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The New York Times and the Information Theory of the Leisure Class

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I

Is it the politics, or is it the business model, and are they the same thing?

I am about to drop my Washington DC home delivery subscription to the New York Times. I'm going online for free – just like you.

Many readers surely wonder not why I would drop it, but instead why I hadn't done it years ago or why I ever had it in the first place. It's not cheap. It runs \$53 a month – over \$600 a year. But cut me a break – my wife is a native New Yorker, and even after a dozen years in DC, the Times is still *the* hometown paper.

It's not the political content of the paper that is causing me to drop the subscription – and you really won't understand the rest of what I say here if you don't understand that. Sure, I'm irritated that subscribing to the Times probably counts legally as a Democratic Party donation. I'm annoyed not so much by the Times's relentless cramdown of its politics on the news pages, but the risible *manqué* that its "opinions" *are* "facts" – along with its suppression of discussion even remotely unfavorable to its candidate in this just-past election cycle. But this has been said a thousand times: what's new in that?

Besides, I believe in reading widely across the political spectrum – this being one of the asymmetries between right and left wing intellectuals. The issue at bottom, with respect to keeping or not the hard copy subscription, is not the New York Times's politics, but rather its business model and what it is doing to the content as a function of the newspaper's price. The politics and the business model are intertwined in the creation and publication of content, true, but they are still not quite the same thing.

This, of course, against the well-publicized backdrop of the New York Times Company's economic woes. Its corporate debt downgraded a few weeks ago to near junk status. Share price down around \$7 today. Plunging revenues even outside the current recession. A sale-leaseback of part of the Times's stake in its (overly-opulent) midtown headquarters (a wonderful real estate investment in better times in Manhattan, which will come again, but a great investment only if the Times mostly decamps to New Jersey). Some \$400 million in debt repayment due in April.

No, the Times is not indebted to remotely the same extent as, say, the now-bankrupt Tribune group under Sam Zell. The Times's many enemies should give up the fantasy that it is somehow about to go under; it's not. It has many problems, starting with Pinch Sulzberger deciding to break the unwritten pact of family-controlled-but-publicly-traded newspapers, viz., that the family would use its control only for editorial content, not to enrich itself at public shareholder expense. The rapacious Sulzberger family has been willing to keep Pinch in power provided that he continue paying out completely unsustainable dividends, at the expense of share price and value; well, even the dividend has finally been slashed.

The New York Times Company might be ripe for a buyout by a private equity group, if the family were to splinter sufficiently – no one should doubt that the brand name has huge value, or that it is currently substantially discounted, weighed down by inept and greedy family management and the broader newspaper economic crisis. I have close friends who work at the Times, and I do indeed worry about them, their careers, and their families.

II

From newspaper to daily magazine

I used to be a shareholder, by the way, and a close reader of the New York Times Company's endlessly disheartening financials. Not very many shares, please; I am not, as the assassin says to Mal in *Serenity*, a complete moron. Eventually economic reality must set in – even for this finance law professor who owned the shares as a finance class teaching aid (economic sectors in crisis make for good classroom examples). I finally sold at a hefty loss over the summer.

In the 90s, the Times bet that it could become the general newspaper of elites across the United States – become in the category of a general newspaper what the Wall Street Journal had already become as a national business paper. Falling printing costs and new forms of communication brought the costs of distributing the paper nationwide down sufficiently far that regional production and distribution were within striking distance of costs of the metropolitan NYC paper. Combined with a rising urban elite in many city centers, the national newspaper strategy was not a mad dream. I certainly thought it a smart strategy at the time. Elite regional papers, such as the Los Angeles Times, were justifiably frightened; the Washington Post Company did the smartest thing of all and diversified a few years later out of media and into the [Kaplan test prep cash machine](#).

Content was already shifting at the Times in those years. The WSJ, to take the most obvious competitive contrast, always had to remain anchored in the core presentation of semi-specialized facts and data – facts and data, facts and data! – to satisfy a hard nosed business audience. But the WSJ wrapped that staid, fact-oriented newspaper around a conservative, polemical editorial page, while keeping them emphatically separate, and thus the WSJ got two national audiences for one paper.

The Times could not do that. It correctly understood that its new, national target audience was what David Brooks famously called [the Bobos](#), the market oriented yet professional, bourgeois yet bohemian, affluent and self-regarding, self-involved elites of the major cities. They didn't seek facts as such from the New York Times. They already had the ones that really mattered from other, more specialized sources. The only factual area where the Times retained an edge was in foreign reporting, but years of shutting down foreign bureaus and cutting correspondents had largely depleted that competitive advantage, to the extent that this new readership cared about it.

What the Bobos sought instead from the Times was a cultural attitude, confirmation of who they were. The Times, for them, was less about sense than sensibility. The tendency of contemporary baby boomer journalism to narration, reportorial self-expression, and Dickensian sentimentalizing was already pronounced; call it the Long March of the New Journalism through the Institutions. The result was a New York Times that gradually began turning its news pages, and especially the front page, into a magazine.

Magazines are good things. At their best, they are 'informed opinion' – each of those, however, a separate qualification. But magazines are not driven by a fundamental, baseline assumption that a story, or a front page, or a newspaper is worth reading each and every day *just because the facts are the facts* and you need to know what's going on. A caricature, of course; every newspaper understands that it needs a certain amount of sensation beyond the straight facts. Still, the ultimate justification of a daily paper is "this happened." A good magazine, by contrast, is not about the value of contemporaneous facts as such, but instead some form of post-hoc analysis – sometimes deep and sometimes not and sometimes pure entertainment – but always something that draws you in beyond the bare fact that the facts *are* the facts. (As for television "news" – the nature of the medium is visceral imagery, not facts; it is finally just about shocking sensibilities, including via the ubiquitous talking heads, whose principal function is to *appear* to talk – their mouths move, sounds come out – but actually merely to emote: sensibility, once again, not sense.)

In the Times's new business model for content, the newspaper is really a magazine and opinion is the draw. Value is supposedly added by publishing stories that are carefully calibrated to the pre-held sensibilities of the consumer-reader. And yet, in order to preserve the idea that this is still a newspaper, the opinions are presented not as a magazine would, but as a daily newspaper does – as verisimilitude. Confirmation bias reigns; this is true at conservative as well as liberal media outlets, of course, but the difference is political dominance of the mainstream media oligopoly, as Noam Chomsky might say. The New York Times as facilitator of elite onanism; high-gravitas journalism as convenor of the elite circle jerk. Opinion as news, offered daily as fact. Readers are no doubt yawning at this 'discovery'; tell me something I don't know.

But one bit of collateral damage from the magazinification of the Times is the New York Times Sunday Magazine – the Times *has* a magazine, and a very good one (for which I have occasionally written). Yet it is tough these days to distinguish the writing in the news pages from the writing in the Magazine, though the latter is better edited. If I were Gerry Marzorati, editor of the Magazine, I think I would be mightily pissed that the newspaper had taken over my gig on a daily basis and stupidly de-valued my weekly niche product by deciding to compete with it.

III

From daily magazine to online cocooning

Come the Internet Age. The magazine model remains in place, but the national strategy is dead in the water. Virtually every strategic piece is upturned. Costs may have fallen for regional and local printing and distribution – but not as far as costs of distribution on the Internet. Print ads are going downhill, too – long term, not just in the recession – because readership is migrating to the Web. And because, ominously, so is consumer purchasing. It's disintermediation – middlemen getting cut out and, at least as far as advertisers are concerned, precisely the same economic transaction taking place – look at pretty girl in cute clothes and then buy some, *click* – but in a much more cost effective way.

And the coolness factor of having the Times in, say, Austin, is rapidly evaporating; who cares about having *any* hard copy newspaper? My students certainly don't. There *is* a national general-interest magazine and it is called the Internet – or at least your political part of it, red or blue. The Times is left with declining stock values, questionable bonds, a glamorous but costly headquarters building, hefty payroll costs, fleeing advertisers, declining subscriptions, a failed national strategy, a Boston Globe barely on life support, opinion based content, the possibility of serious competition even in Manhattan from a revamped Wall Street Journal, and a brand name that increasingly means to its readers, "Be not afraid – we won't challenge your world."

The brand name will survive, of course, even as the Times collapses back into a metropolitan New York paper that, to be sure, has legacy political clout nationwide and disproportionate impact on the national media's vertical oligopoly. More parts of the 'paper' will migrate to cheaper environs on the Web. Whole sections, along with a proliferation of blogs and reader communities. Sometimes this interactive reader model is useful – primarily in material with a close connection to readers' personal lives anyway, such as the personal health sections or John Tierney's consumer-oriented Science Lab.

As touching political *news* stories, however, these interactions do little to increase factual content, and instead promote merely inter-reader emotional solidarity even as they present themselves as the online "debate." Under the guise of open debate, they are in fact mostly production forums for confirmation bias, as Cass Sunstein pointed out as a general problem of online forums in [Republic.com 2.0](#). Times

reporters will be pressed to produce ever more words for these forums and moderate them – productivity starting to be measured by word counts and the variety of forums able to recycle the same limited factual content – at the expense of time actually to pursue expensive, off-line, value-added, new facts.

As this migration takes place, too, the economics of the paper will shift accordingly. From a revenue generation standpoint, the difference between the print paper and the online paper is not simply as a channel of distribution, it is a fundamental matter of what different advertising streams pay. Notes the [Times's media columnist David Carr](#), more than 90 percent of the newspaper industry's revenue still "derives from the print product." (NYT, October 28, 2008) A single newspaper ad in the printed newspaper might pay the newspaper "many thousands of dollars" – whereas the equivalent online ad might bring in a mere "\$20 for each 1,000 customers who see it."

IV Opinionification = commodification

So what? Well, this goes a long way to explaining the [Judith Warner phenomenon](#) at the Times. Warner is one of the new breed of online blogger-writers at the legacy media. John Podhoretz calls her America's "[most embarrassing online columnist](#)," purveyor of inanities we might charitably call mommy-feminism-lite. But reaching deep inside yourself to access your Warner-nature as a source of public authority, it turns out, requires little to no factual or reportorial effort; she is, therefore, in the Times's new business model, remarkably productive. *More* productive, alas, than David Carr – because what *she* (re-)produces is group, indeed class, solidarity. The Times *as though transformed* into a string of middle-school mean-girl text-messages to Warner's nationwide posse: a nearly flawless harbinger of what the economics of "\$20 for each 1,000 customers" brings.

Does the Times pay her? Why? The problem beyond Warner, however, is that "embarrassing" and "online columnist" *are* something of a redundancy (let's be honest). That needs to be acknowledged even by Web enthusiasts like me who understand and celebrate how the Internet has managed partly to pry open the oligopoly of the MSM.

Facts are expensive; opinion cheap. And confirmation-bias-cocooning – cheapest of all. But newspapers made a fatal mistake deciding their competitive advantage lay somewhere other than facts. Facts not easily available, facts not already priced into the information stream. Once facts are out there enough to be part of the opinion stream, they have already been discounted to near zero and priced accordingly. No one will pay for them at that point. Developing relevant, new facts is expensive. If it weren't, it wouldn't likely add value in what is a surprisingly efficient information market – at least in that part of the information market in which people care about accuracy.

You do have to figure out what *kinds* of facts people will pay for, true. But you don't remain profitable going after the least-value-added line of business available. And, worse, you don't remain profitable trying to compete with people willing to do it for free in an environment of zero barriers to entry. Opinionification is commodification. And commodity pricing will not pay the rent in Manhattan.

Anyhow, the idea that newspapers would have a competitive advantage on the Internet merely in offering opinions was always complete madness. More precisely, it was always completely ego-driven madness. Do the "professionals" have an advantage in writing quality, and does the reading market actually value that edge? I understand the pain and wonderment of the newspaper reporter who, after toiling in mere facts for decades, finally ascends to a column on the opinion page; you have to believe that the opinion-columnist is a higher calling, or requires greater experience, expertise, skill, writing ability, something. Whereas facts, new facts, relevant new facts – those are premium priced, while even extremely skilled opinion writing is today, on the web, a mere commodity, priced as such. The sad truth is that the vaunted columnists of the Times and elsewhere are lucky to have ascended to their opinionating posts – because there are any number of writers as good as they, as prose stylists and thinkers, and experts too, who do it for free because, after all, their day job is ... lawyer.

But at least the folks on the opinion page are *on* the opinion page. The issue is not the Times's *opinions*, it is that the Times's news pages assert its opinions as *facts*. And *then (mirabile dictu)* it seeks to *price* those opinions as facts. This is the Times's way out of the trap of commodity pricing: re-brand your apparently not-so-valuable commodity into a 'luxury good' and then sell it at a premium price. Talk about chutzpah – and something of a hail mary play.

But the Times's luxury re-branding business model puts us squarely in the land of Thorstein Veblen. It puts us squarely in the land of [*The Theory of the Leisure Class*](#). Conspicuous consumption, and the pricing of luxury and prestige goods as an exception to the usual rules of supply and demand. The Times's core subscribers (which is to say, its core confirmation-bias readers) follow a Veblenesque "prestige goods" pricing model. They are – or so the Times must hope – *more* willing to pay higher prices for the Times's opinions-asserted-as-facts, in no small part *because* having paid higher prices is a social signal that they must be ... true. Or, if not true, then at least a sign of sophistication, sophisticated consumption which, after all, is more important than truth. Indeed, the *more* heavy-handed the cramdown of political opinion, the happier this readership is. It is ideological satisfaction that the Times must hope will somehow, some way, translate into greater reader loyalty and the willingness to pay above-market prices for mere opinion.

V

Price in the land of the leisure class, or, Veblen puts lipstick on a pig

So evaporates the ordinary connection between price and quality, supply and demand, the same as with other 'leisure class' goods. Subscribing to the Times is like buying expensive, but not such high quality, chocolates in Paris. You do it for the sake of making a gift back home in genuine Parisian wrapping paper, instead of merely buying a higher quality chocolate in Trader Joe's for genuine gourmet value.

Dropping Times home delivery is, for my family and me, the way one minor individual subscriber re-establishes the connection of price to quality. I've decided against conspicuous consumption; I've decided to pay the actual value of the goods online, by going online. Pay, that is, exactly the value that the Times itself puts on it as factual information, rather than a prestige good.

The Times's path out of the wasteland of commodity pricing of its opinion and into the promised land of premium pricing that same opinion depends crucially, however, upon being able to repackage its (cheaply produced) opinion pieces *as* facts, worthy of respect, and pricing, as such. If the mask of facticity falls, so finally does the price. It will eventually be reflected directly in fewer premium print subscriptions or indirectly as the lower price online advertisers are willing to pay or as some other loss of value. It will show up, somehow, some way.

Note that the contrast with the Wall Street Journal news pages could not be greater. The WSJ would pay a stiff price in readership for errors in business news, including ideologically driven ones. It is helped by its long-time strategy of wrapping, as the Economist once observed, a relatively opinion-free newspaper, well-written but deliberately low-affect, around an ideologically-driven conservative magazine resident on the opinion pages. In that regard, unlike the Times, it has the best of both worlds. In this, too, it is helped by its policy of allowing the op-ed pages some amount of independent factual and investigative reporting, in the manner of a true magazine – which reduces the temptation to opinionize and magazinize the rest of the paper. In the WSJ's news pages, especially the core business news, the quality of information drives its price, which is to say that it has so far eschewed the Times's Veblenesque prestige pricing model. Murdoch could of course change this at the WSJ, but so far he has not.

And yet note, too, that in today's financial crisis, the Times's regular business reporters and writers have impressively risen to the occasion. Times executive editor Bill Keller is wrong about many things, but he was not wrong recently to boast about the Times' Business pages's superb reporting and clear, straight-forward explanations. What explains this sudden influx of factual quality? Well, when what's at stake are not superfluous luxury goods, but the readers' own money, facts suddenly matter once again, even to bankers (or ex-bankers) in Manhattan. Veblen is out, ordinary value for price back in, when it comes to the *facts* about money that matter to readers, not just *attitude*.

Even so, certain political topics, without which the financial crisis is incomprehensible, remain firmly in the cocoon, to be mentioned blandly and

vaguely if at all, starting with Barney Frank, Christopher Dodd, Chuck Schumer, Barack Obama, and their relationships to Fannie Mae lobbying money, Friends of Angelo special mortgages, etc., etc. Apparently the Times has decided that never again – never, ever, ever, *ever* again – will it repeat the ideological ignominy of having pop up, ten years later, a precisely-worded news story such as [Steven A. Holmes's from 1999](#), embarrassingly putting the Times's imprimatur on a devastatingly prescient, witheringly factual assessment of where Democratic Party politicization and cronyization of subprime mortgages and Fannie Mae would lead – and did.

VI

Who will pay for reporting of facts?

Which sadly puts in a somewhat different light what Carr says, correctly and ominously, that the difference between “print dollars and digital dimes – or sometimes pennies – is being taken out of the newsrooms that supply both.” Very true. It is also true that the blogosphere is not about developing new facts. It happens, but only very, very occasionally. The blogosphere is about (in Carr's well-chosen word) *annotating* the mainstream media. But if that's the case, why then has the Times decided to join the annotators, rather than making its stand on the value of the facts as such and figuring out what and which and how and to whom to sell them? Carr skips over those questions and asks instead, regarding those peculiarly missing facts, who in the brave new world of Web economics will pay for the “phone calls that reporters have to make?”

Fair question – *if* it's really about facts. But I received a phone call a few months ago from a Times reporter, one William Glaberson, who writes front page stories on Guantanamo, calling with a perfectly legitimate, although dry-hole, query about proposals for terrorism courts. Fine. What he actually said in the phone call, however, was, “So you would agree that ...” – followed by a lengthy, convoluted paragraph of all sorts of “facts” and assertions that he had already worked out in his own head and intended for me to agree to, in his language, so that he could stick it in his obviously already preset narrative. But, sorry, that was as obviously dubious as it was his seemingly normal *modus operandi*. The phone call, which Carr wonders who will pay for, turns out, in the world of the Times, only-too-easily to be an exercise in confirmation bias, not the discovery of new facts. Not necessarily, of course – but if your pricing model skews toward Veblen-prestige goods pricing, you skew your information gathering away from the Very Great *Reporter* Gretchen Morgenson of the business pages and toward the not-so-great *Magazine Opinion Writer* William Glaberson, and finally you give it up altogether for the *Online Nurse* Judith Warner. So, if you ask me whether it matters that the Times has a way to pay for *that* phone call or, for that matter, pay Glaberson, the answer is no. The Republic will not fall if Glaberson has to make an honest living in advertising or Warner has to go back merely to raising her children without a national mouthpiece through her womb.

It would be nice if the world were as Carr implies it: the heroic Times struggles to do its fact collection against a bitter economic world that does not value “the facts” and is barely willing to pay for its valiant efforts. There is indeed a demand-side problem – if your target audience seeks confirmation bias first, and especially if you have nurtured them on that view of a newspaper, they will not be very willing to pay for “mere” facts. And so they are not. Yet the Times threw in the “fact” towel before the battle was even joined, saw the future and decided it was in opinion writing asserted as fact in order both to charge a higher price than a mere opinion magazine could charge and seek to satisfy, at least superficially, the fact-based *raison d’être* of the daily newspaper. It looked at its ‘elite’ readership and concluded that, at bottom, those readers were not very interested in facts, much less in paying for them. Instead they wanted high falutin’, high-gravitas chat based around politics. And so the Times has proceeded to offer it.

As a business model – not politics – I’m skeptical this can work on a *daily* basis. There are reasons why magazines appear weekly or monthly, not daily. As politics – well, the Times’s relentless cramdown of skewed, confirmation bias opinions-as-facts this election cycle represents one of two things. The cramdown might so annoy that segment of its readership that still cares about facts on the traditional basis of them being, well, *true* that it recalculates price in relation to facticity and drops the paper subscription, crippling the business model even further. In that case, I sincerely hope that the Times’s and its employees think the political self-satisfaction was worth it. Or, alternatively, the cramdown might handsomely pay off in cementing the emotional bond ever more closely with the core subscribing, offline readership and allow it to raise the price, directly and indirectly, to a smaller, wealthier, more devoted leisure class audience. But is there really room for a *daily* New Yorker?

VII

I’d pay good money for a grey, affectless, fact-driven newspaper that’s not a magazine and not an online cocoon – but would you?

It is true that the Times’s online ‘look’ is magnificent. It has invested heavily in recreating as close as anyone has come to the genuine look and feel of the print edition, and with many hyperlink advantages. It is much more like a *newspaper* than the online WSJ site. WSJ.com makes money from subscribers, but that’s precisely because its web presence is not as a newspaper but as an indispensable research tool for the business world. WSJ.com is systematically organized, and it feels like what it is – a highly organized database. The Times’s site, by contrast, feels like the newspaper – a place to browse.

This is to say, however, that the Times online is a wonderfully successful, fabulously designed ... website. If the economics of moving online were merely about the form of delivery, none of this would be particularly momentous; win-win for newspaper and subscribers, cheaper cost of distribution for producers and, for increasing numbers of consumers, more convenient form of delivery. But it’s not. It’s about

advertising revenues, subscription revenues, and what the economics of no-subscription revenues (zero) plus online advertising streams (pennies) will support in the way of content. Which came first – the chicken of opinionification or the egg of the loss of paying readers like me, not willing to pay for mere opinion? Who knows.

I've been subsidizing through my annual print subscription, in other words, and at \$600 post tax dollars a year, a publication that the Times itself is *already* moving to discount to the content quality of an online publication sustained by zero online subscription revenues and the pennies of digital advertising. It's about time for me to treat myself the way the Times so clearly sees me – reader of the online edition for free. It's a future, I regret to report, in which the Judith Warners, not the David Carr's, are the opinion divas, and in which facts, to the extent they are still gathered, are carefully marshaled in support of predetermined emotional conclusions that bolster the biases of the online audience.

Whether the world would support a paper, online or on paper, devoted to entirely affectless statements of fact, sustained only on the basis that this *is* the news, I do not know. I wish someone would try. Let's try a daily paper defined by its greyness, sustained by its lack of emotional content, nurtured by its utter indifference to sensibility over sense. Today's Times regards itself as a magazine of upper bourgeois elite sentiment and sensibility, increasingly fact-lite, and destined to live under the economics of the Web, which is to say, the economics of the cocoon.

The Times thinks even less of its readers, curiously, than I do. But given that it has discounted the content, I may as well discount the price.

END

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