

Making News

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News reporting is expensive, yet information wants to be free. This unsettling paradox has perplexed everyone who is interested in the future of high-quality journalism. How can the news business be re-envisioned in a rapidly changing world? Can market incentives and technological imperatives provide a way forward? How important were the institutional arrangements that protected the production and distribution of news in the past?

The history of the Anglo-American news business since the seventeenth century provides one approach to these questions. From the 1770s until the 2000s, the dominant news medium in Britain and America was the newspaper, by which we mean its print-and-paper incarnation and not its digital offspring. For over two centuries, the newspaper provided the people of both countries with a steady supply of the time-specific reports on market trends and public life that are commonly called news. The news that newspapers contained has long been indispensable not only for commerce, the creation of an informed citizenry, and the monitoring of the powers-that-be, but also for the cultivation of the habits of civic engagement, the fundamental responsibility, in the view of the moral philosopher John Dewey, of journalism in a democratic society.

News, of course, can take a variety of forms and it would be a mistake to presume that the newspaper has been the only medium for its circulation. Though the newspaper was invented in the seventeenth century, it would take over one hundred years for it to triumph over its rivals—the scribal newsletter, the pamphlet, the broadside—to become the dominant news medium.¹ In fact, one of the most surprising facts about the rise of the newspaper is how halting it has been.

Rival news providers never disappeared. From the 1770s until the 2000s, newspaper publishers adapted to and, in turn, helped to shape a dazzling array of technical contrivances that included low-cost mail delivery, the electric telegraph, radio, and television. Yet the newspaper endured.

Following the Second World War, the newspaper increasingly found itself in competition with television and radio. Even so, it has remained a disproportionately important news source. Well into the twenty-first century, according to one estimate, newspapers continued to generate fully 85 percent of all the information that journalists, pundits, and media commentators would regard as news.² This is true, even though for several decades the single most popular news medium in both Britain and America—at least, in sheer weight of numbers—has not been not the newspaper, but television news.³ Although the viewership of TV news has in recent years outpaced newspaper readership, and despite the healthy profits long enjoyed by television news divisions, television journalism has disproportionately relied on reporting primarily intended for newspapers. In December 1968, for example, two news agencies—the Associated Press (AP) and United Press International (UPI)—originated 70 percent of all the domestic news stories featured on NBC, then one of the nation's two largest television networks.⁴

Since the 2000s, however, a rising chorus of journalists and media scholars in many countries—including Britain and America—have derided “dead-tree media” as a doomed genre trapped in a death spiral from which it can never recover.⁵ This is unsurprising: change is disruptive, and social commentators make a living by crafting dramatic narratives with gloomy denouements.

The rhetoric of newspaper decline in the Anglo-American world is so widespread that it has been little shaken by the fact that in countries as otherwise different as Germany and India, the future of the print-and-paper newspaper currently appears to be robust.⁶ Sooner or later, or so commentators assume, a combination of factors—including, above all, the commercialization of the Internet—will doom the medium even in those markets in which its financial position now seems secure.⁷

Making News is not yet another lament for a world we have lost. News is distinct from and more important than newspapers, and the theme of *Making News* is not the rise and fall of the print-and-paper newspaper, but the shifting institutional arrangements that since the seventeenth century have protected the production and distribution of news. These institutional arrangements have taken many forms: advertising, sponsored content, cartels, administrative regulations, government monopoly.

Our theme can be simply put: institutions matter.⁸ To understand how news was made, neither markets nor technology but institutions hold the key. By institutions we mean the relatively stable configuration of laws, administrative protocols, organizational templates, and cultural conventions that facilitate or impede the production and distribution of news. Institutional arrangements have been, on balance, more important than market incentives and technological imperatives in creating and sustaining the organizational capabilities necessary for high-quality journalism. High-quality journalism is

built on independent reporting and independent reporting rests on a solid base of financial support.

The problems confronting the news business involve the interplay of four distinct elements: technological innovation, business strategy, professional norms, and public policy. *Making News* explores the interplay of these four elements in two countries over three hundred years. Interplay is the key. Journalism has always been a challenging business to understand because it is a “public good” in two distinct ways. Economists use the term “public good” to characterize a product or service that is not depleted when it is consumed. News is such a service. Once news is produced and distributed, it can be endlessly circulated. For news providers to operate a sustainable business is not easy; in fact, the very magnitude of the challenge helps explain why they have so often created institutional arrangements to insulate themselves from the market.

The term “public good” has a second meaning. For it also denotes a product or service that is clothed in the public interest, in the sense that it is vital to the civic life of a city, region, or nation. Public goods are magnets for intervention by governments, political parties, and interest groups of all kinds. It is partly for this reason that journalism is so preoccupied with ethical norms: high-quality journalism is journalism that is infused with a public purpose.

This ever-shifting array of civic ideals, ethical norms, and institutional arrangements—public, private, and in between—is what we call the political economy of journalism. The political economy of journalism in the opening decades of the twentieth century is rooted in decisions made long in the past. To understand where we are going, it is useful to know where we have been.

Making News is a collection of original essays on the institutional arrangements that news providers in Britain and America have relied on since the late seventeenth century to facilitate the production and distribution of news. Our purpose is neither elegiac nor encyclopedic. Rather, we have recruited a distinguished team of specialists to analyze key junctures in the history of the news business, with a focus on the big picture. Each essay is explicitly comparative and each considers a relatively long time-span. While the essays differ in emphasis and tone, each analyzes the institutional arrangements that long sustained the dominant position of the newspaper as a news medium. Some were legally binding, and, thus, overtly public; others were purely customary and thus typically categorized as private. Whether public, private, or something in between, these institutional arrangements established for news providers the rules of the game.

Among the questions we have asked our authors to consider are: Who paid for the news? What institutional arrangements facilitated its collection, curation, and circulation? How did these institutional arrangements interact with technological imperatives and market incentives? How did they inform the ideological commitments of journalists?

It is appropriate to focus on Britain and America for several reasons. First, each country boasts a long history of independent newspaper-based reporting, a journalistic genre that is critically dependent on the organizational capabilities that only a well-staffed newsroom has been able to sustain; and, second, the advertising revenue that newspaper publishers relied on in each of these countries to staff these newsrooms is in steep decline. Our comparative approach has the additional advantage of showing how the political economy shaped the news business. Though British and American journalism have much in common—each places a high value on independent reporting and each has been highly commercialized since the seventeenth century—the rules of the game for news providers in the two countries have often diverged.

A case in point is the contrasting institutional arrangements that British and American news providers devised to facilitate the reporting of international news. Beginning in the mid-nineteenth century, powerful news agencies—the Press Association (PA) and Reuters in the United Kingdom and the New York Associated Press (NYAP) and its successor the AP in the United States—long coordinated international news cartels that lowered the cost of news for many newspapers. In Britain, non-London newspapers obtained overseas news at rock-bottom rates, thanks to the hefty cross-subsidies paid to the PA by the London press, the colonial press, and certain colonial governments. In the United States, in contrast, AP member newspapers obtained a steady diet of time-specific news reports that the AP refused to distribute to rival non-AP newspapers. Not until 1945 would the United States Supreme Court finally ban the AP from limiting the circulation of its news reports to member newspapers, overturning over a century of market-channeling institutional arrangements that had been no less consequential for the news business in the United States than the monopoly grant held by the British Broadcasting Corporation (BBC) had been for the news business in the United Kingdom.

Two dates serve as bookends for our project: 1688 and 1995. In 1688, the English Parliament deposed James II in favor of William of Orange in an event widely regarded as a critical juncture in British history. Known as the “Glorious Revolution,” this event was a largely peaceful transfer of power that ensured that the monarchy would remain Protestant and that the Crown’s authority would be constrained by Parliament, which reaffirmed its prerogative as the supreme power in the land. This event is mostly remembered for shifting the balance of power towards Parliament and away from the Crown. Yet it also had major consequences for the press. By enshrining religious toleration as a civic ideal, Parliament delegitimized long-standing institutional constraints on the circulation of information. Prior to 1688, every book, pamphlet, or newspaper published in England had to be licensed by a government censor prior to its publication. The Protestant succession and Parliamentary supremacy cleared the way for the refusal by Parliament in

1695 to renew legislation requiring the pre-publication licensing of printed items, including newspapers. In so doing, Parliament helped birth a new kind of public sphere that would hasten the rise of the newspaper as the dominant medium for the circulation of news.⁹

To peg to a single year the beginnings of the rise of the newspaper over its rivals as the dominant news medium is of course an oversimplification. The newspaper would not become the dominant news medium until the 1770s. Even so, there is good reason to credit the Glorious Revolution with enduring consequences for journalism. Much the same can be said about 1995. Just as the events of 1688 facilitated the rise of the newspaper as the dominant news medium, so the events of 1995 accelerated its decline. For it was in that year that the National Science Foundation in the United States permitted businesses to commercialize the digital computer network popularly known as the Internet, hastening a remarkable proliferation of information on all manner of topics, including news. Much of this information could be obtained free of charge, undercutting the rationale for a newspaper subscription. No less importantly, the Internet created a vast and rapidly growing online classified advertising business that eroded the *de facto* spatial monopoly that newspapers traditionally enjoyed over the placement of classified advertisements, a major source of revenue for over two hundred years. Of course, splashy display advertisements remain in the 2010s a stable revenue source for many print-and-paper newspapers. Yet even here, it would seem likely that a sea change from print to digital is well underway.

The decline of the print-and-paper newspaper predated the Internet. In both Britain and America, per capita newspaper circulation had been dropping for decades, partly due to shifting social norms, and partly due to the rise of broadcast news. The Internet accelerated this downward trend, not only because it provided audiences with a cheaper news source, but also because it has emerged as a superior vehicle for classified advertisements.

The following seven chapters survey the shifting institutional arrangements that facilitated the production and distribution of news in Britain and America in the period between 1688 and 1995. An eighth chapter surveys the news business following the commercialization of the Internet, and the epilogue links past, present, and future.

While the chapters defy brief summary, four themes stand out. The first is the pervasiveness in the news business of cross-subsidies; the second is the divergent priorities of lawmakers in Britain and America; the third is the influence on business strategy of political economy; and the fourth is the fallacy of what English social historian E. P. Thompson called the “rationalist illusion,” that is, the presumption that the elimination of constraints on the production and distribution of news, such as, for example, the abolition of newspaper taxes in nineteenth-century Britain, would more-or-less automatically create the necessary preconditions for high-quality journalism.¹⁰

The pervasiveness of cross-subsidies in the news business is a theme that unites almost every chapter in the volume, with the possible exception of the chapter on the immediate post-Second World War era. To borrow from the language of the economist: in the news business, oligopoly has been the rule and competition the exception, and barriers to entry have been indispensable to the consistent production of high-quality journalism. Free trade in news has always been a fiction. Collaboration and collusion ordinarily have been the norm, and the freewheeling bottom-up creativity that many associate with the Internet an aberration. High-quality news reporting is expensive and the organizational capabilities necessary to sustain high-quality journalism require a stable long-term investment that is difficult to monetize. To complicate matters still further, with the exception of certain kinds of commercial information, the demand for news has rarely generated enough revenue to cover its cost. As a consequence, news providers have typically relied on subsidies of various kinds to balance the books. On the production side, news cartels divided the market; on the distribution side, advertisers subsidized reporting.

The pervasiveness of these cross-subsidies underscores the dependence of news providers on some kind of commercial quid pro quo. Here it is important to make a basic distinction. Notwithstanding the challenges that Anglo-American news providers have confronted in matching costs and revenue, the news business has long been a commercial venture. Indeed, the presumption that the news has been only recently commercialized—a tenet of much historical writing on this topic in Britain and America, and a premise of a celebrated philosophical treatise on the press by the German philosopher Jürgen Habermas—has surprisingly little historical warrant.¹¹ On the contrary, news has been a business since the seventeenth century, and commercial considerations have shaped the business strategy of news providers for over three hundred years.¹² These commercial considerations, it is worth emphasizing, have typically had little relationship to the oft-touted emancipatory potential for high-quality journalism of an unfettered marketplace of ideas. Indeed, the very presumption that there has existed anything like an open marketplace of ideas in the news business is hard to square with the evidence. Every kind of news—including, in particular, financial news—has been long subject to subtle and not-so-subtle manipulation by self-interested parties: sponsored content is nothing new.¹³ A very different kind of manipulation shaped the distribution of news: beginning in the nineteenth century, news providers routinely colluded with news agencies—and, in the late nineteenth-century United States, network providers—to limit access to news reports.¹⁴ In addition, and perhaps most important of all, high-quality journalism has flourished best in organizations that proved the most successful at keeping market forces at bay.

To be sure, Anglo-American journalism has only rarely sanctioned direct state control. With the notable exceptions of the BBC in the United Kingdom

and National Public Radio (NPR) and the Public Broadcasting Service (PBS) in the United States, the news business in both countries has primarily devolved on for-profit commercial ventures that are largely, though not exclusively, independent of the state. Even so, the news business in Britain and America has been protected from market competition by a variety of institutional arrangements. Each had the effect, as was often its intention, of protecting incumbents from new entrants. In the news business, protection is a form of subsidy, competition between news providers is often contrived, and the cost of supplying the news has often exceeded the demand for its provision.

The financial precariousness of the news business is worth emphasizing, given the propensity of twenty-first-century media analysts to regard the half-century that followed the end of Second World War in 1945 as the baseline for future-oriented projections. Few assumptions have done more to obfuscate the challenging question of how it will remain possible to sustain high-quality independent journalism, including, in particular, investigative reporting.¹⁵ In fact, if one takes the long view, the one period during which news providers consistently generated impressive profits—that is, the five post-Second-World-War decades—was the least typical. A more appropriate baseline for the future might be the United States in the early republic, a period in which public policy hastened the oversupply of news, an outcome that, as many contemporary chroniclers observed, limited its influence and undercut its authority.

A second theme that runs through the chapters in this volume is the divergent priorities of lawmakers in Britain and America. Media scholars interested in comparative media systems often lump together Britain and America as exemplars of a single, market-oriented liberal model.¹⁶ This is true even for those scholars who are attuned to the sometimes subtle but by no means insignificant differences in the legal standing of journalism in British and American law.¹⁷ The chapters in this volume, in contrast, show how the political economy of journalism in Britain and America shaped the business strategy of news providers. By considering the political economy as an agent of change, rather than merely as the aggregation of specific political decisions, the contributors demonstrate that British lawmakers have been consistently more willing to support centralized news providers than lawmakers in the United States. As a consequence, the news business in the United States has been more variegated and, especially early on, more financially precarious.

In explaining the evolution of the news business in Britain and America, our contributors have not focused exclusively on political factors. On the contrary, and in the best tradition of historical writing on economic institutions, they have probed the interrelationship of politics, technology, the economy, and ideology. Even so, in both Britain and America the structuring presence of the state has loomed large. For example, even ostensibly non-political decisions,

such as the acquiescence of lawmakers in cartel agreements that contemporaries regarded as private, presupposed a raft of assumptions about the relationship of government and the press that had major implications for the provisioning of news.

A third theme that unites the chapters in this volume is the relationship between political economy and business strategy. The business strategy of news providers has been shaped not only or even primarily by the supposedly unstoppable juggernaut of market incentives and technological imperatives, but also by the structuring presence of governmental institutions and civic ideals. The political economy has shaped the business strategy of news providers by encouraging certain business practices and discouraging others. Particularly important has been the implicit political endorsement of the distinctive, yet complementary, cartel agreements that have strengthened the organizational capabilities of news agencies in the United Kingdom and the United States: the PA and Reuters in the United Kingdom; the NYAP and its successor, the AP, in the United States.

The influence of civic ideals on the business strategy of news providers has informed the journalistic output of reform-minded editors in Britain, America, and Britain's colonial possessions. For the nineteenth-century liberals C. P. Scott of the *Manchester Guardian* and Joseph Medill of the *Chicago Tribune*, urban politics fostered new forms of civic engagement. For Mahatma Gandhi, British imperialism emboldened a twentieth-century anti-colonial journalist to popularize an innovative form of nonviolent popular protest.¹⁸

A final theme that ties these chapters together is the fallaciousness of the common presumption that government policies designed to facilitate access to information will automatically generate useful knowledge. This presumption helped inspire the successful popular protest in Britain during the 1830s against the taxes that the government levied on newspapers; it would recur in the 1860s during the public debate that culminated in the government purchase of the electric telegraph. This presumption has re-emerged among proponents of "net neutrality," a principle that is sometimes invoked as a cure-all for almost everything critics find objectionable about the current digital media environment. Taken together, the chapters in this volume raise questions about this presumption. If newsgathering has almost always been collaborative—and, indeed, often monopolistic—then it would seem to be more constructive for lawmakers to encourage journalistic cooperation than to assume, in flat contradiction of the historical record, that a swarm of nimble digital start-ups can supersede the lumbering journalistic behemoths of the past.

The presumption that the news business can flourish in a marketplace of ideas has long been a civic ideal. In practice, however, the emergence beginning in 1995 of what can be plausibly characterized as a genuinely competitive marketplace for the production and distribution of news has limited the

resources for high-quality news reporting. Much would be gained, and little lost, if we abandoned the marketplace of ideas metaphor and replaced it with an alternative, such as public utility, civic engagement, or even the creation of an informed citizenry. For the production of high-quality journalism is a byproduct less of the market than of the acquiescence of lawmakers in the market-channeling business strategies that have transformed journalism in the past, and will in all likelihood transform it once again in the future.

The rise of the newspaper in the period between 1688 and the start of the American War of Independence in 1775 is the topic of Will Slauter's chapter on the early modern news business. Like so many innovations in the history of Anglo-American journalism, this development received a major impetus from institutional arrangements that had little to do with market demand. Printers benefited from tax loopholes, the awarding of special privileges by government officials, and the lapse of pre-publication censorship in 1695. Even after 1695, printers who circulated information on sensitive topics remained vulnerable to arrest and imprisonment, but they could no longer be blocked in advance from publishing information on market trends and public affairs.

For a time, it was unclear if newspapers would win out in the multimedia contest with pamphlets, magazines, broadsides, and scribal newsletters. Few barriers to entry existed—in contrast to, say, the nineteenth century, when the widespread adoption of the steam press greatly increased the capital costs of publishing a newspaper. Even so, newspapers had a critical advantage that other media lacked: they offered advertisers a tool to reach a large and varied audience quickly and cheaply. Advertisements, crowed one printer in 1769, were the "Life of a Paper." Not surprisingly, advertisers—including, for example, London theater owners, eager to fill their seats—invested heavily in newspapers, helping to ensure that they would prosper. Right from the start, printers sold not only news, but also the attention of a captive audience for advertisers, and, to an extent that is often forgotten, it was the captive audience and not the news that paid the bills.

The political economy for journalism that Slauter describes differed in several respects from the political economy of the more recent past. The most obvious contrast was the limited investment in reporting. The financial resources that printers allocated for newsgathering went not to reporters, an occupational category that had yet to exist, but to the procurement of other publications, which printers mined for suitable material. Eventually, this task would devolve on a specialist known as the "editor," an occupational title that in Britain had come into use by the 1760s. Most contributors, who were known as letter writers or "correspondents," were unpaid, and it was not at all uncommon for government insiders to pay the newspaper to insert a paragraph surreptitiously to influence public opinion on one of the public issues of the day. In the absence of the unpaid labor of the letter-writers, the extensive participation by readers in newsgathering, and the ubiquitous sharing of news

items between newspapers—features of the eighteenth-century press that in some ways mimic digital media conventions—it would have been hard to envision the newspaper emerging as the dominant news medium in the Anglo-American world.

Among the proudest legacies of the eighteenth-century Enlightenment was the opening to journalists of the ongoing deliberations of the national legislature: Parliament in Britain; Congress in America. Few developments did more to facilitate the systematic, ongoing coverage of public affairs. In Britain, this innovation occurred in the 1770s, when, following a political struggle, journalists got access to Parliament; in the United States, it occurred in a six-year period between 1789 and 1795. In 1789, journalists obtained access to the House of Representatives, in keeping with what lawmakers assumed to be the protocols appropriate to a government established by a popular mandate under the federal Constitution; six years later, they also got access to the Senate. The results of this innovation were subtle, yet profound. In Britain, the opening of Parliament to journalists helped to spur a reorientation in the coverage of public affairs away from international relations and back again toward national politics. In the United States, it focused the press on the national government, a circumstance that, given the decentralized, federal structure of the American polity, was by no means preordained.

The opening of the national legislature to journalists coincided with the expansion of the newspaper during the “Age of Revolution,” an epoch that began with the outbreak of the American War of Independence in 1775 and ended with the final defeat of Napoleon in 1815. In both Britain and America—as Joseph Adelman and Victoria Gardner contend in their chapter on the news business in this period—it now became not only possible, but also obligatory, for journalists to report extensively on national public affairs. To meet this demand for up-to-date information, news providers in each country invented a new vocation: the stenographic reporter. In Britain, Parliamentary reporters remained subordinate to the authors of the anonymous “paragraphs” that printers inserted into newspapers. In the United States, in contrast, a small number of journalists—led by Joseph Gales, Jr, the son of a radical printer from Sheffield, England, who had fled from Britain to the United States—became influential for transcribing and then printing the debates of Congress, a role that Gales himself performed with distinction for many years.

While the opening of the national legislature highlighted commonalities between British and American public policy, other legislative initiatives pushed journalism in different directions. In Britain, press freedom was rooted in privilege. To limit the circulation of subversive ideas, early nineteenth-century lawmakers charged a heavy tax on newsprint and newspaper advertisements, increasing production costs. Advertising remained vitally important, since subscriptions barely covered the tax-augmented production costs. Yet

the impact of these taxes affected different journalists in different ways. Insurgents confronted prohibitively high barriers to entry while incumbents thrived. Among the winners was the well-established London-based *Times*, which took advantage of its privileged position to assert its political independence from the powers-that-be, encouraging the ascendancy of the editor over the printer within the journalistic craft, and buttressing the emerging conception of the newspaper press as a semi-autonomous “fourth estate.”

In the United States, in contrast, the political economy of journalism hastened a flood of newspapers that was without parallel in world history. Here press freedom rested not in privilege, but in opportunity. Paradoxically, however, opportunity only rarely translated into commercial success. In America, as in Britain, advertising revenue remained important for the publishers’ bottom line. Yet for many news providers, advertising and subscriptions were not enough. Political subventions, mostly in the form of government printing contracts and government advertising, provided many news providers with the additional revenue they needed to stay afloat.

The remarkable proliferation of newspapers in the United States during the early republic owed much to public policy. Most obvious was the absence of the onerous newspaper taxes that had limited the circulation of newspapers in Britain. Even more important was the Post Office Act of 1792, which lavishly subsidized the newspaper press.

The Post Office Act of 1792 is much less well known than the First Amendment to the federal Constitution, with its stirring paean to the freedom of the press. Yet for well over a century, the Post Office Act had a much more immediate and enduring influence on the news business. The First Amendment would only become important for the press when it became invoked in constitutional jurisprudence. And this took a surprisingly long time: the United States Supreme Court would not hear its first First Amendment case until the First World War, and it would not be until the 1960s that the judiciary invested the freedom of the press with the quasi-superstitious aura that has enshrouded it ever since. The Post Office Act of 1792, in contrast, exerted a pervasive influence on the press from the moment of its enactment.

Three provisions of the Post Office Act proved to be especially indispensable for news providers. First, Congress admitted every newspaper printed in the country into the mail at extremely low rates, a policy that was at this time unprecedented anywhere else in the world; second, it permitted printers to send an unlimited number of newspapers through the mail to other printers without any charge whatsoever, massively subsidizing news distribution; and, third, it instituted a mechanism to facilitate the rapid expansion of the postal network that led inexorably to the enormous proliferation of postal routes throughout the vast American hinterland.¹⁹ Just as the Internet is rapidly emerging as an indispensable platform for commerce and public life, so the postal network became in Alexis de Tocqueville’s America the operating

system for the world's first mass democracy, a world in which the small-town post office supplanted the big-city coffee house as the iconic communications node of the age.²⁰

The modern daily newspaper was born in the 1870s in the burgeoning industrial cities of Britain and America. This is the provocative claim of David Paul Nord's chapter on the news business in the Victorian city. Newspapers in Chicago, St. Louis, and Manchester, England, popularized a new, distinctively urban style of journalism, rooted in the civic ideals of the Enlightenment, that linked the big-city newspaper with the prosperity of the cities in which they were published. The political economy of the industrial city became the journalists' "beat." Buttressed by stable subscription lists and healthy advertising revenues, these newspapers exemplified the "new journalism" that the English cultural critic Matthew Arnold decried. At their core, these newspapers were defined not by the philistine superficiality that Arnold deplored, but by their dual role as commercial enterprises and civic boosters. Early on, the *Chicago Tribune* and its English cousin, the *Manchester Guardian*, championed the highly individualistic, anti-interventionist economic liberalism known in Britain as *laissez faire* and in America as antimonopoly. Over time, however, even some of the most ardent champions of private enterprise and economic liberalism came to embrace a much more collectivistic understanding of political economy. This new sensibility, rooted in the commercial realities of the industrial city, would prove even more consequential for the press than the two journalistic innovations (both American) to emerge in the same period: the first-person interview and the investigative exposé. Labeled by contemporaries the "New Liberalism" in Britain and "progressivism" in America, this city-centric reform agenda would shape the public debate on the government regulation of big business in the two decades preceding the First World War. To solve the problems of the day, journalists combined a faith in discussion, negotiation, and the rational arbitration of conflict with an almost irrational faith in the efficacy of facts. Of every three stories on public affairs to appear in the *St. Louis Post-Dispatch* in 1894–5, one was on municipal utilities: for the first time in history, news reporting had come to focus on infrastructural improvements in a specific locality.

The newspapers that Nord describes were both politically influential and commercially successful. Yet their newsgathering apparatus remained restricted primarily to the locality in which they were published. How, then, did journalists gather news on events that originated at a distance? This question furnishes the theme for James R. Brennan's chapter on the business of international news in the half-century before the First World War. The "Age of Empire," as this period has come to be known, witnessed the heyday of imperial expansion for the United Kingdom and the first major overseas war for the United States. The international news that found its way into the leading mass-circulation newspapers—Alfred Harmsworth's *Daily Mail* in London;

Joseph Pulitzer's *World* in New York—was often generated by a new institution—the international news agency—that took advantage of the novel facilities for high-speed communications that had been created by the electric telegraph, a new medium that by the 1890s linked the world in a single global network. In Britain and America the most important of these news agencies—the PA and Reuters in Britain; the NYAP and its twentieth-century successor, the AP, in the United States—relied on distinct yet complementary business strategies to provide newspaper readers with international news.

The quality of the news that these news agencies provided was highly uneven. Newspaper coverage of the Boer War in Britain and the Spanish-American War in the United States was notoriously bigoted and unfair. Yet in no obvious sense was it market-driven. Rather, it was the logical byproduct of the institutional arrangements that newspaper publishers devised to supersede the exigencies of the market.

Then, as now, news agencies were bedeviled by a conundrum. How would they be remunerated for gathering a commodity—news—that lost its commercial value the instant it was made public? Information of enormous value to readers could not be monetized once it had found its way into print. To make matters even more complicated, at no point did the demand for international news match the cost of its supply. In the period between 1869 and 1915, Reuters's news business generated less than 2 percent of the company's total profits. To generate the revenue necessary to cover international news, Reuters and the PA relied on government subventions, cross-subsidies from the London and colonial press and other lines of business, and cartel agreements with their principal rivals (Wolff in Germany; Havas in France). The NYAP and the AP adopted a different strategy. By limiting their dispatches to member newspapers, they created a tradable asset—exclusivity—that justified the fees they charged for access to their newsfeed.²¹

In the twentieth century, the newspaper would be challenged but not overtaken as a vehicle for news reporting by broadcasting—first radio, and eventually television. Radio news, as Michael Stamm demonstrates in his chapter on the news business in the period between the first commercial radio broadcasts in 1920 and the Second World War, augmented but did not supplant news reporting by newspapers.

The boundaries between news broadcasting and newspaper news owed much to the institutional arrangements that lawmakers devised. These institutional arrangements had certain common features: in both Britain and America, lawmakers claimed as a government monopoly the electromagnetic spectrum. In neither country was it possible for a business or individual to own a radio frequency, and every radio station had to obtain a license. The regulatory differences, however, were equally marked. In Britain, Parliament also established a monopoly over radio licences, which was coordinated by the

BBC. In the United States, in contrast, Congress opposed a government broadcasting monopoly, and, as an alternative, empowered a regulatory agency to grant broadcasting licenses to as many stations as the agency presumed to be technically feasible.

Once again, in yet another variation on a pattern that went back to the Enlightenment, British lawmaking fostered centralization and American lawmaking decentralization. The outcomes for journalism, however, were quite different. In late eighteenth-century Britain, centralization encouraged news reporting; in the 1920s, however, it did not. Fearful that the BBC would compete with their own news reporting, British newspaper publishers successfully blocked it from entering the news business. Ironically, the establishment by Parliament of a monopoly radio broadcaster had led British newspaper publishers to persuade lawmakers to strengthen their monopoly over the news business. The limitations on radio broadcasting were made evident in one notorious instance in 1926, when, to mollify British newspaper publishers, the BBC broadcast the sounds of the horses' hooves beating against the track during the Epsom Derby, but not the result of the race. For many years thereafter, newspaper publishers would successfully limit the character and scale of the news reporting that the BBC could undertake. These restraints were not lifted until the Second World War, when the vivid BBC radio broadcasts of journalists such as Richard Dimbleby convinced British lawmakers that it was politically necessary for the public to listen in real time to the sounds of the war on the radio as well as to read about the war in the newspaper and to see it at the movies, in the short features known as newsreels.

In the United States, in contrast, lawmakers refrained from imposing any limitations on the kinds of news that radio announcers could report.²² Yet this did not mean that the news business evolved in the absence of legal constraint or the intervention of newspaper publishers. In Britain, radio broadcasting was a government-licensed monopoly. In the United States, newspaper publishers quickly came to hold licenses for a substantial percentage of radio stations. Predictably, newspaper publishers were eager to exploit the commercial potential of the new medium, and American radio stations were much more aggressive than the BBC in broadcasting news reports and covering live events. CBS reporter Edward R. Murrow was but the most accomplished of a generation of talented American on-air news journalists to emerge at this time.

The influence of public policy on the news business was far less obtrusive in the half-century between 1945 and 1995, according to James L. Baughman in his chapter on this period. Yet it was never entirely absent. In both countries, this half-century witnessed the deregulation of broadcast news, a development that would fill the coffers of news moguls while weakening the organizational capabilities of the major news networks. In Britain, the BBC lost its TV broadcasting monopoly in 1954 and its radio broadcasting monopoly in

1971; in the United States, the "Fairness Doctrine"—which, by obliging radio and television broadcasters to air multiple viewpoints, had the unintended effect of limiting the range of opinions that they felt it prudent to express—was eliminated in 1987.

The deregulation of the news business helped explain why it had become so lucrative. On both sides of the Atlantic, media mogul Rupert Murdoch became a household name while television broadcasters and newspaper publishers reaped huge profits. This was not the first epoch in which the news business had been highly lucrative. A century earlier, Pulitzer and Harmsworth had made good money running big-city newspapers. Yet the post-Second World War profits spurred by the steady upsurge in advertising revenue was unprecedented, and, in certain respects, misleading. As the number of newspapers in a particular city dwindled, the advertising revenue increased substantially for those that remained, leading to a temporary burst of innovative news reporting. Only after the commercialization of the Internet in 1995 did the financial prospects of the surviving newspapers significantly decline, leading to further cuts in newsroom staffs and overseas reporting. In this context, it is worth recalling just how recent all this is: the peak year for newspaper advertising revenue in the United States was 2005.²³

The legal strategies news providers deployed to protect the commercial value of news reporting is the theme of the final two chapters, by Heidi J. S. Tworek and Robert G. Picard. Each focuses on a different period: Tworek on the post-electric telegraph, pre-1995 past; Picard on the post-Internet present. Among the themes that they explore is the relative merit of licensing versus copyright as legal strategies and the peculiar challenges that news providers confront in their determination to protect their news stories from unauthorized use. In the pre-1995 period, news providers relied on the exclusivity of their newsfeeds to protect their organizational capabilities, a business strategy that received a major impetus following the rise of the modern metropolitan newspaper in the 1870s. As print runs became larger and the news business more capital-intensive—a shift that had been spurred in part by the widespread adoption of technical contrivances such as mechanical typesetting and the high-speed steam-powered printing press—news agencies in Britain and America devised exclusionary business strategies that enabled news publishers to block their rivals from gaining access to time-specific information. Since 1995, in contrast, the commercialization of the Internet has made it more difficult to perpetuate the exclusionary business strategies that served news providers so well in the past.

News providers have always looked to legal institutions to protect themselves from competition, Tworek observes. Yet certain strategies have been more successful than others. In the interwar period, for example, the British news agency Reuters and its American rival the AP each lobbied international standard-setting organizations to transform news reports into a form of

property that governmental institutions would protect. In the end, however, this legal strategy came to naught. Far more successful was the adoption by news providers of a cartel-based business strategy that was closely aligned with the political economy of the countries in which they were based.

The limitations of copyright as a panacea for the problems facing twenty-first-century news providers is emphasized by Picard in his chapter on the news business since 1995. News providers intent on protecting their intellectual assets would be well advised, in his view, to scale back on their efforts to make copyright a trump, and focus attention instead on the establishment of licensing agreements similar to those that had worked so well for news providers in the past.

A second theme that Picard explores is the decline of the print-and-paper newspaper. Recent events, including, but by no means confined to, the commercialization of the Internet, are bringing to a close an epoch in the history of news that goes back to the Enlightenment. There are simply too many news providers and too few barriers to entry for incumbent news providers to retain their privileged position. As a consequence, the badly frayed lifeline between the production of news and the publication of newspapers has finally snapped.

The future remains open. It is hard to know how lawmakers will respond, should digital aggregators carve out for themselves a dominant position in the news distribution business and Internet service providers occupy the same functional niche in the political economy once filled by telecommunications giants such as the Bell System. Even so, it seems safe to predict that the audience for print-and-paper newspapers will continue to decline, and that digital media, including mobile devices, will become increasingly ubiquitous. It also seems likely that in the future the news business will focus less on the news flash and more on specialized reporting, and that news providers will monitor ever more systematically their audience and its engagement. The most trusted, enterprising, and ambitious of these news providers will almost certainly be relatively large, and perhaps even oligopolistic.

While the future remains open, much can be learned from the past. The chapters that follow have been written with this goal in mind.

NOTES

1. Andrew Pettegree, *The Invention of News: How the World Came to Know about Itself* (New Haven: Yale University Press, 2014).
2. Alex S. Jones, *Losing the News: The Future of the News that Feeds Democracy* (New York: Oxford University Press, 2009), 3–4. See also Peter Preston, “Without Print Newsgathering, Fighting over Media Plurality Is Academic,” *The Guardian*, July 8, 2012, <<http://www.theguardian.com/media/2012/jul/08/media-plurality-news-gathering-peter-preston>>.
3. James L. Baughman, *The Republic of Mass Culture: Journalism, Filmmaking, and Broadcasting in America since 1941*, 3rd edn (Baltimore: Johns Hopkins University Press, 2006), 160; Michael Schudson, *The Sociology of News*, 2nd edn (New York: W. W. Norton & Co., 2001), 228–9; see also data from Pew Research Center, “In Changing News Landscape, Even Television is Vulnerable,” September 27, 2012, <<http://www.people-press.org/2012/09/27/in-changing-news-landscape-even-television-is-vulnerable/>>.
4. Edward Jay Epstein, *News from Nowhere: Television and the News* (Chicago: I. R. Dee, 2000 [1973]), 142.
5. In keeping with popular convention, we often refer to the United Kingdom as Britain and the United States as America. This convention is not without problems. Yet it has the advantage of brevity, and avoids the thorny issues raised by shifts in political nomenclature. The United States would remain part of British North America until 1776, while Great Britain would not become the United Kingdom until 1801.
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7. For a sampling of commentary on the so-called “critical juncture” in journalism that has been hastened by the rise of the Internet, see Robert W. McChensey and Victor Picard (eds), *Will the Last Reporter Please Turn Out the Lights: The Collapse of Journalism and What Can Be Done to Fix It* (New York: New Press, 2011).
8. Richard R. John, “Why Institutions Matter,” *Common-place*, 9/1 (October 2008), <<http://www.common-place.org/vol-09/no-01/john/>>.
9. Steve Pincus, *1688: The First Modern Revolution* (New Haven: Yale University Press, 2009), ch. 15.
10. On the rationalist illusion, see Jonathan Silberstein-Loeb, *The International Distribution of News: The Associated Press, Press Association, and Reuters, 1848–1957* (Cambridge: Cambridge University Press, 2014), ch. 4, esp. 92. See also Patricia Hollis, *The Pauper Press: A Study in Working-Class Journalism* (London: Oxford University Press, 1970).
11. Jürgen Habermas, *The Structural Transformation of the Public Sphere: An Inquiry into a Category of Bourgeois Society*, trans. Thomas Burger (Cambridge, Mass.: MIT Press, 1989 [1962]).
12. For a related discussion, see James L. Baughman, “The Reconsideration of American Journalism History,” conference paper, American Historical Association, Chicago, January 2012.
13. Richard R. John, *Network Nation: Inventing American Telecommunications* (Cambridge, Mass.: Belknap Press of Harvard University Press, 2010), ch. 4.
14. John, *Network Nation*, ch. 5.
15. For a parallel argument, see George Brock, *Out of Print: Newspapers, Journalism, and the Business of News in the Digital Age* (London: Kogan Page, 2013), chs 3–4.
16. Daniel C. Hallin and Paolo Mancini, *Comparing Media Systems: Three Models of Media and Politics* (Cambridge: Cambridge University Press, 2004).
17. See, for example, Paul Starr, *The Creation of the Media: Political Origins of Modern Communications* (New York: Basic Books, 2004), chs 1–2.

18. Isabel Hofmeyr, *Gandhi's Printing Press: Experiments in Slow Reading* (Cambridge, Mass.: Harvard University Press, 2013).
19. Richard R. John, *Spreading the News: The American Postal System from Franklin to Morse* (Cambridge, Mass.: Harvard University Press, 1995), chs 1–2.
20. Richard R. John and Thomas C. Leonard, "The Illusions of the Ordinary: John Lewis Kimmel's *Village Tavern* and the Democratization of Public Life in the Early Republic," *Pennsylvania History*, 65 (Winter 1998): 87–96.
21. Silberstein-Loeb, *International Distribution of News*, chs 2–3.
22. While the United States government imposed no limitations on radio broadcasting, the AP did. Intent on preserving a level playing field between newspapers that did and did not own their own radio stations, the AP significantly limited the uses to which its members could put its newsfeed. Silberstein-Loeb, *International Distribution of News*, 75–6.
23. "Annual Newspaper Ad Revenue," in Newspaper Association of America, *Newspaper Revenue*, <<http://www.naa.org/Trends-and-Numbers/Newspaper-Revenue.aspx>>.

2

The Rise of the Newspaper

Will Slauter

In the late seventeenth century, most news—defined as timely reports on public affairs and commerce—did not appear in newspapers. The monarchy, church, and Parliament closely monitored discussions of politics and religion. In most years, the official *London Gazette* (1666–present) remained the only printed newspaper. A tiny elite paid for access to fuller reports found in handwritten newsletters, which were compiled in London by individuals with access to the diplomatic correspondence of the monarchy and free use of the royal post. Merchants also relied on weekly periodicals called price currents for updates on the prices of goods in various markets. But when it came to distributing news in print, periodicals were not as common as separate pamphlets, which could be produced quickly and sold cheaply on the streets, and broadsides, which contained words and images printed on one side of a sheet so that they could be attached to a wall or post for public viewing.

By the late eighteenth century, the business and culture of news had changed substantially. Admittedly, local news still traveled by word of mouth, friends in other places still provided details that could not be found in print, and pamphlets remained important tools of political persuasion. But by 1775 newspapers printed on a regular schedule (weekly, tri-weekly, or daily) could be found in cities throughout England and North America, not to mention Scotland, Ireland, and the West Indies. These newspapers discussed public affairs more openly than their seventeenth-century counterparts, and they contained a range of material that previously appeared in distinct publications: paragraphs of foreign and domestic news, price lists and mortality figures, accounts of crimes and trials, poems and songs, reader correspondence, parliamentary proceedings, political essays, and advertisements. Pamphlets and broadsides continued to be used for late-breaking news or for certain genres, such as the last words of executed criminals. But by 1775 the newspaper had become the primary means of packaging news and selling it to customers.

Making News

*The Political Economy of
Journalism in Britain and America from the
Glorious Revolution to the Internet*

Edited by
RICHARD R. JOHN AND
JONATHAN SILBERSTEIN-LOEB

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