



*"It's not always our job to give readers what they want," Dean Baquet, who left the New York Times for Los Angeles, says. Photograph*



## FAULT LINE

*Can the Los Angeles Times survive its owners?*

BY KEN AULETTA

By the morning of July 20th, after months of gossip, everyone in the third-floor newsroom of the Los Angeles *Times* knew that John S. Carroll, who had been the newspaper's editor for five years, was going to resign. Through the large glass window of the conference room, the staff could see Carroll, along with the senior editors and the publisher, Jeffrey Johnson, who had rarely appeared in the newsroom. They all looked sombre. A few minutes after the meeting adjourned, the staff assembled at the national desk, across from Carroll's office, to hear Johnson confirm that Carroll was indeed leaving.

Tension between Carroll and the Tribune Company, the newspaper's Chicago-based owner, had been growing for a couple of years; Carroll, who is sixty-three and had edited three newspapers, was expected to leave soon, in any case. The departure ceremony was brief; the speakers relied on cliché and euphemism to get through the ordeal. History, the publisher said, would look at Carroll's stewardship as an "incredibly special period"—a reference to the fact that the newspaper had won thirteen Pulitzer Prizes since Carroll's arrival. Carroll, who speaks in a monotone, with a trace of a North Carolina drawl, said, "There have been any number of factors in my consideration, and I'm not going to go into them all." Having worked in newspapers his entire adult life, he'd decided it was time to move on, he said. "Leaving is always hard, and this is hard for me." Carroll then hugged Dean Baquet, the managing editor, whom he had hired not long after he came to the *Times*.

Carroll didn't say much else. When *Newsweek* asked him if the Tribune Company appreciated the journalism of the *Times*, he said, "I want to be candid with you, but I'm going to have to duck on that one." But, to anyone who had followed Carroll's career, and knew about

his problems with the newspaper's owners, the reply was in fact candid. As he later told me, he had grown weary of "incessant cost-cutting" by the Tribune Company. He believed that, on the contrary, investing in the newspaper would eventually produce higher profits, which was what the company eagerly sought, and that cutting costs, while it would temporarily improve the bottom line, would erode the paper and might someday destroy it. Carroll and the Tribune Company had been arguing about these issues for five years. The resolution would now be left to his successor.

In March, 2000, the Tribune Company paid \$8.3 billion to buy the hundred-and-sixteen-year-old Times Mirror Company from its controlling shareholders, the Chandler family, who received cash and stock and were awarded four of the sixteen seats on the Tribune board. In addition to the L.A. *Times*, the purchase gave the Tribune Company control of *Newsday*, on Long Island; the Baltimore *Sun*; and the Hartford *Courant*, among other assets, bringing the total number of Tribune daily newspapers to eleven. (Tribune's holdings also include twenty-six television stations; the Chicago Cubs; a quarter of the WB network and a regional sports network; a third of the Food Network; and a television entertainment division.) The biggest prize in this new acquisition was the *Times*, which became the company's largest and most prestigious newspaper. This was something of a sore point in Chicago—the Chicago *Tribune*, founded in 1847, was the company's flagship but had little more than half the readership of the *Times*.

In Los Angeles, the newsroom initially welcomed the new ownership. Five months earlier, the paper had been deeply embarrassed when it was revealed that the Times Mirror C.E.O.,

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Mark H. Willes, a former executive with General Mills, and the newspaper's publisher, Kathryn Downing, had entered into a profit-sharing partnership with the new Staples Center, a sports and entertainment arena, and had then published a special edition of the *Times*' Sunday magazine devoted to the center's opening. The arrangement, which was kept secret from the paper's editor until shortly before publication, gave Staples Center half the advertising revenues for this supposedly independent journalistic enterprise. The *Times* and its top management had been humiliated, and the Tribune Company seemed to promise a new era.

There was optimism in Chicago, too. Ann Marie Lipinski, the editor of the *Tribune*, said, "For the most part, the print journalists were happy that the company was laying down a major bet on the viability of these things we love," meaning newspapers, at a time when "people were looking to divest themselves" of newspapers.

Like most newspaper companies in the United States, the Tribune Company has to confront not only declining circulation and disappointing advertising sales but a belief on Wall Street that newspapers are a poor investment. While the population of the United States increased by sixty-four

per cent between 1960 and 2004, daily newspaper circulation dropped by 3.7 million—to just over fifty-five million. There is something almost prehistoric about using expensive newsprint and elaborate delivery systems, to homes and newsstands, in the age of the Internet.

These concerns have affected newsrooms everywhere. Recently, the New York Times Company announced that it would reduce its workforce by five hundred, including about four per cent of the newsroom at the *Times* and six per cent at the Boston *Globe*; Knight Ridder said that it would cut fifteen per cent of the newsroom staff at the Philadelphia *Inquirer* and at the San Jose *Mercury News*. The afternoon newspaper in Birmingham, Alabama, announced in late September that it was going out of business, and the Tribune Company is cutting forty-five newsroom jobs at *Newsday*. Personnel reductions have become as common in newsrooms as they are in American factories.

In Chicago, the reasons for buying Times Mirror were clear. There were opportunities "for significant cost savings at the Los Angeles *Times*," and larger profits, according to Jack Fuller, who was then the president of Tribune Publishing. Fuller pointed out that "by buying

the *Times* we had television stations and newspapers in the three largest markets in the country"—Los Angeles, New York, and Chicago—and, he added, "the papers were really just excellent newspapers." Not much was said then about a concern expressed by David Laventhol, who was the president of Times Mirror from 1987 to 1993, that "the people who decide the fate of Los Angeles's newspaper now live in Chicago."

Fuller's first task was to restore credibility to the *Times* after the Staples debacle, and that led him to John Carroll, who at that time was the editor of the Baltimore *Sun*. Fuller had met Carroll when they served on a Pulitzer Prize board and knew that he was seen as someone who improved newspapers and was uncommonly popular with the reporters and editors he worked with.

Carroll was aware that the profit plans of media chains could conflict with the goals of journalists, but he wanted to believe that the Tribune Company saw, as he did, that investing in staff and resources would pay dividends in readership. Carroll thought he understood Fuller. Fuller, after all, had started out as a Chicago *Tribune* copyboy at the age of sixteen. He became a reporter, and eventually took over the editorial page, winning a Pulitzer Prize for editorial writing; he rose to become the paper's editor and then the publisher.

Carroll had a particular interest in investigative reporting. In the nineteen-seventies, he had worked for Eugene Roberts, the editor of the Philadelphia *Inquirer*, and had expanded the paper's investigative coverage. A series of detectives who brutalized suspects to win confessions earned a Pulitzer Prize—one of seventeen Pulitzers that the *Inquirer* won under Roberts. In 1979, Carroll became the editor of the Lexington, Kentucky, *Herald* (now the *Herald-Leader*). At the Baltimore *Sun*, which Carroll took over in 1991, he undertook such ambitious projects as sending reporters to southern Sudan, to expose the country's slave trade. Michael Pakenham, who had been the *Sun*'s book editor, and had also worked with Carroll at the *Inquirer*, said, "He had a profound sense of the newspaper being a set of integrated parts, but the parts had to be made excellent on their own. He wanted the Baltimore *Sun*

to be the best large regional paper in the country.”

Carroll, though, was not happy with the direction of *Times Mirror*, the *Sun's* owner, under Mark Willes, and his situation reminded him of what had happened to Gene Roberts, who quit the *Inquirer* in 1990 after losing too many battles with corporate executives at Knight Ridder. “You really got the impression that you were governed by the fluctuations in the stock price,” Roberts told me, recalling that time. By 2000, Carroll was ready for a change, and he expected to become the head of the Nieman Foundation for Journalism, at Harvard. It was at about that point that Fuller called and asked him to come to Los Angeles.

At the *Times*, Carroll's first priority was to hire a managing editor, and he chose someone he had never met: Dean Baquet, the national editor of the *New York Times*. Baquet, who is African-American, was the fourth of five brothers raised in a working-class New Orleans neighborhood. His family lived in the back of a Creole restaurant that his father opened after giving up a job as a mailman. The first time Baquet travelled outside Louisiana was when he went North to attend Columbia University. After his sophomore year, he got a summer internship at the *States-Item*, an afternoon paper in New Orleans—an experience he liked so much that he dropped out of Columbia. He spent seven years in New Orleans and in 1984 was hired by the *Chicago Tribune*, where he and Ann Marie Lipinski shared a Pulitzer Prize for uncovering corruption on the City Council. After six years at the *Tribune*, he was recruited by the *New York Times* as an investigative reporter.

Baquet, who is forty-nine, says that he did not aspire to be an editor, but he was encouraged to make the change by Joseph Lelyveld, the *Times's* executive editor, who had helped bring him to the paper. “I hated it for the first year, and then I started to like it,” he says. He started as the deputy Metro editor and was soon promoted to national editor. Newsrooms are notorious for their competition and backbiting, and few editors escape the atmosphere of complaint and resentment. Baquet succeeded. Douglas

Franz, a close friend who worked under him, said, “The national desk was situated in the middle of the third-floor newsroom, and I sat a few feet away from it for five years. It was the happiest place in that often dismal building, a desk where editors joked and reporters liked to drop by, rather than slink past. And it was because of Dean.” With patience, Baquet might have won the most powerful job in newspapers—the editorship of the *New York Times*.

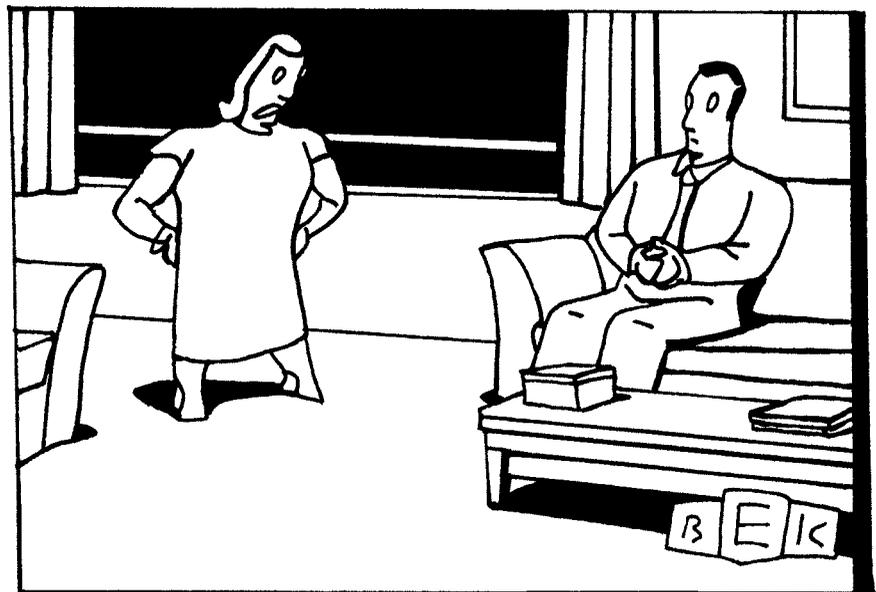
Baquet recalls that he was torn about accepting the offer from Carroll. His wife, Dylan, did not want to leave New York, and he felt loyal to Lelyveld. “I'm not a careerist, but I did look at what the next job for me would be at the *New York Times*,” Baquet told me. “I was too young to be a candidate for anything but assistant managing editor. I just thought, Would my next job at the *New York Times* be as fun as being the managing editor for John?” In addition—although he claims that the subject “never came up”—since Carroll was fifty-seven, Baquet said, “I assumed that if things went well I would succeed him.”

Carroll, who has white hair, a square jaw, and a wry expression that rarely changes, is hardly in the charismatic mold of Ben Bradlee. Rather, much like Gene Roberts, he led with an almost gnomic intelligence. James Rainey, a media writer who joined the paper in 1984, says of Carroll, “He got as much done here by silence. At meetings, when

he had heard enough he walked out or started typing on his computer.” Carroll disliked business-management meetings. If an editor or a reporter needed him, his door was open, but to others he would sometimes say, “Is it a crisis? If not, let's talk next week.”

Martin Gottlieb, the associate managing editor of the *New York Times* and Baquet's closest friend in New York, says that Baquet has enormous empathy for people; he thinks that this quality comes from having a close-knit family, and particularly from the pain of watching his oldest brother die as a result of years of heavy drinking and smoking. Baquet attributes it to his early days as a reporter writing about people he knew in New Orleans; a local black political organization was so upset with corruption stories he did that it boycotted his father's restaurant. One exposé led to the arrest of the sister of a close friend. “It's an experience that reporters don't have much anymore, where you cover the town you live in and see the impact of your stories,” Baquet said to me. “It's harder to see people as black and white. I don't mean racially. I mean good guys and bad guys.” He added, “You learn fairness when you have to face the guys you write about the next day.”

Doyle McManus, the Washington bureau chief of the *L.A. Times*, says of Carroll and Baquet, “They were a terrific Mutt-and-Jeff act. They did distinctly different things. John was General Mar-



“Yes, you'll do it? Or yes, you wish I were dead?”

shall and Dean was General Eisenhower." Baquet "was in my office ten times a day," the national editor, Scott Kraft, said. "John would pay a lot of attention to a few stories, and delegate the rest. Dean likes to be involved in every aspect of the coverage." Kit Rachlis, a *Times* alumnus who is now the editor of the magazine *Los Angeles*, and who admired what Carroll and Baquet were doing, said that Baquet has difficulty making hard decisions about personnel and delivering bad news.

With the support of the *Times*' publisher, John Puermer, who was highly regarded by the Tribune Company, Carroll and Baquet made major changes over the next five years. They replaced ten of the fourteen editors on the paper's masthead. The Orange County bureau, which had employed about two hundred people, now employs fewer than twenty; most of the staff was moved to other sections. (Orange County was scaled back, Baquet says, because "it was marketing; it wasn't journalism.") They expanded the Washington bureau from fifty-five to sixty-one people, which made it second in size only to that of the New York *Times*; and they spent millions of dollars covering Iraq. The paper has twenty-four overseas bureaus—three more than the *Washington Post*. They doubled the number of investigative reporters. Vernon Loeb, a strong investigative reporter at the *Post*, was hired as Metro investigations editor, with a team of ten reporters to supervise.

The paper aggressively pursued investigative stories. Five days before the recall election for California's governor, the *Times* published a story revealing that the Republican candidate, Arnold Schwarzenegger, had sometimes groped women during his acting career. Better to publish now, Carroll reasoned, than "explain lamely to our readers after Election Day why we had withheld the story." Some conservatives saw a liberal bias behind the Schwarzenegger articles and the timing of their publication. More than a thousand readers cancelled their subscriptions. A series on the Martin Luther King, Jr./Drew Medical Center—headlined "DEADLY ERRORS AND POLITICS BETRAY A HOSPITAL'S PROMISE"—singled out the hospital's leadership, which was African-

American. The series, which won a Pulitzer Prize, was denounced by black community leaders. The newspaper was willing to commit considerable time and money to a single story, and a November, 2003, series on Wal-Mart's business practices—reported from Asia and Central America, as well as from the United States—remains the definitive newspaper study of the subject; it won another Pulitzer for the *Times*.

For years, under the Chandlers, the *Times* was known as a "cops and courts" paper, although it tried to cover the nation and the world, and often did it well. Carroll and Baquet's obsession with matching America's best newspapers came at the expense of local coverage. The problem was compounded when they hired an editor from *Newsday* to oversee the California section and staffed the local desk with relatively inexperienced reporters, who viewed local news as a path to Washington or overseas assignments. (However, the staff did win a Pulitzer last year for its coverage of the ruinous brush fires that swept through the area.) One veteran reporter, Bill Boyarsky, who had spent his career covering California, accepted early retirement, which cost the *Times* some authority. "We've lost a lot of experience," Leo Wolinsky, the deputy managing editor, who runs the daily page-one meeting, said. Last year, Janet Clayton, a Californian who had been the editorial-page editor, was made assistant managing editor for state and local news. Still, Baquet said, "we haven't mastered making the paper feel like it is edited in Los Angeles."

The geography of Los Angeles has never been ideally suited to newspapers. People do not commute on subways, where the morning paper is a daily companion. The readership area is unusually diffuse. The city's five counties encompass nearly thirty-four thousand square miles—which is about the

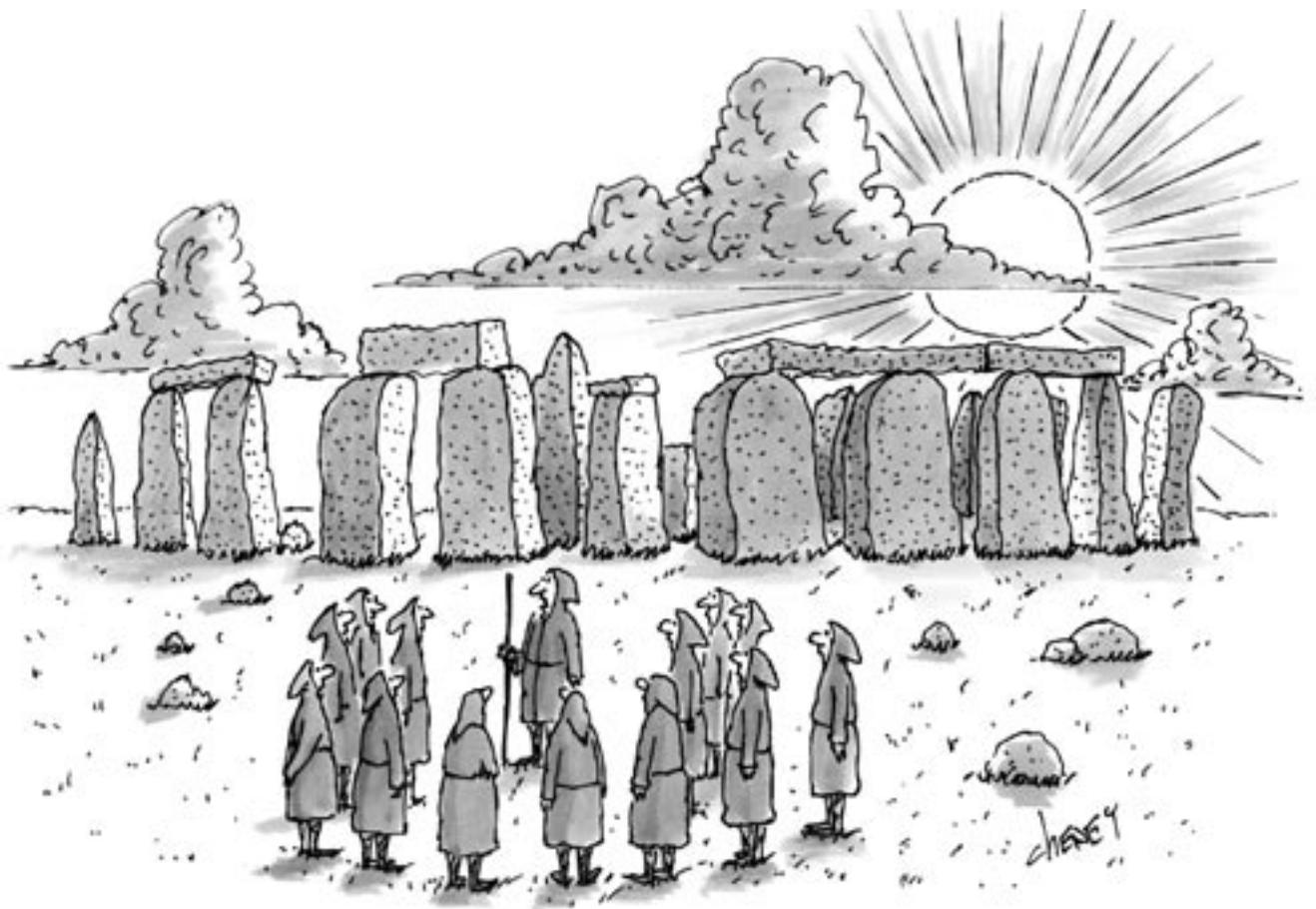


size of Indiana. The area now has more residents, 17.5 million, than all of Florida. The *Times* prints five zoned editions, but the diversity of the population makes it difficult to create an identity. The most recent census reported that there were over three million more nonwhites than whites living in Southern California; nearly forty per cent of the population is Latino. More than a dozen daily newspapers and numerous weeklies compete for the attention of readers.

Nothing was less locally minded than Carroll's decision, in April, 2004, to hire Michael Kinsley as the editorial and opinion editor, which gave the paper a national voice, approval among the chattering classes on the East Coast, and an innovative editor. But Kinsley spent half his time working from Seattle, where he lives, and so, unlike most editorial-page editors, he was not particularly visible in the community. Kinsley delegated that part of the job to Andrés Martínez, whom he recruited in September from the New York *Times*.

The first serious trouble between Carroll and corporate management came in 2003, when, to meet its profit goals, the Tribune Company decided to cut expenditures. To spare newsroom jobs, Carroll agreed to cut the amount of space designated for news. (Between 2001 and 2005, the weekly news hole shrank by more than fifty pages.) The company also pressed Carroll and Baquet to run stories from the other Tribune-owned newspapers, a change that the editors resisted. "If we decide that we're not going to cover the world ourselves, we'll become a second-tier paper," Carroll said. He believes that the New York *Times*, the *Washington Post*, and the *Wall Street Journal* are America's best newspapers, because they are controlled by families—the Sulzbergers, the Grahams, and the Bancrofts, respectively—who value the quality of their papers above short-term financial performance.

The Tribune Company also wanted to consolidate the Washington bureaus of its newspapers. When Jack Fuller first raised the idea, Doyle McManus recalled, he said that he wanted the bureaus "to work together to find ways to eliminate needless duplication of effort,"



*“Now that we can tell time, I’d like to suggest that we begin imposing deadlines.”*

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and to operate under one roof. Fuller assured Tribune Company editors that consolidation would not mean eliminating separate bureaus, as Knight Ridder had done. Still, Fuller’s request worried Carroll, who was tired of dealing with Chicago, and he asked Baquet to attend more budget reviews and management meetings. Baquet and an old friend, James O’Shea, the managing editor of the *Chicago Tribune*, came up with a compromise, accepted by Doyle McManus, under which the *Times* would gradually reduce its Washington bureau by six people. Deeper cuts were later made in the Washington bureaus of *Newsday* and the *Baltimore Sun*. But Carroll suspected—rightly, as it turned out—that this was only the start of a bigger campaign to cut jobs and resources.

Baquet, who shared Carroll’s concerns, thought about leaving the paper in 2003. The *New York Times* had fired Howell Raines as executive editor in

June, and Joe Lelyveld had returned on an interim basis. The *Times* was scouting for a successor, and on June 15th the *Times*’ publisher, Arthur Sulzberger, Jr., and Lelyveld flew to Los Angeles to take Baquet to dinner. “I made it clear to them that I probably would not take the job if they offered it to me, but they didn’t offer it to me,” Baquet recalls. The conversation with New York continued, though, and Baquet talked over the prospect with Carroll. Baquet’s son was settled in school, his wife’s parents had moved to California, and he was devoted to Carroll and the staff they had built. He said that he telephoned Sulzberger a week later and took his name out of consideration. The job eventually went, as many expected, to Bill Keller.

There was a sense that Carroll and Baquet were not spending enough time communicating with the Tribune Company. Carroll’s strengths—editing stories and recruiting talent—“were also

his weaknesses,” Leo Wolinsky told me. “He was an old-fashioned editor who did not want to engage with his corporate bosses.” Vernon Loeb, who had once worked with Carroll at the *Inquirer*, believes that Carroll inherited Gene Roberts’s view that a newspaper is perpetually at war with its corporate parent. Loeb was wary of Chicago, but he felt that the company deserved credit for hiring Carroll and Baquet and for supporting investigative teams, including his own.

In April of 2004, the *Times* received five Pulitzer Prizes, the most ever won by the paper. To the surprise of the reporters and editors, Tribune executives did not praise the *Times* in any sort of public communiqué. “You can’t turn on your computer here without getting a missive from Dennis FitzSimons”—the Tribune Company’s C.E.O.—“yet there was nothing. Nothing!” Tim Ruten, the associate features editor and a media columnist at the *Times*, told me.

And no executives from the Tribune Company attended the awards ceremony, at Columbia University. There was a feeling in the *Times* newsroom that the Chicago *Tribune* was envious, a view that was reinforced after James Warren, the *Tribune's* deputy managing editor, commented to *Crain's Chicago Business*, "What'd they win for? Editorials. Well, I'd say we have a better editorial page, by and large. They won for photography. I think ours is as good as anybody. . . . Front to back, I'd argue that our features still remain stronger day-to-day. . . . And no paper has done better [long-term reporting] projects in recent years than the *Tribune*. That's a fact."

Two months later, Carroll was informed that revenues at the *Times* were stagnant and that the Tribune Company expected him to make large newsroom cuts. According to the newspaper analyst John Morton, Tribune's other newspapers, before the purchase of Times Mirror, consistently produced profit margins averaging close to thirty per cent, while the Los Angeles *Times* was earning considerably less. Margins at the *Times* had increased, but, despite the changes that Carroll and Baquet had made, daily circulation had fallen by 12.8 per cent since 2000, to just under a million. Nevertheless, Carroll resisted the demand; he continued to believe that the strategy he and Baquet were following would eventually result in

larger profits, and that the cuts could permanently damage the paper. Carroll called FitzSimons and proposed that he and Baquet fly to Chicago over the weekend to discuss the cuts. Instead, that afternoon FitzSimons and Fuller took the corporate jet to the Burbank airport, where they met with Carroll and Baquet for more than two hours. The discussion was civil and frank, but FitzSimons kept repeating that revenues were not growing, and Carroll and Baquet realized that they had lost the argument. In the end, they were asked to cut sixty-seven out of about eleven hundred editorial positions. In the prior four years, annual expenses had been reduced by about a hundred and thirty million dollars; further cuts were requested for the 2005 budget. "I don't think Carroll's relationship with the Tribune Company ever recovered," Tim Rutten told me.

A senior editor has described the conflict between Chicago and the *Times* editors as "a wrestling match," attributing it in large part to the fact that executives in Chicago were "a little bit panicked" at the company's relatively low stock price and at weaker circulation and advertising numbers. The paper was constantly being urged to adopt the latest "management fad," this editor said, including schemes to lure young readers with a free youth paper "that people would read on trains—and there are no trains in L.A.!" The "ongoing

question" in the newsroom, one reporter said, was "What's Chicago doing to us now?"

Journalists may try to understand the world, but not all of them grasp the business side of their newspapers. On the twenty-third floor of Tribune Tower, on Michigan Avenue, in Chicago, Tribune Company executives tend to view journalism through the prism of the company's successful publishing business, which in 2004 provided seventy-two per cent of Tribune's \$5.7 billion in revenues. "We think everybody in the organization should understand what's happening in the wider world of media," FitzSimons, the C.E.O., told me recently. "Because if we don't make that attempt, if we aren't relentless about it, how can we expect decisions to be understood? People at the papers need to understand how the business is changing."

Measured by revenue, the Tribune Company is the second-biggest newspaper chain, after Gannett, which in 2004 had \$6.6 billion in revenues, from a hundred and one newspapers, including *USA Today*. Knight Ridder, with thirty-one dailies, including the Philadelphia *Inquirer* and the San Jose *Mercury News*, earned about three billion dollars. Measured by daily circulation, the Tribune Company ranks third, with about 3.1 million, behind Gannett, with 7.6 million, and Knight Ridder, with 3.8 million. For 2004, according to Morton, Gannett newspapers' operating profit margin was twenty-eight per cent, and Knight Ridder's was nineteen per cent. Operating margins at the Tribune newspapers were down to eighteen per cent.

In recent years, Tribune Company executives have met their earnings goals by relying on "efficiencies"—the euphemism for outsourcing, cuts, and layoffs—and these reductions have impressed Wall Street analysts and annual shareholders' meetings. In a recent report, the Goldman Sachs analyst Peter P. Appert noted that Tribune operating expenses had dropped, even though the costs of newsprint and of employee benefits rose. "A 5% staff reduction implemented over the past several quarters was key to this performance," he wrote. "We are particularly impressed with the company's ability to hold newspaper op-



"Hey, I know—why don't we go on a little crime spree?"

## OXYGEN

Everything needs it: bone, muscles, and even,  
while it calls the earth its home, the soul.  
So the merciful, noisy machine

stands in our house working away in its  
lung-like voice. I hear it as I kneel  
before the fire, stirring with a

stick of iron, letting the logs  
lie more loosely. You, in the upstairs room,  
are in your usual position, leaning on your

right shoulder which aches  
all day. You are breathing  
patiently; it is a

beautiful sound. It is  
your life, which is so close  
to my own that I would not know

where to drop the knife of  
separation. And what does this have to do  
with love, except

everything? Now the fire rises  
and offers a dozen, singing, deep-red  
roses of flame. Then it settles

to quietude, or maybe gratitude, as it feeds  
as we all do, as we must, upon the invisible gift:  
our purest, sweet necessity: the air.

—*Mary Oliver*

erating margins essentially flat.” Despite the Tribune Company’s efforts, its stock price fell eighteen per cent in 2004. (Last week, after a court ruled that the Tribune Company was liable for a billion dollars in tax costs, the stock fell more than four per cent. The case, which the company is appealing, predates the acquisition of Times Mirror.)

Jack Fuller believed that, while Carroll was doing a “brilliant” editorial job in Los Angeles, he wasn’t enough of a “team player.” Fuller, who had been a rival of FitzSimons for the C.E.O. job, stepped down in December, 2004, in order to return to writing. He was replaced by his deputy, Scott Smith, who is fifty-four. Unlike Fuller, Smith has never been a journalist. He is a Chicago native and has spent most of his career

at the Tribune Company. A business-school graduate, he joined the company twenty-five years ago as a financial executive, and rose to become the chief financial officer and then chief corporate strategist. In 1993, he was appointed president and publisher of the South Florida *Sun-Sentinel*, in Fort Lauderdale, and in 1997 he returned to Chicago as president and publisher of the Chicago Tribune Company.

In Los Angeles, Smith is sometimes described as “an empty suit”—a frequent term in newsrooms for a paper’s corporate overseers. Leo Wolinsky recalls a meeting soon after he was appointed: “We were talking about good things we were doing and how we were trying to hire the best people. He said, ‘I don’t think you always have to hire the best

people.’ I was so stunned I didn’t follow up. I may be wrong, but I worried that it meant he did not necessarily mean to hire the best. He wanted us to hire the cheapest.” Smith denies saying this. Carroll was there, and although he does not remember Smith’s words, he recalls that “several things he said caused concern.” He also says, referring to Smith, “Every time I mentioned the idea that the Los Angeles *Times* should be among the four best papers, I had the feeling it made people uncomfortable. Nobody ever said we shouldn’t do it. But nobody ever said, Yes, that’s a good idea.”

Smith is viewed more enthusiastically by Ann Marie Lipinski, who joined the Chicago *Tribune* as an intern in 1978, right after college, and whom he appointed editor in 2001. Lipinski acknowledges the “ongoing conversation” at all newspapers about “how you balance the social mission with the economics,” but she says that Smith “talks a lot about the social mission of the paper, and it’s music to my ears. I don’t know that every editor is as fortunate to have somebody minding the store who actually understands the value of that as deeply as he does.” When Lipinski’s words were repeated to Smith, he smiled and said the sort of thing that journalists like to hear people say about them. At the *Tribune*, he said, he “learned how a journalist thinks about serving readers every day, great storytelling, and what really matters in terms of our public role as well as our commercial role.”

Smith was focussed on the diminished circulation of the Tribune papers, in particular the L.A. *Times* and, most worryingly, *Newsday*, where there had been a circulation scandal. Executives presumably intent on meeting the Tribune Company’s profit goals had lied about the numbers, inflating advertising rates. This forced the company to set aside ninety million dollars from 2004 earnings to settle claims from advertisers who had overpaid for phantom readers.

Recently, I met with Smith and FitzSimons in a conference room between their offices. FitzSimons, a native New Yorker, started out at Grey Advertising and then became a sales-and-marketing executive for Viacom. He joined the Tribune Company in 1982, in television sales, and rose to run all of broadcasting for the company. He be-



came C.E.O. in 2003 and chairman the following year.

Smith dismissed criticism that the Tribune Company had an unseemly obsession with profits. “We don’t think about margins alone,” he insisted. “We think about ‘Are we growing?’” FitzSimons interrupted to say, “We look at improvements in efficiency. Ideally, you want margins to grow through revenue growth, but we have not had revenue growth at the L.A. *Times*.” He went on, “Seventy per cent of our employees are shareholders. Our employees own eleven per cent of the company”—and, he suggested, keep their eyes fixed on the stock price. When Tribune bought Times Mirror, in 2000, FitzSimons thought that his company would be cheered as a rescuer. He is still shocked that the *Times* newsroom treats him and the other Tribune executives with such hostility: “Five years later, we have the same questions being asked.”

In the first six months of 2005, revenues for the Tribune Company were down two per cent from the previous

year. The *Times* all but froze hiring; the single slot in the paper’s Las Vegas bureau has been empty for more than a year. The Tribune Company commissioned a study of staffing patterns at various papers and, according to senior editors, discovered that the *Times* had many more copy editors than the *Tribune*. Carroll told Smith that copy editors were an important part of making a good paper great, but Smith replied that the *Tribune* was sufficiently great with a much smaller staff. Carroll did not tell him what he believed—that the *Tribune* was inferior to the *Times*.

I showed Smith and FitzSimons a clipping in which Carroll was quoted as saying that newspapers set their profit goals too high and that Wall Street was too influential. “That’s his opinion!” FitzSimons said sharply. “We’re looking toward the future and what do we have to do and how do we need to allocate our resources to keep our business healthy, and have the financial wherewithal to continue to do great journalism. Unfortunately, the caricature that develops is

frequently ‘the greedy corporate suits versus quality journalism.’” Later, I asked Smith how he responds to reporters who ask why a fifteen-per-cent profit margin is not enough. He replied, “It’s the equivalent of saying, ‘I wrote a really good story yesterday, but that’s the best I’ll ever do.’ Our premise is that we can improve.” The question is: Improve the paper or the profits?

Not everyone in the *Times* newsroom believed that the first round of cuts damaged the paper. Doug Franz, who followed Baquet to Los Angeles, said, “I know the Tribune Company pretty well, since I worked at the Chicago *Tribune* for eight years, and it’s not Knight Ridder or Gannett.” Even Carroll says of last year’s cuts, “We tried to mask it. We were reasonably successful.” For instance, when Carroll cut the staff of the Orange County edition, he was able to use some of the savings to expand the paper elsewhere.

FitzSimons said that journalists make “too many fake arguments” about how newspaper companies are trying “to dumb down,” rather than asking how newspapers can attract new readers. “What’s the right balance of entertainment and hard news?” he said. “Publishing a paper that just *we* like maybe isn’t enough in this environment. We have to be more open to what consumers want.” He showed me a review of several journalism books by Richard A. Posner, a Chicago federal judge, in the New York *Times Book Review*. “This is the point that I felt was interesting,” FitzSimons said, pointing to some sentences that he had highlighted: “Journalists express dismay that bottom-line pressures are reducing the quality of news coverage. What this actually means is that when competition is intense, providers of a service are forced to give the consumer what he or she wants, not what they, as proud professionals, think the consumer should want, or, more bluntly, what they want.” In a letter to the editor of his own *Book Review*, the paper’s executive editor, Bill Keller, asked, “Would he be so cynical about a world he actually knows?” In Tribune Tower, Posner’s argument trumped Keller’s. Clearly, the news side saw itself at war with people who had minimal interest in ambitious journalism, and the “suits” saw themselves in

conflict with sanctimonious and unrealistic idealists.

The Tribune Company's increasing impatience with the Los Angeles *Times* was made clear in March, when the paper's publisher, John Puerner, who had worked for the Tribune Company most of his professional life, announced that he was taking "a self-imposed career break" and would step down. Puerner, who is in his early fifties, was concerned about his wife, who had had a recent health scare, but in Chicago Puerner, who had become close to Carroll, was seen as having "gone native." "I never worked for a better publisher," Carroll said. Asked why Puerner left, Smith looked over at his publicity chief and then said, "John and I came to the conclusion together that he was ready for the next chapter in his life, and the *Times* was ready for the next publisher." When it was announced that Puerner was leaving, Carroll gave him a farewell party at his home. "If John had been there, I likely would have stayed a little longer," Carroll told me. To replace Puerner, Scott Smith appointed Jeffrey Johnson, a Chicagoan who had joined the Tribune Company in 1984, and who had worked for Puerner at the Orlando *Sentinel* and at the *Times*.

When I asked Carroll to interpret Dennis FitzSimons's argument that newsrooms need "to understand how the business is changing," he said, "I would interpret it as 'We don't understand his problems.' I think actually I do. He is in a position where he has got to hit profit targets regardless of revenues. If the company doesn't do that, there will be consequences from Wall Street and from the board." Carroll does not believe that the battles with Chicago were about miscommunication. "On the surface, it's about cuts. But it's also about aspirations for the paper, and for journalism itself. I think this paper is important beyond Southern California. Among other things, it is test case No. 1 of whether a newspaper chain can produce a first-rate newspaper." Carroll added, "It may be that it is simply structurally impossible."

Tension between L.A. and Chicago reached its peak this past spring, when the Tribune Company told Carroll that it wanted still more staff reductions. "It was becoming an annual

thing," Carroll told me. (Over his four years as editor, the newsroom had been reduced, through layoffs, attrition, and buyouts, by nearly two hundred employees.) Some editors feared that the next round of cuts would be as much as ten per cent of the newsroom—about ninety people—although Carroll says that the figure was lower. FitzSimons said, "We don't comment on rumors." The proposed cuts, a senior editor explained, were based on a formula that pegged the newsroom budget to a fixed percentage of revenue; if revenue rose, the cuts went down. In addition, Scott Smith was pressing the *Times* to consolidate its overseas bureaus with those of other Tribune papers.

In late June, rumors circulated that both Carroll and Baquet were going to resign. By then, Carroll had told Baquet and Johnson that he was exhausted by what he saw as the Tribune Company's unquenchable desire to measure success by the accountant's ledger. Baquet was inclined to leave with Carroll, but Carroll urged him to consider his obligations to the people they both had hired.

On June 30th, Baquet and Johnson met with FitzSimons and Smith in Chicago. By then, the four men knew that Carroll was definitely leaving. "We talked for several hours about the paper," Baquet said. "We debated the size of the paper. We debated why there was a drop in circulation. We talked about what I thought was important. It was the kind of communication you're supposed to have." According to Smith, the discussion was "to make sure that we were in agreement on the important tasks ahead." They were not. FitzSimons and Smith discussed meeting financial targets; Baquet spoke about a newspaper's obligation to cover certain stories no matter what the cost. The discussion ended inconclusively.

When Baquet returned to Los Angeles, he told close associates, "I'm prob-

ably going to leave." Over the July 4th weekend, as this possibility seemed more likely, senior editors were called into the office. Johnson told his superiors in Chicago that it would be disastrous for the *Times* if both Baquet and Carroll quit. There were conference calls with Smith; Johnson pleaded with Baquet to stay, assuring him of the Tribune Company's flexibility. "I like Jeff a lot," Baquet said. He trusted Johnson more when he saw how intent the publisher was on keeping him.

The publisher was not eager, however, to keep Michael Kinsley, whose tenure had been controversial from the start. Kinsley had tried to combine ideas from the online world—he was the founding editor of *Slate*—with the voice of a newspaper, including an experiment to produce "wikitorials," allowing readers to rewrite *Times* editorials online. (The experiment was halted when, instead of posting thoughts, some readers posted pornography.) Soon after Johnson took over, he decided that Kinsley should report to the publisher, not the editor—the arrangement at most newspapers. Kinsley wanted to restructure his agreement so that he could spend even more time in Seattle. "Michael was not used to dealing with someone like Jeff, who is not starry-eyed when dealing with Michael Kinsley, as most of us were," a friend of Kinsley's told me. "Michael was offended by what he took to be indifference." There was growing strain between the two men, which was personal, and separate from the institutional battle between the newsroom and Chicago.

In mid-September, Johnson decided to sever the *Times*' relationship with Kinsley; he didn't say whether the paper would continue to run the weekly column Kinsley had been writing. "I concluded that it was best to make a clean break," Johnson told me. In the end, Kinsley upstaged Johnson, further infuriating him. He announced that he had been fired and would be an adviser to the Washington *Post*, which would be home to his column, though he hoped that the Los Angeles paper would also carry it. Kinsley's friend and protégé Andrés Martínez, who now has full charge of the editorial page, found all of it painful. When asked whether he would run Kinsley's column, he replied, "It hasn't been



decided.” Kinsley said, “Your dream editorial-page editor should be part of the community. I thought maybe I’d be a brain asset.”

The drama in Los Angeles revealed many of the dilemmas facing the modern newspaper business. The Carnegie Corporation recently reported that the average age of newspaper readers is fifty-three. Baby boomers, it said, “read newspapers one-third less than their parents and the Gen Xers read newspapers another one-third less than the Boomers.” A third of Americans under the age of forty say that the Internet is now their main source for news, a Pew survey reported in June. In a speech at the annual meeting of the American Society of Newspaper Editors last April, Rupert Murdoch gave something of a warning to his audience. Younger readers, Mur-

doch said, “want control over their media, instead of being controlled by it.” Murdoch went on, “Too often, the question we ask is: ‘Do we have the story?’ Rather than ‘Does anyone want the story?’”

Newspaper companies have responded in a variety of ways. In 2000, to protect its classified ads, which account for about a third of advertising revenues—and have been lost to Craigslist and other online sources—the Tribune Company, in partnership with Knight Ridder and, later, Gannett, purchased CareerBuilder.com, which compiles the classifieds of multiple newspapers online. Tribune maintains ownership in a number of other Web sites, including Cars.com and Apartments.com. Newspapers everywhere have invested in free online editions, and the L.A. *Times* site attracts 4.6 million unique visitors every month. (The Washington *Post*’s site

claims 10.4 million visitors, and the New York *Times* claims 12.5 million.) By the spring of 2004, the Newspaper Association of America reported, fifteen hundred dailies had Web sites. Newspapers have experimented by charging for some things—access to archives and columnists, for instance—and most collect information about their readers, which might be of value to advertisers. But so far the only newspaper to make a significant profit from online paid subscribers is the *Wall Street Journal*. Fitz-Simons does not envision a shift from print “in our lifetime,” although media companies seem almost desperate to claim a piece of Internet real estate. This past summer, Murdoch’s News Corporation spent \$1.3 billion to buy several sites, including MySpace.com, a social networking site. Other newspaper companies have paid handsomely to compete.

Irwin Gotlieb is the C.E.O. of GroupM, which each year manages some fifty billion dollars’ worth of advertising—more than any other company in the world. These days, few of those dollars go to newspapers. But Gotlieb thinks that money might eventually go to digital newspapers, presumably because the technology will give advertisers a way to target individual consumers.

So far, though, nothing has stopped the steady acquisition of media properties, including the Tribune Company’s purchase of Times Mirror. Lauren Rich Fine, a Merrill Lynch publishing analyst, points out that newspapers’ profits went from fourteen per cent of their revenue to twenty-three per cent between 1991 and 2004. Yet most newspaper stocks have not done well, because of a fear that, in the face of new technologies and changing audiences, decline is inevitable.

That sort of pessimism has led the biggest chains, Tribune Company, Knight Ridder, and Gannett, to aggressively cut costs. The McClatchy Company, however, which owns twelve dailies in affluent communities, including the Sacramento *Bee* and the Minneapolis *Star Tribune*, believes that the way to add readers is to add staff to newsrooms. Much the same tack has been taken in recent years by the twenty-six Newhouse newspapers, which include the Newark *Star-Ledger* and the New Or-



leans *Times-Picayune*. (*The New Yorker* is a Newhouse publication.) According to McClatchy's chairman and C.E.O., Gary B. Pruitt, its newspapers have registered "twenty consecutive years of daily circulation growth." Pruitt expects that record to end this year.

To reach nonregular newspaper readers, *Newsday* in 1998 started publishing a free Spanish-language newspaper, *Hoy*; the Tribune Company introduced *Hoy* in Chicago in 2003 and in Los Angeles the following year. There are many free newspapers published, from alternative weeklies like the *Village Voice* to newer additions like the San Francisco and Washington *Examiners*, owned by the Denver entrepreneur Philip Anschutz, who has trademarked the name for more than sixty cities. In October, 2002, the Chicago *Tribune* launched *RedEye*, a free paper targeted at eighteen-to-thirty-four-year-olds, with a print run of a hundred thousand copies. Ann Marie Lipinski, to whom *RedEye's* editors and its staff of twenty-two report, refers to the paper as "a really exciting laboratory" to learn what young people want in a newspaper. *RedEye* appears in a minimalist tabloid format, which saves paper costs and is easier to read on the subway. It does not attempt to meet the journalistic standards of the *Tribune*. Joe Knowles, the co-editor of *RedEye*, told me, "I think our readers will grow into *Tribune* readers."

After the June 30th meeting in Chicago, Smith tried to be accommodating to Baquet—at the margins. He told him that newsroom cuts would be necessary, but that Tribune wouldn't order reductions in overseas bureaus this year. He would let Baquet lead a committee, much as he had done with the Washington bureaus, to analyze how Tribune national and international bureaus could operate more efficiently. Baquet, in turn, agreed that he would not reflexively oppose more stories from other Tribune papers or more survey research of readers. And, most important, he agreed to stay.

"What I got from him," Martin Gottlieb recalled, was that after the "horse trading" Baquet "was satisfied emotionally." Baquet convinced himself that he and Carroll bore some blame for the fractious relationship with Chicago.



"John and I made a mistake," Baquet told friends. "We didn't work that relationship better." Yet Baquet knew that he had reached a ceasefire, not a peace treaty: "I think newspapers run the risk of cutting themselves to death. At some point, we're going to have to stop." Joel Suppell, the deputy business editor, wondered if Baquet was "the last finger in the dike."

Baquet got a chance to place his own signature on the Los Angeles *Times* when Hurricane Katrina struck the Gulf Coast. The paper sent about fifteen reporters to the area. By the third day, four of the six front-page stories, including an extraordinary color photograph of New Orleans underwater, described the storm's toll, as did eleven pages in the main section. Jeff Johnson, Baquet said, "never questioned" the extra expense.

To try to improve communication between Chicago and Los Angeles, FitzSimons and Smith went to Los Angeles in August for a meeting with Baquet and Johnson and the senior editorial and business managers at the paper. Such meetings are fairly common at large companies, and allow for both a presentation and questions. Scott Smith was asked about something he had been quoted as saying in the Chicago *Sum-Times* a few days earlier—that he would like to see the editorial product of the Los Angeles *Times* "tweaked." The deputy managing editor, John Montorio,

asked, "What do you mean by 'tweaked'?" Smith assured him that Chicago would never dictate content to one of its papers, but he added that Los Angeles was a vast, complex market, and he wanted the newsroom to be always mindful of who its readers were and what they expected from a newspaper.

Several hours later, Baquet talked to me about the future. He said that five years ago, when he and Carroll arrived, the paper had "lost a whole generation of talent—maybe thirty people in all," to other publications. He acknowledged that they had cut back too much on local news; of the Orange County office, he said, "It was way too big before and now it is too small." He said that he did not know whether the Los Angeles *Times* would someday publish a free paper like *RedEye*, though he believes that the *Times* needs to reach new readers, including young ones. And he does not, he said, share the populist vision of editors giving readers whatever they demand. "It's not always our job to give readers what they want," Baquet told me. "What if they don't want war coverage or foreign coverage or to see poverty in their communities? Southern newspapers are still hanging their heads because generations ago they gave readers what they wanted—no coverage of segregation and the civil-rights movement." The job of newspapers, Baquet added, was to help readers understand the world. "If we don't do that, who will?" ♦