THE APME RED BOOK 1986

An Account of the Annual Convention
of the Associated Press Managing
Editors Association at
Cincinnati, Ohio,
October 21–24, and the
Reports of the 1986 APME
Continuing Study Committees.

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THE 1986 RED BOOK

Two major stories framed the 1986 APME year, the Challenger disaster in January and the Iran arms deal in November. Challenger, and the lessons to be drawn from the coverage, were fully dealt with by one panel; another discussed the American hostage situation, but there was unwitting irony in the theme. The speakers strongly criticized President Reagan and his administration for doing little or nothing to get the captives freed. As the news unfolded in November, the President had been doing a good deal.

The Cincinnati convention proceedings are not presented chronologically, but are grouped loosely in two categories: analyses of major stories and various approaches to coverage and news philosophy. The second group generally deals with the more technical subjects.

The first group contains discussions of sensitive stories, such as AIDS, suicide, rape. Speakers looked back at the Reykjavik summit and forward to emerging U.S. space policies, and one 13-member panel considered the likely shape of newspapers after 2001.

In the second group you'll find discussions of small newspapers, defiance of a judge's orders, running a multi-cultural newsroom, and others.

The center section of the Red Book contains the APME awards, member citations, convention facts and figures and similar material. The Continuing Studies committee reports appear toward the back of the volume.

Not all formal convention proceedings are included in the Red Book, only material directly related to journalistic practice. By that criterion, we omitted such presentations as Jonathan Kozol's eloquent luncheon speech outlining the national problem of illiteracy and exhorting the press to enlist in campaigns to stamp it out.

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Our special thanks are due to APME's committee chairpeople, who got their reports to New York in record time. As a result, the Red Book this year appears earlier than in a long time.

Thanks is also due a corps of volunteer proofreaders on the Red Book Committee. They included George R. Burg, Kansas City (Mo.) Star, committee chairman; Trueman E. Farris Jr., Milwaukee (Wis.) Sentinel, vice chairman; Kenneth F. Teachout, La Crosse (Wis.) Tribune, Donald J. Kosterman, Sheboygan (Wis.) Press and William Heath, Marshfield (Wis.) News-Herald. Such was their efficiency and speed that several others got away without chores this year.

Once again, the index was prepared by William A. Draves, Fond du Lac (Wis.) Reporter (retired).

The scenic cover illustrations are by Ed Reinke of the Cincinnati Enquirer.

Rene J. Cappon
General news editor/AP Newsfeatures

NEWSPAPERS AFTER 2001

A 13-member panel, probably a record for APME, examined in depth the problems, perils, and opportunities newspapers face as they set sail for the 21st century. Will the audience shrink? Will the press have to undergo drastic changes? What of its advertising base? What new directions seem desirable—or inevitable?

These and many other questions were discussed at a three-hour session on the final day of the convention. The moderator was Steve Star, Sloan School of Management, Massachusetts Institute of Technology.

James K. Batten, president, Knight-Ridder, Inc.

Louis D. Boccardi, president and general manager, The Associated Press

John J. Curley, president and chief executive officer, Gannett Newspapers

Katherine W. Fanning, editor, Christian Science Monitor

Robert G. Marbut, president and CEO, Harte-Hanks Communications, Inc.

Jeff Greenfield, media critic and columnist, ABC

James Hoge, president, New York Daily News

David Laventhol, senior vice president, Eastern Newspapers, Times Mirror Company

Robert G. Marbut, president and chief executive officer, Harte-Hanks Communications, Inc.

C.K. McClatchy, president, McClatchy Newspapers

Burl Osborne, president, Dallas Morning News

Eugene C. Patterson, chairman and chief executive officer, Times Publishing Company, St. Petersburg, Fla.

William O. Taylor, chairman and chief executive officer, Boston Globe

Chris Urban, Urban and Associates

Star suggested the panel proceed along the lines of a Harvard Business School "case," setting up a specific problem and discussing solutions. He asked Marbut to set the stage.

Marbut—How does an industry that has been so successful, that is so fragmented, that is in such a changing environment, really take an objective look at itself and screw up the courage to change where it needs to change and to have an ongoing mind-set, a process, by which it can continue to be successful?

I think one of our biggest challenges is to recognize that, while times are good, we can't assume that we go on the way we've been going, but ask, "How has this changed for us?" and "What must we do to stay ahead of it and to be proactive rather than reactive?"

Star—It's your notion that the environment is changing profoundly. What would be some of the key things to look at?

Marbut—I think it's continuing to change with the consumers who read our newspapers and who buy the products that advertisers sell. It is changing in technology still. It is changing in the way that retailers, who are a major part of our future, are having to live; it is changing in the competitive situation. It is also changing in terms of the people we are able to get into our industry. All the other changes affect the kinds of people we can recruit and the kind of training they have.

Star—Will the changes in the environment likely be so great that we will need significant changes to remain successful?

Marbut—We're looking 15 years ahead. Over that continuum, the changes will be significant if we look back to where we were, say, five years ago. Retailers for example have undergone some dramatic changes in the past few years.

Traditionally we deal in local markets and its health is very important, but more and more these changes are affecting us outside that local market, beyond our control. We need to change the way we react.

Star—Does that seem like a reasonable prognosis? Jeff Greenfield?

Greenfield—At the risk of challenging the premise right away, I have a feeling that it's the very lack of change that may be the best thing newspapers will have going for them. Nobody is more self-conscious about change than media persons. You've always described things as changing; you never hear a seminar saying that newspapers are in a stable environment.

As far as I'm concerned, the biggest change in 15 years will be that we won't call them newspapers anymore. In Denmark, they call TV anchormen "Cronkiters," after Walter. I suspect we'll be calling newspapers "Gannetts" by the year 2001. To be read, of course, by Knight readers.

But the very attraction of newspapers is precisely that they are familiar. If you look at the environment in which I work half or three-quarters of the time, the television environment, and its fragmentation, and the specter of viewers sitting there with remote controls and video cassette recorders and MTV in interstitial minutes interrupting 22-minute sitcoms, the idea of a familiar source of information that can let somebody take a deep breath and figure out what this onslaught of

Jeff Greenfield, American Broadcasting Company

disconnected information may mean, may be the biggest thing papers have going for them.

If you look at a newspaper of 1986, I would suggest that for all the changes we can describe, to a reader it hasn't changed that much. A reader still reads the papers pretty much for the same reason he or she did, I think, 30 years ago. My suspicion is, from the editorial content, that this will be true in 15 years. You can actually give somebody the chance to make sense of the "tower of babble" that they have been afflicted with through the other medium I work in.

Star—And all these environmental changes that Bob Marbut talks about are likely to be just the kind of changes that always take place?

Greenfield—Well, I'm sure if I were on the business or marketing side of this profession, I would want to know about this. But I wonder whether the changes facing newspapers in the next 15 years are more dramatic than that posed, say, by the introduction of radio or television, which some people thought would wipe newspapers out.

Laventhol—I think we are in a period of calm right now. The question is whether we are in the eye of the storm or whether this is really the way things will be. If you went back five years, you would have heard a lot about newspapers being doomed; everybody was going to have a computer at home, they're going to get their information that way; you're going to have printouts. That is something that we were all greatly concerned about. Ted Turner got up at a publishers' meeting and said, "You're nice guys, but you won't be around 15 years from now."

Well, not only will we be around, but we are doing very well. Surviving newspapers are more successful, economically stronger, and more useful to people who read them than they have ever been.

To me the biggest concern is not on the news side but on the economic side, and whether the strong economic base that newspapers have—which has made media stock and acquisitions of such interest lately—can be sustained.

There are real threats to the economic base in two important areas: in classified advertising, which may be the one area where electronic alternatives will have a real opportunity, and in the retail area, which is changing, with some retailers confused and going in different directions. They are interested in our problems only insofar as we help solve their problems, and usually we don't look at it that way.

If either of those economic bases is changed dramatically, it will change the whole shape of the newspaper.

If you take just one example how this is in play right now, it's Sunday magazines. For most of them, the traditional economic support has been dramatically waning. Retail advertisers have used Sunday magazines for color, and they have gone to preprinted supplements. National adver-

tisers have taken other routes, including preprints. Lack of economic support has caused many different approaches in Sunday magazines which may or may not succeed.

Batten—I question whether the fit between readers and newspapers is as comfortable as we are suggesting. Ten years ago, it seemed to me that the 1980s would be a fairly easy time for us because we would be riding the surge of the baby boom crossing the "magic" age of 30 where people get married and buy refrigerators and become good newspaper readers. It hasn't happened in the way we expected.

In the first five years of the 1980s, the universe of people who would be national newspaper readers grew by about 12 million, two and a half times the number that came into our world in the comparable years in the early 1970s. While the universe of people between 30 and death was growing by 12 million in the early 1980s, we picked up 500,000 circulation. Our net growth was 1/24th of the people who were coming in. So by the mid-1990s, that kind of growth will be gone. That was an unprecedented occurrence. It probably won't happen again, certainly not in the lifetimes of any of us here. That suggests an underlying problem.

James K. Batten, president, Knight-Ridder Inc.

Star—That's arguing that the postwar generation is not reading newspapers with the intensity that its elders did.

Batten—Those people are not behaving like their parents and grandparents. Their involvement with newspapers is much less. There are all the obvious reasons, including proliferation of other ways to get information and news and many other things to do with your time.

Boccardi—That gets into one of the major changes that has to go on the list of environmental changes: The changes in the character of the people we're trying to sell newspapers to. You have the vastly increased number of single people living alone. I saw a figure the other day that three out of five children born in 1986 will at some point live in a one-parent household. There's a stream of statistics like this that suggests a very different audience. There's reason for a little discomfort about the fit, whether it's all that neat.

Star—Despite all these revenues from the great advertising decade that enabled us to put in new technology, put out exciting papers, improve our color—despite that, these folks just aren't reading them?

Boccardi—One finding of almost every readership survey is that newspaper readership is fairly directly linked to activity in the community, to community interest; if you're interested and active in the community, you tend to read the paper. With people living singly, moving as much as they do, living more for themselves than for the town or city, you get to one of the basics that show up in all readership surveys. So, yes, there's a change in the environment that leads to some discomfort.

Taylor—A major challenge is how to get the paper distributed and delivered. The lack of kids in the age group that has traditionally delivered papers has been a major problem for us. In our market unemployment is very low and competition for people is extremely high, and this type of work does not appeal to a broad range. Maybe that should be one of the things to consider, alternative ways of delivering our product. In our case, we have a special problem on Sunday, just given the bulk of the paper.

Star—Chris Urban, you do an awful lot of research with readers. We seem to have a disagreement on this panel whether we are essentially in good shape with that linkage or at risk.

Urban—A lot of research has shown that Jeff Greenfield is right. Readers are still looking for the same thing in the paper; they are still satisfied with it; all their normal expectations would seem to be fulfilled. The problem is that there just aren't as many of them as there used to be.

More than anything else, what is changing is whether or not we still believe that just having more readers, having more linage, having a bigger plant is necessarily good. What's changing is really our mission.

There's a core of expectations readers have of a paper: they expect us to keep them informed, give them good information on which they can base decisions.

But the percentage of folks who really have that much intense interest might be shrinking. Let's say by a factor of 20 percent. That is not a change we can do much about, but the prevailing hypothesis at a lot of papers has been, "Hell, if they don't care about what's important, let's give them all this other stuff."

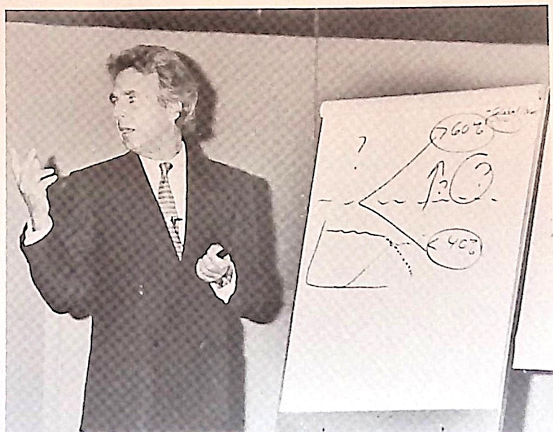
Star—I don't remember the numbers, but most of us like to think that yesterday something like 60 percent of adults read a daily newspaper. They tend to be the better off, better educated. If we take up Dave Laventhol's point and think of newspapers as economic entities, we are saying that advertisers are buying this 60 percent of the market. And they are saying, when they take a newspaper versus, say, a magazine, or broadcast, or direct mail: "The reason I like newspapers is that it's a cost-efficient way of reaching the better part of the mass market."

Now let's assume that the impact is only 20 percent, as Chris Urban suggested, and that 60 percent goes to 40 percent, the part of the market we represent won't necessarily be the 40 percent at the top. Some of these upper-income people, with their media rooms, probably won't be that much involved in print media either. If I am an advertiser who needs to reach substantially more than 40 percent, newspapers begin to look much less attractive to me. If you argue that the current newspaper economics on which our success is based depends on getting the advertising that is aimed at this percentage of the market—Chris is saying that we are on an inevitable course toward offering a smaller part of the market—it suggests that we've got to change fairly profoundly.

Patterson—It occurs to me that we have people reading the print media who CAN read and many of them don't move their lips. For us to assume that the tube has represented our greatest competitor in recent years is wrong. We can leave the boobs to the tube, because sitcoms and happy news and talky-talk are not what we're up against.

We need to take a look at our own store, not the store across the street. We can tremendously improve the advertising service we offer, if we give a one-bill approach to the national advertiser, if we give him satellite delivery of a uniform-quality ad to all the papers in this country. There are many things we can do in the news and editorial sides of our papers, design them better, write better, recognize that Star Wars and tax reform and many other major issues of today are going right over the heads of the American people because we don't understand them either.

Star—But if you ask yourself what newspapers as business enterprises have been historically, they have been local, they have been



Steve Star, discussion leader

mass—that 60 percent or more number—and they have been largely picking up local retail and local classified as their main income source.

If I hear you right, you are talking now about newspapers that, rather than being mass publications, will be segmented publications, with the segment being more decidedly up-scale than it is today; and with a number perhaps less than 40 percent in penetration rather than greater than 60 percent; you are talking about the advertising mix changing significantly from retail and classified to national. I want to make sure we all recognize that we are talking about a fairly profound transformation.

Patterson—I don't see it that way. I see us perhaps going in both directions. For instance, I do believe that newspapers will be restored as *the* mass medium, as network television is segmented the same way network radio used to be. To reach the mass audience on the west coast of Florida, the seller of beer or automobiles will have to recognize that the St. Petersburg Times, with its total market coverage extension of its already deep penetration, is the mass medium there for national advertising.

At the same time, we must segment that market so that we can deliver to our smaller local advertisers pieces of the market they want to buy.

Star—So you are trying to have it both ways.

Patterson—Absolutely.

Urban—To me, as soon as you put in the TMC package or the FMC package, you have changed the rules of the game. Now you are talking about the newspaper as a business surviving, not so much about the content. It's very true that we can be a mass medium by delivering pieces of paper to a lot of doorsteps and a lot of homes and therefore blanket a market. That doesn't quite argue that the newspaper will therefore become a mass medium.

Also, a lot of the people below that 40 percent line that we are accepting as our market aren't boobs. They do read; they read paperback books, they read magazines. What they are watching on TV is not so much the blow-dried folks, but they are watching Ted Koppel. I am not an apologist for TV news, but it has become a lot better over the past 15 years.

So I'm still worried, despite the fact that we are a mass medium on the business side.

Star—Are there things that we can do as individual newspapers and as an industry, to try to remain up in the relatively high penetration area or do we, as an industry, accept the fact that our paid/read circulation in most markets, or on the average, will fall to a portion of the market, and that therefore we need to go through a transformation as a medium and as an economic entity?

Laventhol—I don't agree that we are dropping to 40 percent as an industry. I think the 60 percent figure is quite attainable. It requires us to do more than just sit here to maintain those levels, but the courses that have been on recently have taught us a lot.

For example, the question of people's interest in global affairs, national news, whatever—we have responded to that. People look at newspapers for useful information. Their interest in entertainment and personal matters—we give them information about entertainment and personal matters. We have shown that we can respond.

We have learned that people are after information, not fun and games. A little bit in the back of the paper may be okay, but fun and games television can do much better than we can. To replicate that won't get us anywhere.

Fanning—We're being increasingly bombarded by trivia and through the progress of technology it will get worse and worse. With all the world coming to our back door in terms of satellite communications and transportation, the link-up of the global stock market, all aspects of computer networking, newspapers will need a content that offers the citizen a pathway through this hail of trivia. That content will require more substance, more quality, offer more understanding rather than just

a lot of information. I believe in the simple bromide of the better mousetrap. If we have a quality that is relevant to the citizens and to the public interest we can easily raise the numbers from 40 to 60 percent.

Star—This is a critical number. When television came along, most people viewed it as a replacement for radio. But radio has turned out to be a highly successful medium, if not as big as television, and the reason is that it underwent a transformation. It said, "We are no longer a mass medium but we can offer highly segmented advertisers highly segmented listings and therefore a very efficient buy." If you're selling adolescent skin care remedies, radio is one hell of a medium. You can get 93 percent of the blemishes in your market with three ads.

If we're talking seriously about a significant decline in market share for newspapers, the implication is that we might still be quite successful as an industry, but we would have to go through a transformation like radio's.

McClatchy—I think in the short run, people like Gene Patterson probably are right; he's probably more right in his area than, say, for somebody who's publishing a paper in Cincinnati. For five years it's probably a safe bet that Gene is right. I wouldn't want to bet on 10 or 15 years down the road.

John Curley, president and CEO, Gannett Company, Inc.

There is no blanket solution. Some of us will have to face that 40 percent problem no matter how hard we work or how much of a better mousetrap we build. We are simply going to face competition from the fragmentation of the market.

We've got to have flexibility and we need to be innovative. Some of the big companies like Knight-Ridder that went into videotext did the right thing. It will probably work out well in some way. But the innovation we'll need will be very expensive. I'm not sure that many of the smaller newspapers can do it. And some of them won't need to do it.

If you want to keep the mass audience, you'll have to come up with something different. I don't know whether it's playing with videotext, getting tied up with cable. But perhaps some newspapers will have to accept that they're not with a 60 percent mass appeal, that they're going to have to live happily with 40 percent. If we plan it right, it should be a pattern for success.

Star—How many on the panel think we'll be closer to 60 percent and how many closer to 40 percent? (Show of hands, 55 to 45 for 60 percent.) More toward 60 but a significant minority 40 percent.

Hoge—We've been talking about targeting of the media, more toward the upper demographic profile. That certainly has been happening. But something else has been happening, more akin to radio; the

James Hoge, president, New York Daily News

fragmentation of the newspaper business as the population disperses.

We have seen an extraordinary growth of suburban newspapers, and their evolution from papers that primarily provided a local service to providers of a full range of newspaper services, often in modern packages. We have got to keep that in mind; aren't we under some profound changes equal to what happened in radio? We are in an age when we need to sell ourselves better as a service; we don't do a very good job of it. If we do have a generation coming up that's indeed reading, but reading other things, one of our problems is that we haven't very well sold the idea that newspapers are important to this younger generation.

If you go around to advertising agencies in New York making a sale for your newspaper and you talk to the latest generation of media buyers, who tend to be the graduating class of Sarah Lawrence, it's amazing how few of them—and they are quite bright—know much about newspapers. They don't know how they are organized, what function they serve. It's simply that in their experience, growing up, this wasn't passed on to them.

Star—What you're saying is that 60/40 is not predetermined, that it will greatly depend on what we do.

Curley—We have a better shot at 60/40 in most markets because some of the trends pointing toward 40 have been reversed. For example, for 15 years or so they didn't teach reading in school, they taught phonics. That's been reversed.

We also had the Vietnam War. The newspapers and the establishment were blamed for all that the kids saw wrong. That group, the 30-50 group, still doesn't read us.

When you come to the singles, the different households and other such social factors, the latest demographic research points to a different approach to the family by the kids now in high school and going through college. You take these into account and they make for a more traditional newspaper readership.

There's also the rise in the number of the elderly, a potential newspaper readership, though not for the same product mixes. We'll have to develop a new approach to sales and news coverage in that category. But all those things, coupled with TMC's and other things, take you back toward 60 and beyond. If you are going to play at 40 or in between, we ought to start selling the data base.

You don't have to get dedicated terminals. We have to get the links and modems for people who are interested, and that's the Sarah Lawrence kids, who may not be interested in picking up a newspaper but may want to tap out on the data base to read whatever they're into that week. None of us have tapped into that, although Knight-Ridder

touched on it as they got into their data bases. We have to go beyond that.

Star—John, on your earlier point, you seem to be saying that some of those trends we're looking at may be more cyclical than direct.

A point I want to bring up. I read in the Washington Journalism Review about problems at Newsweek. It seems the news weeklies in general are having some tough times. At least several people quoted in the article said the reason, at least on the leadership side, is USA Today. They say that a significant portion of the news weeklies' sales were newsstand sales, and a lot of these are now going to USA Today.

Hoge—Another point is that newspapers, when one of their functions, immediacy, was taken over by television, have been moving for some years now into the news weeklies' function of compiling, organizing, and explaining the news. The extraordinary growth of Sunday papers also has cut into the news magazines.

Fanning—In an interview we had with Douglas Fraser the other day on the job market of the 21st century, he talked about the inevitability of a shorter work day or shorter work week. That will create more leisure so it's possible that at the turn of the century we'll have people with more time to sit down and read a newspaper.

Greenfield—This fits into one of those broad points that may give some clue to the next 15 or 20 years. We all know the dangers of linear extrapolation, assuming that what's going to happen follows a straight line from today's trend.

One unchanging fact about the media over the past 30 or 40 years is the constant increase in choice for consumers. Back in the late 1940s, the competition newspapers faced was the radio and a night out at the movies. Look now at the possibilities—the great irony to me is that it's developed even while we have legitimate fears about the concentration of ownership. For the individual, the power has been transferred from the disseminators of information to the recipients. When you sit at home with a cable set and VCR and remote control, NBC or ABC isn't programming; I am or my kid is.

There's one thing that newspapers can do that the other medium I work in cannot do. When we put on a show, it can't be both "Nightline" and "Lifestyles of the Rich and Famous." For that half hour, we have to make a choice as to who we are going to be. You don't have to. You can do the Los Angeles Times 12,000-word takeout on Burundi agriculture on Page One, and Doonesbury and a horoscope and a brilliant analysis of the California Senate race in the same package. I'm sometimes amazed that newspaper promotion and advertising doesn't tell readers that it's giving you this incredible array of choices in one cheap package.

Burl Osborne, president, Dallas Morning News

Star—It seems that all things being equal, markets with ferociously competitive newspapers have higher readership yesterday than markets that don't. I think of places such as Dallas, Anchorage, Little Rock. Burl Osborne certainly lives in that world.

Osborne—I don't know if competition causes that higher number, but before surrendering a third of that audience, it would be useful to explore why people who have been reading the newspaper stop reading it and what might be done about that.

Everybody in this room knows about how many orders have to be sold in order to keep a subscriber. In various places that can range up to a dozen. If one were able to reduce that turn, that constant reselling of the paper, by even a third, the impact on circulation and penetration would be enormous.

I would suggest three possible reasons.

The first reason people give, at least in our part of the country, when we ask why they stopped the newspaper is service. That gets back to something Bill Taylor said; if the paper doesn't get there before you go to work, it really doesn't matter whether you had a good story on the Mets-Red Sox game last night.

The second reason people give is that they don't have time. Well, we have more time than we've ever had, the work week is shorter today than it was 50 years ago. What they are really saying is, "It's really not important to me." We haven't succeeded in making the newspaper a necessity in a family or a single-person dwelling. To the extent that we can reverse that, we'd be able to make the subscriber more permanent.

The third factor is that, as Jonathan Kozol would tell you, for every newspaper subscriber in this country there's an adult who cannot read well enough to be able to understand or use the information we are providing. There's a societal opportunity: If we can begin to teach people to read again, there may be an audience for us.

If we succeed in making newspapers essential reading, then the advertising problems will take care of themselves. But the investment that will be required suggests that the degree to which we succeed in raising penetration and readership will be inversely proportional to the direction of our profit margins.

Star—We should now focus on two questions. First, what should we as an industry and individual newspapers and groups do to try the get the number as big as we can? Second, the contingency question: If we as an industry will go from a 60 percent plus medium to a 40 percent minus medium, what transformation do we have to go through to make sure we remain successful?

Boccardi—I think you definitely go for the 60 by making that paper so important to those people that they want to have it. It's the cliche words of "relevance" and "necessity. You find out who is not buying your paper. You find out what it is they need, what it is that would make your newspaper not just nice to have around or that they might pick up if by chance it got there early enough, but something that they really want.

Star—You talked earlier about this extraordinary proliferation of information alternatives, this kind of overload. How do we become a necessity in that kind of a context?

Boccardi—By giving them the kind of information that the newspaper is uniquely able to provide and by helping to make some sense out of those snippets they pick up in the other ways they are getting their information. It might be in narrow specifics. If you're dealing with a two-career family with day care as an issue, you go back to the old staple of the school lunch and how important that becomes in a household where there's no time to make lunch for the children. You look at the panoply of sports information in the fashion that many newspapers are now doing. It's far, far better than it ever was before.

Star—The agate kind of stuff?

Boccardi—The agate kind of information. You take the acres of financial information that newspapers have and restructure it for your

particular audience. The newspaper, I think, is a uniquely local instrument. All the research these days says that people want local, national and foreign, but the way that national and foreign plays down into that audience is a uniquely local phenomenon.

Curley—Presentation is part of it too. Color, graphics, and our ability to do more in that area will be important. I don't mean to pick on the Cincinnati Inquirer, since we own it, but in yesterday's paper we went 11 pages in the Life Section without a graphic or photo, and a lot of the contents suggested that there could have been some there. I don't think that is atypical of most newspapers, and it's a weakness in a lot of our newspapers too.

Star—Does that tie in with Lou's point about becoming a necessity?

Curley—That gets you closer. A necessity is something people perceive to have value, and value, at 35 or 50 cents, will be a decision you make—is this worth 50 against a cup of coffee which is 50?—and that's where the trade-offs come.

We ought to remember, too, that people buy the newspaper for advertising. We have to be aware of the economic side, and our rate cards suck. A lot of the rate cards are 1940 and 1950 vintage, and they haven't been redesigned to take into account changing trends, to induce

Louis D. Boccardi, president and general manager, The Associated Press

the advertiser to put more dollars—not more linage, but more dollars—into the newspapers. They've all got to be reconsidered in light of where retailers are headed.

Laventhol—I don't think the penetration issue—or if you prefer, the readership issue—is the number one threat facing the newspaper business. It's a threat, but it is hardly new and newspapers individually and collectively have made great strides toward dealing with it. We had the Readership Project five years ago. Probably every newspaper in this room has an NIE program. They are teaching kids how to use the newspapers to learn geography, how to read and add. It is continuing, it's unrelenting; we ought to be on top of it, we ought to be flexible. But it seems to me that's the second problem we have.

The first is the economic question, really the advertiser question. I don't agree that if you have the readership that the advertising will follow in exactly that fashion. As we strive for the 60 percent, we are a mass medium, and advertisers increasingly are looking for targeted media. So, for example, comes the total market product—which is not a newspaper and has nothing to do with our readership, except it's people who don't read us—a way to provide the advertisers with what they need.

While in things like food sections these interests mesh perfectly, in many instances they don't. That's probably okay, but we don't understand the needs of our advertisers as well as we understand those of our readers. Generally, newspapers treat their advertisers now the way newspapers treated their readers and subscribers up until a decade ago. When anybody complains about delivery, for example, they try to improve the service. Ten or 15 years ago they didn't. While we're focusing on the reader situation, maybe we ought to be spending even more on meeting the needs of advertisers.

Star—On the reader side, I think that despite of what you say, we've got to keep in mind Jim Batten's statistics. On the advertising side, the argument there—we haven't stated it explicitly—is that advertisers themselves are increasingly segmenting. They are segmenting into the true mass retailer, like K mart, who wants to reach 75 or 80 percent of everybody. And you have the even more rapidly growing retailers who target a narrow segment that may be 5 or 10 percent of the market; it might be entry-level white-collar working women. The argument would be that newspapers, whether it's 60 percent or 40 percent, but that upper mid-market, are neither fish nor fowl; not mass enough without TMC for the K marts, not targeted enough for specialty chains. How do we become both fish and fowl?

Laventhol—As a mass circulation medium with many kinds of targeted approaches, whether geographic zoning, demographic zoning,

different forms of distribution in an advertising sense of material that people need, informational zoning—increased segmentation while at the same time being mass. That is something television can't do.

Patterson—I agree that you can be both. You can have the main body of your mother paper become a great mass medium, and then you can segment your regional editions to meet the news needs and the part-run advertising needs of those people.

Getting back to David's point that we better look at the advertising problem, doesn't that also require that we look at the news and editorial content? I'm thinking now of two immediate threats.

One is preprints. Why have the K marts and the others pulled those sections out of our ROP and gone to stuffing them in? An alarming amount of your profit now comes from those preprints, which could be pulled out tomorrow and sent direct mail. That's the other grave danger. Why are we suddenly getting in our boxes at home not only Advo, but all those catalogs at Christmas, and why are our wives buying from them? Why have these advertisers withdrawn from ROP display ads?

To get them back we must get the readers measurably preferring ads in the newspapers because something in the content draws their attention much more than we now draw it.

Osborne—I wonder if the issue the advertisers will look at is price. Can we continue to justify, for example, a premium based on nothing more than our ability to charge it on national advertising? Does the industry really need to face the question of a single advertising rate for any advertiser no matter the ad's origin?

Second, I wonder if we might do a little better at getting preprints back into ROP if we had a rate card that recognized the volume that they bring and simply cut the prices. We may have to accept a lower profit margin because there is such a thing as price elasticity. If we lower the prices we'll get more volume and if we get more volume we'll get more readers.

Star—Bob Marbut's company has been one of the more active in the industry with a lot of alternative media, free distribution, alternative distribution. How do we make advertising in newspapers more attractive than advertising that gets thrown on a lawn?

Marbut—We have to look at it as several segments. The only choice that advertisers used to have was the newspapers in trying to reach a particular set of prospects with advertising information. Then people came along who said, "I know certain advertisers here who want to reach another part of the market." The newspapers didn't define what they were doing for that customer segment.

Sooner or later, others came to town and started shoppers and things called hand delivery systems, because they could deliver it even more

precisely. Then the Postal Service changed its rules and that opened up another distribution opportunity.

What tends to happen when you get alternative ways to distribute something is that people start moving together and they all look the same, and then you end up competing only on price. That's the worst thing we could do.

Star—If somebody came into a market with aggressive shoppers and alternative distribution systems and began competing heavily for price on the distribution of preprint stuff, what would one do?

Marbut—I would ask again, "What is it we're trying to do here?" Again, we're trying to do more than one thing. I would say, "If somebody else can start a shopper, why can't I, the newspaper, start a shopper? If someone else can zone certain things, why can't I zone in a certain way? If somebody else can get into direct mail, why can't I?"

Star—But if you as a newspaper will provide me with this important shopping information without my having to buy the paper, aren't you reducing your necessity quotient?

Marbut—No. As I said, the worst thing we could do would be to get the mainstream newspaper to compete on the basis of price. It will be bought more and more by computer in somebody's agency where they only look at region frequency and price and such things.

We've got to identify what the newspaper offers that's different and unique. The environment of the newspaper for many different advertisers is important value added.

We must invest in research on how that translates into a local market. As an industry we must do a much better job of putting together that story. In the past we just assumed that not only advertisers, but also media buyers knew and understood.

There are many ways to tie in that environment. It involves knowing who reads what parts of your paper, what kind of people they are. It means being able to sell not just circulation but an environment that will help people buy products. Many advertisers are getting more sophisticated about that.

Greenfield—We have heard a lot about the fact that people are living singly, fewer families, so that the tradition of passing a paper down may be lost. What about that as a fact of life that has changed over the past 30 years, and what could a newspaper do about that?

The Chicago Tribune has a feature called "Tales from the Front," written by two single women. It's an account of problems that single people in their 20s and 30s are having in making relationships work. It's a letters-to-the-editor format. I understand that it has caused quite a stir in Chicago, people respond to it. And it crosses the lines; it can be the so-called new-collar class—not necessarily elites, because the young

clerk in K mart may be facing the same problems in this regard as the young investment banker or lawyer.

It strikes me that that kind of column, which probably has application in most markets, is a way to draw people who might not normally respond to a newspaper; and not so incidentally provide an interesting advertising climate for everything from restaurants to theaters, cruises, all kinds of products and services.

Somebody at the Tribune has thought about how the people who might be reading the paper are living their lives, what they are worrying about that maybe their parents did not worry about. In Lou's sense, they are trying to become a little more of a necessity, and a necessity that like sports transcends segmented economic groups.

Star—Is that a daily column?

Greenfield—No. I think it's once a week.

Star—The reason I asked is that when you look at the readership data for this younger age cohort, they are not lower in "read any newspaper last week;" they tend to be lower in "read yesterday." The issue is frequency of readership rather than incidence of readership. So when I hear something like Jeff is talking about, I find that exciting, but the business we're in—and it may not be forever—is the business of being a daily necessity, not a hot column on Wednesday.

Batten—What Jeff is talking about is a little flash of creativity with some very good people helping the Tribune change with the times. That's a good example of perhaps a more fundamental issue than we've touched on so far: What kind of people work on our newspapers.

My concern is that in recent years most newspapers have been overwhelmed by average and a little-better-than-average job applicants and that we hire some of them. We are complacent about going after the really creative, sterling people who'll save our necks 10, 15, 20 years down the road.

Star—Why do we have that problem?

Batten—Laziness. We're all so inundated by the drive-up recruiting business that we don't feel like bypassing them all and heading for the nearest, or perhaps the farthest, university. We have all watched the way law firms recruit at law schools. I don't sense the same fervor and urgency in getting the superstars of 1995 on our staffs today.

Star—I remain hung up on this 40 percent/60 percent business and I think that the difference is what we might call "hooks." Obviously the whole paper won't be a hook for every reader. But for me, even on a day when I've worked 12 hours and read the Times thoroughly in the morning, Doonesbury will get me through the Globe. It may be a ridiculous hook, but it's my hook. In San Francisco, people may love or hate the Chronicle, but research there suggests that few copies of the

Chronicle are unopened. A basic reason is still Herb Caen and other columnists, who in fact work as targeted, segmented specialist kind of hooks.

What I hear Jim Batten saying is that, in effect, we are a business of hooks, which is something you can't do by formula or just churn out. It has to be the product of the creative intelligence of individuals.

I have been speaking of readers and potential readers. I haven't been aware that we have this people problem. If we can't solve that, it's certainly a daydream to think that we can aspire to the higher of these performance standards.

Fanning—You've got to look at the mix of the people in your newsroom, not only in terms of how brilliant and creative they are, but how diverse they are and to what degree they represent the community and society. The minorities question is one we're all aware of; women moving up the ladder of decision-making in the newspapers. Many of you know Dorothy Jurney's project for new directions in the news. This is an area we need to look at. There are areas of news coverage we're simply paying no attention to.

Star—This people thing must be more than just news—circulation, advertising.

Fanning—I mean all aspects. The other thing, though, is that while we have been talking information a lot, people do want news. They want it covered in a way relevant to them. We need better educated journalists coming to our papers. How our journalism schools are educating students is crucial. They need more expertise.

Star—Could it be that we're not getting top talent because they can get more money doing something else?

Boccardi—I think entry level salaries are a serious problem. But another aspect is that if these young people reaching college graduate age don't see the newspaper as a hot, creative environment and don't read it, the likelihood of attracting these bright youngsters we need is small.

Hoge—Entry level is a problem. Perception is a problem.There's also the sense that when you're in the newspaper business, it is hard to get promoted. Perhaps we need to redefine the business and what is considered success. Some papers have tried to do this.

In some other countries, they don't have that problem. To be a great writer or reporter can outweigh the prestige of other jobs.

One other point. News is important, and the readers' perception must be that they'll be engaged energetically and vitally. Beneath that, to create a mass vehicle, you must serve the needs of various constituencies that may overlap, whether it's music, business, sports.

Too many of our papers are boring. They are good in other ways. The

trust factor is higher today. But maybe the energy level, the sense of controversy, isn't high enough.

On the business side, we can do standardizing, simplifying entry into our papers for mass and national advertisers. We can even moderate rates for a while, because they've been getting out of hand.

But behind rates is a bigger question. National advertisers tell us, "Look, price isn't the problem; it's household penetration. If you are continuing to charge us these rate increases, you have to give us more added value."

If we don't address household penetration, we end up on the slippery slope, getting down to 40 percent and losing some of the value we are providing, then down to 30 percent and so on.

Star—How would you cure that modest difficulty?

Hoge—For this audience in particular, there is no single magic bullet. But we are talking now about product and people and the relationship between the two and some of the things we might do to make the product more exciting while at the same time focusing on serving a number of constituency needs, whether sports agate, consumer news, financial information.

McClatchy—I think the people problem is not the key problem. More important is getting people who are open. To be successful, newspapers will have to get on a double track. They must keep their thoughts on the core of our business, which is news—hard news, local, regional, national and international news, but probably local for most papers.

We also must go on a second track. Each paper has to find its own way. You will need people with the sort of openness of the people in Chicago, people willing to look at wild ideas, at things that haven't been done before, that are not part of that central core that has been the strength of newspapers over the years. You will need to have a lot of those segmented interests covered to stay at 60 percent.

Urban—Much of the difference between newspapers that have to stay at 40 and those that make it to 60 or beyond is what you do with the hook once you plant it. We have been finding in study after study that the new readers who have just gotten into the paper because of "Tales from the Front," or the nude hang gliding or whatever new column you have come up with, are the readers most likely to churn out unless you have taught them to get deeper than that one column or that one section.

Tons of data show that the way to keep them reading the paper and not become another churn statistic is to teach non-sports fans to read the sports section, to teach people not inherently interested in national and international news that there are exciting, important things for them to know there.

William O. Taylor, chairman and CEO, Boston Globe

Star—What can newspapers do toward this end?

Urban—John Curley was talking earlier about graphics and packaging. A lot of the straight wire kind of reporting is done boringly and is considered boring by the people who edit and read it. That's a mistake. It's not just slapping a color bar across it and saying, "Here's a sexy picture of Beirut." It's a matter of copy editing as well as graphics and presentation so that both visual and verbal come together.

A lot of it is not putting up barriers to entry. In the beginning of a story, they basically disqualify you unless you have all the knowledge of someone who has followed the story for five weeks.

Star—There seems to be a paradox. One of the main trends in recent years has been to organize our papers more rationally, section them, group international news together. If you go back to newspapers of, say, the 1940s you find a complete mishmash, just like the old general store. So, have we done it to ourselves, to some degree?

Urban—In a way, we may have gone beyond the point of diminishing returns. Sectionalization as a way of organizing for the reader is great, but after a while, when you start creating sections just so that you can have another section editor and just so you can have another little fiefdom, it becomes anti-reader oriented. I was referring not so

much to the physical packaging, but the leads and the way the stories are run, so that someone, unless he is intensely interested and knowledgeable about who the top lacrosse players are in the United States, doesn't know until he gets to the fifth paragraph what sport he is reading about—those kinds of barriers to entry.

Taylor—One of the things we have often worried about is if we are becoming dull. I would pick up what Jim said: What we can be is controversial without being destructive. We can address issues, we can motivate people. That is something unique we have as an industry. We should be willing to take on controversial topics, even though we may get hit with a libel suit, and stay with it.

Laventhol—Another thought about the quality of people in the news room. There are two categories, competence and creativity. I think that newspaper people, reporters and editors, are unquestionably more competent now that they have ever been. On the creative level, it's another matter. Our system tends to push us toward competence rather than creativity. Competence is easier to manage and easier to find. You've got to get a newspaper out every day; you can't spend all your time dealing with temper tantrums.

Part of this is due to the way we educate our journalists. As good as journalism schools are and as much as they have advanced, they do tend to produce the same kind of people. We tend to turn our journalists out with cookie cutters.

Star—Managerially, might you say, "30 percent of our new hires should not be from traditional journalistic backgrounds?"

Laventhol—I wouldn't put rules that rigidly. But conceptually, yes, you should try deliberately to hire people with different kinds of experience.

Curley—Years ago, nobody recruited from journalism schools. Now kids couldn't get a job with a newspaper company without journalism school unless they had worked every summer or something like that. We have to be receptive to applications from people who may be smart and may want to get into the field but don't have journalism credentials, because you can teach it in three months anyway. If you look back, some of the finest writers in the newspaper business never finished high school.

Going back to Kay Fanning's point, we're not doing a good job in achieving the staff diversity that reflects our society. And we don't reach a lot of people because our news staffers mostly come from the same social class, with the same sort of education and experience. One of our biggest failings is that we are not bringing into journalism people with a diversity of experience.

Star—Let's note the interrelatedness of what's being said. If

newspapers are to continue as high-readership vehicles, they must combine two things: They need the umbrella, let's call it, which is basically news, and there's some relationship between that and reasonably traditional journalism.

The other part is the hooks. We're saying that we must have the people on board who can create and deliver the material that provides those hooks, and these people are likely to come from diverse rather than standard places.

Hoge—One of the best sports columnists I ever employed used to periodically throw typewriters through the plate glass doors that led into the sports department. The managerial approach we took was to try to figure out how many plate glass doors he was worth to us and then talk him into staying within that limit.

Fanning—We need different levels of expertise from our reporters. We don't need the same degree of knowledge and education from someone who covers city hall in a small town, but we need people with specialized education to cover complex national and international topics. As newspaper editors and publishers, we sometimes need to provide that education for talented and able people who come to us.

Star—Let me ask the panel a final question. If you were Susan Smith, editor and publisher of the Bugle and you called your managing editor to your office, what would be the highest-priority matter you'd ask him to think about or do differently, given your concern about the longer-term future of your newspaper?

Batten—I guess the first thing would be the dullness issue. I would say, "We can't have any more dull newspapers. Now and then the breaking news will save us from dullness and make the paper worth a quarter. Most days it won't. It must be our creativity, our ingenuity, especially on slow days, that makes the paper so compelling, so indispensable, that we teach people to have a subliminal sense of pleasurable anticipation instead of indifference or dread when they pick up the newspaper."

Boccardi—I would say, "We want a quality paper that's not boring and that really means something to the people we are trying to sell it to."

Curley—Clarity, graphics, fewer jumps, and a columnist who has his or her hands on the market.

Fanning—Hire diverse kinds of people and listen to your readers.

Greenfield—Find the voices. It still comes down to the voice that is talking to you through the newspaper. In whatever market, find your Breslin, your Royko, your Jim Murray, and find them in places where you might not ordinarily be looking.

Hoge—Make it interesting, with a caveat: Believe that it's possible to

be interesting, energetic, exciting, occasionally controversial while staying true to values crucial to us, such as accuracy, fairness, credibility.

Laventhol—Do everything the others suggested and, above all, be flexible.

Marbut—In order to do all those things, make sure you really understand the people in your market and their characteristics.

McClatchy—Keep up the local news but see if you can come up every day with that special story that everybody would talk about. I don't know what the story is. It could be the columnist or a project somebody's been working on for a long time or a very good feature.

Osborne—I would ask the managing editor to see that every person on the staff made a specific contribution every day to make that day's paper essential to the readers.

Patterson—I would tell the managing editor: "I want you to lean back from your desk at least once in the afternoon, look at the full sweep of the news and determine if there's a story that is lost in the rut and routine which, with a little originality, imagination and enterprise, could become the most talked-about story of the week."

Taylor—Identify the most important issues and trends facing the market we serve, update those trends and issues, to prioritize them, and to assign staff to report on them.

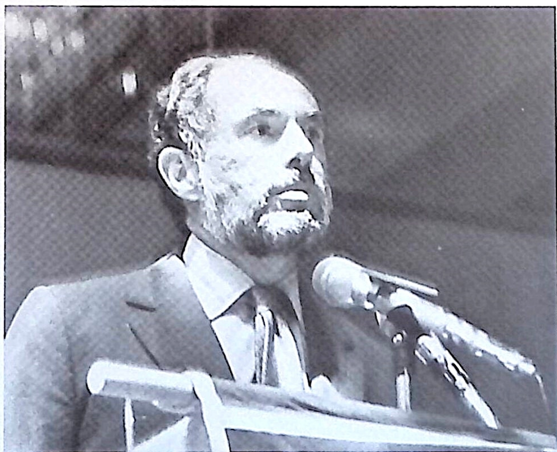
Urban—I would say the biggest thing is an attitude change. Don't be satisfied every day when the paper finally hits your desk that you have touched all bases, but make sure that you touch people's hearts and minds. The best way to do that is to go out and drink with the folks in their bars and walk with them on their streets and not ghettoize yourself in a newsroom.

TELEVISION NEWS AFTER 2001

Lawrence Grossman
President, NBC News

We have been looking hard at new ideas and new ways to present the news on television and some of it has escaped and gone into your medium, the newspaper columns. I'm fascinated by how much the internal workings of television are food for newspaper reporting.

We did talk about what we call the "news wheel" as part of our thinking for the future, integrating much more of the local and the national news. It was considered to be a rather revolutionary idea. Actually, I tend to be conservative about making predictions of the future in the media. First of all the landscape is littered with people who



Lawrence Grossman

have been dead wrong. In fact just about every prediction about the future of the media in recent years has been totally off-base. I'm thinking of all those seers who predicted the demise of newspapers because television was going to take their place; the fact that networks were dinosaurs because cable was going to take over; forecasts of the dominance of cable and of HBO and of direct broadcast via satellite. The fact is that change in both our industries comes very slowly. Things evolve gradually and institutions do not die off very easily. They change somewhat, they adapt, but there are no overnight revolutions and that's very true in television.

My thesis is that if you look 15 years ahead to the year 2001, it will be much like what we see now in television news, just as when you look back to 1970, television news was basically like what you're seeing now.

But to understand something of the future, it's useful to review the history of television news. Certainly by your standards in the newspaper business, television news, indeed all broadcast news, is a fledgling industry. We are still in our first generation of people operating in television and even radio news.

You can divide the history of television news into three eras. The first was the total dominance of the network. That lasted through the end of the 1960s. To all intents and purposes there was no local news except for 15-minute kiss-off programs. Certainly no real reporting was done on local television news programs.

In a previous incarnation I organized a group to apply for a television license for an independent station in New York City in 1968. That was in the aftermath of the race riots in Newark and other cities and there was no real local TV reporting. When we went to the FCC hearing on our application, the very first issue put against us was the unreality of our promise of an hour of local news at night. The commission considered this an exaggerated promise. We had to defend its feasibility. Today local news programs of an hour, two, three are commonplace and indeed news is the profit center of any decent television station.

The second era started in the '70s and saw the rapid rise of local programs. Understanding grew that news programming was relatively inexpensive, that stations could make money with it, that stations with good news programs developed links with their community that were important to overall success. There was enormous investment in local news throughout the medium.

That was the time when you folks on the newspapers took great delight, as you still do, in talking about the blow-dried anchors and the "twinkies," to use Linda Ellerbee's word, who were delivering the news without understanding it. There was no real news tradition, no sophistication, in local stations. It was a business they jumped into and

developed from virtually nothing.

We are now in the third era. I think it's much healthier: essentially it's a partnership between the strong local news efforts by stations in each of your markets and the network news. We are at balance between local news and national/international news provided by the network. A recent NBC study delivered an unsurprising result. People look to their local news programs for local news and they look to their network for national and international news. More interesting was the finding that people said they want far more local news than they are getting and far more national and international news. They're interested in hard news.

The study showed that most viewers picked network news as the best source of national and international news, with newspapers second and local news programs third. In fact, the newspaper is four times as popular as the local newscast as an overall source of news. The networks rank first in international news, 70 percent as against 5 percent for local news programs and 19 percent for the newspaper.

For national news, the networks got 59 percent, the local newscast 11 percent and the newspaper 22 percent.

The rise of local news by local affiliates raises real questions about the future of the network and the future of network news divisions. Local stations are showing up all over the world with satellite equipment and covering stories ranging from Geneva to the Mexican earthquake and to the presidential conventions. Maybe too much has been made of those changes. The fact is that our audience for news has been growing over the past two years. Network audiences have eroded not so much because of cable and new technology but because of the increasing number of independent television stations. They are cutting into the monopoly that the networks had.

The network audience now is about 75 percent, down from over 90 percent when there were only three channels in most markets. That was to be expected. I'd be surprised if over the next 15 years the network share eroded much more. It's still very dominant, for one reason. Only the networks can reach the entire nation simultaneously. When there is a major presidential address reporting on the Iceland summit or a national tragedy such as Challenger, a terrorist attack or an issue of major concern such as AIDS, people coalesce around the national reports that the networks can provide. Neither cable nor Rupert Murdoch nor direct broadcast nor local television have that ability. And nothing on the horizon threatens to compete with it.

The local stations won't be covering the day-to-day national and international scene. That will continue to be our function. But the locals will broaden their ability to reach out to the world to cover the news from the perspective of their own community and that will provide an

effective news service.

A couple of trends emerge. One is the rising interest in international news. The Philippine revolution is a good example. It was played out on television, and for American viewers, a remote episode became much more compelling and involving than, say, a Chicago mayoralty election. The Today Show traveled to South America, an area that Americans traditionally aren't much interested in. In Buenos Aires and Rio de Janeiro, the Today Show got the highest ratings in its history.

The new technologies enable us to cover hitherto uncovered areas. I am talking about Africa, South and Central America, and Asia—remote places, very expensive to get to, but thanks to the satellite, the computer, half-inch videotape portability, we are now increasingly going there.

A major change in the past two years is the trend toward live news coverage. This will continue. Live coverage has one great disadvantage because we lose what Teddy White called "the consoling filter of time." But bringing the viewer to the scene when things are happening can prove compelling.

By and large, I see a rather optimistic picture of balance and much more sophisticated news presentation on television in the years to come. Three problems, however, could cloud that rosy view.

1. The media mergers and takeovers that have hit our industry.

2. The changing role of government in TV news. We'll see either continuing deregulation or perhaps a clampdown since the government, even this government, is always afraid and distrustful of the power of television news.

3. The influence of something that a colleague of mine calls the "video river." That refers to the widening flow of film and tape of uncertain origin that manipulate reality and are so easily available through local stations, cable and everything else.

In corporate takeovers, there is always a question of corporate commitment when a stranger from another business and another environment comes in to operate what you in the newspaper business and we in television news see as a kind of public trust.

Too often there's a lack of dedication and understanding on the part of the industry that has taken over, without a background and experience but facing enormous pressure to show short-term profit, to reduce expenses because the debt load is so high, thereby reducing the effectiveness and quality of the very property they have taken over. That's a tendency we ourselves have been guilty of; I think of RCA buying Random House and CBS buying the New York Yankees and Steinway Pianos and Fawcett Publishing and turning very good businesses into troubled businesses. There is a real need for all of us in

this new environment of corporate takeovers to re-emphasize the tradition of public service, the independence of the media, the need for aggressive investigative reporting, even though it's expensive and often gets us into trouble.

I was talking to one of those money managers recently and he asked a good question: "Why doesn't your management look upon what you do in strictly financial terms, which is how we evaluate all other businesses? Why not evaluate the success of your news show by looking at it as renting time from the network? If the news gets a lower audience and less income from advertisers, then the lost economic opportunity should be charged against the news budget."

I said, "Would you do that in newspapers, too? In your terms, you take the editorial page and say you can get $3,000 for a full page of advertising. Since the editorial page carries no advertising, is it worth $3,000 a day in lost economic opportunity to run an editorial page?"

It's not an unrealistic question in television terms, but you make a number of judgments like that and you end up destroying the very product that created the value in the first place. I think there's a danger, as a whole new generation of people without any tradition comes into our business, that we'll find ourselves in trouble along those lines.

There's a good side, too, and I think it will happen with NBC and General Electric: The financial strength and the capital and the opportunities are truly there with a strong parent such as GE to buy more stations and strengthen our service. But clearly all this is an issue and I'm not sure of the outcome.

Concerning deregulation and the government's role, we have more freedom in this country than any other television system. But even in the United States there's still ambivalence. We have restrictions, not too serious but still of concern. Nobody would ever dream of imposing the Fairness Doctrine and Equal Time provision on a newspaper. Will some of those restrictions get worse? Paradoxically, there's no doubt that FCC regulation in the past decade requiring a public service standard helped create an environment of public service and broadcaster responsibility. Deregulation and the consequent spate of ownership changes may well erode it.

I'm not as worried by this as some people because the emphasis on public service and community responsibility proves to be good business in the long run, translating into profits. But there are some real dangers on the international front, caused by the new technologies. Most dramatically, satellite transmission. Satellites don't respect national boundaries. Our signals, our programs, our news reach into other countries, just bleeding over. And other countries have other rules and legal systems. Armed Forces Television brings the Today Show into

Korea for our troops there. We learned that segments featuring South Korean dissidents were censored out of the broadcast because the government there won't tolerate dissent. We are also finding ourselves trying libel cases in countries and jurisdictions whose standards and practices bear no relation to our own.

Allied to that and the technology is the "video river," a broad interchange of news videos around the world. It's a rising flow of material that feeds broadcasters. It comes from nations and news agencies and often it's hard to figure out where the material originated and who shot it for what purpose. National governments are involved through both their state-run broadcasting organizations and through services such as the USIA's own World-Net video service. The new technologies enable governments and special interests to manipulate reality, providing tape from many sources of questionable provenance. Is it faked? Is it doctored? Who actually shot it? We ourselves have been fooled by fake pictures from Chernobyl. How trustworthy is the KGB-inspired footage of Soviet dissident Sakharov? How reliable are hostage pictures provided by kidnappers? All this re-emphasizes the need for first-hand reporting. Video is not enough; too many broadcast operations are dipping into that video river, covering international news on the cheap.

Despite these problems, I see a bright future for television news as it grows more mature and more sophisticated, develops a stronger journalistic tradition. I suggest again that in the year 2001 it won't be all that different from what we see now, just as what we see now is not all that different from what we had in 1970.