Clay T. Whitehead

From: Peter Stearns [pstearns@gmu.edu]
Sent: Saturday, August 06, 2005 6:57 PM
To: Clay T. Whitehead
Subject: Re: Thanks and a question

glad things are working out. the archive should be fascinating. I would start by getting suggestions from John Zenelis of library, hoping they'd be interested directly. second recourse would be Roy Rosenzweig with History and New Media. best wishes.

Clay T. Whitehead wrote:

>Peter,
>
>A brief report and thank you for helping me introduce myself to GMU.
>As a result, I will be teaching a seminar in the Law School this fall,
>which will be interesting, challenging, and no doubt helpful to me in
>writing "the book".
>
>A further question if I may. I am indexing and scanning my extensive
>files from the Nixon White House, which cover telecommunications
>policy, post-Apollo space policy, and science policy. This also
>includes a number of files and reports on a broader range of subjects
>from the Johnson-Nixon transition team and the Nixon-Ford transition
>team. (I was a member of both teams.) My guess is that much of this
>material is not otherwise available since the Nixon White House papers
>are still embargoed and the transition materials are not government
>documents. My plan is to scan and index the significant documents and
>then donate the originals to the Nixon and Ford libraries.
>
>The question is whether there might be anyone at GMU, perhaps in
>History or Public Policy, that might be interested in looking at such
>primary material and maybe helping to sort and categorize. Or maybe
>not, but I thought I would ask.
>
>Regards,
>Tom
>
>Clay T. Whitehead
>Distinguished Visiting Professor of Communications Policy George Mason
>University
>703-993-1015
>703-847-8787
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Peter N. Stearns
Provost
George Mason University
4400 University Drive
Fairfax, VA 22030
Office: 703-993-8776
Fax: 703-993-8645
Email: pstearns@gmu.edu

Digital History: A Guide to Gathering, Preserving, and Presenting the Past on the Web

This book provides a plainspoken and thorough introduction to the web for historians—teachers and students, archivists and museum curators, professors as well as amateur enthusiasts—who wish to produce online historical work, or to build upon and improve the projects they have already started in this important new medium. It begins with an overview of the different genres of history websites, surveying a range of digital history work that has been created since the beginning of the web. The book then takes the reader step-by-step through planning a project, understanding the technologies involved and how to choose the appropriate ones, designing a site that is both easy-to-use and scholarly, digitizing materials in a way that makes them web-friendly while preserving their historical integrity, and how to reach and respond to an intended audience effectively. It also explores the repercussions of copyright law and fair use for scholars in a digital age, and examines more cutting-edge web techniques involving interactivity, such as sites that use the medium to solicit and collect historical artifacts. Finally, the book provides basic guidance on insuring that the digital history the reader creates will not disappear in a few years.

On this website, we present a free online version of the text. If you would like to purchase a copy of the print version, which is published by University of Pennsylvania Press, please click here for Amazon, Barnes and Noble, or U. of Penn. Press.

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- Buy the Book

Introduction

Center for History and New Media Echo: Exploring & Collecting History Online

Paul Polishuk 617-782-5033
Dale H. 505-776-8783

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polishuk@
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Read All About It

How newspapers got into such a fix, and where they go from here

BY PAUL E. STEIGER

IT WAS THE FALL of 1999, and the newspaper I edited, The Wall Street Journal, was awash in money. Thanks to the dot-com boom and the lush advertising it generated, we were running the presses at full tilt nearly every day, yet had to turn away ads for lack of space.

Even as the good times rolled, two non-newspaper names kept coming up. I recall being stunned to learn that the main place where our own readers checked stock prices was the finance section of Yahoo. A couple of kids from Stanford had launched a search engine called Google. Already, many of my colleagues were using it.

Less than six months later, the tech bubble began to deflate. Hundreds of dot-coms died, taking with them their ad budgets. But the Web industry pushed forward, and within a few years it shredded newspaper business models that had held sway for decades.

That high-tech jolt to my industry wasn't something I could have imagined on the July day in 1966 when I walked into a factory-like building in San Francisco to start work as a 23-year-old reporter for the Journal. Vintage Linotype machines spat out hot-metal versions of stories a line at a time. An industry of family-owned newspapers was setting off on a momentous period of growing power and profit.

On Thursday I'll pack my last box and take leave of a place where I've spent 26 of my 41 years in journalism, including 16 as managing editor of the Journal. (The other 15 years, 1968 to 1983, I was a reporter and then business editor at the Los Angeles Times.) Today, all around me is an industry in upheaval, with slumping revenues and stocks, layoffs, and takeovers of publishers that a decade ago seemed impregnable. Just this month, Rupert Murdoch's News Corp. completed its acquisition of Dow Jones & Co., the Journal's publisher, and real-estate magnate Sam Zell gained effective control of Tribune Co.

The Journal's editors have asked me to retrace my experiences of the past four decades in search of insights into how all this has happened, what may happen next and the implications of all this change for readers, the nation and society at large.

For readers, the implications are clear: a stark contrast of feast and famine.

The cornucopia of national, international and business news, sports, and especially opinion available free on the Web is rich beyond historical parallel. Anyone with a fact, a comment, a snapshot or a video clip can self-publish and instantly compete with the professionals.

At the same time, the vast array of investigative reporting and foreign correspondence assembled at American newspapers over the past several decades is being cut back at all but a few publications, as papers succumb to the pressure to cut costs.

Many journalists and academics see in these cutbacks a threat to the democratic ideal of a well-informed public. Some urge turning to philanthropy or an expansion of public television as a way to fill the gap. Others have begun to argue for a government subsidy for newspapers—an unlikely prospect for now.

Less clear is how the industry will ultimately be transformed.

Many papers are seeking to leap ahead in adapting to the movement of readers and advertisers to the Internet. This means tightly holding down costs of print publications while leveraging metro papers' principal unique assets: local reporting staffs and local ad-sales teams.

Cash from newspapers' own Web offerings has grown fast but needs to grow faster, because at current rates it will be years before it makes up for the slumping inflow from the still-much-larger print side. As Google, Yahoo and similar Internet enterprises suck away ad dollars, many newspaper companies hope to gain new revenue by forming once-unthinkable partnerships with each other and some of these same rivals, particularly Yahoo.

In some ways, what's happening to the newspaper industry is a return to its past. Less than 50 years ago, American newspapers were in the main relatively small, narrowly profitable, family-owned, locally focused and hotly competitive.

As a kid reporter in California in the '60s, I heard tales from newsmen and photographers about how, just a few years earlier, they had sat in cars, engines running and radios tuned to police bands, trying to get an edge in covering the next murder. The national and international news would be handled by the wire services. Lurid local photographs on page one were what sold newspapers in that era.

A certain fast-and-loose, devil-may-care attitude often prevailed. I remember walking past a photographer's open car trunk and noticing that he carried a well-preserved but very dead bird among his cameras and lenses. The bird, he explained, was for feature shots on holidays like Memorial Day. He'd perch it on a gravestone or tree limb in a veterans' cemetery to get the right mood. Nowadays such a trick would get him fired, but in the 1950s, this guy said, there was no time to wait for a live bird to flutter into the frame.

Then, beginning in the 1960s, the industry morphed into a series of mini-monopolies. First, mounting costs forced a shakeout—mergers and newspaper closings that typically left one city paper preeminent in the morning market and another in the evening.

For a while, the evening franchise had a slight edge: People had more time to read then. In a twinkling, that advantage disappeared, crushed by a phenomenon that can be summed up in two words: Walter Cronkite. More and more families gathered in front of the tube at the dinner hour.

The morning papers then got a boost, a surge in women readers. As baby boomers reached school age, their mothers could sit back for a moment with a second cup of coffee and read sections aimed squarely at them.

Soon, in city after city, the leading morning newspaper came to dominate and often eliminate its rivals, reaping comfortable margins in the process. Before long, these were linking up in multibillion-dollar, multi-city chains, building publicly traded companies with rising profits and stocks. Some acquired TV stations as well.

Many of these information behemoths invested heavily in quality, expanding their reporting locally, nationally and internationally. This was good business as well as a boon to readers, because it raised barriers to entry for would-be competitors.

The result was a golden age of American journalism. In New York, Washington, Chicago and Los Angeles, of course, yet also in Boston, Philadelphia, Miami, Milwaukee, Atlanta, St. Louis, Des Moines, Louisville, St. Petersburg and more, daily papers were willing to send reporters far afield in pursuit of stories exposing corruption or explaining the world. Newspapers opened or expanded Washington bureaus and added reporters abroad. Some stationed them not just in London, Moscow and Tokyo but in places like Sydney and São Paulo.

As their financial strength and staff size increased, they became fearless in pursuing corruption. A 1964 Supreme Court decision, New York Times v. Sullivan, protected publishers from libel judgments by public officials even if what was published was inaccurate, so long as the paper didn't know the article was inaccurate and wasn't reckless about what it published.

The news operations of the three main television networks in those days followed a similar pattern. As profits grew, they added to staff and launched foreign bureaus and investigative projects. The Sunday-night magazine program CBS launched in 1968, "60 Minutes," set a new standard for expensively produced and deeply reported video journalism.

The public seemed to approve. Intrepid journalists proliferated in films like "All the President's Men," depicting Washington Post reporters' exposure of Watergate. Enrollments in journalism schools surged, as well as applications for reporting jobs.

They were heady times indeed. When the L.A. Times investigated suspected gasoline hoarding during fuel shortages in 1979, one reporter got the idea of flying over refineries and tank fields to look for evidence. As the editor running the coverage, I asked my bosses for approval to hire helicopters or small planes for a story. The answer: Go right ahead.

In the end, we didn't. Our reporting showed that most of the hoarding was by people like our own readers, who'd taken to driving with their gas tanks always full. But the lesson was clear: When it came to getting an important story, don't worry about the cost.

I don't remember exactly when cracks began to appear in this halcyon life. At most big papers, circulation, revenue and profits grew through the 1970s and 1980s and into the 1990s, with recessionary pauses that weren't excessively fretted over.

Around the time of the 1980 slump, L.A. Times editors were told they needed to impose modest spending restraints. I figured out I could meet my target just by eliminating first-class travel on my group's reporting trips, then allowed on flights of more than three hours or so. I was quite proud of myself until the next day, when the top editor of the entire paper, who only occasionally visited our floor, strode straight to my desk. "I like flying first class," he said with a grin. "You're setting a bad example." I found another way to reach my goal.

In the mid-1980s, when I was a deputy managing editor at the Journal, the Dow Jones CEO almost apologetically imposed limits on our then-ample spending, in the face of cyclical advertising cutbacks by financial firms. As the CEO quipped, referring to then-managing-editor Norman Pearlstine, "We gave Norm an unlimited budget, and he exceeded it."

In those days, we worried quite a bit about television. Survey after survey showed that, with each year, more Americans were getting their news there. While that made circulation growth tougher to achieve, ad revenue continued to rise, as newspaper readers generally had better incomes.

Cable TV added a new worry, because here was a medium that could target smaller, exclusive audiences and thus pose a greater challenge to print. Even so, newspaper revenue continued its growth.

Press on the Run

Newspaper companies have seen their stock-market values tumble, in several cases leading to a takeover.

	Market value, in billions: At peak	As of Dec. 26
Gannett	$24.67	$9.09
Tribune	17.09	Sold
Washington Post	9.53	7.67
Times Mirror	9.35	Sold
E.W. Scripps	8.83	7.27
New York Times	8.49	2.52
Dow Jones	6.90	Sold
Knight Ridder	6.36	Sold
McClatchy	3.60	1.07

Source: WSJ Market Data Group

Then in the 1990s came the digital networks and the Internet, unleashing forces that would ultimately undermine newspaper business models that had been so supportive of journalism. First came dial-up, then a few years later the Internet, and by 1995, dozens of newspapers, including the Journal, had online editions.

Early leaders of the Journal's online edition privately referred to it as "the paper killer," to the great annoyance of print colleagues when they found out. But the phrase was apt: The Web could deliver words and numbers at nearly the speed of light without the cost of printing, paper or delivery trucks, all searchable and archivable.

In response, newspapers sought to do three things: cut costs, diversify and, above all, embrace the new technology and dominate it. After all, in the 1940s and 1950s, the leading radio networks had become the leading television networks. Why couldn't newspapers copy that model?

They certainly tried.

Cost-cutting first followed a path set in the 1970s, of using computers to eliminate jobs downstream from the newsroom. Today, nothing but electrons stands between the minds and hands of the journalists and the photographic image used to produce a printing plate. But those cuts often weren't enough, and publisher after publisher turned to hiring freezes, buyouts and ultimately layoffs. The reductions have fallen particularly heavily on foreign and investigative or "project" reporting, which are among the most expensive categories to produce.

Diversification typically took the route of investments in television stations, cable systems, satellite, book publishing and other domains at least notionally related to newspapers. Some were successful, some not.

Publishers' Internet ventures almost always had limited success, at least at the outset. Part of the problem was that those in charge of print advertising and circulation were suspicious of their counterparts on the online side, and vice versa. At the Journal, I saw it often.

At one point, the print folks suggested that online subscriptions be awarded free to print subscribers. It was an idea, the online folk retorted, that relegated their site to "toaster status," as in savings banks giving away cheap gifts for opening an account.

In turn, the online people wanted renewal mailings to print customers to include a line soliciting a paid subscription to the Journal's Web edition. The print side resisted mightily, fearing that adding any new option to the form would cause some customers to delay responding long enough to trigger a costly follow-up mailing.

A bigger problem was that newspapers often sought to copy fairly closely on the Web what they did in print, rather than offer new products taking full advantage of digitization. The most creative new products came mainly from enterprises with little connection to newspapers. And soon, if you named almost any bit of data you used to rely on papers for—sports scores, weather, stocks, movie times—there were Web sites offering more information faster, and free.

The decisive blow may have been Google's, with its powerful search engine that would either give you a quick answer to a question you had or steer you to sites that could. The irony, of course, was that some of the most useful of those sites were newspapers'.

Papers remained quite profitable, for the most part. But as the future began to look increasingly troubled, one publisher's stock after another got hammered, starting around the turn of the century.

Especially hard hit were publishers of prestigious newspapers. Dow Jones stock was at less than half its high before News Corp. made its successful bid for the Wall Street Jour-

How Newspapers Got Into a Fix, and Where They Go From Here

nal publisher last spring. Times-Mirror fell more than 50% before being acquired by Tribune Co., which in turn has fallen around 45% from its high. Knight Ridder fell 20% from its high before its acquisition by McClatchy, which now trades at around 80% below its peak. New York Times Co. is near an 11-year low. Washington Post Co. is about 20% below its top.

Some publishers with less-prestigious papers have done better. Scripps and Cox have diversified successfully into cable networks and cable systems, respectively. Thomson sold all its newspapers and became a financial-market, legal and medical data company before reaching a merger agreement with Reuters this year. News Corp. leveraged its Australian newspaper business to acquire not only newspapers but also a movie studio, television, cable, satellite TV and Web interests around the world. It picked up the prestigious Times of London along the way, and the Journal after its transition to a global media company.

Why this divide? It could be that operators of high-prestige newspapers were more reluctant to risk the franchise, even under a level of financial duress that would provoke many managements to bet the farm in pursuit of a radical opportunity.

What happens next? Change, rapid and largely unpredictable. Nearly every company in the industry needs major new revenue, big cost reductions or a healthy dollop of each. The people and entities to watch most closely are:

—The entrepreneurs, Mr. Murdoch and Mr. Zell. Mr. Murdoch has vast experience in media generally and newspapers in particular, controls major financial resources and has big plans to expand the Journal—in print and online, domestically and overseas. Mr. Zell used financial engineering to control Tribune Co. with minimal investment of his own, has little media experience and isn't likely to spend much on his new properties. Both are decisive investors and operators. They aren't always successful, but it's unwise to bet against them.

—New York Times Co. Mr. Murdoch has said he'll use the Journal to steal a portion of the general-news and cultural-news franchises of Times Co.'s eponymous flagship newspaper. But entities fight hardest defending their home turf, and the Times has both a strong, growing Web site and a Sunday edition that remains an advertising monster. It will be under pressure to follow some of the cost cutting its sister Boston Globe has done. Pure conjecture: Assuming that New York Mayor and Bloomberg LP owner Mike Bloomberg isn't U.S. president-elect a year from now, would he and Times Chairman Arthur Sulzberger Jr. consider putting their two enterprises together?

—Hearst Corp. After the inheritors of William Randolph Hearst's empire lost their bet on evening papers in the 1960s, they bulked up their revenue from magazines like Cosmopolitan, diversified smartly in TV (including a 20% stake in ESPN, now worth roughly $6 billion), and stayed in newspapers but with a close eye on profit. With four metro papers, like the Houston Chronicle and San Francisco Chronicle, and eight smaller ones, Hearst is in the vanguard of figuring out ways to exploit newspapers' local-reporting strengths, both in print and online.

Hearst has helped forge a partnership involving a consortium of newspaper companies and sometime-nemesis Yahoo. The idea is that together they can offer advertisers total coverage of various metropolitan areas, and feed readers back and forth. Question: Are these going to be best friends forever or a cobra and a mongoose?

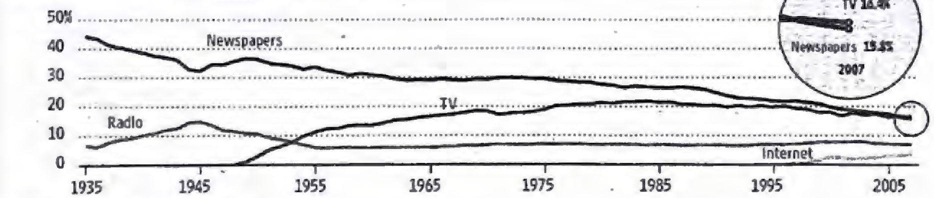
Final word: Next week I move over to a nonprofit called Pro Publica as president and editor-in-chief. When fully staffed, we will be a team of 24 journalists dedicated to reporting on abuses of power by anyone with power: government, business, unions, universities, school systems, doctors, hospitals, lawyers, courts, nonprofits, media. We'll publish through our Web site and also possibly through newspapers, magazines or TV programs, offering our material free if they provide wide distribution.

Pro Publica is the brainchild of San Francisco entrepreneurs-turned-philanthropists Herbert and Marion Sandler, who along with some other donors are providing $10 million a year in funding.

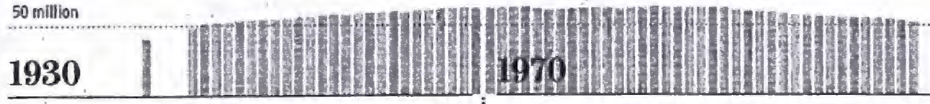
The idea is that we, along with others of similar bent, can in some modest way make up for some of the loss in investigative-reporting resources that results from the collapse of metro newspapers' business model.

A Brief History Of the News Business

Market share of U.S. advertising media

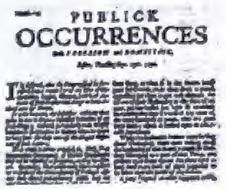


Paid U.S. Daily Newspaper Circulation



News Editor: Emily Steel
Sources: Newspaper Association of America (Circulation); Robert Coen for Universal McCann (Market share)

Pre-1850



1690: Newspaper called Publick Occurrences Both Forreign and Domestick published in Boston

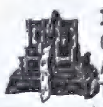
1735: Jury acquits printer John Peter Zenger of publishing "seditious libels" about governor in New York Weekly Journal

1787-88: New York newspapers publish the Federalist Papers, written by Hamilton, Madison and Jay under the pseudonym "Publius"

1850

1851: First issue of New York Times (as New-York Daily Times). Paul Julius Reuter starts transmitting stock-market quotes between London and Paris

1861: End of the Pony Express

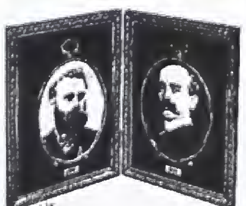


1867: Edward Calahan of American Telegraph Company develops first stock ticker (left)

1877: The Washington Post is founded

1878: Scripps newspaper business founded

1882: First hand- written financial news bulletins by Charles Dow and Edward Jones (below)



Corbis

1887: William Randolph Hearst buys San Francisco Examiner

1889: The Wall Street Journal founded

Credit for ticker: stocktickercompany.com

1890

1893: First portable typewriter created by George C. Blickensderfer

1894: Wireless telegraphy invented

1895: Hearst buys New York Journal

1897: First cathode ray tube developed

Corbis

1901: Marconi (above) sends radio signal across the Atlantic

1902: National syndication of comic strips

1903: First tabloid newspaper, the Daily Mirror of London

1907: United Press International founded

1913: First crossword puzzle appears in the New York World

1920: KDKA Radio in Pittsburgh begins first regular radio transmissions

1923: First issue of Time Magazine

1926: NBC Radio network founded

1927: First long-distance television transmission by Bell Labs: an image of Herbert Hoover

1928: First television station license granted; first radio newscasts by Roy Larsen and Fred Smith of Time Magazine

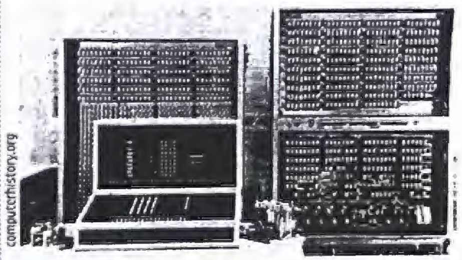
Getty Images

1930

1933: Newspaper industry tries to force the Associated Press to stop selling its service to radio stations

1934: Federal Communications Commission created

1939: New York's World Fair shows television to the public



computerhistory.org

1941: World's first operational computer, the Zuse Z3 (above)

1946: CBS demonstrates color television to the FCC

1947: Invention of the transistor

1948: Cable TV introduced in Pennsylvania

1957: Sony exports the TR-63 transistor radio to the U.S.

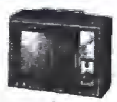
1958: AT&T develops first modem

1961: Washington Post buys Newsweek magazine

1963: Dow Jones goes public

1964: Times Mirror listed on the New York Stock Exchange

1967: Gannett and New York Times Co. go public



Sony

1968: Sony introduces the Trinitron color TV (left); Intel founded

1969: Knight Newspapers goes public

1970

1972: HBO launches

1974: Knight Newspapers, Ridder Publications merge

Corbis

1975: Microsoft founded

1976: First Apple Computer

1980: CNN, the first 24-hour news channel

1981: Bloomberg founded

1982: USA Today founded

1983: Tribune becomes a public company; Microsoft Windows 1.0

1984: Reuters goes public

1985: AOL founded

1988: McClatchy goes public; Scripps Family sells shares to the public; First trans-atlantic fiber cable completed

1989: World Wide Web invented by Tim Berners-Lee. Time merges with Warner Bros.

1993: Mosaic, the first graphical interface browser

1994: Netscape founded; First internet ad placed (on web site of Wired Magazine)

1995: Disney buys ABC

1998: AOL buys Netscape

1999: Viacom buys CBS

2003: News Corp. buys Hughes Electronics (Direct TV)

2006: Knight Ridder sold to McClatchy, which then sells twelve newspapers to various buyers; Hearst buys 20% of Fitch Group; Viacom spins off CBS.

2007: Sam Zell leads buyout of Tribune Company; News Corp. buys Dow Jones; Thomson, Reuters agree to merge