

McClatchy newspaper chain files for bankruptcy

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The major US newspaper chain McClatchy, which has operated since 1857, filed for Chapter 11 bankruptcy on Thursday. New York City-based hedge fund Chatham Asset Management will take over the publisher, which produces 30 newspapers including the *Kansas City Star*, *Miami Herald* and *Sacramento Bee*, which have each won numerous awards for their investigative reporting.

McClatchy announced that it plans to restructure its pension obligations and address \$700 million in debt at its bankruptcy hearings. It incurred significant debt after it acquired publisher Knight Ridder for \$4.5 billion in 2006, just before the 2008 economic crisis which contributed to a significant reduction in revenue from subscription sales.

Chatham's holdings were valued over \$4 billion dollars in 2019 and include principal ownership of tabloid publisher American Media, parent of the *National Enquirer* which attracted the attention of federal investigators after it acquired and suppressed "secret" details of Donald Trump's personal affairs during the 2016 US Presidential election campaign.

The hedge fund's founder Anthony Melchiorre is known for his ruthless business tactics. American Media was described in *Fortune* by Chatham investor and part-owner Leon Cooperman as "scrappy" and "[not] afraid of litigation to defend their investments," and that their primary aim is "to make money for their clients"—that is, the US corporate and financial ruling elite.

Chatham's planned takeover of McClatchy will mean that the vast majority of US news production will be controlled by financial firms, according to media analyst Ken Doctor. Currently, Gannett, the world's largest newspaper media chain, is owned by private equity behemoth Fortress Investment Group. Gannett

currently publishes *USA Today*, the *Detroit Free Press* and the *Indianapolis Star* among others.

Another giant publisher, MediaNews Group, is controlled by Alden Capital, another New York-based hedge fund. MediaNews Group publishes the *Denver Post* and *San Jose Mercury* and announced in late 2019 that it had become the largest shareholder of the Tribune Company, which publishes the *Chicago Tribune* and several other major daily newspapers.

Daily and weekly news publishers are facing financial crisis as the industry moves away from print publications and loses the revenue of print ads, which are far more lucrative than digital advertising which has now become the norm with Americans now consuming most of their news online. The shift to the internet as the primary means for getting daily news has prompted waves of consolidation among publishers that look to benefit from economies of scale and cut costs, many times through mass layoffs of journalists and other employees.

The *New York Times* reports that "[r]oughly a quarter of the newspapers in the United States, most of them weeklies, have been shut down since 2004, and about 50 percent of newspaper jobs have been eliminated in that time."

Chatham's planned acquisition of McClatchy's will be no exception. Both of its competitors MediaNews and Gannett are notorious in the industry for slashing jobs after buyouts. For example, after the *Denver Post* was taken over by MediaNews the daily paper carried out newsroom layoffs in 2016 and 2018. In 2010, Gannett increased executive salaries and bonuses and then laid off 700 employees in the US during the following year.

A statement from Kevin McClatchy, chairman of the company, given at a press conference Thursday,

suggests that current and former employees will also face significant cuts to their pension plans, saying that “[w]hile we tried hard to avoid this step, there’s no question that the scale of our 75-year-old pension plan—with 10 pensioners for every single active employee—is a reflection of another economic era.”

For-profit publishing companies have adapted to changes in news media consumption produced by the advent and growth of the internet over the past several decades, including offering a wider availability of free news. However, a concentrated effort to curb free and open access to news is now underway by the giant conglomerates. In 2012, Gannett sought to boost its profits by implementing paywall restricted access to all of its online daily news publications with the exception of the *USA Today*, further restricting public access to up-to-date news. The cost of major daily publications, including the official mouthpieces of the Democratic Party, the *New York Times* and the *Washington Post*—which was acquired by Amazon CEO and world’s richest man Jeff Bezos in 2013—are increasingly financially out of reach for most workers in the US.

Not only does the nearly complete financialization of the US news industry, ushered in with the McClatchy bankruptcy, serve the immediate profit interests of the financial parasites which own the companies, it also has significant implications for access to the news and the democratic right to freedom of the press.

As owners of the national and local newspapers, the representatives of finance capital will be able to use these outlets to promote their political interests as well. The giant Wall Street hedge funds and private equity firms get their economic power from the financial profits of global corporations like Amazon, Apple, Microsoft and Tesla who rely on their ability to deeply exploit the labor of workers around the world.

These and many other corporations are involved in human rights abuses and seek to whitewash their crimes. Their political representatives in the US, the Democratic and Republican parties, demand that the press cover up the war crimes of the imperialist powers to stave off the massive opposition in the working class. Most importantly, they seek to block the growth of support for socialism among the working class and will move ever more ruthlessly to suppress the right to freedom of the press.

The right to freedom of the press in the US and worldwide can only be defended by an independent political initiative of international working class itself and a fight for the productive forces of the media and communications industries to be placed under international public control.



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