

# Deal for Newsday reflects concentration of ownership in US newspaper industry

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After several weeks of uncertainty, the Cablevision media, sports and entertainment company has apparently won the bidding for *Newsday*, the daily newspaper based in suburban New York City that is the 11th-largest circulation paper in the US. The outcome reflects the accelerating trend of concentration of ownership in the crisis-ridden newspaper industry.

There were three bids for the newspaper, which was recently put on the block by the Tribune Company. The *Tribune* went private last year in a massive \$8.2 billion deal organized by Samuel Zell, a Chicago-based real estate billionaire. Zell's deal left the *Tribune*—which owns a number of major television stations, the *Los Angeles Times* and *Newsday* in addition to the *Chicago Tribune* and other papers, and the Chicago Cubs baseball team—with a massive \$12.8 billion in debt. The debt burden, added to by the downturn in the economy, is forcing Zell to sell a number of properties, including the Cubs and their stadium, Wrigley Field. Difficulty in arranging a sale of the Cubs led Zell to put *Newsday* up for sale.

The first bidder was Rupert Murdoch, multibillionaire owner of News Corporation, which includes the *New York Post*, Fox television and, since last December, the Dow Jones Company and its flagship *Wall Street Journal*. Murdoch offered \$580 million for *Newsday*. If this bid had gone through, it would have given the Australian-born media tycoon three daily papers based in New York, in addition to two television stations. Zell was reportedly friendly to Murdoch's bid, which was announced in late April as a tentative deal for the newspaper. Murdoch's rivals complained, however, and his offer was also complicated by the need for a regulatory waiver from the Federal Communications Commission, even though the FCC last December adopted looser standards on media cross-ownership of

television and newspapers in the same city.

The two other bids soon followed. Murdoch's offer was matched by Mortimer Zuckerman, his longtime tabloid rival as the owner of the *New York Daily News*. Cablevision then offered \$650 million. Murdoch declined to match the higher bid, and Zuckerman, whose main aim appears to have been to keep *Newsday* out of Murdoch's control, likewise did not increase his offer.

Cablevision, controlled by the Dolan family, is the largest cable television provider on Long Island. It also owns Madison Square Garden and Radio City Music Hall in New York, and the New York professional basketball and hockey teams. It has never been in the newspaper business, but could use the newspaper and its cable television service to promote each other, as well as to bring in increased advertising revenue. It owns the only Long Island television news station, and will become the main source of information for a population of several million people.

The last word has not necessarily been heard from Murdoch on *Newsday*. The News Corporation owner is known for his persistence and high-risk maneuvers. Cablevision could still make a deal with either Murdoch or Zuckerman to combine production, distribution or ad sales in some fashion. The tabloid war between the *News* and the *Post* is likely to continue. The *News* has been marginally profitable, but Murdoch has been absorbing \$40 or \$50 million in losses annually at the *Post* for years. The paper is presently being sold for 25 cents on newsstands, but News Corp. has said that the price will soon be raised to 50 cents.

Murdoch has been more than willing to absorb big losses in order to obtain a tabloid media mass circulation platform for his ultra-reactionary views. He

has shifted much of his attention to the *Wall Street Journal*, however, which may mean he is less willing to subsidize the *Post* as heavily as he has been. Murdoch's aim is to use the *Wall Street Journal* to challenge the *New York Times*, not in circulation terms, where it already dominates, but in setting the political agenda and supplanting the "liberal" *Times* as the "newspaper of record."

The competition for *Newsday* takes place amidst sharply falling circulation, advertising revenue and profits among major US newspapers. In the last six-month period, only *USA Today* and the *Wall Street Journal*, both with readership of more than 2 million, increased average daily circulation, and only by less than one percent each. *USA Today*, which is not read widely for its editorial pages within the US economic and political elite, has a current readership of 2,284,219. The *Journal* is second in circulation, with 2,069,463.

The *New York Times*, in contrast, lost 3.9 percent of its readership from one year earlier, reporting daily circulation of 1,077,256. Other major papers, including the *Dallas Morning News*, the *Atlanta Journal-Constitution* and the *Minneapolis-St. Paul Star-Tribune*, reported even bigger percentage declines. *Newsday* also lost readers. Its reported circulation of 379,613 was down 4.7 percent, but the paper has remained profitable. Murdoch's *Post* lost 3.1 percent of its circulation, to 702,488.

The relentless trend toward greater and greater concentration of ownership means that the big business press has less motivation or ability than ever to offer even the slightest variety of views or serious challenges to the status quo in its pages. The news coverage of the current Democratic presidential nomination contest shows how this state of affairs leads to the elimination of any serious discussion of political issues.

As the Bush administration's standing in opinion polls falls to record lows, the crude dumbing down of the press and the continued domination of ultra-right wing media figures like Rush Limbaugh and Sean Hannity is provoking growing anger among broad layers of the population. In an effort to appease this anger, the Democratic-controlled Congress is in the process of passing a "resolution of disapproval" which would have the effect of reversing the FCC's most recent loosening of regulations last December. The

resolution passed by a wide margin in the Senate last Thursday and is expected to win approval in the House.

Bush has threatened to veto the legislation. Even if it passes over his veto, however, it will at most only slow down the relentless media consolidation. The concentration of ownership is not the outcome of any organized conspiracy or even of regulatory misconduct. It is the inevitable product of the private ownership of the mass media and their operation in the interests of profit. As the journalist A. J. Liebling wrote more than 50 years ago, under capitalism "Freedom of the press is guaranteed only to those who own one."



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