

THE RISE OF THE WHITE-KNIGHT PRESS BARON

A NEW BREED OF SUPER-RICH OWNERS AIM TO FIX BROKEN REVENUE MODELS AND FAKE NEWS

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decade ago, billionaire Warren Buffett expressed his pessimism about the outlook for newspapers, including The Buffalo News, a local US daily owned by his Berkshire Hathaway group. "Newspapers have a terrible future," he told CNBC television at the time. "We own The Buffalo News and we hope to be the last man standing. I would say we might very well be."

Ten years on, and Buffett is anything but on his own in the industry. As newspapers' traditional revenue sources have been sliced away by online competition, several of the world's super-wealthy have stepped in to fill the financing gap. But unlike Buffett, for whom newspapers are primarily a business, they are propping up journalism through philanthropic support and the occasional hope of a long-term financial return.

Among the most prominent funders are Marc Benioff, co-chief executive of US software company Salesforce, and his wife Lynne; Laurene Powell Jobs, widow of Apple co-founder Steve Jobs; and Jeff Bezos, founder and chief executive of Amazon. They have bought stakes in, respectively, Time magazine, The Atlantic magazine and The Washington Post newspaper.

That does not mean Buffett was wrong, however. These are trophy purchases by particularly deep-pocketed investors. Outside the top tier, the traditional media are struggling just as much as the Berkshire Hathaway chief ▶



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executive predicted, especially at the level of regional and local newspapers. Billionaires may be ready to safeguard titles of national and international importance, but many towns and cities have already lost their local papers, and many others see little prospect of finding a saviour.

"What we've seen primarily is the purchase of the very large, high-profile paper," says Penelope Abernathy, a professor at the University of North Carolina's school of media and journalism. "While you can create both a business reason and a political reason for buying some of the [US] nation's largest papers, outside of that, for small local papers, what you really need to have is a very local civic mission — a commitment to the community where they are, to sustaining the unique value that a local news outlet offers to a community."

Even among high-profile publications, the billionaire owners have much to do to shore up the traditional media's collapsing finances. When John and Linda Henry, owners of the Boston Red Sox baseball team and Liverpool football club, acquired the venerable Boston Globe from The New York Times for \$70m in 2013, they paid about a 20th of the \$1.1bn the Times had spent to acquire the newspaper in 1993.

"It is important for the literal fabric of democracy for us to have these newspapers survive," says Patrick Soon-Shiong, the biotech billionaire, who in 2018 bought the Los Angeles Times and The San Diego Union-Tribune for \$500m. "There should be a real concern now with the digital dispersion of news. Fake news is literally the cancer of our times and the only way to deal with it is to maintain good strong organisations."

The billionaires' drive to preserve the ailing independent press began well before the arrival of fake news as we now know it. Bezos snapped up The Washington Post for \$250m in a surprise deal in 2013, the same year the Henrys bought the Globe.

Another early super-rich backer of the media in the online age was Australian internet entrepreneur Graeme Wood, who in 2013 supported UK news group The Guardian's digital expansion into Australia with a \$20m loan. His move was an attempt to unshackle his country's news cycle from the dominance of the Rupert Murdoch-controlled News Corporation and of Fairfax Media, then owned by mining magnate Gina Rinehart.

"I think he was doing that out of completely philanthropic aims, because he believes in diverse media," says Alan Rusbridger, then editor of The Guardian and now chair of the Reuters Institute for the Study of Journalism. "That repositioning of journalism as a public service... I think that's why you've now got a lot of philanthropic money coming in."

Another prominent philanthropist supporting journalism is Craig Newmark, founder of online classified ads platform Craigslist — a business, ironically, that has done much to disrupt print media's advertising revenue model. Through his foundation, Craig Newmark

Philanthropies, he has donated to media outlets and has given \$20m to the journalism programme at New York's City University.

Philanthropic motivations do not necessarily preclude a desire to make financial returns. For Soon-Shiong, the two go hand in hand. "This is not a philanthropic exercise where someone with a deep pocket is taking this on as a hobby," he says about his acquisition of the LA Times. He hopes his support will help the paper transform into a sustainable business. "It is very much like supporting science at an early stage: newspapers now need to evolve into their next evolution," he says. "The business model here is to find a way to survive and thrive. To thrive and grow, rather than cut and profit."

So far, Soon-Shiong has remained true to his pledges. Since he took it over, the LA Times has hired 150 new



Abernathy says local papers are important not only for the community but also for healthy national media, because much politically significant news is generated first at the local level. "The big fish feed on the little fish," she says. Unfortunately, those taking over local newspapers are more often big companies focused on the bottom line and well versed in crunching costs.

In a case that has made national headlines in the US, MNG Enterprises, owned by Alden Global Capital hedge fund, has been accused of thinning the country's media landscape, after overseeing mergers and acquisitions that led to cuts and layoffs. At the Alden-owned Denver Post, for example, the reporter headcount fell from 184 to 66 between 2012 and 2018. In May this year, 21 US senators wrote to Alden's founders decrying its "newspaper-killing business model". Alden could not be reached for comment.

"There are a few people who can make themselves rich by buying newspaper titles and cutting costs, milking the analogue version of it, but I don't think there are many who have made themselves rich through a full digital transformation," says Rusbridger.

Any buyer inevitably raises concerns they might influence the media for their own personal or political gain. "The beneficent investor or buyer is one thing, but don't forget there can be ones that aren't," warns Indira Lakshmanan, executive editor of the Pulitzer Center, a Washington DC-based non-profit news organisation.

In July, the worry led the UK government to refer to regulators the sale of stakes of about 30 per cent in the publisher of the Independent website and Evening Standard newspaper. The concerns centred around links between Sultan Mohamed Abuljadayel, the Saudi Arabian buyer, and the Saudi state. The public interest case put

reporters and has invested in technology. The newspaper estimates it needs to raise digital-only subscriptions from 178,152 now to 600,000 to fund its newsroom.

The Washington Post has also flourished since Bezos became its owner six years ago. The paper has moved to larger headquarters, hired staff, and in 2017 broke the 1m subscriber barrier, tripling its digital-only subscriptions compared with the year before.

But helping a newspaper achieve financial stability is not an easy process. Soon-Shiong describes the challenge at the LA Times as "harder than curing cancer".

While high-profile papers are attracting interest, the future looks less promising for smaller, local newspapers. Abernathy said in a report published last year that, after many closures, nearly 200 of the 3,143 counties in the US had no local news coverage.

In her view, salvation depends on locals with a strong sense of commitment, as happened at one western Massachusetts daily, The Berkshire Eagle. Led by Fredric Rutberg, a local judge, four investors clubbed together to buy the paper in 2016 from MNG Enterprises, the media conglomerate. "We are going to stick with this — this is our commitment as long as humanly possible," Rutberg said this year.

forward by Jeremy Wright, the UK culture secretary, cited “considerations of freedom of expression and accurate news reporting”. In August, the court ruled that the purchases would not be investigated as it was too late to intervene.

Even non-profit foundations are not totally neutral. A paper this year in Journalism Studies, a UK academic journal, noted that while “foundations did not try to directly influence the content of the journalism they funded”, their involvement did, however, create “requirements and incentives for journalists to do... longer-form, off-agenda, ‘impactful’ news coverage in specific thematic areas”.

For many, this is no bad thing, but the potential effects should not be underestimated. According to Media Impact Funders, a US grantmaking organisation, between 2011 and 2015 grants accounted for more than \$1.3bn of media and journalism funding globally.

The Guardian’s list of philanthropic partners, which help support its paywall-free news site, shows certain grants are tied to coverage – from editorial projects on poverty in the UK to a year-long series on California’s attempts to curb gun homicides. The Guardian says these projects are still editorially independent, adding that “once a topic is agreed, philanthropic funders have no say, and no role, in the journalism produced. All funded content is clearly labelled in line with our content funding guidelines.”

One way to avoid potential problems, some argue, is through non-profit institutions that collect donations and distribute them independently. “The important role we play in this landscape is that we basically are a buffer between news organisations and any funding source,” Lakshmanan explains of the Pulitzer Center, which gives more than \$2m a year to finance in-depth reporting.

Arguably, these debates are nothing new. “Anything that involves money coming into newspapers carries dangers,” says Rusbridger, adding that the same fears over editorial influence could be applied to traditional advertising revenues. “The answer to all these situations is the same. If you’re a proper editor and have proper practices and firewalls in place, and you’ll never compromise what you do for a few bucks, then there isn’t a problem,” he says. “But the moment you do compromise or are not transparent about where the money is coming from, then there is.”

The key, Lakshmanan says, is for individuals to realise that journalism is open to all kinds of investors, and putting money into it should be as commonplace as supporting an art gallery or a wildlife fund. “We know that bots, trolls and government-supported bad actors are trying to influence our consumption of information,” she says, referring to meddling in recent elections and referendums in the UK, the US, France and Germany.

The importance of resisting the spread of fake news has affected Facebook, one of the companies accused of providing a breeding ground for fakery. Over the next three years, the social media and news platform will invest \$300m in news programmes, partnerships and content. “Obviously we recognise how critical journalism is to democracy, to free and open societies everywhere,” says Campbell Brown,

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head of global news partnerships at Facebook. “One of the best ways we can address misinformation, on Facebook or anywhere else, is to help elevate quality news from trusted sources around the world.”

The support of billionaires and billion-dollar companies is undoubtedly critical to journalism’s future. But that does not let ordinary readers off the hook. Many people who now happily pay for online music and films will not do the same with journalism. According to the Reuters Institute’s 2019 digital news report, fewer than 10 per cent of people in the UK are willing to pay for news. When asked what media subscription they would have if they could have only one, just 12 per cent picked news, while 28 per cent went for video streaming.

“It’s also about all of us as individual consumers of news to wake up and smell the coffee, and realise that we can’t just expect to get news for free – news is a service,” says Lakshmanan. “Journalism’s foundational role and its value to a democracy is something that a lot of people take for granted and we shouldn’t.”

For the moment, though, this is not a message enough people appreciate as they consume internet news for free. Philanthropic support is likely, therefore, to play an important role in keeping journalism afloat. “I really hope someone is hard at work at fixing the revenue model so news can become self-sustaining again,” says Lakshmanan. “But in the meantime, we can’t just sit back and watch it die.” ●