

Presses Under Pressure

December 10, 2001

TERENCE SMITH: Newspaper girls and boys have had to pick up the pace since September 11, delivering more papers here in Grand Forks, North Dakota, and around the country. Circulation is up in recent weeks, along with extra editions. As surveys show, readers are reconnecting with their newspapers as a byproduct of the war on terrorism. Tony Ridder is the CEO of Knight Ridder newspapers. Now publicly owned, the business was first bought by his family in 1929.

TONY RIDDER, CEO, Knight Ridder: When there is a disaster, it is a time that newspapers can prove why they're so important to American society.

TERENCE SMITH: But at the same time, newspaper advertising revenues are down as much as 10 percent industry-wide, according to Morton Research. [The most recent estimates place the drop at 12 percent, Morton Research reports. (12/10/01)] Even before the terrorist attacks, newspapers were experiencing the sharpest and most sudden economic downturn in decades. Then, in the wake of September 11, the bottom fell out altogether. Tony Ridder:

TONY RIDDER: We're experiencing a drop in ad revenue that's greater than anything we've experienced since World War II.

Falling revenue

TERENCE SMITH: For the month of September, Knight Ridder, the second largest newspaper chain, lost \$9 million in advertising revenue. Nonetheless, Ridder says, he is committed to a continuing full court press on this huge story, which is being coordinated by the Washington Bureau. Knight Ridder Washington editor Clark Hoyt explains.

CLARK HOYT, Washington Editor, Knight Ridder: This is a turning point in history. It's probably the largest story that any journalist now working has ever worked on, and ... it's what we do. It's what readers demand of us.

TERENCE SMITH: In the nation's capital, about 40 Knight Ridder news people are cranking out more copy than ever covering America's war on terrorism.

MAN: We demand...

TERENCE SMITH: In addition, 11 journalists have been reassigned joining the throngs of media in Central Asia.

MAN: Knight Ridder newspapers.

TERENCE SMITH: This expensive wartime infusion of resources stands in stark contrast to the 10 percent staff reduction that Knight Ridder imposed on its 32 newspapers earlier this year. The belt-tightening came after the company experienced a 12 percent ad revenue decline from the spring of last year to this year.

In the same time period, classified advertising alone was down by 18 percent. In addition to Knight Ridder, each of the major publicly- traded newspaper companies including Dow Jones, Gannett, New York Times, Belo and Tribune has responded to the tough times with staff reductions from 4 percent to 10 percent. Tony Ridder:

TONY RIDDER: This was not about improving the margin, this was trying to protect the margins to the extent that we could.

WOMAN: We have had periods of...

Assessing the practical impact

TERENCE SMITH: What's the practical impact of these cuts? To find out, the NewsHour visited The Grand Forks Herald -- by coincidence, on September 11-- when the newsroom was frantically trying to cope with fast-moving news.

NEWSMAN: Can we get on the base? I'll call back and ask if we can have access.

NEWSMAN: Are they on some kind of...

NEWSMAN: Well, they're in a...

NEWSMAN: They're on, like, ultra- alert, yeah.

NEWSMAN: Yeah.

NEWSMAN: They're not letting people out, I doubt if they're letting anybody in.

TERENCE SMITH: The small staff debated how it would cover the story and whether the paper could afford to put out an extra edition. No paper within Knight Ridder has been cut as deeply -- symbolically and in terms of numbers -- as the Herald, the sixth smallest paper in the Knight Ridder chain. Editor Mike Jacobs compares the cutbacks to a drought.

MIKE JACOBS, Editor, Grand Forks Herald: I'm a survivor of flood and of drought. And I prefer flood because it's, in some ways, instant and it's gone.

TERENCE SMITH: In 1997, when the Red River flooded its banks, all of Grand Forks was under water. The downtown, including the Herald's headquarters, burned after it was flooded. But miraculously the Herald, which has some 33,000 readers today, managed to put out the news every day with the help of its sister paper, the St. Paul Pioneer Press in Minnesota. Back in 1997, Jacobs talked about the paper's role.

MIKE JACOBS: Our people are scattered everywhere and there's no... Nothing tangible about Grand Forks anymore except the Herald.

TERENCE SMITH: The Grand Forks Herald not only survived the flooding, it went on to win a Pulitzer Prize for its coverage. But that distinction did not inoculate it against the staff cutbacks that have affected newspapers across the country. The Herald lost 14 percent of its editorial staff and now has fewer than 40 reporters and editors to cover a circulation area about the size of New England.

NEWSMAN: Okay, I'll push back.

TERENCE SMITH: To compensate for the staff cuts, editor Jacobs has put his proverbial reporter's hat back on, covering county government himself. He says the paper's challenge from the latest layoffs is almost as vexing as that of the flood. As part of Grand Forks' recovery, Knight Ridder rebuilt the Herald from the ground up in this state of the art building, contributed to a new community arts center and recently donated \$25,000 to replant trees uprooted by a windstorm.

MIKE JACOBS: There's an irony, I think, that that the help in that crisis came from Knight Ridder, which is the source really of the current crisis.

Staff cuts affecting coverage?

TERENCE SMITH: Last June, employees took to the streets outside their office to protest the staff cuts. Since the flood of '97, the newsroom has lost about a dozen people through layoffs, voluntary buyouts and attrition. But CEO Ridder defends these measures as necessary and says quality shouldn't be impeded.

TONY RIDDER: You add staff in the newsrooms and people don't say, "God, isn't the quality improved in this newspaper because we added ten people." But you take three people away and people are saying "oh, God, it's going to hell."

TERENCE SMITH: But during economic downsizing, even this Pulitzer- winning paper now has empty desks.

PEOPLE SINGING: Amen amen...

TERENCE SMITH: The reporters that remain are busier than ever. Stephen Lee, a 17-year Herald veteran, starts his day early at this meeting of religious and community leaders. He had been the paper's full-time religion writer. Because of the cutbacks, he now covers religion and, he says, "everything else except sports." On this day, he was covering a double murder, the first in Grand Forks in 14 years. When he was done updating the investigation, he pulled double duty writing two front-page pieces.

STEPHEN LEE: We've kind of pulled our horns in. We can't cover stuff like we used to. I can't devote the time that I used to to my religion beat. I have to take up whatever comes, and it is somewhat frustrating professionally.

TERENCE SMITH: And community leaders and others have taken note. Mayor Mike Brown:

MAYOR MIKE BROWN: This paper was our access to the community, and now we're finding that access is not as available as it was before because there are fewer people to access. So that frustrates us in city government because our word's not getting out, we feel, in a timely manner.

TERENCE SMITH: In fact, there have been oversights. The Herald missed a city council meeting on a key flood control project.

MIKE JACOBS: It was a scheduling oversight. That one is the one that you can probably lay at the downsizing.

TERENCE SMITH: "Come hell and high water" was the banner headline and newsroom motto. Jacobs now says meeting the new challenges will take the same ingenuity.

MIKE JACOBS: Personally, I'd be satisfied if I owned the Herald with a smaller return than Knight Ridder is satisfied with. But that's not my choice, and so, you know, I need to respond to the reality that exists.

TERENCE SMITH: And for the newspaper business in general, those realities have only grown more harsh since September 11.