow's headlines. But I won't attempt to "spin," as they say, the thin thread of a Haverford College major into a journalist's credentials.

Instead of aspiring to be what I'm not, I'd like to invoke Henry Luce, the man who occupied the jobs that Norm and I hold: editor-in-chief and chairman and CEO. Henry Luce will be at the center of what I have to say.

In 1950, Henry Luce accompanied his wife, Claire Booth Luce, to Aspen as part of a panel of writers and intellectuals. Always ready to speak his mind—whether asked or not—Luce told the organizers that the gathering was too self-indulgent. In America, he said, the economy and the culture were so intertwined that if you were going to discuss changing the culture, the dialogue had to include "the forgotten man in the cultural life of our society…the great, unwashed American businessman….”[1]

Looking back on Luce’s visit to Aspen, I feel a real kinship. Luce came here to accompany his wife: an accomplished, independent woman who never treated her husband as anything less—or more—than an equal. Anyone who knows Barbara Riley Levin will recognize the similarities.

Professionally, as a mover and shaker with strongly held views and the means to make them widely known, Luce was hardly a “forgotten man.” Yet he also never apologized for being a *businessman*—nor do I. Although I would amend Luce’s language to be more gender inclusive, I too believe that making profits is not incompatible with making a real difference in our society.

At a time when much of the world was moving toward putting business under government direction, Luce was adamant that economic progress was inextricably linked to political systems that actively encourage individual initiative and free enterprise. For me, the advent of a digitally based economy gives Luce’s view fresh urgency.

Luce also insisted that it wasn’t enough for business leaders to pursue efficiency and productivity. Those who entered the executive suites of American business had to have a heightened sense of their responsibility to the common good. I share this conviction.

Today, I’m here because the Aspen Institute embraced Luce’s idea to include people from diverse backgrounds and because I head the enterprise he founded. Because Walter Isaacson, the editor of *Time,* is in the audience, I should explain where the responsibilities of our editors begin and those of the corporate leadership end—and vice versa.

Luce bequeathed to our company an arrangement under which the editorial church maintained its independence from the secular or business side. In his own day, Luce sometimes acted like Henry VIII, serving as king and pope, but that was an exception rather than a precedent, and the separation of authority he initiated lasts to this day.

To pursue the ecclesiastical metaphor, Norm Pearlstine at Time Inc. and Tom Johnson at CNN each has complete authority in his episcopal see. They bless the day-to-day workings of editors and journalists and have ultimate responsibility for what our magazines print or news networks broadcast. They don’t look to me—or to Ted Turner or Don Logan, the CEO of Time Inc.—for direction in these matters.

At the same time, those of us on the business side ensure that Time Inc. and CNN have the support they need to expand the excellence of their operations. I also stay carefully abreast of how well they're living up to the expectations of quality and reliability that readers and viewers have of them.

Although I began my career nearly 30 years ago in the company's nascent cable television operations, what drew me to Time Inc. was its reputation for a blend of rock-ribbed journalistic integrity and editorial quality that was widely admired and imitated and had an impact on the world.

Eventually, with the Time-Warner merger, I was committed to making our journalistic operations part of an enterprise strong enough to prevent a hostile takeover bent on breaking up Time Inc. for illusory profit. As I outlined in a memo I sent to Dick Munro (then chairman of Time Inc.), the goal wasn't merely to join the cable and entertainment franchises of Time Inc. and Warner Communications but to bring in Turner Broadcasting and align *Time* and CNN.

At the heart of what I envisioned was a world-class news operation in print and electronic media with the size and resources to immunize itself from those who had no regard for its heritage. Ten years ago, Chancellor Allen, Chief Judge of Delaware's Chancery Court, made this vision the centerpiece of his decision in *Paramount versus Time*. His carefully written opinion examined the purpose of our management and board in undertaking our merger plans.

"The mission of the firm is not seen by those involved as wholly economic," he wrote—a formulation that echoed the instruction in Luce's will that Time Inc. should always be run "in the public interest as well as the interests of shareholders."

Obviously, I was among those cheering rather than criticizing Chancellor Allen's decision. Yet although I was happy with the decision—and the fact that it was upheld unanimously on appeal—I was also aware of the emphasis it put on Luce's legacy—on the "culture" of the company, as the Chancellor described it—and its role in our future. If we abandoned or diminished the role of journalism, we would convict ourselves of the hypocrisy our adversaries imputed to us. I didn't intend to let that happen. From the moment I became chairman, I set two goals.

The first goal was the acquisition of Turner. By 1995, Ted had reached the point where he wanted to join the premier global news network he'd built from scratch with a larger enterprise that would honor CNN's commitment to objective reporting as well as provide the resources needed to keep its lead against a growing list of competitors. It took almost no persuasion on my part to convince him that Time Warner was the obvious choice.

The second goal—finding a way to ensure that the journalistic core of our combined company would never be eroded, that it would continue to inform the entire company—required more than a merger agreement.

This challenge led me to take a closer look at the legacy that Luce had left our company. Over time, I read many of his speeches and letters. Often I learned; sometimes I disagreed. The sheer intensity of his prose—which a colleague once described as possessing "Presbyterian muscularity"—guaranteed that I always paid attention.

Luce was a complicated man, and it would be impossible to describe him adequately in a few sentences. Yet even a bare-bones recounting of the magazines he invented tells you about the scope of his creative drive.

His initial and aptly named venture, *Time,* was about just that—the pressures on people's lives and their need for news that was skillfully condensed and easily digestible. With *Fortune,* he helped convert financial journalism from a device for promotions and swindles into a vehicle of objective reporting and—in the hands of writers such as James Agee and Archibald MacLeish—into (I love this phrase) the literature of business.

Life created a whole new approach to the coverage of the everyday and the extraordinary through photojournalism, which it not only invented but raised to a high art in the work of Margaret Bourke-White, Alfred Eisenstaedt, and Carl Mydans.

Luce's string of innovations didn't end with *Life. Sports Illustrated* did for the coverage of American athletics what *Fortune* did for business.

Yet if one publication broke the mold and set off in an entirely new direction, it was *Life.* From the moment the idea was hatched, Luce sensed that *Life* would be different from anything that had come before—that it touched the future in a way no other magazine had.

In preparation for coming here, I sent to the Time Inc. archives for the file that contained the drafts of the famous prospectus for *Life* that begins, "To see life; to see the world," which was distributed to advertisers in July 1936. In addition to revisiting Luce's purpose in launching his new magazine, I wanted to settle in my own mind the question of who wrote the prospectus. Luce claimed he did. Others said it was Archibald MacLeish, who was then an editor at *Fortune.* What I found enabled me to resolve to my own satisfaction the question of authorship, and before I finish I'll share that with you.

What riveted my attention, however, was the exchange of letters and telegrams between Luce and MacLeish as these two intellectually gifted thinkers struggled to define why "The Show-Book of the World"—which was the tentative name for what became *Life*—represented a new moment in journalism.

In a telegram dated June 29, 1936, MacLeish pinned it down. "The great revolutions of journalism," he wrote, "are not revolutions in public opinion but revolutions in the way in which public opinion is formed."

By fusing print and photography with an eloquence and elegance that had never been achieved before, *Life* was truly a revolution "in the way in which public opinion is formed"—a truth borne out in the role *Life* played in World War II, when it brought the war into America's living rooms with an unprecedented intimacy and immediacy.

Try to think of V-J Day without the image of the sailor kissing the nurse in Times Square that Alfred Eisenstaedt captured, and you'll see what MacLeish meant about the power of *Life* to shape the way in which we perceive events.

The weekly *Life,* of course, was the one publication of Luce's that didn't survive the advent of television. But what is clear to me is that *Life* wasn't so much done in by television as fulfilled by it.

Life was a precursor, a bridge. "We are at a point in history," MacLeish wrote in that same telegram, where "all men have a common visible world which includes most of the earth on which they live. They expect to see not only what their eyes can reach but things their eyes have never looked at." Almost simultaneously with *Life,* Luce introduced a monthly newsreel, "March of Time," that at its peak was exhibited in more than 30,000 theaters across the United States.

Ironically for someone who embraced new technologies and understood the unfolding revolution in the access people around the globe had to images and information, Luce resisted taking his company into television. He felt that given the commercial requirements of broadcast, it wouldn't be possible to have a network solely devoted to news.

That reluctance survived Luce. It was an insurmountable roadblock for those of us at Time Inc. in the 1970s who were convinced that it would be a natural and invigorating step for the company to translate its immense experience into starting a 24-hour cable news network.

We couldn't convince those in charge that cable was a different animal from broadcast—an electronic medium that changed *how* the public is informed and didn't need to sustain itself the way broadcast did, by reaching the largest mass audience possible.

While Time Inc. declined the opportunity cable then offered, Ted Turner embraced it. Time Inc. possessed Luce's material legacy, but Ted had his restless creativity, the impulse of those who perceive what others can't or won't. Ted saw that cable provided the chance to offer a degree of news access and continual coverage that people need not just to form opinions but to make sense of a world in which distance had been obliterated and the moment-to-moment movement of events and markets anywhere on the globe affected lives everywhere. By insisting—as Luce had with his magazines—that his cable networks never be enlisted to serve the ends of any political party or economic interest or corporation, Ted made CNN the medium of record for *the* global video news business.

I believe that if Luce had entered the media business when Ted Turner did, his instincts as an entrepreneur and journalist would have led him to grasp cable's potential for creating a new kind of global journalism. In the same way, I believe that the 24-year-old Luce who conceived *Time* or the media revolutionary who proclaimed that *Life* was more than a new magazine—that it was a new way of seeing—would have jumped on the Internet and been a formative influence on its evolution as a news medium.

Luce was insistently optimistic about the relationship between media and human freedom. As loyal as he was to the doctrine of original sin and as convinced of the utter fallibility of individuals and institutions, he didn't believe that because we can't make things perfect, we can't make them better. Although conservative in his politics, Luce's desire to keep his company ahead of the curve meant he never became a prisoner of what we might call "media mandarinism."

Mandarins are by definition elitists. Luce was by nature a populist. Luce was essentially disinterested in the cynicism embodied in H.L. Mencken's famous observation that "no one in this world…has ever lost money by underestimating the intelligence of the…masses." Luce wanted to get rich by producing what was worthwhile. He was convinced he could create publications that combined editorial excellence and mass appeal. "Build it and they will come" was his philosophy.

Mandarins, on the other hand, are innately pessimistic about the ability of people or corporations to use the ever-widening media access afforded them by new technologies for anything more than electronic diversions.

Last year's Catto Fellow put it this way: "The same technology that drives our computers is drowning us in information and confusing our understanding of politics, science, medicine, the arts, and industry…. For the third time in three centuries, the technology of communications has brought us a revolutionary chance to enrich the education of the citizenry and to improve our democracy. But the signs are that—as before—we will use the new toys mainly for commerce and amusement."[2]

I know this pessimism is shared by other critics in and out of the media, and to be quite honest, I'm astounded by it. Despair over the inability of the media to help improve the human condition flies in the face of historical fact. For the past three centuries, levels of ignorance, intolerance, poverty and injustice have been dramatically reduced precisely in those areas in which access to independent sources of news and information has been continually increasing.

Technology keeps putting more useful information at people's disposal—more power to control their destinies. They might not always use that power as some presume to think they should. Yet it strikes me as blindly contrary to the epic advancements of recent history to go on insisting that the media as well as their messages are merely numbing our minds and rotting our souls.

This liberating power is glaringly apparent when it comes to the Internet. The Internet transforms the First Amendment from a national legal guarantee into a global mandate. Certainly, there are the dangers inherent in media that operate without government control or the direction of a cultural elite. Luce recognized these dangers. "Freedom of the press," he wrote, "is also the freedom to pander to ignorance, to mediocrity,…to hatred and meanness,…to all that is unlovely in democracy."

The more freedom, the more unlovely it can get. But what Luce didn't accept was that this fate was the inevitable end of every media enterprise. In fact, Luce himself defined what was required to ensure that the journalistic core of his company would endure, no matter what changes came along. The answer lay in having a set of values inscribed on the souls of those who carry out the organization's day-to-day operations—values that they believed in and understood and that the organization lived by. Here's how Luce put it: "Every reporter and editor should know that he is expected to be a [person] of intellectual integrity and that his honest coping with truth…will be respected."

How unafraid Luce was to use words such as *integrity* and *respect*. How willing he was to assert that the media business wasn't a zone of moral neutrality but a place in which there was an obligation to stand for something—for the "honest coping with truth." We need the same courage and willingness.

In his keynote address of two years ago, Robert MacNeil spoke of the need for journalistic companies, individually and collectively, to put a renewed focus on "core values." I certainly agree. I'm convinced that the future belongs to those enterprises that are able to articulate and act on the basic values which attract the best talent and which allow these women and men to find meaning and worth in what they do.

We're in the middle of such a values initiative at Time Warner. We're conducting forums for people in every part of the company—in journalism and entertainment alike—to be outspoken about the values that must motivate a company such as ours. There's a real urgency about this process. We've crossed a threshold called "the digital divide," a milestone every bit as historic as the transition from manuscripts to printed texts. The power of hierarchies built on systems in which access to information is restricted—in which the ability to collect and disseminate it is in the hands of a relative few—is coming to an end.

The wildly democratic nature of the Internet gives everyone the potential to be a media producer as well as a consumer, a home page maker as well as a viewer. It's already challenging established media corporations to find ways to attract and retain the committed, critically aware people who are the lifeblood of our industry. Organizations that can't—or won't—adjust to this new template, that can't incorporate a digital intelligence and learn to operate in "Internet time," that won't empower their people to pursue the myriad opportunities of this transforming technology, are doomed.

I will never share the pessimism of those who preach that every leap in the technology of human communications is somehow a step backward in our capacity to increase the world's supply of intellectual and moral capital. I am profoundly optimistic about the media and their impact.

As the horizon of people's access to words and images stretches toward infinity, companies with a heritage of providing highly reliable, intelligently presented, consistently fair news and information take on ever greater prominence. Thanks to this heritage—and the bond of trust it has created with the public—they become the landmarks to which people turn to get their bearings, to separate facts from gossip and outright lies, and to decide for themselves what the truth is.

I promised earlier to tell you what I learned from the Time Inc. archives about whether it was Luce or MacLeish who wrote the prospectus for *Life.* The happy truth is that in the flurry of telegrams back and forth between them on June 29, 1936, each built on the work of the other. It was as if they were completing each other's sentences, electronically.

More important, when I'd finished reading that file, what mattered to me wasn't apportioning credit but appreciating an articulation of the media's role every bit as relevant to our day as it was to theirs—and, indeed, to understanding my own responsibility and role.

In part, the prospectus says this: "To see life; to see the world; to eyewitness great events; to watch the faces of the poor and gestures of the proud…to see things thousands of miles away, things hidden behind walls and within rooms, things dangerous to come by…to see and be amazed; to see and be instructed."

In digital technology, we now have the most powerful tool in history for helping us see life, the world, and each other; for transcending borders and divisions; for individual enjoyment, communal enlightenment, and global progress. Yet the ultimate worth of this tool—like every other tool that has come before—is in who uses it and to what purpose.

For Time Warner, the promise of the digital future is rooted in Luce's legacy: in the tradition of journalistic integrity he created, in the enthusiasm for innovation he instilled, in the commitment to values he insisted on. It's a legacy I embrace and a future I will do all in my power to make happen.

Notes

1. Sidney Hyman, *The Aspen Idea,* (Oklahoma: University of Oklahoma Press, 1975), p. 101.

2. See Max Frankel, *Media Madness: The Revolution So Far,* (Washington, DC: Aspen Institute, 1999).

Disruption and Disorientation: American Journalism in transition

Executive Summary

Introduction

We have unmistakably entered a new era of journalism marked by intense competition and the blurring of traditional boundaries separating journalism, entertainment, and marketing. This era is marked as well by a surge of tabloid journalism among otherwise respectable news outlets, the rise of a 24-hour news cycle that has created a ubiquitous news environment, and the relative decline of editorial gatekeepers as people gain direct access to information via the Internet.

Although some of these developments have provided genuine benefits, many critics charge that they are also eroding traditional standards of journalism and the health of our democratic culture. The Third Annual Aspen Institute Conference on Journalism and Society in August 1999 convened some of the nation's leading media executives, editors, and journalists to open a fresh dialogue between journalists and media executives, assess long-term trends, and suggest remedial strategies.

The Emergence of a New Era of Journalism

It used to be that daily journalism constituted its own market, and even newspapers and broadcast news represented distinct markets. This environment enabled journalism to flourish in a preserve of its own, somewhat insulated from fierce market pressures. Over the past decade, however, news operations have become incorporated into larger corporate empires committed to entertainment and other business ventures; these larger corporate entities are not necessarily committed to traditional journalistic standards. The culture of journalism has also been affected by the shift of media control from private to public owners over the past generation—a shift that has made market performance a much higher priority in most news enterprises.

The expansion of cable and satellite delivery systems and the rise of the Internet have also intensified concerns about the emphasis on market performance at the expense of journalistic quality. Where once Americans could rely on paternalistic newspaper ownership and the network triumvirate to ensure journalistic standards, today the public can choose its own standards—from all-news networks and gossip-punditry to syndicated tabloid shows and Internet bulletin boards, chat rooms, and Web sites. The most immediate effect of this media explosion is the blurring of boundaries that once distinguished professional journalism from other media products, notably entertainment.

On the other hand, the new technologies and competition are also improving the news in many respects. For the first time in history, people can get breaking news in their offices and other places where there once was no access. Consumers also have a greater variety of choices and access to new types of specialized news. Many newspapers are exploring innovative ways to extend their market franchise to the Internet, with online vehicles for news, local information, and personal service.

Disruption and Disorientation in the News Business

The many transformations in the media marketplace are disrupting ingrained habits and traditions in the news business. Stable relationships with readers, advertisers, competitors, management, and capital markets are being reordered. Customary practices are now regarded as economically unsustainable in the new marketplace. The pace of technological change, market competition, and pressures to be efficient and profitable are causing disorientation in many quarters of the news business. This report examines six themes:

- an identity crisis within the journalism profession;
- the changing relationship between journalists and their audiences;
- the shifting criteria of news judgment as diverse media venues converge and compete in a common marketplace;
- the new importance of marketing and how it is creating new dilemmas for journalism;
- the truth of the proposition that quality is a competitive advantage in the marketplace; and
- the murky calculus by which media executives determine a "reasonable profit" for a news operation and appropriate levels of reinvestment in journalistic resources.

The underlying issue in each of these areas may be: How should the journalism profession define quality and hold itself accountable? This apparently simple question seems to have only maddeningly complicated and inconclusive answers.

Strategies for Change

Clearly there are no quick solutions for reversing distressing trends rooted in changing market structures, technologies, management norms, and larger cultural forces. Yet conference participants did suggest some process-oriented approaches:

1. Chief executive officers of media corporations must show leadership in addressing the quality of journalism.
2. Shareholders must be educated about the competitive importance of journalistic values.
3. Opportunities for communication between management and journalists must grow.
4. Journalists should support greater self-criticism and transparency.

The strategies proposed here represent a prologue more than a conclusion. Much more conversation, experimentation, consumer response, and leadership will need to materialize before current trajectories in the news business can begin to change.

Disruption and Disorientation: American Journalism in Transition

David Bollier

The strange thing about the media revolution of the past two decades is that it has been conceived chiefly as a technological affair. In truth, it is now dawning on us that the media revolution is at least as much an economic, social, and cultural revolution: a dramatic reordering of the structures by which we conduct commerce, pursue political goals, organize relationships, and live our personal lives.

If it once appeared that this revolution might bypass journalism, those hopes were dashed by the O.J. Simpson trial, the Princess Diana funeral, and the Clinton-Lewinsky scandal. In strobe-light flashes, these and a series of lesser episodes revealed that we have unmistakably entered a new era of journalism. This era is marked by intense competition among dozens of media venues and the blurring of traditional boundaries separating journalism, entertainment, and marketing. This era is also marked by a surge of tabloid journalism among otherwise respectable news outlets; the rise of a 24-hour news cycle that has created a ubiquitous environment of perpetual news; and the relative decline of editorial gatekeepers as direct sources of information become available via the Internet.

Although some of these developments have provided genuine benefits, many critics charge that they are also eroding traditional standards of journalism and the health of our democratic culture. Journalism constitutes a rare public stage, after all, on which the nation's diverse citizenry can air grievances, debate issues, and seek common ground. Its quality greatly influences the quality of our politics, the integrity of governance, relations among different ethnic and cultural groups, and the general tenor of civic and community life.

The dislocations associated with the new media marketplace have left media executives and journalists increasingly disoriented and the public alienated and sometimes contemptuous. Yet there are few opportunities for the leading actors in the unfolding transformation of journalism to essay a more informed overview of long-term trends and suggest remedial strategies. Hence the Third Annual Aspen Institute Conference on Journalism and Society—a gathering of 27 prominent chief executive officers of media companies, publishers, editors, reporters, and other media experts. (A list of participants is included in the appendix.)

Convened by the Aspen Institute's Communications and Society Program, the conference—which took place August 7–9, 1999, in Aspen, Colorado—was made possible by the Catto Charitable Foundation and by the John S. and James L. Knight Foundation. The discussions elicited some revealing accounts of how the media revolution is undermining traditional journalistic values even as it opens exciting new opportunities for journalism. Moderator Jim Lehrer, executive editor and anchor of *The NewsHour with Jim Lehrer,* helped develop a record of comment and debate—which is the basis of this report.

Plan of this Report

The first part of this report explores how new media technologies, especially the Internet, are supplanting the "old order" of journalism with a complex and confusing new regime. The emerging media marketplace is a boisterous, unpredictable, eclectic realm that has not begun to achieve equilibrium. Its most salient traits may be fragmentation and competitive intensity, which are reshaping historic market structures and, in turn, established journalistic norms. The new marketplace offers much to decry, according to conference participants, but also innovative new capabilities—such as Web sites, Internet radio, and video streaming—that may significantly improve journalism over time.

The second part of this report moves from this overview of marketplace and technological changes to an examination of how they are disrupting the journalism profession's many once-stable relationships—with readers, advertisers, competitors, management, and capital markets. The turmoil in longstanding relationships surely accounts for much of the confusion—some observers call it an identity crisis—that seems to afflict the journalism profession. So many interconnected relationships are in flux.

As a result, it is often not clear what the normative "rules" for journalism should be. What is the proper role for newspaper and broadcast journalism when millions of consumers have unmediated, real-time access to information via the Internet? How should editors edit for a more sophisticated public with multiple media choices? And now that the news business must compete in a more diverse, entertainment-driven marketplace, can journalism retain its editorial independence and standards of news judgment? Do the new marketing imperatives of the emerging media marketplace compromise editorial integrity? Can quality journalism flourish even as media concentration and capital markets drive up profit expectations and pressures to cut costs?

After examining these and other questions, the report surveys some provisional strategies that might help bolster the independence, credibility, and trust of journalism in the new media marketplace. The ideas presented are admittedly preliminary. Conference participants agreed that the dialogue about these issues must grow in breadth and depth. The investment community, media executives, and journalists themselves must begin a more searching conversation among themselves about their respective interests and the possibilities of finding a new common ground. If such a dialogue previously has been regarded as superfluous or inappropriate, it is a sign of the times that such a dialogue is now regarded as urgent. Never before have the interests of each party been so intertwined.

The Emergence of a New Era of Journalism

In his speech to the Aspen Institute in August 1998, Max Frankel, magazine columnist and former executive editor of *The New York Times*, cautioned that many of the complaints about journalism in our time are not really new. Recalling the journalistic excesses of colonial printers in the 1700s and the penny press and yellow journalists in the 1800s, Frankel noted that "our news media have always been driven by technology, and every technological revolution has pushed them down a very slippery slope in the direction of mass manipulation rather than class communication."

Although journalism has surely had an uneven history in American life, there is a sense that the slippery slopes of the 1990s are steep and slick indeed. With the expansion of cable and satellite delivery systems, television has become a ubiquitous social medium with unparalleled immediacy and impact. The Internet has greatly amplified these dynamics, prompting comparisons to the printing press as an instrument of sweeping social transformation.

It is not just the proliferation of these new media that is changing journalism, however. Threats are also seen in the rapid consolidation and concentration of the media, as well as in their subservience to entertainment businesses and capital markets. News operations that once enjoyed a certain measure of insulation from advertisers and competitors—not to mention investors—have now become trading chips on a global field of finance capitalism. It is no wonder that the character of the news business has changed.

The Decline of the Old Order

It used to be that daily journalism constituted its own market; even newspapers and broadcast news represented distinct markets. This environment enabled journalism to flourish in a preserve of its own. "The people who worked for the Hearsts, the Luces, and the McCormicks and developed this system and the culture in which we work were people for whom their enterprise was *the* enterprise," said Richard C. Wald, Fred Friendly Professor of Media and Society at Columbia University. "There were no news operations that were parts of something else."

As a result, journalism in the post-World War II years developed a professional culture of some distinction and independence. Often supported by a media titan or a wealthy family, news enterprises tended to be singularly dedicated to journalism, not other commercial endeavors, and the character of the product was closely identified with its private owners. The impresarios of journalism took pride in their product, and broadcast networks tended to regard their news departments as prestigious loss leaders. William Paley and General Sarnoff recognized the commercial value of running news organizations with class. As stewards of government-sanctioned oligopolies that by law could not be bought and sold, they could, in truth, afford a measure of *noblesse oblige.*

The economic foundations of the news business have changed considerably since the 1950s and 1960s, of course. Especially since the early 1980s, the business of journalism has frequently been integrated with large corporate empires that operate all sorts of media businesses (cable television, films, magazines, books) as well as wholly unrelated enterprises (nuclear power, financial services, amusement parks). No longer answerable to a single mogul or family but to public capital markets, most newsrooms today tend to be small fiefdoms in large corporate empires. Media executives must contend with many powerful, sometimes conflicting pressures—such as investor expectations, cross-media "synergies," or evolving regulatory regimes—that have little to do with good journalism.

New Ownership Regimes

The shift of media control from private to public owners over the past generation has had important consequences for journalism, according to Wald. "The great shift in the past generation has been from individual private ownership to group private ownership; from group private ownership to public ownership; and now to a form of commodification [of news operations]—trading chips on Wall Street. In that process, something valuable is being lost, or could be."

This shift in ownership structure has affected the culture of journalism, said Wald, by prompting news executives to orient themselves more to their parent corporations than to their newsrooms. The newsroom is no longer a semi-sovereign domain enjoying a measure of insulation from the marketplace. "The people who were our predecessors," Wald noted, "instilled in us a series of ideals of what we are and what we should be. Now they [these ideals] are coming up against a series of pressures that are essentially the pressures of Wall Street—which are: How do you pay off the debt? and What is the stock price? This creates a kind of rats-in-a-maze mentality, which makes [management] go mad, because they can't find the money, or the bait. It creates an instability that is, I believe, a problem for a lot of journalists today."

The commodification of the news business has meant that the vagaries of finance capitalism now intrude more frequently on the practice of journalism. "Starting in the 1980s, there was a tremendous turnover of [media] companies," observed Gerald M. Levin, chairman and chief executive officer of Time Warner, Inc. "Media properties have been traded, bought, and resold. Every time that happens, the buyer has an interest in getting some kind of return—maybe he had to borrow money [and thus needs to maximize revenues and cut costs]—and each buyer represents a different management culture."

H. Brandt Ayers, publisher and chairman of Consolidated Publishing, Inc. (which publishes the *Anniston* [Ala.] *Star*), noted how investor trafficking of media properties affected the CBS television affiliate that his company once owned. "After we divested, the station was sold two or three times. Eventually the new owners moved the station to Birmingham so they could capture the Tuscaloosa and Anniston markets as well as Birmingham. This means that Anniston now has about five minutes of local news on broadcast television. In essence, Anniston has lost its voice because of distant corporate ownership."

Although "distant corporate ownership" need not lead to a deterioration in journalism or news coverage (Belo Corp's commitment to its far-flung news operations was cited) it often does, said Barbara Cochran, president of the Radio-Television News Directors Association (RTNDA). Such owners are disinclined to invest in training journalists and provide professional enrichment, she said. Moreover, the coming wave of consolidation among broadcast stations triggered by a recent Federal Communications Commission (FCC) ruling may accelerate this trend, Cochran said. "I worry that as the number of stations that can be owned gets larger, there may be less of an incentive to invest in people," she said. "If you own 25 stations, it's more expensive to offer training opportunities to your individual newsrooms than when you owned 10 stations."

The Changing Mix of Jobs and Job Responsibilities

While changes in ownership and market pressures have clearly led to job cuts in many news operations, it can be hard to sort out whether there has indeed been a net decline. This is because the very mix of jobs at a newspaper or broadcast news operation has often changed, said Anthony Ridder, chairman and chief executive of Knight Ridder.

"Take a place like *el Nuevo Herald* [the Spanish-language edition of *The Miami Herald*], which has gone from 29 people 10 years ago to over 100 today," said Ridder. "The newsroom staff has increased, while some of the other parts of the paper have fewer people. The paper has more people than they had before, but the newspaper is trying to do a lot more as well." Ridder reported that Knight Ridder employs more journalists than ever before. The problem, he said, is that job cuts are noticed—and criticized—while the creation of new jobs goes ignored.

In addition, Ridder pointed out, cuts in some newsrooms have been more than offset by the creation of new jobs in Internet-related ventures. The Web sites created by many newspapers and broadcast networks, for example, represent a significant increase in news-related jobs. New journalism franchises such as MSNBC, *Salon*, and *Slate* are also swelling the ranks of the profession. This mix of changes makes it more difficult to calculate net gains or losses within journalism.

There is general agreement that the output being demanded of journalists is increasing. "Today, the conversation around the water cooler is about all of the new demands on our time—and the wish that there would be maybe a few more resources," said Randall Pinkston, news correspondent for CBS News. "The complaints that I'm hearing aren't about how corporate is clashing with the journalism; they're about 'How am I going to develop stuff that I am being called on to do?'"

Conference participants acknowledged that the so-called Golden Age of journalism—a time associated with the likes of Edward R. Murrow, Walter Cronkite, David Halberstam, Bob Woodward, and Carl Bernstein—was not as exemplary as we like to regard it in retrospect. Furthermore, most participants agreed, it is not a bad thing for journalists to realize that their work must not only have sufficient quality but sufficient commercial appeal to survive.

What makes the old order of the news business so attractive—at least from today's perspective—said Richard Smith, chairman and editor-in-chief of *Newsweek*, was that "news was treated as a loss leader, as a kind of thing apart." It allowed a certain independence in news judgment and professional aspiration. "That 'special status' has clearly been eroded as far as a lot of journalists are concerned, and that creates a tension," said Smith. "There's never been a time when budgets were talked about more in newsrooms than they are today. There's never been a time when the head-count issue has been watched as carefully as it is right now.… And it is affecting working journalists' lives in a way today that I think it hasn't in the past."

The Rise of a Raucous Media Bazaar

There was a time when Walter Lippmann's newspaper column could change the course of Washington political debate; when the evening news attracted massive audiences and helped shape the national agenda; when Walter Cronkite could reassure a troubled nation with his avuncular "that's the way it is" objectivity.

Some of the most renowned journalists and purported journalists of the 1990s have a different character. The work of Matt Drudge, Chris Matthews, Larry King, Rush Limbaugh, and Geraldo Rivera seems far more oriented to satisfying a market than advancing a professional ethos. If the old school of journalism resembled a gentlemen's club noted for its decorum, class, and insularity, the new school is akin to a raucous bazaar. It is a marketplace open to anyone with the moxie and flash to attract an audience. If the product can be passed off as journalism, so much the better.

Clearly the proliferation of new technologies, especially the Internet, has played a primary role in this transformation. Where once Americans could rely on paternalistic newspaper ownership and the network triumvirate to ensure journalistic standards, today the public can choose its own standards—from all-news networks and gossip-punditry on cable TV to syndicated tabloid shows and Internet bulletin boards, chat rooms, and Web sites.

The most immediate effect of this media explosion is the blurring of boundaries that once distinguished professional journalism from other media products, notably entertainment. "The credibility factor for journalism is greatly diminished when *Hard Copy* can get thrown in the same bin with *60 Minutes* and still be considered journalism," said Leslie Moonves, president and chief executive officer of CBS Television. "There's no accountability on some of those stories—and the fact is, the public has a real hard time now distinguishing between an afternoon syndicated show, a network news-magazine, local news, and *The National Enquirer.*"

Merrill Brown, editor-in-chief of MSNBC on the Internet, agrees that "the proliferation of outlets is confusing people.... Everything kind of looks alike, making it very hard to discern what is and what isn't really journalism." With similar visual formats, celebrity anchors, and stylistic cues, Brown said, "It really does all look alike at the end of the day."

The sheer number of TV news venues, each competing for advertisers and viewers and needing to generate huge amounts of "product" for 24-hour news holes, has radically changed the TV news marketplace. Serious newsgathering remains a fairly expensive proposition; talking-head punditry, by contrast, can be produced on the cheap and still generate respectable audience ratings. At one level, simple economics has fueled the harsh opinion-mongering that passes for journalism.

"I think that we all agree that the cure for bad speech is more speech," said Ayers. "But what is the cure for *more bad speech*?" Ayers recalled how journalists in the 1960s rebuffed J. Edgar Hoover's attempt to discredit Martin Luther King, Jr., by sharing FBI wiretaps of King's illicit sexual encounters. This "news" never surfaced during King's lifetime. In today's "wonderful, competitive jungle," said Ayers, "by God, you'd be listening to Martin Luther King's sex life 24 hours a day for weeks. Competition unregulated by any sense of a philosophical North Star leads you directly to the British press."

That may be the price we have to pay for the Internet's decentralized control of information, retorted Walter Isaacson, managing editor of *Time* magazine. "Technology ends the 'age of the gatekeeper.' Once there were four or five centralized, slightly elitist gatekeepers to protect us from knowing what J. Edgar Hoover was doing. Whether or not it'd be good to have a nice, elite set of gatekeepers that would do that—to prevent the unwashed masses from getting knowledge of what Hoover was about—it's just gone. The Internet decentralizes everything."

In the long sweep of history, according to Isaacson, this decentralization may not be so bad. Centralized control of information has tended to be pernicious, whereas its democratization has generally been salutary. This shift of power in the control of information makes it all the more imperative for editorial gatekeepers to "assert our values," Isaacson said: "With no more monopoly or centralized control of information, it's only by having a good set of values that you eventually get the loyalty and trust of the readers."

Ken Auletta, communications columnist for *The New Yorker,* agreed that journalism must reassert its professionalism in the face of the new pressures. "If we are professionals, the presumption is that we have certain standards and judgment—the qualities you bring to a story. Part of our mission is sometimes to be able to tell the viewer or the reader, 'We think this is important. So please eat your spinach!'"

Realistically, however, is it possible for a respected news organ to stand by its professional standards as competition from the media bazaar siphons away its once-secure market share? When there is always some media outlet willing to pander to a lower sensibility, and the public is willing to follow, it becomes harder to maintain one's standards. Even many well-meaning newspaper editors discovered this when the bottom-feeders of television syndication and the Internet began releasing tawdry details about President Clinton and Monica Lewinsky.

The history of this transition will require more time and perspective. For the moment, *Warp Speed: America in the Age of Mixed Media* (Century Foundation Press, 1999), by Bill Kovach and Tom Rosenstiel, offers a cogent critique of how the new technologies and the resulting market transformations are inexorably altering journalistic norms. Kovach and Rosenstiel argue that "the classic function of journalism to sort out a true and reliable account of the day's events is being undermined. It is being displaced by the continuous news cycle, the growing power of sources over reporters, varying standards of journalism, and a fascination with inexpensive, polarizing argument."[1] The "post-O.J. media culture," Kovach and Rosenstiel contend, is one in which:

> the cultures of entertainment, infotainment, argument, analysis, tabloid, and mainstream press not only work side by side but intermingle and merge. It is a culture in which Matt Drudge sits alongside William Safire on *Meet the Press* and Ted Koppel talks about the nuances of oral sex, in which *Hard Copy* and CBS News jostle for camera position outside the federal grand jury to hear from a special prosecutor.[2]

How New Technologies Are Improving the News

Although considerable attention is being paid to how new technologies are hurting journalism, the story is not all negative. There are, in fact, many remarkable social benefits facilitated by the new technologies. As Brown—one of the leading online news editors—pointed out:

> The new technology has created thousands of jobs—something not spoken about here. The new technology has made every newspaper of any consequence in the world available in real time to any desktop in the world. The new technology has brought breaking news, for the first time in history, to people's offices around the world, where they had no access to our products whatsoever. The new technology has broken the stranglehold of the evening news at 6:30–7:00 every night; now you can come to my Web site or to other news sites and see the nightly news, if you're so inclined, on demand—any time, day or night. Again, it's news when you want it, fitting into your life.

The size of audiences for news on Internet sites is remarkable in many instances. Approximately a million people per day go to CNN.com and MSNBC.com, according to Brown; the number spikes sharply higher during news events of mass interest. "On the days when the bodies of JFK

Jr. and his wife and sister-in-law were found," said Brown, "we had two and a half million people coming through our Web site."

Newspapers seeking to maintain and extend their franchises are already making plans to develop additional information-related services for the Internet. "There is not a single newspaper site that beats Yahoo because people feel that that's the place to go for everything," said Ridder. Instead of letting Yahoo and other search engines build consumer traffic (to whom advertising can be sold), many newspaper chains are trying to emulate Internet portals such as Excite and Infoseek by offering personalized services and access to local and regional resources. In this way, newspapers would aggregate their own audiences and build new advertising base.

Another newspaper enterprise aggressively exploring online business models, Belo Corp, recognizes that it is very difficult for news organizations to move incrementally from the print model of business to the Internet; the economics and news practices are so radically different. That is why Belo has moved "from a defensive mindset to an offensive mindset to a new business mindset," according to its chairman, president, and chief executive officer, Robert W. Decherd. Rather than simply develop an online affiliate to its news operations, the company has created an entirely separate company that is run from a different location.

The rise of new communications media—Internet radio, Internet video streaming, digital broadcast television—is naturally attracting the attention of many media companies. Already there are an estimated 1,800 Internet radio stations, in which individuals transmit real-time audio (music, talk, lectures) via the Internet. Video streaming is also growing in popularity, despite its technical limitations, and is likely to explode as bandwidth capacity grows in coming years. Digital broadcast television, slated to phase in over the next five years, will use the airwaves to transmit video, audio, and data over the same 6 MHz broadcast channel; commercial broadcasters are currently exploring how to build a money-making business in this virgin territory.

These new opportunities are both heady and perilous—heady because innovative business models developed in an environment that is fluid and free of entrenched competitors can be hugely successful and perilous because success in carving out a profitable new franchise will require huge new investments in businesses for which the revenue models are still highly experimental. Moreover, the investment community has notoriously short-term expectations and may not grant the new ventures enough time to succeed.

"The difficulty we're having with the Internet," said Levin, "is that there is no financial dynamic yet, and I'm not sure when one is going to emerge. Almost everybody we're talking about [i.e., Internet news providers] doesn't make any money." Levin noted that subscription schemes for online information have been rejected by consumers, and the advertising model derived from broadcasting may or may not succeed in an online context.

"What is emerging, just for the moment," said Levin, "is electronic commerce. If this is the new revenue model, then there are a lot of implications—not just for the news business but for every business that sells a product.… I think we're still in the early stage [of Internet business models]," he said. "No one has found the magic bullet."

Because the revenue-generating potential of the Internet remains a strange mixture of great expectations and profound perplexity, the most significant challenge, said Brown, "is being patient in an impatient world." Just as CNN in the late 1970s plunged into cable television without a clear model for making money—while major players such as ABC and Westinghouse prematurely abandoned their cable holdings—so it may take years for new Internet business models for journalism to crystallize and for the medium to evolve more fully.

"Wall Street has created an environment where it's really hard for guys like Robert Decherd [of Belo Corp] to show vision and demonstrate patience," said Brown. "There's enormous pressure on Gerald Levin, me, and the rest of us to figure out a viable business model in a time frame that is ludicrous—months or a couple of years, as opposed to a decade."

Those pressures are going to remain intense because newspapers must find new revenue streams. "What happens as classified advertising revenue migrates in some measure to the Internet?" asked Jack Fuller, president of Tribune Publishing Company. "Classified advertising has, in recent times at least, been the difference between very profitable newspapers and barely profitable newspapers. The underlying economic model of a newspaper will ultimately have to change."

The Internet is unraveling the economic model of newspapers as packagers of disparate sources of information—hard news, features, comics, classifieds, sports, crossword puzzles. "Now that consumers have infinite ways of getting information," said Fuller, "one wonders how we're going to sustain these enterprises in the long term."

Disruption and Disorientation in the News Business

Talking about transformations in technology and markets as abstract, external forces is one thing. Feeling those transformations as they disrupt the ingrained habits and traditions of one's professional life is another. That, in a nutshell, may account for much of the confusion within journalism. Stable relationships with readers, advertisers, competitors, management, and capital markets are being reordered. Customary practices are now regarded as economically unsustainable in the new marketplace. Kovach and Rosenstiel put it succinctly: "Journalism is in a state of disorientation brought on by rapid technological change, declining market share, and growing pressure to operate with economic efficiency."[3]

This part of the report explores how the "macro-forces" of technology and markets described above are remaking the microeconomics and professional norms of news organizations. Six complex themes are examined here:

- an identity crisis within the journalism profession;
- the changing relationship between journalists and their audiences;
- shifting criteria of news judgment as diverse media venues converge and compete in a common marketplace;
- the importance of marketing in the new marketplace and how this is creating new dilemmas for journalism;
- the truth of the proposition that quality is a competitive advantage in the marketplace; and
- the murky calculus by which media executives determine a "reasonable profit" for a news operation and appropriate levels of reinvestment in journalistic resources.

Perhaps the common denominator to these issues—an X variable that has yet to be determined—was best articulated by Kathryn Downing, publisher, president, and chief executive officer of *The Los Angeles Times:* "How should we define quality and hold ourselves accountable for it?" It is a simple question that seems to have only maddeningly complicated and inconclusive answers.

An Identity Crisis in Journalism

The disorientation that is felt in so many quarters of the journalism profession may have its roots in a "Copernican revolution" in the news business: Journalism is no longer the center of the universe. As discussed above, news no longer constitutes its own distinct market niche. Nor is it as insulated from market pressures as it once seemed to be. Journalism's niche is still distinct, to be sure, but it has been incorporated into a larger universe of heterogeneous, market-driven entertainment media.

This trend has resulted in the strange paradox of new forms of highly sophisticated, intelligent journalism coexisting with the most pandering strains of tabloid journalism. It is the best of times, it is the worst of times. "I don't think in my lifetime, or ever," said Wald, "there have been better educated, better paid, better living journalists than there are today. The world's smartest people could not live a better life than a lot of journalists do today." Yet simultaneously, the profession has a striking lack of self-confidence and consensus about news judgment and ethical standards. The identity of the profession—what it means to be a journalist—has never been more unsettled.

"The old assumptions of the culture under which we work have changed," asserted Wald. Many journalists who entered the profession under one set of assumptions, he said, are coming to find—to their consternation—that the news business now operates under a different set of assumptions.

"Deep down," agreed John Cochran, senior Washington correspondent for ABC News, "we [journalists] don't know how our masters feel about us. Do they take pride in us? More importantly, what is their conception of the public interest?" Cochran predicts that the real test for this question may come in the near future when one of the networks "looks around and says, 'You know, there's only room for *two* 6:30 EDT newscasts'—and discontinues theirs."

Geoffrey Cowan, dean of the Annenberg School for Communication at the University of Southern California, suggested that much of the disillusionment among journalism students and within the profession comes from declining support from the business side for so-called hard news. "There is the feeling that there's been a shift from hard news to other kinds of news—'news you can use,' health-related news, gossip, scandal, sensationalism, crime, and so on," said Cowan. "It's not equally true at each news outlet, and it's more pronounced in local broadcast news than daily newspapers. But there is a widespread perception of a shift in news values."

Levin warned that there are too many different segments of journalism to allow such "easy generalizations" about shifts in news coverage. Other participants noted that there is a widespread *perception*—whether accurate or not—among journalists that business considerations are degrading traditional news standards, and more than half of the public shares this view, according to recent studies. This factor alone warrants attention.

The Cultural Chasm Between Journalists and Management

Is there, then, a growing gulf separating the professional culture of journalism and the market orientation of management? Most participants agreed that there is. Sometimes the gulf results from a lack of communication or the use of different languages. Sometimes, however, it results from a degree of understanding that is only too clear; the two sides simply have divergent interests.

Auletta likened the cultural gap to the deep chasm that separates science and the humanities, as popularized in a famous essay by literary critic C.P. Snow. As Auletta explained:

> When business people speak of teamwork, it's a word that tends to jar a lot of journalists because we don't think of teamwork—we go off and do our individual stories. When management talks about bringing down walls between business and news, or about a borderless company, that's something that scares a lot of journalists—because we want the walls between the business and the news side up. When management talks about synergy or brand, I understand what they mean, but they are words that sometimes scare us—for example, when we see the publisher of *Talk* magazine at their launch party thanking Mondavi for supplying the wine and Donna Karan for her dress. . . .

Much of the conflict between management and journalists over the character of journalism stems from different priorities. Management is responsible for maximizing revenues, catering to advertisers, and satisfying investors—qualitatively different goals than exercising independent news judgment. Although this tension has always existed to one degree or another, it intensified in the 1980s, according to John Cochran, when Lawrence Tisch and Jack Welch took the helm at CBS and NBC, respectively, and began insisting that the news divisions show a profit.

Differences between the cultures of journalism and management, once muted, became more overt and may have reached an apotheosis with Disney's acquisition of ABC. "The Disney Company has a general desire to please," noted one participant, "while the questions facing the ABC news operation are not necessarily a desire to please." Similarly, noted another participant, corporate executives are predisposed to curry favor with government officials and their business peers, while journalists are more likely to embarrass powerful people with damaging revelations.

On the other hand, there are media companies in which corporate management and the newsroom seem to have a more harmonious, communicative relationship. Smith asserted that "there's really very little daylight between [*Newsweek's*] corporate goals and the goals of *Newsweek* as a journalistic institution." Isaacson concurred: Certain corporations, such as Time Warner, "have a genetic heritage of respect for news and journalism. I think that we grew up with that sense that there's not some corporate mission that clashes with what we do as journalists.... I've never seen, felt, heard, or even had intimated to me that the journalism in some ways should be warped or shaped by business or cultural interests."

Lee Cullum, columnist for the *Dallas Morning News,* questioned whether the interests of journalism and management (as agents of investors) can truly be melded. She cited the 1992 book by Jane Jacobs, *Systems of Survival: A Dialogue on the Moral Foundations of Commerce and Politics.* Jacobs contends that there are two discrete and contradictory value systems in the world, said Cullum: "a 'commercial system' which presides over business and science and a 'guardian system' which handles government, the military, religion, the arts, and, I would say, journalism. If you apply the values of one system to the other, you will corrupt the other system." Cullum later added, "It's important that everybody work his or her side of the street. Journalists must be concerned with professional integrity. Management must pursue profits and gains on Wall Street. The tension must be borne between these two camps."

The complexities of this bold argument were borne out by much of the conference discussion. In different permutations, the following six sections illustrate the enduring tension—and mutual dependence—of the commercial ethic and journalistic aspiration.

The Changing Relationship Between Journalists and the Public

Not all changes in the news business emanate from the "supply side" (that is, the media companies and the journalism profession). The desires and judgments of news *consumers*—the demand side—have also changed considerably over the past generation. New media technologies have also empowered consumers, sharpening their sophistication about how the news is gathered and presented.

"Our audience is vastly better educated than that which once gave its various pledges of allegiance to the various kinds of outlets that we provided," said Hodding Carter III, president and chief executive officer of the John S. and James L. Knight Foundation. "They have become much better informed consumers, which has tended to make them much more critical consumers. They are much more aware of the media's failings." News consumers of the 1990s have access to a broader range of news products, allowing them to make comparisons. They also have direct, real-time access to information via the Internet, C-SPAN, and other sources, allowing people to assess the editorial judgment of newspapers and television news.

Sandy Rowe, editor of *The Oregonian*, agreed.: "They [news consumers] have seen sausage made." Rowe reported on the Journalism Credibility Project, an ambitious initiative sponsored by the American Society of Newspaper Editors (ASNE) and funded by the Robert R. McCormick Tribune Foundation and eight daily newspapers. Launched in 1997, the project represents one of the most ambitious, rigorous attempts to assess the credibility of the American press.

According to the report *Examining Our Credibility: Perspectives of the Public and the Press*, by Christine D. Urban, the public's biggest complaints about journalism center on "accuracy, the newspaper's relationship with its community, and perceptions that newspapers too often are biased and tend to over-cover sensational stories."[4] The report noted that the public sees "too many factual errors and spelling or grammar mistakes in newspapers"; 23 percent of the public say they find factual errors in their daily paper at least once a week.

The report also found that "the public perceives that newspapers do not consistently demonstrate respect for, and knowledge of, their readers and their communities." Fifty-three percent of the public believe that the press is "out-of-touch with mainstream Americans." In general, the public believes that reporters pay more attention to what their editors want than what readers want, that they are more cynical than other professionals, and that they are more hard-bitten than nonjournalists. "You wouldn't be a good reporter if you were a nice person," as one survey respondent put it.

Inspired by similar worries about declining public trust in the news media, the Radio and Television News Directors Foundation (RTNDF) conducted a major national survey in late 1998 to assess the public's attitudes about key newsroom practices in local television news—the use of hidden cameras, the use of confidential sources, and coverage of private lives, among other issues. The study found that "there is a 'disconnect'—often a serious and significant one—between what news directors think and what the American public thinks."[5] Despite these findings, said Barbara Cochran, the survey found that "local television news is considered the most credible news source" and "does a better job of covering the subjects that people are interested in."

Cochran noted a countervailing trend that has helped break down the barriers between professional journalists and the public: the growing role of women and minorities in the editorial process. "I think that coverage of the personal character of political figures has increased because there are more women involved in covering politics and making the decisions," she said. "I think we have a much broader definition today of what news is. It includes health, family life, and a host of issues that were not regarded as suitable front-page news subjects 30 years ago." Many male editors greatly underestimated the public's interest in Princess Diana's car crash and funeral even though it was quite compelling to large numbers of women and girls, said Cochran. "Because we have different kinds of people making decisions about the news," she said, "we have a better chance of getting someone who understands a part of the audience that wasn't necessarily represented in the 'good old days.'"

Journalism's Unseemly Arrogance and Cynicism

A great deal of the public's disdain for the press stems from journalistic arrogance, contended Auletta. "Journalism has largely lost its humility. When we adopt the pose of cynicism; when we ask those loud, rude questions; when we intrude on people's private lives, in part we are reflecting the absence of humility. We're supposed to be in the business of asking questions—not giving quick, glib answers on talk shows."

This sentiment was echoed by other conference participants, who cited noteworthy examples of press arrogance: Sam Donaldson's on-air judgment that President Clinton would resign within weeks if the Lewinsky allegations were true; the press' carping that bombing campaigns such as the one waged by NATO against Kosovo cannot succeed; and rude and stupid questioning of the president at press conferences.

What is really intolerable, said Fuller, is for the press to "behave badly, as human beings, and then tell us that it is their duty and ask the public to be grateful." In the same vein, Decherd argued that the journalism profession has "an intolerance of the idea of giving the benefit of the doubt" and that a simple failure to observe the Golden Rule accounts for much of the public's scorn for the news media.

On the other hand, Brown, for one, considers the issue of rudeness by reporters "silly." "Politicians are making it harder for us by the skill with which they spin," he said, "and in order to cut through that, aggressiveness and sometimes rudeness are mandatory." He conceded that it may be necessary to educate the public and media executives of this fact—but that journalists must be aggressive if they are to ferret out some facsimile of the truth.

In an attempt to reduce the "disconnect" between journalists and the American people, Isaacson several years ago took a large contingent of his *Time* editors and reporters on a cross-country bus tour of the nation's heartland. Travelling via Route 50—the last non-Interstate road to span the continent—Isaacson's band of journalists met with ordinary people at PTA meetings, Rotary Clubs, and pool halls.

"We found an amazing lack of cynicism," said Isaacson, "and a real feeling that the press gets everything wrong partly because they are so negative. They try to start a controversy instead of understanding how people really react." Isaacson believes that the press needs to convey "that we do have values and that we have the courage not to be cynical."

Learning to "hear" the American people better will require that newsrooms be more diverse, added Downing. "Traditionally, we have not, in our stories, reflected our community. We have not had people of the community who have understood the diversity of the community and been able to report on it." Downing cited her own paper's failure to cover the Los Angeles riots of 1994 from the perspective of Korean-Americans, many of whom lost businesses to the violence.

Once a paper starts to reach out to its readers, said Downing, the results can be phenomenal. She noted how a small notice on page A2 inviting readers to contact a newly installed readers' representative with any complaints has elicited "an amazing response." This reader's representative "is completely overwhelmed; we have three people supporting her full-time now."

The Changing Criteria of News Judgment

As the variety of news and pseudo-news organizations has proliferated, the prevailing standards of news judgment are changing in subtle and not-so-subtle ways. Down-market storylines dealing with sex, scandal, and crime and "softer" news angles featuring celebrities and personal lifestyles are growing in popularity.

What is especially disturbing about this trend, said author and journalist Robert MacNeil, is that even a modest tabloid presence in today's market can dramatically affect the news judgments of the most prestigious news franchises. For example, he said, "network news gave saturation coverage to the O.J. Simpson trial because they were afraid if they didn't—with their audience share already eroding year by year—that perhaps 10 percent would go away to Court TV and not come back to the nightly habit [of the evening news]." Producers of the evening news decided to lead with O.J. stories on many occasions—breaking with their traditional news judgment, said MacNeil, to help ensure that viewers just tuning in would not migrate to other channels. This dynamic is the "ultimate tabloidization," said MacNeil, because even a small amount of sensationalism can be highly infectious, degrading "what used to be responsible and well-judged information at 6:30 in the evening."

Competition has inspired a decision-making process that executives at CBS News call "video chicken," said Moonves. The basic logic is, "We're going on the air only if the other two networks are on," he said. "There are some stories, if one [network] goes on, we go on. If two go on, we go on. If nobody's on, we don't go on."

There is a strong consensus, however, that competition and commercialism are skewing news coverage, at least on the local news. Barbara Cochran noted that according to the RTNDF study, the top three pressures shaping news coverage are ratings, profits, and the desire to be first to report a story. More than 90 percent of the public believes that the drive for ratings "often" or "sometimes" improperly influences news coverage—a view shared by a remarkable 87 percent of news directors. Moreover, 91 percent of the public and news directors alike agree that the desire to be the first to report a story improperly influences news coverage "often" or "sometimes." The desire for profits is the third most-cited factor affecting news coverage—86 percent of the public and 60 percent of news directors believe that profits drive coverage.

There is no question that today's media environment is more commercially minded, said Brown. "It's in the wind, it's in the air. The spotlight is on all of us today, in a commercial marketplace, in a way that it never was." There are many reasons, according to Brown: the growth of the business press, heightened public scrutiny of the media, greater sophistication of reporters, and briefings that media executives often give their staffs about marketplace trends. "Even 10 years ago, lots of people who worked for me and who are somewhat older now say, 'We never heard conversations like that. I've never met with an advertising person before.' The world has changed."

Are the news media necessarily to blame for this marked shift in news judgment? Two participants ascribed recent shifts in news judgment to "an imperative of human nature—curiosity" and to larger cultural trends. Today's news coverage ought to be put into a larger perspective, urged Fuller: "Some of the things we're turning up our nose at are things that people are absolutely fascinated with; they're curious in a way that marks them as human. There's nothing wrong with that curiosity." Wald suggested that "the culture is dissolving most of the old institutions that we have inherited—marriage, banking, politics, name it—and we are a piece of that."

At a more pragmatic level, Wald said, the real difficulty is that advertisers and viewers do not necessarily demand the kind of respectable venues they once did. "You're not going to succeed [in improving news programming] unless you get the backing of a large number of viewers or a large number of advertisers. It ain't gonna work any other way. That's what we have to worry about."

A provocative question is whether the new matrix of economic and technological forces is inexorably altering news judgment and rendering the leadership of individual editors irrelevant. Is it feasible for individual editors to reassert stronger journalistic values in the face of an increasingly indifferent or hostile marketplace? Rowe is certainly correct that "news judgment says something fundamental about our character.… You say what your character is every night—in what you cover and, frequently, in what you don't cover and don't discuss." Yet even strong editorial leadership, courageously asserted, may encounter distinct limits in what the market will support.

This situation raises two vexing questions: Should journalists therefore care about marketing? And will quality ultimately prevail in a competitive media marketplace?

Should Journalists Care About Marketing?

One consequence of the growing number of news outlets is the need to call attention to one's product. Amidst the burgeoning choices of diverse media, it is growing harder for news franchises to attract and keep readers and viewers. Hence the new emphasis on marketing as a competitive weapon. As the marketing sensibility becomes more prevalent, however, it is creating some sticky ethical questions. Historically, journalistic ethics tended to be more straightforward because of the traditional "separation of church and state" philosophy. Advertisers and journalists were to have nothing to do with each other, period, so ethical breaches were more clear-cut.

Now the figurative church/state wall is becoming an ambiguous ethical zone with few clear landmarks. The outright purchase of editorial content by advertisers is still considered an egregious ethical breach, of course. More subtle kinds of commercial influences on journalists, however, are becoming widespread—and ethically acceptable. Some media companies have their editors participate in certain business decisions, particularly marketing, and unabashedly seek to provide editorial content to suit advertiser demand.

"It's absolutely true" that marketing has affected TV journalism, said Moonves. For that very reason, Moonves has no apologies for involving his top news people in business deliberations. "Should Andrew Heyward, the president of our CBS news division, be treated like a child? Should he be left out—let the adults make the decision, and hand it down to him? Or should he be part of the decision-making process?" Moonves says Heyward has been able to withstand the corporate pressure while maintaining the integrity of the organization and contributing to the bottom line.

Isaacson pursues a similar philosophy at *Time* magazine: "I think it gets very dangerous," he said, "if we [editors] think we have to be protected from the marketplace.... No, we don't want each of our reporters to be marketers, but every single reporter, when they pitch a story to me, I have to ask the questions: Is that interesting to our readers? Does it affect their lives? This may be called marketing by some people, but to me, it's just the nature of the business we're in."

There has always been a fine line between marketing and editing, Ridder said. "I think it's important not only to try to give readers information we think they *should* read, but that they actually *will* read, so it connects with what they're interested in. So is that marketing? Or is that just being a smart editor?"

At MSNBC on the Internet, said Brown, there is a keen awareness of the revenue sources supporting the journalism. "Everybody who works for me," he said, "knows about things like, 'Well, the health category is really rich in the Internet today, from an advertising point of view, and we've got to make money in the next few years. What do we do to cover more health?'"

Some veteran journalists are not sanguine about this frank commingling of business and journalistic goals. MacNeil calls it "the invisible nerve gas that is sweet and lethal [that] pervades the atmosphere in all journalism organizations." What MacNeil finds dangerous is not the traditional division between owners and journalists but "the new climate of co-optation of journalists by the owners and management.... Journalists understand that they have to perform commercially—more than they used to have to understand that."

Smith agreed that the gulf between management and journalists is not widening, as some critics fear, but narrowing. Editorial management is coming to represent corporate goals, not challenge them. "In the past," Smith said, "the editor or the executive producer was seen by his or her people as a buffer between corporate demands and the ability of the journalists to do their jobs." Now, he said, top editors are regarded by staff as agents of the corporate agenda—people whose allegiance has shifted away from journalism.

Rowe outlined what she sees as the proper role of an editor-in-chief today:

> My job is to build the kind of environment in a newsroom in which creative and talented people can do their best work—period.... That's how I best fulfill my obligations to the owner, and it's certainly how I best

> fulfill my obligations and responsibilities to the community. Now, you don't do that by making the day-to-day working journalists marketers. I need to know marketing, a lot of the editors need to know marketing; it is an important element of our jobs. But if I try to make the investigative reporters, the business reporters, the city hall reporters [into] marketers, I am in fact undercutting the goals the owner would want me to achieve.

Much confusion stems from a misunderstanding of motives and professional languages. Journalists are suspect of corporate motives or do not understand some of the most basic economic factors affecting their company's performance. That is why Knight Ridder has established a program to teach "business literacy" to its journalists—so they understand the dynamics of capital expenditures, taxes, dividends, and profits.

On the other hand, many media executives do not truly understand the pressures that affect the craft of daily journalism—the tough judgment calls, the difficulties in ensuring accuracy, the talents needed to produce a quality product under immense time pressures. One conference participant cited a major executive who did not read his own newspaper except for the sports section; another told how his company's sales director learned a great deal about the nuances of producing journalism after talking to the editorial staff at a company retreat.

The wall between church and state is not likely to be rebuilt any time soon. Yet clear, practical standards for redefining editorial integrity in a market-driven environment have not really emerged. The process will surely be hastened by credibility meltdowns and marketing excesses in the coming months and years.

Preserving Quality in the New Media Marketplace

Most exhortations to produce higher-quality journalism are predicated on the belief that a fair, competitive marketplace will, in fact, reward a better product. "The faith that many people in this room have," said Auletta, "is that if they do it right, God will reward them in the end."

But is this faith misplaced? Will consumers and Wall Street indeed reward those principled journalists who are willing to live their values?

Or have changes in the marketplace rendered core journalistic values something of a *non sequitur*—a cultural relic of diminishing economic value?

Isaacson believes that quality does ultimately prevail in the market and is rewarded accordingly: "The organizations with the most credibility and trust tend to be the ones that survive and grow," he said. "As more newspapers disappear, it's the newspapers that have the most bonds of trust, that have done things right, that tend to be the ones that survive." Isaacson noted that respected stalwarts such as *The New York Times,* CNN, *Time,* the *Los Angeles Times,* and MSNBC make money, whereas less reputable news operations such as the *New York Post,* which often reap transient publicity, lose money and are less likely to survive over the long run.

This dynamic applies to online journalism as well, said Isaacson. He concedes that "maybe there's this temptation to be sloppy, cheap—you know, make a quick profit by doing something sensational. But people on the Net are already gravitating to places they trust, to where the credibility is."

Although some conference participants echoed this sentiment, others challenged it as unsupported. Rupert Murdoch's brand of journalism—as practiced in the *New York Post* and his British and Australian tabloids—would seem to refute our faith that quality yields profits, according to Brown: "Murdoch contradicts the idea of quality winning out. We need to address the real question of whether quality wins at the end of the day, as laudable as that sounds."

Other evidence also suggests that quality is not necessarily rewarded. Especially in a networked environment such as the Internet, the "first mover" innovator that establishes ubiquity for its brand name—companies such as Yahoo, Amazon.com, and RealAudio—are the ones that tend to prevail. Newcomers with superior products have much more difficulty amassing sufficient public awareness and customer loyalty to establish a significant market share.

Similarly, the burgeoning variety of news sources available to consumers makes it harder for a company to stand out in the crowd, even with a top-flight product. "You look at every survey that's done," said Auletta, "and they tell you that people don't make the distinction between the news they get from Dan Rather and the news they get from *Hard Copy.*" The fragmentation of the market may have created highly profitable, sustainable niches for lowbrow journalism—as well as elite journalism. This market fragmentation also may have made it harder to maintain "brand differentiation" among news products, making it less likely that costly investments in better journalism will yield an attractive return.

In a series of meetings with his top executives and with Wall Street analysts, Levin has sought to explore the question of how values and quality affect financial performance over the long term. As he posited the basic question, "Is there a causal connection between what we're defining as 'journalistic values' and what Wall Street defines as 'value creation?' Or, stated differently, does the quality that we're all aspiring to translate into superior financial performance?" There is a third possibility, suggested Levin: "Is there, in fact, a *separate* value here that needs to be recognized that is co-extensive with financial performance?"

Levin hastened to add that he does not believe that "the journalistic part of a company should be financially protected" and insulated from market discipline. He believes that the linkage between quality and profits is probably more complicated than we appreciate: "I believe…there is superior financial performance through core journalistic values and high quality—but just in case that's not true all the time, I'm asserting that there is a separate value [that also needs to be affirmed]."

"But if you're wrong," asked Auletta, "are you willing, as a CEO, to sacrifice some points on your profit margin in order to do what you have faith you should be doing?"

"That's probably why you need an additional value [beyond financial performance]" replied Levin. "And that's probably why we need to get Wall Street to understand that there's more than just the delivering of a certain superior financial return—that there are other factors involved." Levin speculated that "maybe we need to redefine the modern corporation" to take account of a broader range of public policies and social values.

Perhaps another way of construing the issue is that the range of strategies for achieving superior financial performance is probably broader and more varied than conventional wisdom allows. There is no formula; editorial leadership and quality can emerge from unlikely places.

An example from television history is *The Waltons*—a plain, low-key drama that, before its airing, was seen as having little commercial appeal. As Merv Adelson, former chairman and chief executive officer of Lorimar-Telepictures, told the story, "They tried to throw the show away by programming it against *The Flip Wilson Show,* which was number two at the time. Within a year, *The Waltons* was number two." Adelson said the anecdote illustrates "how quality and value in the world of television and journalism can take off. If you're a leader, you have to truly believe that values are not only going to be satisfying in your gut, but they're going to be profitable."

Although the consensus seems to be that tabloidism is dragging down the quality of more reputable news products, the reverse dynamic may actually be possible, argued Ayers. "In 1885–95, the state of journalism in New York was the way we describe the broadcast media today," Ayers said. "It was an awful cacophony. And then Mr. Ochs bought *The New York Times,* and that was the death knell of the yellow press. Perhaps projecting that idea, a few new, excellent broadcast news programs might reduce some of the static on the airwaves."

What Is a Reasonable Profit in the News Business?

If the relationship between quality and market performance is somewhat arbitrary—or at least only loosely correlated—it is reasonable to ask whether the requisite profit levels for a given news operations are also arbitrary in significant measure. This suspicion arises because investors who have little intrinsic interest in journalistic quality are setting profit expectations for the news business. The higher those profit expectations rise, the less discretionary money a news operation has to invest in journalistic quality.

How, then, are profit levels determined? "What is the magic margin?" asked Carter. "How does a newspaper decide it needs to go from X percent to Y percent, and that is going to be done over a given time period? Why do you go from 22 percent to 26 percent, or from 18 percent to 24 percent?"

"The answer," replied Decherd, "is derived from a marketplace that the history of the world has proved to be efficient, whether it's the Roman marketplace or Wall Street. We have to live within that market."

Crudely put, said Fuller, "The way the market values a company is based on risk and growth characteristics—growth of profits and growth of cash and cash returns. And the way you get growth is either by growing revenues and holding your margins roughly steady or, if you can't grow your revenues very fast, growing your margins in order to show growth to the bottom line." Fuller continued:

> Within that very simple framework, a lot of decisions are made by companies that are operating in the public market.… And if you fail to do so, you'll get punished some way or another. Either you won't be able to raise capital to do the things that you need to do, on the terms that exist…or, in extreme circumstances, somebody will decide that they can do it better than you can and take over the company from you—and try even more dramatic, draconian measures. That's very oversimplified, but those are the basic forces at work.

Levin believes that "profit margins don't count for most companies anymore. There have been so many acquisitions, the only thing that counts is cash and cash return—after-tax cash return. Is that operating cash increasing? It's not profit margins." Levin suggested that there are just too many changes taking place to make simple financial assessments of media properties.

If there is one financial benchmark common to most media companies, it is the desire to maintain profit equivalency with one's corporate peers. Ridder noted that his company's profit margins at the *Philadelphia Inquirer* were once around 7 percent. "Most good newspapers—*The Washington Post*, the *Los Angeles Times,* the *Chicago Tribune*—their margins are all up in the 20s. All I was asking for was to go from 7 percent to 15 percent, and yet all hell was breaking loose [among the paper's staff]—that this was just pure corporate greed, nothing else, and that we were going to destroy the newspaper in the process. It was just completely off base."

Ridder explained that publicly owned media companies such as Knight Ridder are primarily owned by institutional investors who make frank comparative judgments: "They say, 'How come you're not competitive with the *Tribune,* say, in terms of your profit margin?'"

The problem with this scenario, said Carter, is that it virtually ensures a "race to the bottom" in terms of cost-cutting and news quality:

> There'll *always* be somebody willing to make the margin higher or the return better and make the boast that we made 35 percent. Then your analysts turn to you

> and say, 'Sorry, you're not marketing well enough out there. You've got to get it up from your trivial 25 percent.' And then you're competing against the guy who does it. That's a wonderfully 'perfect market,' run by 12 guys who are your analysts but who don't give a damn about the product. They do care that some of the people out there are getting 35 percent or 40 percent, while you're getting 25 percent. That's driving you not to the top, but to the bottom.… That kind of efficiency makes great sense in business school, friends—but you're supposed to be in the news business.

The perception that corporate financial interests are overriding core journalistic values is prevalent, said Rowe, citing her review of research on ASNE's Journalism Credibility Project: "People say, of course, you're owned by larger corporations. Therefore, of course, you act in the corporation's self-interest, whether that [means] listening to advertisers or trying to get high ratings."

"As expectations of profit margins have risen," said MacNeil, "the resources given journalists have, on the average, been cut back." The question then, he said, is, "How will you temper the profit expectations of media executives to bring them in line with what your corporate journalism values are?" Is there any way to begin to reconcile the fierce competitive demands of today's capital markets and their agents—management—with the standards and aspirations that journalists (and truly, most media executives as well) have for their enterprises?

Strategies For Change

Clearly there are no quick solutions for reversing distressing trends that are rooted in market structures, technologies, management norms, and larger cultural forces. Still, if any progress is going to be made in fortifying core journalistic values, it is imperative to identify some toeholds—some provisional ways of grappling with the issues and developing effective strategies. Conference participants suggested several process-oriented approaches.

1. CEOs must show leadership in addressing the quality of journalism. "Leadership is critical here in redeveloping and making real connections between management and journalists," said Jessica Catto, former publisher of the *Washington Journalism Review.* "I think that's the only way you're going to get quality." The critical need, agreed Decherd, is "re-engaging chief executive officers in the practice of journalism, in all forms."

Decherd admits that the form of such re-engagement "is going to vary across companies in how it occurs; we're not going to have a single model of it." Real progress might be made, however, "if we can reward behavior wherein, as chief executive officers, we articulate whatever our companies' particular standards and values and operating principles are, embody them, and then insist that the people who report to us—no matter what their backgrounds—behave similarly."

Levin is, in fact, pursuing such a strategy at Time Warner through forums with people in every part of the company. "I'm convinced," Levin said is his keynote speech, "the future belongs to those enterprises that are able to articulate and act on the basic values which attract the best talent and which allow these women and men to find meaning and worth in what they do." Levin is therefore trying to nurture the kind of values-based corporate culture that will help all executives and employees make the right ethical and business choices. Levin commended the example of Henry Luce, founder of *Time, Life,* and *Fortune* magazines: "How unafraid Luce was to use words like integrity and respect. How willing he was to assert that the media business wasn't a zone of moral neutrality but a place in which there was an obligation to stand for something—for the 'honest coping with truth.' We need that same courage and willingness."

2. Shareholders must be educated about the competitive importance of journalistic values. Levin said that in his presentations to Wall Street analysts, he has begun to talk about the importance of noneconomic values as corporate assets. These gambits are often met with skepticism, he said, but he is convinced that such arguments must be made if the investment community is going to learn how moral and social values affect financial performance over the long term.

Decherd concurred: "The companies that choose to invest in or create management systems that support quality journalistic products, I believe, have far more durable franchises. In a Darwinistic evolution, they are going to survive. And the Street will figure that out. Right now, they don't have to figure it out, because people are able to come into an industry that has been essentially untested internally and do financially marvelous things. Mel Karmazin [chief executive officer of CBS] is a great example."

The notion that a company's cultural and social values are valuable resources that over time helps generate higher financial returns is gaining broader currency. It is reflected in surveys about corporate reputation (*Wall Street Journal,* September 23, 1999), books by management experts (*Built to Last: Successful Habits of Visionary Companies,* by James C. Collins and Jerry I. Porras), and new initiatives at bolstering corporate values of the sort launched by Levin at Time Warner and Decherd at Belo Corp.

3. Opportunities for communication between management and journalists must grow. For too long, said many participants, the wall of separation between "church" and "state" has inhibited genuine conversation between management and journalists. Suspicion and misunderstanding have flourished, allowing two tribes with different languages and values to grow within the same organization.

Conference participants agreed that one of the first priorities is to open new lines of genuine communication between management and journalists. "There isn't enough peer interaction, and there isn't enough pressure being exerted other than by Jerry Levin," said Decherd. "Corporate people aren't spending enough time trying to sort the issues out on their own. But the fact is, we are ultimately responsible for these products."

Tribune Publishing and Belo Corp have used a team exercise to break down barriers. Simulating a daily news operation, teams of non-news executives are asked to compose mock front pages based on a choice of 15–20 news stories. The executives' choices are often wildly inappropriate, failing to take account of likely public consequences—community reaction, political backlash, and so forth. Fuller reported how one executive, when asked to justify his team's choices, "got testier and testier, until he finally said to somebody, 'Well, we just decided it! That's all!' Then he stopped, heard himself, and said, 'It doesn't take you long to start sounding like them.' It was a silly moment, but it was also an extremely revealing moment for everyone."

The point is not just to expose management to the difficult realities of daily journalism. Editorial staffs, for their part, must understand the matrix of market pressures that management must contend with.

Without a meaningful, good-faith dialogue between "church" and "state," a new common ground is not likely to be found.

4. The press should support greater self-criticism and transparency. There was some disagreement among participants over the value of self-criticism and openness in press circles. Levin finds the press scrutiny of scandals such as "Tailwind"—the CNN/*Time* story about chemical weapons in Vietnam whose veracity was challenged—to be exercises in "journalistic cannibalism."

"If somebody makes a misstep," said Levin, "there is a frenzy. And instead of kind of working within our profession to deal with it, and understand it, it gets exploded in kind of an exposé way.… I think it really undermines the general reader's, and viewer's, notion of credibility because if we're doing that to ourselves, there must be a tremendous problem." Others agreed that such hyper-scrutiny is "extraordinarily self-indulgent" and not of much interest to the general public.

Yet other participants disagreed. They pointed to survey research that suggests that the public wants the press to become more open and responsive and to offer meaningful mechanisms for accountability. That is why the public appreciates reader ombudsmen, where they exist. The very premise of *Brill's Content* magazine, for one, is that the press—shielded as it must be by the First Amendment—has not been subject to enough probing scrutiny and that the lack of accountability simply allows inaccuracy, bias, and other abuses to persist.

The core issue raised early in the conference—how do we define quality and hold ourselves accountable for it?—remained elusive. There are few firm places to plant one's feet when the earth beneath the news business is shifting so rapidly and dramatically. That is why the strategies proposed here represent more of a prologue than a conclusion. Much more conversation, experimentation, consumer response, and leadership will need to materialize before current trajectories in the news business can begin to change.

Notes

1. Bill Kovach and Tom Rosenstiel, *Warp Speed: America in the Age of Mixed Media* (New York: The Century Foundation Press, 1999), p. 5.

2. Ibid., 4.

3. Ibid., 2.

4. Christine D. Urban, *Examining Our Credibility: Perspectives of the Public and the Press* (Reston, VA: American Society of Newspaper Editors, 1999).

5. Journalism Ethics and Integrity Project, “Local Television News Ethics Study of News Directors and the American Public” (Washington, DC: Radio and Television News Directors Foundation/The Ford Foundation, 1998).

APPENDIX

The Third Annual Aspen Institute
Conference on Journalism and Society

List of Conference Participants

August 7–9, 1999
Aspen, Colorado

Ken Auletta
Communications Columnist
The New Yorker

H. Brandt Ayers
Publisher and Chairman
Consolidated Publishing, Inc.
Anniston Star

David Bollier
Independent Journalist and Consultant

Asa Briggs
Former Chancellor
British Open University
and
Member
British House of Lords

Merrill Brown
Editor-in-Chief
MSNBC on the Internet

Hodding Carter III
President and Chief Executive Officer
John S. and James L. Knight Foundation

Jessica Catto
Former Publisher
Washington Journalism Review
and
President
Crockett Street Management

The Honorable Henry Catto
Vice Chairman
The Aspen Institute,
Board Member
National Public Radio,
and
Former Director
United States Information Agency

Barbara Cochran
President
Radio-Television News Directors Association

John Cochran
Senior Washington Correspondent
ABC News

Note: Titles and affiliations are as of the date of the conference.

Geoffrey Cowan
Dean
Annenberg School
for Communication
University of Southern California

Lee Cullum
Columnist
Dallas Morning News

Robert W. Decherd
Chairman, President,
and Chief Executive Officer
Belo Corp

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Communications and Society
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and
Executive Vice President
Policy Programs
The Aspen Institute

Jack Fuller
President
Tribune Publishing

Walter Isaacson
Managing Editor
Time Magazine

Jim Lehrer
Executive Editor and Anchor
The NewsHour with Jim Lehrer

Gerald M. Levin
Chairman
and Chief Executive Officer
Time Warner Inc.

Robert MacNeil
Author/Journalist
MacNeil-Lehrer Productions

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Editor
The Oregonian

Leslie Moonves
President and Chief Executive
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CBS Television

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Communications and Society Program
The Aspen Institute

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About the Authors

Gerald M. Levin is chairman and chief executive officer of Time Warner Inc. Mr. Levin became CEO of Time Warner in December 1992 after being named president and co-chief executive officer of Time Warner in February 1992. He joined Time Inc. in 1972 when Home Box Office, Inc. (HBO), the company's pay-cable subsidiary, was in its development phase. He served as HBO's vice president of programming, was named its president and CEO in March 1973, and was promoted to chairman in 1976. Mr. Levin has served as an attorney with the New York City firm of Simpson Thacher & Bartlett (1963-1967) and has held positions at the Development and Resources Corporation (1967-1971) and the International Basic Economy Corporation (1971). He serves as director of the New York Stock Exchange and is a member of the board of the New York Philharmonic, the Center for Communication, the New York City Partnership, the National Cable Television Center and Museum, the Aspen Institute, and A Living Memorial to the Holocaust-Museum of Jewish Heritage. A graduate of Haverford College, Mr. Levin received his legal degree from the University of Pennsylvania Law School, where he was note editor of the *Law Review*. He also has received honorary degrees from Texas College, Middlebury College, and the University of Denver.

David Bollier is an independent journalist and consultant with extensive experience in electronic media, consumer advocacy, public policy, and law. A long-time collaborator with television writer and producer Norman Lear, Mr. Bollier works closely with The Business Enterprise Trust, the nonprofit organization that examines socially innovative business leadership. He also writes frequently about the civic and social implications of emerging electronic media. The author of five books, including *Aiming Higher* (1996), Mr. Bollier is a graduate of Amherst College and Yale Law School.

The Aspen Institute Communications and Society Program

The overall goal of the Communications and Society Program is to promote integrated, thoughtful, values-based decision making in the fields of communications, media, and information policy. In particular, the Program focuses on the implications of communications and information technologies on democratic institutions, individual behavior, instruments of commerce, and community life.

The Communications and Society Program accomplishes this goal through two main types of activities. First, it brings together leaders of industry, government, the nonprofit sector, media organizations, the academic world, and others for roundtable meetings to explore the political, economic, and societal impact of communications and information infrastructures. Second, the Program promotes research and distributes conference reports to local, national, and global decision makers in the communications and information fields and to the public at large.

Topics addressed by the Program vary as issues and the policy environment evolve. In recent years, the Communications and Society Program has chosen to focus on the issues of Internet policy, electronic commerce, information literacy, digital broadcasting, international and domestic telecommunications regulation, journalism, the role of the media in democratic society, and the impact of new communications technologies on democratic institutions and practices.

Charles M. Firestone has served as executive director of the Aspen Institute's Communications and Society Program for the past 10 years. In 1998, he was also named executive vice president for policy programs and international activities at the Institute. In this role, Mr. Firestone oversees the Institute's portfolio of 15 policy programs and guides the Institute's relationships with its international partners in France, Italy, Germany, and Japan. Prior to his position with the Aspen Institute, Mr. Firestone was director of the Communications Law Program at the University of California at Los Angeles and an adjunct professor at the UCLA Law School. Mr. Firestone's career includes service as an attorney at the Federal Communications Commission, as director of litigation for a Washington, D.C.-based public interest law firm, and as a communications and entertainment attorney in Los Angeles. He has argued several landmark communications cases before the United States Supreme Court and other federal appellate courts. Mr. Firestone holds degrees from Amherst College and Duke University Law School, and is the editor or co-author of seven books. He is frequently invited to speak at interactive conferences on the issues of democracy in the digital age.

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Publications Office
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