

Comment: Stop Press? The crisis in Welsh newspapers, and what to do about it¹

Andy Williams, Cardiff University School of Journalism, Media, and Cultural Studies

Y mae'r ysgrif hon yn archwilio'r argyfwng sydd yn wynebu'r diwydiant papurau newydd yn ne Cymru o safbwynt economeg wleidyddol. Y mae'n archwilio, yng nghyd-destun y datrysiadau (digon annigonol) i'r argyfwng hwn a hyrwyddir gan y diwydiant, dueddiadau sy'n achosi pryder mewn lefelau staffio newyddiaduraeth a gostyngiad mewn cyllid yn sgil cwmpw mewn hysbysebu a chylchrediad. Yn olaf, y mae'n dadlau os ydym yn derbyn bod newyddiaduraeth a newyddion lleol yn cynnig budd i'r cyhoedd, ac os ydym am wrthweithio cilio graddol y farchnad o ddarparu cymhorthdal i gynhyrchu newyddion yng Nghymru, yna mae angen trafodaeth ddifrifol arnom ar sut y gall cymhorthdal cyhoeddus gael ei ddefnyddio i gefnogi cenedlaeth newydd o allfeydd newyddion sy'n ddielw ac, efallai, yn rhai fyddai'n cael eu perchen gan weithwyr neu gymuned. Cyflwynwyd y darn hwn yn wreiddiol fel tystiolaeth i'r grŵp gorchwyl a gorffen a grëwyd gan Gynulliad Cenedlaethol Cymru er mwyn trafod y rhagolygon ar gyfer dyfodol y cyfryngau yng Nghymru ym mis Tachwedd 2011.

There are a number of reasons for the crisis in the Welsh (and United Kingdom) press industry. Newspapers have traditionally made their money in two ways: by selling news to us, and selling us to advertisers. But advertisers are currently leaving newspapers in droves. Quite understandably they no longer find subsidizing our news to be profitable, and are migrating to other more lucrative markets (for example online search engines, social networks and classified advertising websites). At the same time, we as readers no longer feel inclined to pay upfront for news. The newspapers mainly offer it online for free, why would we? There is also the problem that decades of staff cuts have left the sector severely diminished in quality and independence. Perhaps, after years of under-investment and newsroom cuts, the news just isn't worth what it was to us once.

Many observers, especially those in the newspaper publishing industry, simply blame inevitable and unavoidable changes in consumption patterns and the market since the rise of the internet.² However, there is another cause to this crisis, which can be located firmly in corporate management strategies, and the political

¹ A version of this article was submitted as evidence to the National Assembly for Wales's task and finish group on the future outlook of the media in Wales in November 2011.

² Peter Preston, 'The Curse of Introspection', *Journalism Studies*, 9, 5 (2008), 642–9.

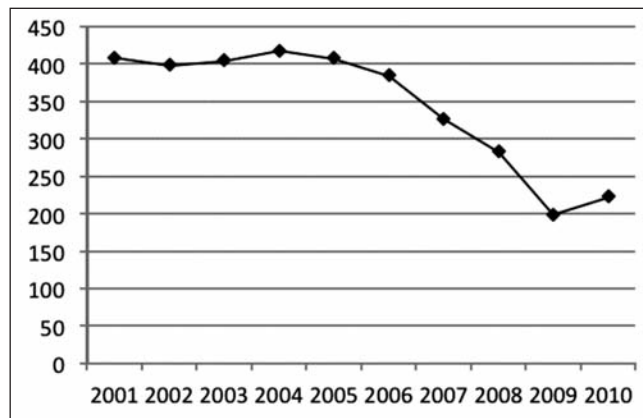
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choices that we have taken about who owns newspapers, and how that ownership should be regulated. Even before the rise of the Internet, free content and new advertising markets, newspaper companies had been steadily cutting staff to maximise profits. Since the 1980s there has been a trend in developed media markets towards consolidation: ever-fewer and larger companies buying up more and more papers. This was enabled by a string of UK governments capitulating to pressure from the industry to relax regulation on media ownership. Consolidation leads to problems with editorial independence and freedom of the press (as we saw so clearly in 2011 as the political influence of Rupert Murdoch started to emerge), but it also encourages these big companies to cut staff in the name of creating efficiency savings across their media empires, and arguably to prioritize the generation of profits above the production of high quality news; to favour corporate interests over the public interest.

The crisis in Cardiff and the Valleys

While Cardiff has not lost a newspaper, yet, there are places not too far away that have. For instance, Port Talbot and Neath were two of at least sixty UK towns to lose their local papers between 2008 and 2009.³ Media Wales, which publishes the *Western Mail*, *WalesOnline.co.uk*, the *Echo* and a shrinking series of local weekly newspapers in the Valleys called the Celtic Weeklies, do not publish breakdowns of how much they make from advertising. But advertising revenues at parent company Trinity Mirror's regional division, as shown in Figure 1, are down 43 per cent since 2003 (from £408.5 million to £222.5 million).

Figure 1: Advertising profit at Trinity Mirror regional division, 2001–2010

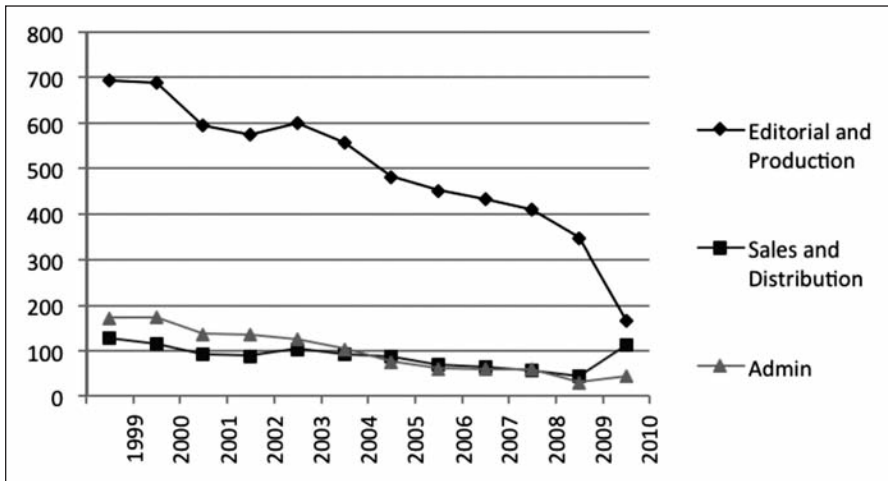


Source: Trinity Mirror Annual Accounts 2000–2010

³ Roy Greenslade, 'Britain's vanishing newspapers', *The Guardian*, 19 February 2009: <http://www.guardian.co.uk/media/greenslade/2009/feb/19/local-newspapers-newspapers> (last accessed: September 2011).

The number of journalists at Media Wales has also dropped extremely sharply. In 1999 there were almost 700 editorial and production staff at Media Wales, now there are only 136. These figures include the loss of some non-journalists, but they are still incredibly worrying. Only a fraction are now left of the reporters who produced our south Wales papers ten years ago. As the almost uniform downward trajectory of the top line in Figure 2 suggests, more staff are unlikely to be hired soon.

Figure 2: Staffing levels at Media Wales, 1999–2010



Source: Media Wales Annual Accounts 2000–2010

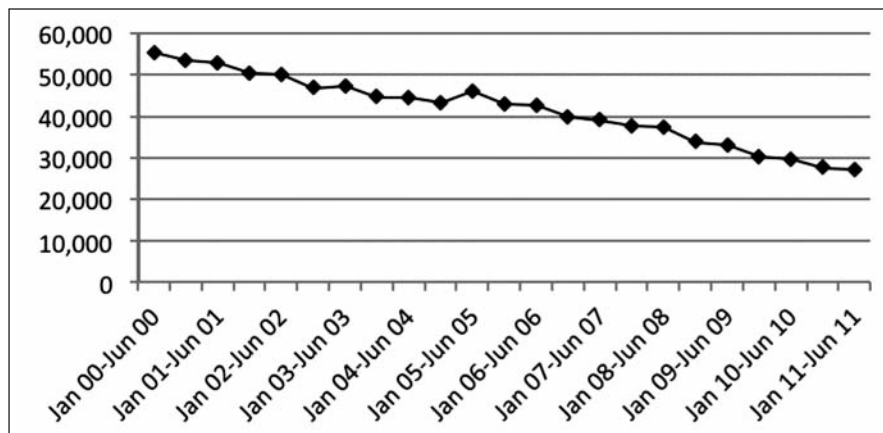
In 2010, the local Celtic Weekly papers endured yet more restructuring, which resulted in a number of much-needed local journalists being made redundant, and the editorships of some papers being merged. The most recent cuts include twenty-two journalism jobs axed in July 2011,⁴ with seven compulsory redundancies announced at these weekly Valleys newspapers in August, leaving just six senior reporters and five trainees to cover the seven remaining local titles in communities like Pontypridd, Merthyr, Aberdare, Llantrisant, and the entire Rhondda Valleys.⁵

In addition, it appears that not many people are buying the national newspaper of Wales with circulation since 2000 falling by more than half, from 55,273 to 26,931. If sales fall in similar numbers over the next ten years the *Western Mail* will not have a readership by 2021.

⁴ Welsh Ramblings, 'Welsh media crisis: state solution needed', 'Welsh Ramblings Blog', 17 July 2011: <http://welshramblings.blogspot.com/2011/07/welsh-media-crisis-state-solution.html> (last accessed: October 2011).

⁵ *Press Gazette*, 'Seven compulsory redundancies at Media Wales', *Press Gazette*, 8 August 2011: <http://www.pressgazette.co.uk/story.asp?sectioncode=1&storycode=47659> (last accessed: October 2011).

Figure 3: Falling circulation of the *Western Mail*



Source: Six monthly ABC circulation figures 2000–2011

We may not have to wait so long. Advertisers, of course, pay newspapers for access to readers, and if news audiences further diminish at such a rate it will simply become commercially unviable to continue placing adverts. Commercial advertisers do not subsidize coverage of Welsh politics, sport or celebrities out of a sense of civic duty or altruism. There will surely come a time before long when the subsidy offered to our news by advertisers is no longer profitable. Rapidly falling circulation is a serious problem for publishers, but not just because it means less revenues from sales. A crisis point will come when advertisers see the deteriorating circulation figures and decide it is no longer profitable for them to prop up an ailing paper. How far away is this point? A clue that it is threateningly close might be seen in the Cardiff National Union of Journalists (NUJ) chapel's reaction to the July 2011 job cuts. Initial talk of a strike ballot⁶ evaporated after the union was shown 'up-to-date financial information on a confidential basis'.⁷ Afterwards, instead of continuing plans for industrial action, NUJ Father of Chapel and senior reporter Martin Shipton was talking about working with management to 'make sure this place keeps going', and discussing speculation about 'the future of the company'.⁸ Things must already be serious.

Who is to blame?

We cannot simply blame inevitable market forces, the web or changing news consumption habits for the sorry state of our newspapers, although all of these factors have played a part. Mismanagement and greed by Trinity Mirror executives

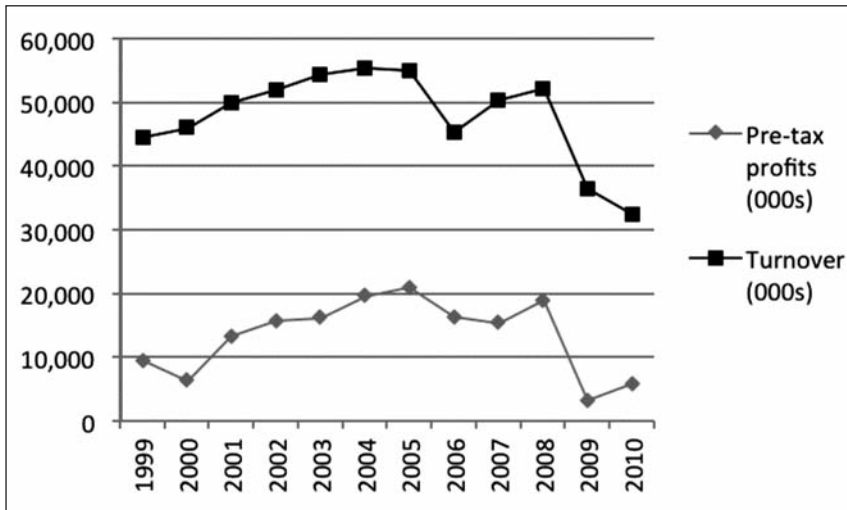
⁶ Andrew Pugh, 'Trinity Mirror set to cut 22 journalists in Wales', *Press Gazette*, 18 July 2011: <http://www.pressgazette.co.uk/story.asp?sectioncode=1&storycode=47526> (last accessed: October 2011).

⁷ *Press Gazette*, 'Seven compulsory redundancies at Media Wales'.

⁸ *Ibid.*

in London are also clearly to blame. Much of this period of declining circulation and staff cuts came at a time of extreme profitability for Media Wales. Between 2002 and 2008, income was incredibly high: the company consistently turned over between £45 million and £55 million annually, and posted pre-tax profits of between £15 million and £20 million, see Figure 4.

Figure 4: Turnover and profits at Media Wales, 1999–2010



Source: Media Wales Annual Accounts 1999–2010

Profit margins in this period were between 30 per cent and 38 per cent. Margins like this are, of course, rare in most healthy industries; for markets in crisis or steep decline they are unheard of. At the same time as it was shedding readers at an unprecedented rate, instead of investing significant amounts of its revenue back into producing high quality journalism, the company was cutting reporters. Even at the height of the most serious recession in a generation, proportionally decent profit margins were still being squeezed from the Cardiff newsroom. In 2009, profit margins stood at 8.75 per cent, and in 2010 it had shot back up to 18 per cent. Again, this short-term gain was bought at the long-term expense of the workforce and news audiences, and gives us further proof that Trinity Mirror is more concerned with the financial interests of shareholders and London-based executives than the public interest and the strength of the Welsh public sphere.

What is the problem? Journalism, the public interest, and democracy

All of this matters so much, of course, because journalism is not only a commercial product, it is also essential to the health of our society.⁹ For most of the last century the democratic functions of journalism were subsidized by commercial advertising. This subsidy has now been completely withdrawn in some places, and in others it is in the process of disappearing. The public interest value of news can broadly be distilled into two main functions: information provision and critical scrutiny.

In an ideal world, news would provide us with the kind of accurate, independent, fact-checked information we need to make good decisions as active citizens. This has a direct practical use to us as well as less obvious, indirect value. News tells us what is going on, but it also defines who that 'us' actually is. As well as keeping communities informed, it binds communities together by highlighting common concerns and facilitating discussion, disagreement and consensus. At their best, local and regional papers have been agents of social cohesion, and enablers of civic and political participation, as well as providers of information. They are places where communities can meet and discuss issues of common concern and, like those other informal havens of gossip, scandal and sedition, pubs and post offices, they are disappearing fast. At a time when political participation is in decline, we desperately need the democratic debating chamber supplied by well-resourced local and regional news.

Journalism also plays an incredibly important monitorial, scrutinizing role in ensuring that our elected politicians remain accountable. According to the critic and web evangelist Clay Shirky, small and medium-sized cities and towns across the United States are sliding into 'casual endemic civic corruption' because of the newspaper crisis.¹⁰ The same may be happening here in those towns and villages no longer served by the commercial local news sector. We do not know, because in many of these places there are no journalists left to find out. There are also reasonable concerns that many of those local and regional papers currently suffering a sad and degrading death by a thousand cuts might be missing such critical 'fourth estate' stories because so many of them are understaffed by overworked media workers.

The proposed solutions to the crisis, and why they are inadequate

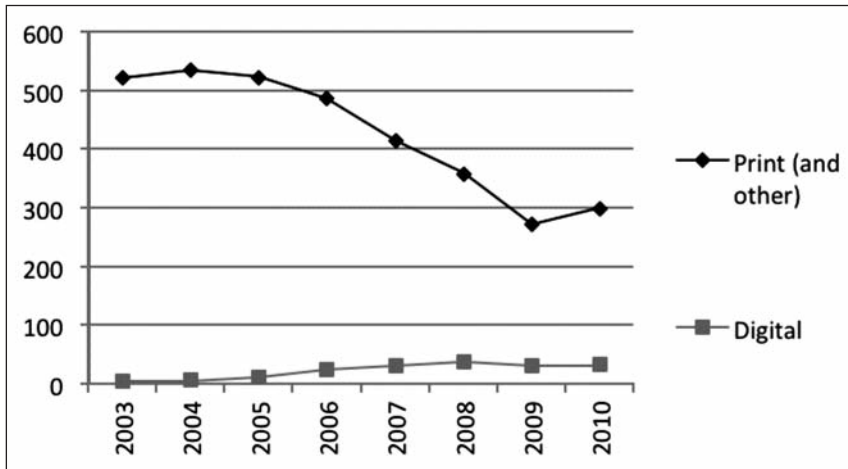
There are a number of solutions to this crisis being suggested at the moment. First, the big four news conglomerates are all arguing for less exacting regulation of media consolidation: this would no doubt allow the generation of short-term profits for big media, but it would undoubtedly lead to further job cuts, less media plurality

⁹ See, for example, Juergen Habermas, *The Structural Transformation of the Public Sphere* (Cambridge, 1989), or Michael Schudson, *Why Democracies Need an Unlovable Press* (London, 2008).

¹⁰ Roy Greenslade 'British journalism is in crisis, but we are doing too little to save it', *The Guardian*, 24 September 2009: <http://www.guardian.co.uk/media/greenslade/2009/sep/24/downturn-media-business> (last accessed: September 2011).

and weaker journalism. Secondly, there are those who still hope that even though we might lose some titles advertisers will eventually migrate to online news. Despite much talk in the industry of improving digital profits from local and regional news, there is little evidence this will happen in anything approaching sufficient volume. This is starkly illustrated by simply comparing recent revenues from print and digital advertising. For example, in 2003 Trinity Mirror's regional printed newspapers made £521.5 million in profits, by 2010 they were only making £298.8 million.

Figure 5: Print versus digital advertising revenue at Trinity Mirror regionals division



Source: Trinity Mirror Annual Accounts 2003–2010

Steady decline in print revenue has been accompanied by *some* profit increases online; in 2003 the company's local news websites made £3.8 million, and last year £32.4 million. This is impressive growth, but it is nowhere near enough to provide the resources needed to sustain public interest journalism on the scale newspapers used to provide. The US Project for Excellence in Journalism declared in 2009, 'it is now all but settled that advertising revenue – the model that financed journalism for the last century – will be inadequate to do so in this one'.¹¹ There is little reason to believe the situation will be much different in Wales.

Alternatively, some news executives think that online pay walls will convince the public to stump up where advertisers will not. This might be a viable model for suppliers of news to elite niche markets (for example, the *Financial Times* and

¹¹ Robert McChesney and John Nichols, *The Life and Death of American Journalism* (New York, 2010), p. 66.

The Wall Street Journal), but there is very little evidence that this can work elsewhere, especially in the often economically deprived areas which have already been abandoned by big newspaper conglomerates.

A fourth solution is that unpaid citizen journalists will fill the void left by the redundant professionals, either in the form of independent blogs, or in collaboration with scaled-down commercial media players. I am a great supporter of the democratic and democratizing potential of alternative media and collaborative journalism. But despite the well-chronicled limitations of the mainstream news media I am also extremely sceptical about citizens' ability to replace professional public interest journalism. Accurate, sceptical, watchdog reporting costs in both money and time, and media workers need to be supported by strong, independent, journalistic institutions which can stand up to political and corporate flak. I know from experience that citizen journalists usually lack both the resources and institutional support to seriously challenge power and vested interests. It also seems that some news companies are currently hoping to exploit citizens as unpaid digital serfs. Hiding behind the rhetoric of community reporting I fear they are actually hoping to use volunteers as cover for further cutting into the professional workforce.

All of these solutions are distinguished by their inability to replace the scale of journalism previously underwritten by the advertising subsidy which sustained the old business model for news. Unless this scale can be sustained, restored and eventually built back up then the quality of information provided to us by the news, along with the scrutiny levelled at public officials and elites, is bound to suffer. The answer to this problem has to lie in no longer seeing this as a crisis in news business models, but expanding the parameters of the debate and instead considering it as a crisis of journalism and the public sphere.

The solution that dare not speak its name: public subsidy and non-profit news

So what to do about this problem? During the summer of 2010, the editor of the *Western Mail* called me a 'one-eyed hyperbolist' with a taste for 'quaint 1970s rhetoric' after I outlined the kind of critique presented here.¹² I was also accused of making criticisms without understanding the challenges faced by the industry, and without offering solutions for solving this problem. There are no simple solutions to what is an incredibly complicated problem. But unless we debate and discuss radical and effective action to save journalism soon, our already ailing democracy, the accountability of our politicians and business elites, and the quality of public debate will suffer, perhaps irreparably.

Over the past few years a number of prominent figures have come out in favour of public subsidies for the news. Last year one of the most influential figures in

¹² Dominic Ponsford, 'Editor accuses academic of "one-eyed hyperbole"', *Press Gazette*, 21 July 2010: <http://www.pressgazette.co.uk/story.asp?sectioncode=1&storycode=45735&c=1> (last accessed: September 2011).

world media, the advertising mogul Sir Martin Sorrell, claimed that state subsidies were needed to protect 'quality journalism'.¹³ The former editor of the *Daily Mirror* Roy Greenslade thinks likewise,¹⁴ as do the former editor of *The Washington Post*, Leonard Downie Jr.,¹⁵ and a growing list of influential academics.¹⁶ There will, no doubt, be opposition from newspaper owners, and some journalists (for different reasons): the former largely because they fear encroachment on their territory and interference in the market, and the latter mainly because they fear political interference with the content of news and a loss of editorial independence. The worries about meddling from policy makers are well-founded, but not insurmountable. There are effective mechanisms in place to protect the independence of public service broadcasters, and some European countries already subsidise the press alongside their broadcast news without many difficulties.¹⁷

The exact form this public subsidy might take needs serious and imaginative debate. But the debate cannot be postponed indefinitely. Given the precarious state of Wales's national newspaper, in the not-too-distant future the public and policy makers might have to think about intervening to ensure its continued existence. We need to begin to think about the most effective ways to do this, should the need arise. My view is that to bail out existing local news conglomerates would be to throw good money after bad, and would probably involve subsidising the City of London rather than quality journalism. I believe a good place to start would be to limit public subsidy to a new generation of non-profit, perhaps cooperatively-owned or community-owned news organisations, beginning with existing 'news holes' in areas where local newspapers have closed down.

In some places such organizations are already there, struggling to produce high quality local news in a sustainable way.¹⁸ I should declare an interest here: I am a supporter of a small, non-profit, local news cooperative in Port Talbot. A band of recently laid-off journalists from all over south Wales are currently struggling on little or no budget to attract advertisers and replace the local news previously provided by Media Wales's now defunct *Port Talbot Guardian*. Recently-redundant journalists are not, unfortunately, in short supply. Enabling such committed professionals to staff a series of non-profit community 'news hubs' in Wales would provide much-needed jobs and ensure that the skills of this soon-to-be lost generation of news workers are kept alive and shared with their communities.¹⁹

These news hubs would not be newspapers in the traditional sense. They could also operate as community media centres, offering training opportunities to those interested in truly collaborative journalism. Rather than the 'pump and dump' approach to working with audiences currently employed by so many commercial news organizations, this would facilitate properly-funded skill-sharing between journalists and publics (both individuals and groups, including schools, colleges

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- ¹³ Ben Fenton, 'Sorrell urges subsidies for quality journalism', *Financial Times*, 16 September 2011: <http://www.ft.com/cms/s/0/fb852f32-e069-11e0-ba12-00144feabdc0.html#axzz1ZGDrAaTV> (last accessed: September 2011).
- ¹⁴ Greenslade, 'British journalism is in crisis, but we are doing too little to save it'.
- ¹⁵ Leonard Downie Jr. and Michael Schudson, 'The reconstruction of American journalism', *Columbia Journalism Review*, 19 October 2011: http://www.cjr.org/reconstruction/the_reconstruction_of_american.php (last accessed: September 2011).
- ¹⁶ Nikki Usher, 'News media are targeted but audiences are not: Herbert Gans on multiperspectival journalism', *Nieman Journalism Lab*, 21 March 2011: <http://www.niemanlab.org/2011/03/news-media-are-targeted-but-audiences-are-not-herbert-gans-on-multi-perspectival-journalism/> (last accessed: September 2011).
- ¹⁷ Rasmus Nielsen and Geert Linnebank, *Public Support for the Media: A six-country overview of direct and indirect subsidies* (Oxford, 2011): http://www.reutersinstitute.politics.ox.ac.uk/fileadmin/documents/Publications/Working_Papers/Public_support_for_Media.pdf (last accessed: October 2011).
- ¹⁸ Jon Slattery, 'Port Talbot Magnet aims to attract support and revive local media in a town left without a newspaper', 'Jon Slattery Blog', 23 May 2011: <http://jonslattery.blogspot.com/2011/05/port-talbot-magnet-aims-to-attract.html> (last accessed: October 2011).
- ¹⁹ Natalie Fenton, Monika Metykova, Justin Schlossberg and Des Freedman, *Meeting the News Needs of Local Communities* (London, 2010): <http://www.mediatrust.org/uploads/128255497549240/original.pdf> (last accessed: November 2011).

and civil society organizations). It could address some of the serious skills deficits that exist in so many of our towns, and also improve news content by allowing reporters to reconnect with young people, local campaigners and other aspiring citizen journalists. There is little doubt that the long-term future of news will be primarily online. But this does not mean that print should be abandoned. The digital divide is alive and well in Wales with 29 per cent of us without broadband. The oldest and poorest of us suffer most with 52 per cent of those over fifty-five, and almost half of those in DE social groups, missing out on fast web access.²⁰ Until access to broadband has increased substantially, and across all social classes, publicly-funded local news cannot afford to abandon print. There is little point in funding public interest news aimed at strengthening local democracy if those publics most in need are unable to access it.

Once given a boost with initial start-up funds, these hubs could be run on hybrid business models, part-supported by public money and by targeted hyper-local advertising. State or municipal subsidy could be used to fund advertising sales teams to support clusters of local news hubs. A series of small-scale, non-profit, cooperative local news outlets could be built, and, just as importantly, tested for viability should our larger titles teeter or fall. Wales has a long and proud history of cooperative worker-ownership: it is time this historic commitment to mutual aid and community values replaced the profit-at-all-costs mentality that has dominated the provision of our news for too long.

The US academic Robert McChesney sums up the need to subsidise local papers when he argues that the news is a public good, 'something the public needs, but that the market cannot produce in sufficient quality or quantity'.²¹ Another example would be public education – it benefits everyone to live in a well-educated society, even if you do not have children in school. The market is currently in retreat from local news; in many towns it has already gone. Soon it may no longer find it profitable to sufficiently subsidise our local news at all. If we want to live in a functioning democracy in which citizens are reasonably informed, and politicians are accountable, we will have to pay for it ourselves, indirectly, with serious and smart public subsidies designed to replace the disappearing commercial advertising subsidy.

²⁰ Ofcom, *Communications Market Report, Wales*, 4 August 2011: http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr11/CMR_2011_Wales.pdf (last accessed: November 2011), pp. 27–8.

²¹ Robert McChesney, 'The future of journalism', paper delivered to the Future of Journalism Conference, Cardiff University School of Journalism, Media and Cultural Studies, September 2011.