

# Chapter 2

## A Market for Press Independence: The Evolution of Nonpartisan Newspapers in the Nineteenth Century

IMAGINE a world where patronage drives news coverage. Editors seeking favors from political parties slant the discussion of government policies. Newspapers trying to sell space to advertisers tailor the way they cover politics in order to gain more readers to market. News coverage is sold to the highest bidders—including readers, advertisers, and politicians. To the media's harshest critics, this imaginary world exists today in the biased way that politics is covered in the United States. Most readers and viewers would reject this as a current description of journalism in America, where objectivity is seen as a guiding principle in reporting. Yet for nearly half of the history of the American press, newspapers acknowledged and proclaimed that their judgments about news were influenced by partisan considerations. Understanding why newspapers abandoned strong party affiliations and embraced editorial independence requires going back in time to see how the notion of independent news coverage evolved. This chapter traces the path to objective news judgment by studying newspaper markets in the top fifty cities in America from 1870 to 1900.

Though we often talk about covering the news objectively as an ethical or professional norm, objective news coverage is a commercial product that emerges from market forces.<sup>1</sup> The decision by a newspaper to offer a partisan versus an independent interpretation of events depends on a number of factors: the political preferences of potential readers in a city; the size of the potential audiences for news coverage; the technology and costs of information generation and transmission; the varieties of products offered by competitors; the demand by advertisers for readers as potential consumers; and the size of partisan subsidies or favors. In 1870 most daily newspapers covering current events in the top fifty cities in America chose a partisan affiliation. Republican papers accounted for 54% of all metropolitan dailies and gathered 43% of the total circulation in these cities. Democratic papers comprised 33% of daily newspapers and 31% of circulation. Newspapers that chose to identify themselves as “independent” of party accounted for 13% of dailies and 26% of circulation.<sup>2</sup> In 1880 the percentage of daily newspapers choosing to identify as independent jumped to 34% of all dailies; these independent newspapers generated 55% of the aggregate circulation of dailies. The appeal of nonpartisan coverage continued to grow, so that by 1900 independent newspapers accounted for 47% of metropolitan dailies.

What drove the switch to independent coverage? There were a number of changes in newspaper markets during this time period: an increase in the number of potential readers; a decline in the cost of paper; changes in printing technology that increased the number of papers a press could print per hour and that increased the cost of presses; and the rise of advertising as a way to market goods. Many of these changes increased the economies of scale involved in newspaper production. New presses involved high capital costs, which could be spread across the sale of more papers as circulation increased. The speed of the new presses made it possible for an individual paper to reach a larger audience with a given edition of the news. A higher circulation paper might be more attractive to an advertiser, who could reach more readers with a single ad and who could avoid the fixed costs of negotiating ads with multiple news outlets. From a paper's perspective, these market changes meant that higher circulation could bring lower average and marginal costs and higher ad revenues, so some lowered subscription prices to attract more readers. With increasing advantages for increased circulation, papers faced the challenge of how to grow. Within a given city, strongly partisan ones faced natural bounds on their circulations. Democratic newspapers had greater appeals for Democrats, and Republican ones catered to the views of their party loyalists. If a paper chose to be independent in coverage, however, the owner might draw readers from all parties and allegiances. As circulation became paramount, papers chose independence as the easiest way to attain large-scale circulation.

The evidence in this chapter demonstrates that independent news coverage grew as scale economies became more important. The analysis here—of the newspaper markets in the fifty largest cities in America in 1870, 1880, 1890, and 1900—underscores how papers chose affiliations based on the relative returns generated by local party allegiances and production technology. Democratic papers circulated widely where Democrats earned a higher percentage of the vote; Republican newspapers did well where Republican candidates fared well. This could be because election outcomes in an area were influenced by a paper's political orientation, so that Democratic coverage generated Democratic votes. To take account of this, the chapter also demonstrates that Republican and Democratic papers garnered different circulations based on local demographic characteristics—such as the percentage of the population that was foreign-born or black—that were associated with party preferences but not caused by paper coverage. Papers with independent affiliations had higher circulations in larger cities, consistent with the idea that owners chose independent affiliation where advertising was more prevalent and where scale economies could be achieved. The growth in independent affiliation was most pronounced from 1870 to 1880 for the largest newspapers. Among papers whose circulations ranked in the top 10% of those analyzed, independents accounted for 25% in 1870 and 75% in 1880. For a given city population, a paper was more likely to achieve a scale economy size (e.g., a circulation in the top 20% or top 10% nationwide) if it chose an independent affiliation.

The benefits to large-scale circulation were significant and increasing over time in these local newspaper markets. Papers with the largest circulations had lower prices per square inch for consumers, generated higher subscription revenues per square inch for newspaper owners,

and earned higher total subscription revenues. These differences between smaller newspapers and those with the largest circulations increased dramatically from 1870 to 1900. Larger circulations brought higher ad prices, as did location in larger cities (which had more potential advertisers and consumers). Even with these higher ad prices, larger newspapers offered advertisers a more desirable price in terms of the cost per thousand readers, since they reached so many subscribers. The lower subscription costs made possible by economies of scale and advertiser support greatly increased the number of readers. In 1870, .25 daily papers per person circulated in the fifty largest cities, while this increased to .55 by 1900. In terms of political news coverage, papers with larger circulations and in larger towns were more likely to have their own correspondents covering Congress in Washington, D.C. In terms of overall editorial resources, independent newspapers had larger staffs than their partisan counterparts.

The decisions by some newspaper owners to cover politics without a partisan bias came at predictable times and at predictable places. Understanding why these papers chose to abandon party affiliation in favor of independent reporting requires a review of how economics influences content decisions.<sup>3</sup>

## Why Choose to Be Independent?

For a reader, a daily metropolitan newspaper in the 1870s offered a mix of local, national, and international news. For an economist, the same newspaper offers evidence on how experience goods with high fixed costs and multiple varieties come to market. The generation of news through reporting, editing, and layout involves costs that are fixed regardless of the number of issues printed. Though each individual in a city might prefer a different assortment of stories reported, the size of fixed costs will limit the variety of newspapers offered in the marketplace. The larger the city, the greater the number of papers that could be supported by readers. The types of papers offered will correspond to the interests of readers. Since a reader needs to consume it to determine its full content, newspapers are called “experience goods.” In order to signal to potential readers the type of good offered, newspapers will develop reputations or brand names. The easiest way to indicate the paper’s brand position is to include it in the name, for example, *The Republican* or *The Democrat*. The mix of brand locations chosen across cities and over time in the late nineteenth century can be explained by answering the five Ws asked in the marketplace.

The first two relate to preferences and endowments: Who cares about a particular piece of information? What are they willing to pay to find it, or what are others willing to pay to pay to reach them? Newspapers can offer different combinations of the four different types of information identified by Downs (1957): entertaining stories; information that helps producers make business decisions; data that help consumers make purchase decisions; and information that helps a person make political decisions. Some publications may specialize in producer information, such as newspapers aimed at financial markets or a particular industry. In the late 1800s, these typically had smaller circulations, higher prices, and were aimed at businessmen.

The majority of daily newspapers in the top fifty cities were general circulation publications that carried the local, national, and international news of the day (though the timeliness of the news might vary depending on the cost and reliability of transmission). The type and amount of information provided depended on the willingness of readers to pay for the newspaper, and on the value of those readers as that derived from advertising and political patronage. In some cities papers were segregated by class demographics, with newspapers aimed at middle- or upper-class readers charging more and those aimed at working-class readers charging a lower price (e.g., the “penny press”).

Aside from subscriptions or retail purchases, readers also brought newspapers value through advertising and political influence. The role of advertising markedly increased from 1870 to 1900. This stemmed in part from the growth of consumer items sold with national brand names, so that newspapers carried advertising for both local and national goods. Advertisers valued papers with larger circulations for several reasons. An insert in a larger paper reached more potential consumers, and transaction costs were lowered when advertisers dealt with a few larger papers rather than a multitude of smaller ones. At the same time that the number of advertisers was growing, the patronage offered by political parties was waning. With an expanding electorate and more newspapers with mass appeal, funding a party outlet may have been less effective since it might not reach a large audience. The costs of starting a newspaper and number of writers required to maintain the paper also grew tremendously. While an editor and a printing press were sufficient to create a party newspaper in the 1830s, by the 1880s a high speed press cost \$80,000 and staffs had expanded to include editors and reporters with specific beats.

A newspaper owner concerned about profit would thus calculate three different values attached to reader demands. The willingness of different demographic groups to pay for a newspaper defined one stream of revenues. The willingness of advertisers to pay to reach potential consumers brought another source of income. The ability of parties and politicians in government to provide subsidies, printing contracts, patronage jobs, and political favors defined an additional source of income.<sup>4</sup> Owners wishing to influence the outcome of partisan elections, and the direction of government policy, might factor in the ideological satisfaction of using the newspaper to achieve political ends. In choosing a partisan or nonpartisan brand identity in the marketplace, the owner would consider each of these demand factors. The revenue stream attached to choosing a Democratic affiliation would depend, for example, on the number of Democrats in the city and the other outlets contending for their attention, the willingness of Republicans and those without a party allegiance to read the paper, the value attached to the demographic groups reading the paper, and the willingness of the party or government to pay for particular coverage in the outlet.

The third and fourth Ws relate to technology and costs: Where can media outlets or advertisers reach people? When is it profitable to provide the information? The large fixed costs in composing and printing the first copy of a day’s paper mean there will be a limit on the number of varieties offered in the marketplace. The larger the number of readers in a city, the greater the number of papers whose fixed costs could be covered. Since there is a threshold

number of readers for a paper, larger cities may have more varieties since they may be more likely to have a sufficient number of readers with similar tastes. The relative attractiveness of adopting a Republican, Democratic, or independent approach to the news will depend on the number of outlets already serving a particular constituency. New entrants will thus consider current brand locations when staking out their positions. Established papers will also consider changes in market conditions when deciding whether to retain or abandon a particular partisan approach to covering politics.

The relative attractiveness of attaining a large circulation changed with advances in technology during this period. The development of presses with runs of 25,000 sheets or more per hour meant a single newspaper could supply a significant portion of a city's readers. Though these presses had high capital costs, the larger press runs meant that the fixed costs of assembling and producing the paper could be spread across many readers. The decline in average and marginal printing costs, accentuated by a drop in the price of paper, made it possible to reduce the price of the newspaper.<sup>5</sup> This in turn expanded the pool of readers willing to buy the paper. The increasing number of readers garnered by a paper in turn raised the desirability of advertising in the outlet. As more consumer products were developed with brand names supported by national advertising, companies sought to reach consumers through newspaper advertising. Dealing with larger papers reduced the costs of negotiating and placing ads, which reinforced the incentive for papers to become larger. These pressures pushed papers to try to attain sufficient scale to lower production costs and attract both local and national advertisers. The number of party stalwarts placed a boundary on the potential circulations of strongly partisan papers. If a paper adopted a nonpartisan take on political news, it could draw on a larger segment of the population if readers from either party could be attracted to the outlet.

The fifth W, Why is this profitable?, relates in part to institutions that affect the operation of a market. One institutional change during this period is the decline in the patronage provided to papers by parties. Government budgets were increasing during this time period, so to the extent that parties' or politicians' willingness to pay for coverage related to the advantages sought, one might expect increasing pay for partisan coverage.<sup>6</sup> The decline in direct support for partisan papers, however, may be related to changes described by the first four Ws. With the rise of papers supported by advertisers, the economies of scale possible with faster presses, and the drop in subscription costs and expansion of readership, parties may no longer have been able to offer terms attractive enough to win editorial support. Payments did continue throughout this period, especially during election years. The days of party payments guaranteeing the survival of an influential paper manned by a single editor and powered by a small press, however, waned with the rise of mass circulation newspapers.

The five Ws highlight the factors that influence whether a paper would choose a partisan or nonpartisan approach to the news in the period 1870 to 1900: the number of potential readers with a preference for partisan coverage and their willingness to pay for news; the value of particular demographic groups to advertisers or parties; and the economies of scale made possible by changes in printing technology. Economic theories do not offer precise predictions



about the number and brand locations of newspapers in given cities over time.<sup>7</sup> Spatial models of product location are sensitive to assumptions about the distribution of preferences of consumers, the interaction of competitors, the number of likely entrants, and the technology of production. The changes in technology that increase the economies of scale in newspaper production and the changes in advertising that generate new sources of revenues would further strain any models of brand location.

The most relevant economic models of content selection are the empirical ones developed by Waldfogel and coauthors to analyze the impact of audience diversity and size on consumption of media products in radio and in newspaper markets. Waldfogel (1999) finds in U.S. local radio markets that larger markets offer more stations and more varieties of stations, consistent with the notion that more potential consumers help cover the fixed costs involved in offering a station. Since consumers vary in their tastes for various radio programs, the likelihood that a particular type of program will be offered will depend on the degree that preferences are shared in the market. If a particular group is only present in a market in small numbers, the radio format that individuals in the group most prefer may not be offered. Waldfogel finds that in radio markets the number of stations targeted toward blacks and the share of blacks listening to the radio increases with the size of the black population. In daily newspaper markets, George and Waldfogel (2000) find that the content positioning of newspapers, and hence the consumption of the paper by different demographic groups, is affected by the racial composition of the city. Blacks are more likely to purchase a daily newspaper in an area with a larger number of blacks; this tendency decreases, however, with the number of whites in the market.

Though the five Ws of media markets and other economic theories of product location do not offer exact predictions about the number and allegiances of papers in an area, they do generate the following hypotheses about the decisions of papers in the top fifty cities to choose partisan or independent affiliations from 1870 to 1900.

*Democratic newspapers will garner more readers in cities where voters favor Democrats; Republican papers will fare better where readers are Republican.* Newspaper owners concerned with profits will take into account the preferences of potential readers in deciding whether to adopt a partisan viewpoint in interpreting the news. The greater the number of residents favoring Democratic candidates, the larger the potential readership for Democratic newspapers. Note that more Democrats in the city could attract multiple papers to offer Democratic viewpoints. If one of the papers achieved scale economies, these same Democrats could be served by a single Democratic paper. Since newspapers may vary in size, the predictions about paper brand location are not expressed in terms of number of papers adopting a partisan position. Rather, the hypotheses focus on the relationship between the percentage of a city's circulation generated by Democratic papers and the percentage of voters that cast their ballots for Democratic candidates. Since papers can exert influence on the likelihood that residents will vote for a particular presidential candidate, an association between newspaper affiliation and votes for a party could stem from coverage influencing

voter choices. To take account of this, the analysis will also focus on the relationship between newspaper circulation and demographic characteristics that relate to party preference but are not influenced by newspaper consumption (such as the percentage of the city population that is foreign-born or black).

*Independent newspapers will flourish in larger cities.* Cities with larger populations provide more opportunity for a paper to achieve scale economies. Larger presses, with the ability to print thousands of papers rapidly, may be only profitable if there are a large number of readers available in a city. Larger cities will have more local establishments trying to attract customers and will offer national advertisers more potential consumers. Papers will thus be more likely to adopt independent affiliations in larger cities.

*Independent newspapers will differ from partisan newspapers in many dimensions; they will have larger circulations, more recent establishment dates, and lower subscription prices.* If newspaper owners adopt a nonpartisan approach to covering events in order to achieve economies of scale, then one would expect higher circulations among independent papers. Since the advantages of larger circulations increase over time because of changes in printing technology and in advertising, papers entering a market face higher returns in choosing independent locations. Papers may face costs associated with switching brand locations, so older newspapers established in the earlier era of partisan presses may be more likely to retain their party position. If independent newspapers achieve lower costs through scale economies and attract more advertisers, this may lead them to charge lower prices per square inch.

*For a given market size, a paper will be more likely to achieve scale economies if it adopts an independent affiliation.* Partisan papers face potential boundaries to their circulations. Democratic voters may be unlikely to consume a newspaper that edits the news to favor Republicans. An independent newspaper, however, may be able to appeal to readers of many different political allegiances by covering current events from a nonpartisan perspective. This will depend on the willingness of party voters to forsake a partisan paper for an independent perspective. If there are enough strong partisans in a city, then a Democratic or Republican paper can achieve a large circulation (defined here as in the top 20% or top 10% of circulations for papers in the sample). If it is easier for independents to build circulation by appealing to a larger segment of a city, then for a given city size one would expect that a paper would be more likely to achieve large-scale circulation if it adopted a nonpartisan brand position.

*The advantages conferred by large circulation will increase over time.* From 1870 to 1900 advances in printing technology increased the number of issues printed per hour by presses and decreased the cost per paper of producing the paper. As advertising became more important in reaching consumers, newspapers with larger circulations became attractive vehicles because they offered companies the chance to reach significant numbers of potential purchasers. Lower printing costs and greater advertiser support meant papers could charge lower subscription

prices, which in turn expanded the number of readers for large-scale papers. These changes in technology and advertising over time mean that there should be a widening gap in the characteristics of large and small daily newspapers. Large papers should have increasingly lower costs per square inch, greater subscription revenues, and larger subscription revenues per square inch.

*Papers with larger circulations will charge more per advertisement. Companies will prefer to advertise in larger papers because they may offer lower costs per thousand readers.* Larger papers reach more readers, so they may charge more per advertisement. Advertisers will prefer dealing with larger papers than bearing the transaction costs of dealing with many smaller papers. Even though larger papers charge more per advertisement, the overall cost to an advertiser per reader reached may be lower since the larger papers reach significant numbers of consumers.

*Independent papers will not stop covering politics; they will simply cover it in a less partisan manner.* Independent newspapers will still invest heavily in covering current events. They will pay for correspondents in Washington, D.C. to cover Congress. With larger circulations and revenues from advertising, independent newspapers may be able to afford larger editorial staffs to cover the news.

Viewing editorial content as a product of market forces generates clear hypotheses about the origin and nature of the independent press. Before testing these ideas through statistical analysis, I look for evidence in contemporaneous accounts that the participants in newspaper markets viewed decisions about partisan coverage in economic terms.

## What Drives Coverage? Views from the Nineteenth Century

The most remarked upon change in daily newspapers in the period 1870–1900 was the emergence of the independent press. Papers at the time referred to themselves as “independent,” though the exact definition of this brand location varied. Independence could mean that a paper did not cover politics closely, or that a paper adopted a neutral stance in describing current events, or even that a paper chose favorites among politicians but did so on the basis of principle rather than party loyalty. These definitions share something in common, the notion that an independent paper is not a partisan outlet directly affiliated with a given party.

Many date the start of the independent press with the founding of penny press newspapers, such as the *Sun* and *Herald* in New York City, in the 1830s. In its first edition in 1835, the *Herald*’s founder James Bennett wrote that, “We shall support no party—be the organ of no faction or coterie, and care nothing for any election or any candidate from president down to constable.” He later promised that the *Herald* would “give a correct picture of the world—in



Wall Street—in the Exchange—in the Police-Office—at the Theatre—in the Opera—in short, wherever human nature and real life best displays their freaks and vagaries.”<sup>8</sup> The partisan press reacted to this new competition by labeling the Independents’ coverage of current events, such as crimes and trials, as sensationalism and attacking the editors of the new outlets as immoral.<sup>9</sup>

Some took the focus of the early independent press on events outside of politics as a neutrality of silence. In choosing to establish the *New York Tribune* in 1841, Horace Greeley declared in his autobiography:

My leading idea was the establishment of a journal removed alike from servile partisanship on the one hand and from gagged, mincing neutrality on the other. Party spirit is so fierce and intolerant in this country that the editor of a non-partisan sheet is restrained from saying what he thinks and feels on the most vital, imminent topics; while, on the other hand, a Democratic, Whig, or Republican journal is generally expected to praise or blame, like or dislike, eulogize or condemn, in precise accordance with the views and interest of its party. I believed there was a happy medium between these extremes,—a position from which a journalist might openly and heartily advocate the principles and commend the measures of that party to which his convictions allied him, yet frankly dissent from its course on a particular question, and even denounce its candidates if they were shown to be deficient in capacity or (far worse) in integrity.<sup>10</sup>

For Greeley, independence meant freely choosing to support a given political position. He explicitly criticized the independent papers that claimed not to take positions in political disputes. He noted in terms of expressing an honest political thought: “... a neutral paper seldom or never can. If it does, it will lose subscribers at every turn. Its only safe course is to avoid political discussion altogether, and thus leave the most important topics wholly untouched.”<sup>11</sup>

By the 1870s, editors saw the growth of independent papers as a national trend. An editor in New York wrote in 1872:

Independent journalism! that is the watchword of the future in the profession. An end of concealments because it would hurt the party; an end of one-sided expositions ... ; an end of assaults that are not believed fully just but must be made because the exigency of party warfare demands them; an end of slanders that are known to be slanders ... of hesitation to print the news because it may hurt the party ... of doctoring the reports of public opinion ... of half truths ... that is the end which to every perplexed,

conscientious journalist a new and beneficent Declaration of Independence affords.<sup>12</sup>

From the perspective of the editor of the *Springfield Republican* in 1872, the independent newspapers were supplanting partisan outlets: “The Independence, which has been held and despised as Indifference, and the Impersonality, which was denounced as Irresponsibility, are now seen in their higher and broader character, and their reforming and elevating influences are fast possessing the government of the press, and growing in public appreciation. Party Journalism began to fall with the death and retirement of its great representatives.... The growth of Journalism as a business, and the extinction of the old party lines and divisions have united to make ... its emancipation.”<sup>13</sup>

Despite the trend toward press independence, some papers still clearly declared their partisan attachments. The *New York World* noted:

In the year 1872 General Grant’s successor is to be chosen; the Forty-third Congress to be elected ... How to influence the people’s votes? By the newspaper—for it includes every other agency. It makes known events and facts—among all influences the chief. It assembles the vaster outside audiences which can not gather to the state-house, the pulpit, or the stump. It is the constant interpreter of men’s affairs, and of error or truth is the daily seed-sower. Next November is our political harvest-time. As we sow we shall reap. The *World*’s seed sowing will be fruitful to the extent that its circulation is widely pushed by those who approve its aim.<sup>14</sup>

In the coming elections, in which the paper noted “the ballot-box is the true battle-field of republics,” the paper declared that it would be the organ of the Democratic Party.

In models of brand competition, producers develop products in part by examining the market segments already captured by other products and assessing the prospects for introducing something different. Discussions of entry into the daily newspaper markets during this time period demonstrate that publishers viewed decisions about political affiliation as exercises in market segmentation. James E. Scripps, who established the independent *Detroit News*, noted in 1879: “As a rule, there is never a field for a second paper of precisely the same characteristics as one already in existence. A Democratic paper may be established where there is already a Republican; or vice versa; an afternoon paper where there is only a morning; a cheap paper where there is only a high-priced one; but I think I can safely affirm that an attempt to supplant an existing newspaper ... of exactly the same character has never succeeded.”<sup>15</sup> In describing the competition among papers of different affiliations, the editor of the *New York World* wrote a financial backer in 1875 that “independent papers are in the nature of the case nearer and sharper rivals of the paper which represents the dominant political sentiment than of the same paper representing the minority sentiment.”<sup>16</sup> The editor of

the independent *Cleveland Press* noted in 1879 that a nonpartisan market location brought a higher return than a partisan one. He noted that: “No matter how honorable the editors of the partisan papers may be personally, they are forced to do the dirty editorial work dictated to them by party interests.... We are in the newspaper business for the same purpose as that of most people who go into business—to make money. The independent newspaper is always a more profitable concern than the party organ, no matter how successful the latter may be.”<sup>17</sup>

The image of Democratic, Republican, and independent papers contending for readers within a market applied primarily to the larger metropolitan areas, where sizable populations existed within each city to cover the fixed costs of a variety of publications. In an 1891 publication entitled *Making a Country Newspaper*, Augustus J. Munson recommended that publishers in small towns choose a nonpartisan affiliation. He noted, “newspaper politics belongs to metropolitan journalism where a field sufficiently large to support it can be found.”<sup>18</sup>

Advances in printing technology made large circulation possible for dailies and increased the pressure on owners to deliver content that generated larger audiences. In 1846 the *Philadelphia Ledger* made news by adopting a Hoe double cylinder rotary printing press capable of printing 8,000 sheets per hour. By 1875 the Hoe Web printing machine printed 25,000 sheets per hour. In 1893, the *New York World*’s octuple rotary power press produced 96,000 eight-page newspapers per hour.<sup>19</sup> The founder of the first penny press newspaper in America, the *New York Sun*, credited the invention of the cylinder press with making larger circulation newspapers feasible. As Benjamin Day said in a 1851 tribute to Colonel R. M. Hoe (the inventor of the “lightning press”), “Constant and vexatious complaints of the later delivery of the paper could not be avoided up to the time ... [Hoe] came forward with his great invention of setting types upon a cylinder, the success of which ... has brought gladness to the hearts of a multitude of newspaper men.”<sup>20</sup> The advances in printing technology significantly increased the cost of operating a newspaper. While a new press in the 1840s could cost \$4,000-\$5,000, in the 1880s the more sophisticated presses cost \$80,000 each.<sup>21</sup>

The increasing costs of establishing a paper effectively raised the cost of running a paper to express an owner’s (or party’s) worldview. As one editor noted in 1906: “The immensely large capital now required for the conduct of a daily newspaper in a great city has had important consequences. It has made the newspaper more of an institution, less of a personal organ. Men no longer designate journals by the owner’s or editor’s name. It used to be Bryant’s paper, or Greeley’s paper, or Raymond’s, or Bennett’s. Now it is simply *Times*, *Herald*, *Tribune*, and so on”<sup>22</sup> Looking back in 1910 at the development of daily newspapers, a critic in the *Atlantic Monthly* noted:

More and more the owner of the big daily is a business man who finds it hard to see why he should run his property on different lines from the hotel proprietor, the vaudeville manager, or the owner of an amusement park. The editors are hired men, and they may put into the paper no more of their

conscience and ideals than comports with getting the biggest return from the investment.... Now that the provider of the newspaper capital hires the editor instead of the editor hiring the newspaper capital, the paper is likelier to be run as a money-maker pure and simple—a factory where ink and brains are so applied to white paper as to turn out the largest possible marketable product. The capitalist-owner means no harm, but he is not bothered by the standards that hamper the editor-owner. He follows a few simple maxims that work out well enough in selling shoes or cigars or sheet-music. “Give people what *they* want, not what *you* want” “Back nothing that will be unpopular.” “Run the concern for all it is worth”<sup>23</sup>

The sharing of material across newspapers created some incentives for the creation of nonpartisan content. The rise of the telegraph made it possible for newspapers to share rapidly a story written by a single correspondent in a distant city. L. A. Gobright, the first head of the Associated Press Bureau in Washington, described his charge to provide nonpartisan coverage in this way:

My business is to communicate facts. My instructions do not allow me to make any comments upon the facts which I communicate. My dispatches are sent to papers of all manner of politics and the editors say they are able to make their own comments upon the facts which are sent them. I, therefore, confine myself to what I consider legitimate news. I do not act as a politician belonging to any school, but try to be truthful and impartial. My dispatches are merely dry matters of fact and detail. Some special correspondents may write to suit the temper of their own organs. Although I write without regard to men or politics, I do not always escape censure.<sup>24</sup>

The ability to sell the same story across many markets, and thus take advantage of the fixed costs of creating and assembling the story, gave rise to newspaper auxiliary companies. These firms would sell country weeklies partially printed paper with news already printed on it; the editors could then add in local news by printing on the blank pages. In later years the newspaper auxiliaries, the forerunners of today’s syndication services, would sell newspapers printing plates with stories already composed on them. The demand for different types of news was sufficient so that these auxiliary companies sold stories aimed at different political brand locations. As one company declared in a trade journal advertisement, “our political editions are edited by men identified with the different parties—in full sympathy with their work—and all our editors are familiar by actual experience with the business of editing and publishing country papers. Our news columns are full and comprehensive and contain news up to the time of printing. We supply papers in the same locality with entirely different matter, being

particularly careful to prevent interference in this respect.”<sup>25</sup>

The growing importance of advertising to newspapers during this time period is evident in discussions of the reader as a potential consumer to sell to other firms. Advertising as a percentage of total national newspaper and periodical revenues grew from 44% in 1879 to 54.5% in 1899.<sup>26</sup> The increase came in part from a rise in population and an increase in brands marketed nationwide, a phenomenon made possible by advances in the coordination of production and distribution of goods. Records from a major advertising firm in the period indicate that in 1878 patent medicines and treatments accounted for 26% of billings, followed by greeting cards and chromos (10.3%) and dry goods and clothing (8.1%). In 1901 the largest billing categories were food and drink (14.8%), fuel (11.2%), and tobacco products (10.9%).<sup>27</sup> The drive to sell readers to advertisers focused newspapers on providing content likely to expand circulation, particularly among the readers desired by advertisers. Describing newspaper assembly in 1896, an editor wrote, “the successful publisher knows what the public demands and serves it to them accordingly, whether he thinks it is what they ought to have or not.”<sup>28</sup> An advertising journal in 1899 advised companies that, “The questions always to be asked are: What class of person does this publication reach and are they likely to be purchasers of my goods?”<sup>29</sup> The incentives to bundle stories of interest to different groups of readers, discussed in [chapter 1](#), are evident in discussions of advertising audiences. The rise of advertising and the purchasing decisions made by females in households meant that newspapers offered content expressly designed to attract women. As a trade journal article entitled “Reaching the Men through the Women” put it, in 1892: “The great daily, filled with the bright news of the day to whet the appetite of the readers with its children’s columns, its women’s column, its column of style, its miscellany, is the paper which has the great circulation and the one which pays the advertiser more to the square inch than any other paper can pay to the square foot. There is not a single case on record of any daily paper succeeding in this or any other country which does not arrange its matter, from editorials to its news, so as to be pleasantly absorbed by the women of the day.”<sup>30</sup>

The way that newspapers advertised their own papers to attract potential advertisers provides strong evidence on how publishers viewed the economics of daily papers. N. W. Ayer and Son’s *American Newspaper Annual* for 1880 contained a section in which papers paid for advertisements aimed at convincing companies to place ads in their outlets. These ads stressed the brand location of a paper in terms of party affiliation and publishing time (e.g., morning or evening, daily or weekly), circulation size, printing technology, reader demographics, city size, and advertising rates on a line basis and a cost per thousand circulation basis. The largest daily paper in America at the time, *The Sun* (New York), took out the largest ad. The text of the ad captured dimensions important to independent newspapers: coverage of government that was not linked to partisan allegiance; news selected, aside from politics, to draw readers of many different interests; large circulation, important to advertisers; and the ability to translate large circulation and advertising revenues into greater resources devoted to coverage. The text of *The Sun*’s advertisement read in part:



As a newspaper, THE SUN believes in getting all the news of the world promptly, and presenting it in the most intelligible shape—the shape that will enable its readers to keep well abreast of the age with the least unproductive expenditure of time. The greatest interest to the greatest number—that is the law controlling its daily makeup. It now has a circulation very much larger than that of any other American newspaper, and enjoys an income which it is at all times prepared to spend liberally for the benefit of its readers. People of all conditions of life and all ways of thinking buy and read THE SUN; and they all derive satisfaction of some sort from its columns, for they keep on buying and reading it.

In its comments on men and affairs, THE SUN believes that the only guide of policy should be common sense, inspired by genuine American principles and backed by honesty of purpose. For this reason it is, and will continue to be, absolutely independent of party, class, clique, organization, or interest. It is for all, but of none. It will continue to praise what is good and reprobate what is evil, taking care that its language is to the point and plain, beyond the possibility of being misunderstood... .

The year 1880 will be one in which no patriotic American can afford to close his eyes to public affairs. It is impossible to exaggerate the importance of the political events which it has in store, or the necessity of resolute vigilance on the part of every citizen who desires to preserve the Government that the founders gave us. The debates and acts of Congress, the utterances of the press, the exciting contests of the Republican and Democratic parties, now nearly equal in strength throughout the country, the varying drift of public sentiment, will all bear directly and effectively upon the twenty-fourth Presidential election, to be held in November... . THE SUN will be on hand to chronicle the facts as they are developed, and to exhibit them clearly and fearlessly in their relations to expediency and right.

Thus, with a habit of philosophical good humor in looking at the minor affairs of life, and in great things a steadfast purpose to maintain the rights of the people and principles of the Constitution against all aggressors, THE SUN is prepared to write a truthful, instructive, and at the same time entertaining history of 1880.<sup>31</sup>

The advertisements of other daily papers also stressed the importance of brand location and circulation. The *New York Star* ad conveyed its market niche in three sentences: “A



Democratic daily, published every day in the year. The largest circulation of any Democratic morning newspaper in the state of New York. Its large and constantly increasing circulation makes it a valuable medium for all advertisers.”<sup>32</sup>

The difficulties of verifying circulation claims made some newspapers offer their printing technology as a signal for the size of their circulation. The *Kansas City Times* ad said the paper “... is a Western newspaper enjoying a larger daily and weekly circulation than all Omaha, St. Joseph, Atchison, Leavenworth, and Topeka papers combined—a statement that can be verified at any time by personal inspection of our subscription books and subscription lists, and by a visit to our press-rooms where the paper is printed. It is the only paper between St. Louis and San Francisco printed on a Four Cylinder Hoe Press, and with two or three exceptions, the only paper in the West that throws open the doors of its press-rooms to the public, where its mammoth weekly edition of 34,560 copies is printed.”<sup>33</sup> Larger papers stressed their greater ability to reach consumers and often translated their advertising prices into a cost “per thousand actual circulation.”<sup>34</sup> Papers also highlighted for companies the desirability of advertising in cities with larger populations. The advertisement for *The Minneapolis Morning Tribune* noted that:

As the U.S. Census shows, Minneapolis is now, by many thousands, the largest city in Minnesota or west and North of Chicago and Milwaukee; it is growing faster than any other considerable city in American, and it is the principal business center of the New Northwest, which is advancing in population and wealth more rapidly and substantially than any other section of the United States. *The Tribune* is a first-class metropolitan morning journal, of the same size and form as the New York *Herald*. It is the newspaper representative and exponent of Minneapolis,—the only morning paper published in this city of nearly 50,000, the leading Republican daily northwest of Chicago, and has a general circulation throughout the whole of Minnesota and adjacent portions of Iowa, Wisconsin and Dakota, a region embracing an unusually intelligent population of nearly 1,500,000.<sup>35</sup>

## Analyzing the Growth of Press Independence

If you were a businessman in 1880 trying to place advertisements in local papers, what type of information would you be interested in learning about these publications? With travel difficult and terrain expansive, you might not be able to visit each of the cities and counties you wanted to reach with your ad. To allocate your advertising budget, you would want to know facts about a paper such as its circulation, political affiliation, price, establishment date, layout size and number of pages, and advertising rates. You might also want to know about the local market—

its population, political composition, and main industries. In the best of all worlds, you could match data on all the publications in an area with its demographic information, make your decisions about ad placement, and have someone execute these purchases with the individual papers across the country. The Philadelphia firm of N. W. Ayer and Son recognized the demand for this service and began in 1880 to publish the *American Newspaper Annual*. The firm acted as a go-between for advertisers and newspapers. By negotiating with multiple newspapers for multiple clients, N. W. Ayer economized on transaction costs and gave firms the ability to reach consumers across a state or region. The information assembled for advertisers in the *American Newspaper Annual* offers a yearly picture of publications in each county in the United States. To analyze the changing nature of the news, I will use the Ayer data and other advertising agent information to describe the market for daily political newspapers in the 50 largest cities in 1870, 1880, 1890, and 1900.<sup>36</sup>

The popularity of independent daily newspapers increased markedly between 1870 and 1880, and continued to grow through 1900. Table 2.1 shows that in 1870 the partisan press still dominated daily newspaper markets in the 50 most populous cities. Democratic papers accounted for nearly a third of all papers and total daily circulations, while Republican papers comprised 54.5% of papers and 43.2% of circulations. Between 1870 and 1880, however, Independent newspapers jumped from 12.9% of total papers to 29.5%; the share of total daily circulations for independent newspapers grew from 25.8% to 52.7%. If one includes the papers listing themselves as “Independent Democratic” or “Independent Republican” as part of a broader independent brand name category (i.e., the Independent+ group), nonpartisan papers accounted for 33.9% of papers and 55.2% of total circulation in 1880. The attachment of newspapers to partisan loyalties continued to diminish so that by 1900, 47.4% of papers were Independent+ . The overall number of political dailies offered grew from 178 in 1870 to 321 in 1900.<sup>37</sup> Newspaper consumption grew even faster than population expansion in the fifty largest cities over this time. In 1870 there were .25 political newspapers circulated each day per person, a figure that increased to .31 in 1880, .50 in 1890, and .55 in 1900.

**TABLE 2.1**  
Political Affiliations of Daily Papers in the Fifty Largest Cities

	<i>Number of Papers</i>	<i>Total Daily Circulation</i>	<i>% of Political Papers</i>	<i>% of Total Circulation</i>
1870				
Democratic	58	429,850	32.6	31.1
Republican	97	597,510	54.5	43.2
Independent	23	357,200	12.9	25.8
Independent+	23	357,200	12.9	25.8
Total Political Papers	178	1,384,560	—	—
1880				
Democratic	72	528,320	28.7	21.8
Republican	89	547,680	35.5	22.6
Independent	74	1,278,570	29.5	52.7
Independent+	85	1,339,190	33.9	55.2
Total Political Papers	251	2,427,730	—	—
1890				
Democratic	84	1,191,050	26.7	21.6
Republican	86	1,360,940	27.3	24.7
Independent	113	2,664,820	35.9	48.3
Independent+	138	2,939,610	43.8	53.3
Total Political Papers	315	5,518,160	—	—
1900				
Democratic	70	1,229,230	21.8	14.9
Republican	91	2,621,120	28.4	31.7
Independent	125	3,623,520	38.9	43.8
Independent+	152	4,382,760	47.4	53.0
Total Political Papers	321	8,275,020	—	—

Most major cities in the United States today have a single local daily newspaper. By contrast in the late nineteenth century there were multiple daily papers covering current events that vied for readers' attentions. In [table 2.2](#), I divide the largest fifty cities into thirds, based on population size, to examine newspaper market averages. In 1870, smaller cities had a Democratic and a Republican newspaper but no independent outlet. The largest cities averaged 6 political daily newspapers, which broke down to 2 Democratic, 3 Republican, and 1 independent. By 1880 independent papers appeared in medium-size cities too, which averaged 1 Democratic, 2 Republican, and 1 independent newspapers. In cities with populations in the top third of the 1880 sample, there were on average 8 daily political newspapers contending for readers. In these largest cities, the mean number of Independent+ papers (3.2) was now greater than the mean number of Democratic (2.4) or Republican (2.5) outlets. By 1900 the mean number of Independent+ papers was 1.5 in small cities, 2.2 in medium, and 5.5 in large cities.<sup>38</sup>

Within each market size category, circulation per resident increased and the concentration of newspaper sales among brands decreased over time. From 1870 to 1900 the number of daily papers circulated per person increased from .20 to .42 in small cities and from .30 to .61 in large cities. This is consistent with the notion that reading the daily newspaper became more prevalent in cities as newspapers became cheaper and papers of different varieties competed for readers' attention.<sup>39</sup> Competition, measured by the spread of sales across papers in a city, increased over this time period too. One way to represent the dispersion of sales among papers in a market is to calculate the sum of the squared market shares of the local political newspapers. This figure, called the Herfindahl-Hirschman Index of market concentration, or HHI, ranges from 0 for competitive markets where individual firms have extremely small

market shares to 1 for markets where one firm accounts for all sales. This sales concentration index dropped from .58 to .42 for small markets from 1870 to 1900 and from .38 to .23 in the largest markets. The largest cities had the least concentrated markets, with figures in 1900 of .09 for New York, .11 for Chicago and Pittsburgh, and .12 for Philadelphia.<sup>40</sup>

If newspaper owners chose to produce nonpartisan papers based on economic considerations, then the five Ws predict that independent papers should differ from Republican or Democratic outlets in systematic ways relating to audience size, printing costs, and advertising markets. Table 2.3 confirms these differences. The mean city size for independent papers was higher, consistent with the idea that larger populations offered a greater opportunity to achieve scale-economy size circulations and generated more opportunities for advertising. In terms of audience composition, Republican papers had the highest percentage of Republican voters in their markets and Democratic outlets operated in cities with the highest percentage of Democratic voters. If one views editorial independence as a middle-of-the-road approach between Republican and Democratic brands, it is interesting to note that independent papers operated in cities midway between the poles established by the partisan outlets. In 1880, 1890, and 1900, the average percentage of Democratic voters in the cities of independent newspapers was midway between the average of Democratic voters for Democratic papers and that for Republican papers. The same pattern emerges for a comparison of Republican votes—-independent papers had an average Republican voter percentage in the market that was between the figures for the partisan outlets. Independent papers also had more recent establishment dates than those of either party, which one would expect if changes in printing technology and advertising made new entrants select a nonpartisan brand location to compete with the incumbent partisan papers.<sup>41</sup>

**TABLE 2.2**  
Newspaper Market Averages by City Size

City Size	City Population	Number of Political Papers	Number of Democratic Papers	Number of Republican Papers	Number of Independent Papers	Number of Independent+ Papers	Daily Circulation per Person	Circulation Concentration Index
1870								
Small	30,870	2.1	0.8	1.3	0.1	0.1	.20	.58
Medium	53,460	3.3	1.2	1.8	0.3	0.3	.25	.46
Large	267,640	5.9	1.8	3.1	1.1	1.1	.30	.38
1880								
Small	43,310	2.6	0.9	1.0	0.5	0.7	.19	.59
Medium	73,970	4.5	1.1	1.9	1.0	1.3	.24	.39
Large	345,540	8.2	2.4	2.5	2.9	3.2	.30	.25
1890								
Small	68,400	4.2	1.7	1.2	1.1	1.3	.27	.33
Medium	119,100	5.0	1.3	1.5	1.5	2.1	.43	.33
Large	499,310	10.4	2.3	2.6	4.4	5.2	.54	.21
1900								
Small	91,290	3.8	1.3	1.0	1.4	1.5	.42	.42
Medium	144,230	5.1	1.1	1.8	1.6	2.2	.54	.28
Large	669,900	10.7	1.9	2.8	4.5	5.5	.61	.23

Note: For each year, city size categories are defined by dividing the top fifty cities into thirds based on population size.

**TABLE 2.3****Mean Characteristics of Daily Papers by Affiliation**

	<i>Democratic Papers</i>	<i>Republican Papers</i>	<i>Independent Papers</i>	<i>Independent + Papers</i>
<b>1870</b>				
City Population (000)	209.7	202.5	330.1	330.1
% Democratic Presidential votes	52.5	48.8	54.4	54.4
% Republican Presidential votes	47.5	51.2	45.6	45.6
% Foreign-born Population	29.4	30.6	35.4	35.4
% Black Population	10.1	4.1	6.5	6.5
Paper Pages	4.5	4.3	4.6	4.6
Paper Size (Sq. Inches)	5,070	4,940	4,020	4,020
Circulation	7,540	6,710	16,240	16,240
Annual Subscription Rate (\$)	8.92	8.43	8.20	8.20
Subscription Rate (\$) per 100 Sq. Inches	0.19	0.19	0.22	0.22
Subscription Revenue (\$)	76,170	65,750	137,750	137,750
Subscription Revenue (\$) per Sq. Inch	14.03	11.96	38.23	38.23
Establishment Date	1841	1847	1855	1855
<b>1880</b>				
City Population (000)	275.5	247.8	389.1	360.6
% Democratic Presidential votes	52.2	46.3	48.5	48.6
% Republican Presidential votes	46.7	52.4	50.3	50.1
% Foreign-born Population	23.5	26.3	29.5	28.8
% Black Population	8.8	3.3	4.5	5.3
Paper Pages	5.1	5.2	4.7	4.8
Paper Size (Sq. Inches)	5,690	5,790	4,530	4,750
Circulation	8,000	7,020	20,620	18,600
Annual Subscription Rate (\$)	8.07	8.09	7.23	7.51
Subscription Rate (\$) per 100 Sq. Inches	0.16	0.16	0.18	0.18
Subscription Revenue (\$)	62,360	62,600	139,360	128,790
Subscription Revenue (\$) per Sq. Inch	12.12	11.53	37.42	33.29
Establishment Date	1854	1850	1861	1861
Advertising Rate (\$) Ten Lines, One Month	12.24	12.23	18.85	17.76
Cost per Thousand Readers (\$)	2.39	2.60	2.40	2.60
<b>1890</b>				
City Population (000)	296.2	339.2	515.7	481.6
% Democratic Presidential votes	50.6	47.2	50.2	50.2
% Republican Presidential votes	47.7	50.6	47.8	47.8
% Foreign-born Population	22.9	27.7	28.7	28.9



	<i>Democratic Papers</i>	<i>Republican Papers</i>	<i>Independent Papers</i>	<i>Independent + Papers</i>
% Black Population	11.8	2.9	4.3	4.5
Paper Pages	5.9	6.7	5.7	5.9
Paper Size (Sq. Inches)	3,980	4,480	3,930	3,960
Circulation	17,520	16,800	26,650	24,290
Annual Subscription Rate (\$)	6.36	6.49	5.46	5.5
Subscription Rate (\$) per 100 Sq. Inches	0.17	0.17	0.15	0.15
Subscription Revenue (\$)	107,520	111,360	129,060	119,930
Subscription Revenue (\$) per Sq. Inch	27.72	26.86	36.84	33.60
Establishment Date	1864	1854	1869	1868
1900				
City Population (000)	523.7	580.3	876.8	798.4
% Democratic Presidential votes	48.9	41.5	44.6	44.1
% Republican Presidential votes	48.6	55.1	52.2	52.7
% Foreign-born Population	20.5	25.8	25.4	25.7
% Black Population	10.1	3.0	4.0	3.9
Paper Pages	9.0	9.5	8.6	8.7
Paper Size (Sq. Inches)	3,720	3,920	3,560	3,610
Circulation	21,190	30,840	35,180	33,970
Annual Subscription Rate (\$)	4.79	5.06	4.41	4.56
Subscription Rate (\$) per 100 Sq. Inches	0.14	0.15	0.14	0.15
Subscription Revenue (\$)	105,950	141,010	155,030	149,060
Subscription Revenue (\$) per Sq. Inch	26.41	34.13	36.34	34.61
Establishment Date	1865	1860	1872	1871

Independent papers did have larger mean circulations throughout this period. For 1870 and 1880, the mean circulation of a nonpartisan paper was twice the figure averaged for a paper with a Democratic or Republican affiliation. Independent papers offered readers a lower annual subscription price, perhaps because of the cost advantages afforded by scale economies or the additional revenues brought by higher advertising. Independent papers were smaller in terms of number of pages and total square inches of newspaper.<sup>42</sup> The lower subscription costs expanded the potential reach of independent papers to readers with lower incomes. The lower prices were offset by higher circulations so that total subscription revenues were higher for independent papers. Subscription revenue per square inch was much higher for these outlets. In 1880, Democratic papers averaged \$12.12 per square inch and Republican papers averaged \$11.53. Independent outlets, however, garnered \$37.42 in annual subscription revenues per square inch. With the high fixed costs of producing a paper's first edition and the low marginal costs of additional copies, these differences in revenue per square inch show the potential for profits attached to reaching higher circulations.

Higher circulations also translated into higher advertising rates. In 1880, independent outlets charged a mean of \$18.85 for ten lines of advertising per month, versus \$12.24 for Democratic papers and \$12.23 for Republicans. Advertisers paid higher prices per ad but got comparable prices on a per-impression basis with the independent papers. The cost of reaching 1,000 subscribers with ten lines of advertising for a month was \$2.40 for independent papers and \$2.39 for Democratic papers. The cost per thousand readers was higher for Republican outlets (\$2.60), which may reflect a higher willingness to pay to reach the audience



demographic attracted to these papers.

Changes across time are also evident within each brand location. For papers in each category, nominal annual subscription prices dropped over time. The average cost of an annual subscription to a nonpartisan paper dropped from \$8.20 in 1870 to \$4.41 in 1900. Though the number of pages in newspapers expanded during this time period, pages became smaller so that the average square inches per paper declined from 1870 to 1900. One way to express the cost of news to a reader is to divide the annual subscription price by the total size of a paper, which yields a price per 100 daily inches of newspaper. This cost declined for each type of paper. For independent outlets, the figure dropped from 22¢ in 1870 to 14¢ in 1900. This is consistent with changes in printing technology and drops in paper costs leading to lower prices for news consumers.<sup>43</sup> During this time period the mean circulation for each type of paper increased. While independent papers were at least twice the size of partisan papers in 1870, by 1900 the size gap had narrowed so that mean circulations were 35,180 for independent, 30,840 for Republican, and 21,190 for Democratic papers.

**TABLE 2.4**

Mean Financial Characteristics of Daily Papers by Affiliation (1900\$)

	<i>Democratic Papers</i>	<i>Republican Papers</i>	<i>Independent Papers</i>	<i>Independent + Papers</i>
<b>1870</b>				
Annual Subscription Rate (\$)	5.87	5.55	5.39	5.39
Subscription Rate (\$) per 100 Sq. Inches	0.13	0.13	0.14	0.14
Subscription Revenue (\$)	50,110	43,260	90,630	90,630
Subscription Revenue (\$) per Sq. Inch	9.23	7.87	25.15	25.15
<b>1880</b>				
Annual Subscription Rate (\$)	6.96	6.97	6.23	6.47
Subscription Rate (\$) per 100 Sq. Inches	0.14	0.14	0.16	0.16
Subscription Revenue (\$)	53,760	53,970	120,140	111,030
Subscription Revenue (\$) per Sq. Inch	10.45	9.94	32.26	28.70
Advertising Rate (\$) Ten Lines, One Month	10.55	10.54	16.25	15.31
Cost Per Thousand Readers (\$)	2.06	2.24	2.07	2.24
<b>1890</b>				
Annual Subscription Rate (\$)	5.89	6.01	5.06	5.09
Subscription Rate (\$) per 100 Sq. Inches	0.16	0.16	0.14	0.14
Subscription Revenue (\$)	99,560	103,110	119,500	111,050
Subscription Revenue (\$) per Sq. Inch	25.67	24.87	34.11	31.11
<b>1900</b>				
Annual Subscription Rate (\$)	4.79	5.06	4.41	4.56
Subscription Rate (\$) per 100 Sq. Inches	0.14	0.15	0.14	0.15
Subscription Revenue (\$)	105,950	141,010	155,030	149,060
Subscription Revenue (\$) per Sq. Inch	26.41	34.13	36.34	34.61

If party affiliation affects a reader's willingness to consume a partisan newspaper, then one

would expect the popularity of Democratic or Republican papers in a city to depend on voting patterns in the market. If owners select a nonpartisan brand in the hopes of reaching nonaligned readers and members of both parties to achieve large-scale circulation, city size will be important to the existence and success of nonpartisan outlets since larger cities offer greater possibilities for economies of scale and advertising. Table 2.5 measures the relative success of different types of newspapers in a market by examining how the percentage of newspapers with a given brand location varied by market from 1870 to 1900. For both the Democratic and Republican newspaper categories, the percentage of voters who cast ballots for a Democratic presidential candidate in the most recent presidential election predicts the popularity of the party press. In 1880, for example, an increase in the percentage of Democratic votes in a city by 1 percentage point was associated with an increase of 1.96% points in the Democratic share of newspaper circulation and a 1.5% point decrease in the Republican share of circulation. The percentage of Democratic voters in a market did not influence the success of the independent press, whose fortunes depended on the size of the market. The higher the population of a city, the greater the share of circulation held by independent outlets.

One could argue that the path of causation runs from the newspapers to the voters, so that the Democratic newspapers appear to fare well in Democratic areas because the party newspapers increase the percentage of voters who choose Democratic candidates. To take into account this possibility, I examine in table 2.6 how audience demographics not influenced by reading a newspaper (i.e., percentage of a city's population that is foreign born or black) were associated with the relative success of different categories of papers. The results confirm that particular brands of news coverage appealed to distinct city audiences, and that factors that increased Democratic circulation often decreased Republican circulation. The higher the percentage of blacks in a city, the larger the circulation share earned by Democratic papers. Since Southern cities contained higher percentages of blacks and were strongly Democratic (among white voters) at this time, it is not surprising to find the percentage of a city's black population being associated with success for Democratic news outlets. For independent papers, city size remained a good predictor of the share of circulation earned by nonpartisan papers.

The results for 1900 demonstrate the interactions between audience demographics and newspaper popularity. As the percentage of blacks in a city increased by 1 percentage point, the share of circulation earned by Democratic papers grew by 1.8 percentage points. These gains were balanced out by losses in the other categories. A 1 percentage point increase in black population was associated with a drop of .52 percentage points in the Republican circulation share and 1.36 percentage points in the independent share. As the percentage of a city's population born abroad increased by 1 percentage point, the share of Republican circulation grew by .65 percentage points and the share of independent circulation dropped by 1.25 percentage points. An increase of a city's population size by 10,000 residents increased the independent circulation share by .2 percentage points.

Part of the argument that owners chose nonpartisan affiliation as a business decision rests on the assertion that the independent brand name helped a paper per achieve large-scale

circulation. Table 2.7 explores what factors influenced the ability of a paper to achieve large-scale circulation, which I define as a circulation that would place a paper in the top 20% of newspapers based on circulation in the cities examined. The circulation cutoff for a paper to be included in the top 20% grew across time from 10,000 in 1870, 13,000 in 1880, 30,000 in 1890, and 44,000 in 1900. These larger papers accounted for a significant share of the total newspaper circulations, that is, 64% of all daily circulations in 1870 and 59% of all circulations in 1900. To predict which papers gained enough circulation to land in the top 20%, I estimated a model that included a city's population size, an indicator for whether the paper was independent versus partisan, and a variable for whether the paper was published in a foreign language or in English.<sup>44</sup> City size was a statistically significant predictor of a paper's ability to reach large scale circulation in each of the years examined. The results in table 2.7 indicate that for a paper with mean characteristics, if one compares (in 1870) a paper in a city with a population 10% below the average population with one 10% above that, the likelihood of gaining large-scale circulation would increase by 3 percentage points. The impact of publishing in a foreign language is extremely large. In 1880, for example, the probability a paper would reach large-scale circulation dropped by 15 percentage points if it published in a language other than English. Table 2.7 also indicates that, controlling for city size and language, a paper that chose editorial independence as a brand location was much more likely to achieve economies of scale than a partisan paper in 1880 and 1890. For a paper in a city of mean population size in 1880, if the owners chose an independent affiliation the probability the paper would reach large-scale circulation was 11 percentage points higher.

## TABLE 2.5

### Predicting Brand Popularity by Audience Politics

	<i>% Democratic Circulation</i>	<i>% Republican Circulation</i>	<i>% Independent Circulation</i>
1870			
(N = 44 Cities)			
City Population (000)	-0.01 (0.03)	-0.03 (0.03)	0.04* (0.02)
% Democratic Presidential Votes	0.71** (0.30)	-0.60* (0.32)	-0.11 (0.22)
Adjusted R <sup>2</sup>	0.08	0.08	0.04
Mean % Affiliation Circulation	35.3	56.3	8.5
1880			
(N = 48 Cities)			
City Population (000)	-0.02 (0.01)	-0.02 (0.02)	0.05** (0.02)
% Democratic Presidential Votes	1.96*** (0.37)	-1.50*** (0.45)	-0.29 (0.52)
Adjusted R <sup>2</sup>	0.36	0.22	0.07
Mean % Affiliation Circulation	26.7	37.6	29.0
1890			
(N = 47 Cities)			
City Population (000)	-0.02* (0.01)	2.21e-3 (0.01)	0.02* (0.01)
% Democratic Presidential Votes	0.91 (0.57)	-1.27** (0.52)	0.27 (0.54)
Adjusted R <sup>2</sup>	0.06	0.08	0.04
Mean % Affiliation Circulation	27.9	32.6	31.9
1900			
(N = 47 Cities)			
City Population (000)	-0.01** (5.93e-3)	8.50e-4 (4.34e-3)	0.01* (6.65e-3)
% Democratic Presidential Votes	1.29*** (0.25)	-0.90*** (0.18)	-0.23 (0.28)
Adjusted R <sup>2</sup>	0.38	0.32	0.05
Mean % Affiliation Circulation	26.3	29.9	35.6

Note: Standard errors in parentheses. \*\*\* = statistically significant at the .01 level; \*\* = significant at the .05 level; \* = significant at the .10 level. Each specification also included an intercept term.

**TABLE 2.6**

## Predicting Brand Popularity by Audience Demographics

	% Democratic Circulation	% Republican Circulation	% Independent Circulation
<b>1870</b>			
(N = 45 Cities)			
City Population (000)	0.01 (0.03)	-0.04 (0.03)	0.02 (0.02)
% Foreign-born Population	0.32 (0.49)	-0.69 (0.49)	0.37 (0.43)
% Black Population	1.02*** (0.30)	-1.23*** (0.30)	0.21 (0.26)
Adjusted R <sup>2</sup>	0.21	0.29	0.01
Mean % Affiliation Circulation	34.5	55.6	9.9
<b>1880</b>			
(N = 48 Cities)			
City Population (000)	0.01 (0.02)	-0.04** (0.02)	0.04* (0.02)
% Foreign-born Population	-0.90* (0.48)	-0.04 (0.50)	0.58 (0.59)
% Black Population	0.26 (0.33)	-0.94*** (0.34)	0.39 (0.40)
Adjusted R <sup>2</sup>	0.15	0.23	0.06
Mean % Affiliation Circulation	26.7	37.6	29.0
<b>1890</b>			
(N = 47 Cities)			
City Population (000)	-0.01 (0.01)	-9.01e-3 (0.01)	0.03** (0.01)
% Foreign-born Population	0.29 (0.37)	-0.02 (0.42)	-1.01** (0.43)
% Black Population	1.57** (0.31)	-0.97*** (0.36)	-1.03*** (0.37)
Adjusted R <sup>2</sup>	0.48	0.20	0.17
Mean % Affiliation Circulation	27.9	32.6	31.9
<b>1900</b>			
(N = 47 Cities)			
City Population (000)	8.07e-3 (5.17e-3)	6.82e-3 (4.68e-3)	0.02*** (6.32e-3)
% Foreign-born Population	0.14 (0.36)	0.65** (0.32)	-1.25*** (0.43)
% Black Population	1.80*** (0.29)	-0.52* (0.27)	-1.36*** (0.36)
Adjusted R <sup>2</sup>	0.59	0.32	0.26
Mean % Affiliation Circulation	26.3	29.9	35.6

Note: Standard errors in parentheses. \*\*\* = statistically significant at the .01 level; \*\* = significant at the .05 level; \* = significant at the .10 level. Each specification also included an intercept term.

**TABLE 2.7**

## Who Achieves Large-Scale Circulation? Change in Paper's Probability of Achieving Top 20% Circulation

	1870	1880	1890	1900
City Population 10% Above Mean vs. 10% Below Mean	.03***	.02***	.02***	.01***
Independent vs. Partisan	.08	.11**	.09***	.03
Foreign Language vs. English	-.14*	-.15***	-.19***	-.20***

Note: Change in probability = probability of top 20% circulation for paper with first characteristic—probability for paper with second characteristic. Evaluated at the means for all characteristics, the predicted probability of top 20% circulation is .16 for 1870, .12 for 1880, .09 for 1890, and .12 for 1900. \*\*\* = statistically significant at the .01 level, \*\* = .05 significant at the .05 level, \* = .10 significant at the .10 level. All regressions included an intercept term.



The benefits of achieving large-scale circulation were increasing throughout this time period. Table 2.8, which translates all dollar figures into 1900 dollars, demonstrates this by comparing the characteristics of papers in the second quantile of circulations (e.g., those whose circulations ranked in the 21–40 percentiles) with those in the largest quantile (e.g., papers in the top 20% of circulations). Large circulations in theory bring many advantages, such as the opportunity to use press sizes that confer scale economies in cost and the ability to attract more advertisers because of more readers. The evidence in table 2.8 is consistent with these advantages. While prices of larger papers were initially higher than those for papers with smaller circulations, by 1890 the annual subscription price was lower for larger papers. If one defines the price of news to a reader in terms of a subscription rate per 100 square inches of daily news, larger papers delivered the news at lower prices in 1870 (13¢ per 100 square inches) than smaller papers (14¢). Decreasing costs and increasing advertising revenue allowed newspapers in both categories to drop their subscription prices over time. The gap in effective reader prices between large and small papers increased over time because of the increasing importance of scale economies. By 1900, small papers charged readers 16¢ in annual subscription per 100 square inches, while large papers sold at the lower rate of 10¢ per 100 square inches.

**TABLE 2.8**

Advantages of Large-Scale Circulation (1900 Dollars)

	<i>Means for papers with circulations ranked 21–40% in size percentiles vs. papers ranked 81–100% in size percentiles</i>			
	1870		1880	
Annual Subscription Rate (\$)	5.41	6.49	6.66	6.76
Subscription Rate (\$) per 100 Square Inches	0.14	0.13	0.16	0.15
Subscription Revenue (\$) per Square Inch	3.77	32.64	5.25	51.71
Advertising Rate (\$) Ten Lines, One Month			7.66	28.49
Cost per Thousand Readers (\$)			2.32	0.93
Circulation	2,780	25,300	3,400	35,800
	1890		1900	
Annual Subscription Rate (\$)	5.79	5.20	4.99	4.49
Subscription Rate (\$) per 100 Square Inches	0.16	0.13	0.16	0.10
Subscription Revenue (\$) per Square Inch	8.80	80.15	14.17	82.05
Circulation	5,620	63,140	9,360	87,950

The combination of lower subscription prices (made possible by cost advantages and advertiser support) and higher circulations translated into much higher subscription revenues per square inch of newspaper delivered. In 1870 the small papers earned \$3.77 per square inch versus \$32.64 for larger papers, while in 1900 the gap was \$14.17 versus \$82.05. The advantages of circulation in advertising are evident from the 1880 data. The larger papers, which had a mean circulation of 35,800, were able to charge \$28.49 for ten lines of



advertising per month, versus \$7.66 per month for the smaller outlets (mean circulation 3,400). The higher ad prices still translated into lower costs for advertisers. The cost of reaching a thousand subscribers for a month with an ad was \$2.32 in the smaller papers. Advertisers using the large-scale papers could reach a thousand subscribers at the lower rate of \$.93.

If large circulations brought scale economies and these economies were passed on to consumers through lower prices, one would expect prices to drop as circulation increased. Table 2.9 confirms this pattern held for papers in the fifty largest cities in 1870 and 1900. The cost of news to a reader, expressed in annual subscription cost per 100 square inches of newspaper, fell as the circulation of a paper increased in 1870. In other words, readers of larger papers enjoyed lower prices for a given amount of reading material. The same pattern still held in 1900—larger papers charged readers lower effective prices per amount of newsprint. In both years foreign language papers charged readers higher prices per 100 square inches. This may reflect higher costs of assembling information, or may indicate that foreign language papers faced lower competition in each market because there were fewer reading options for those who could not read papers in English. In both 1870 and 1900 revenues per square inch increased with circulation, showing that as a paper added readers it added to total subscription revenues. This impact grew at an increasing rate in 1870, but by 1900 (with more papers contending in the local markets) revenues grew with circulation but at a decreasing rate.

**TABLE 2.9**

Circulation Impacts on Reader Costs and Paper Revenues

	Subscription Rate (\$) per 100 Square Inches	Subscription Revenue (\$) per Square Inch
1870		
Paper Circulation (000)	-2.40e-3** (1.17e-3)	0.80*** (0.22)
(Paper Circulation (000)) <sup>2</sup>	3.71e-5** (1.67e-5)	0.02*** (3.10e-3)
Foreign-Language Paper	0.04*** (0.02)	1.22 (2.81)
Adjusted R <sup>2</sup>	0.06	0.79
Number of Papers	159	159
1900		
Paper Circulation (000)	-1.31e-3*** (2.96e-4)	1.25*** (0.07)
(Paper Circulation (000)) <sup>2</sup>	4.67e-6*** (1.61e-6)	-2.78e-3*** (3.90e-4)
Foreign-Language Paper	0.08*** (0.01)	4.97** (2.52)
Adjusted R <sup>2</sup>	0.31	0.75
Number of Papers	277	277

Note: Standard errors in parentheses. \*\*\* = statistically significant at the .01 level; \*\* = significant at the .05 level; \* = significant at the .10 level. Each specification also included an intercept term.

In 1880 N. W. Ayer and Son's *American Newspaper Annual* provided information on advertising rates by paper, so one can explore how the market for advertising in daily newspapers worked for that year. Table 2.10 shows that as city size increased, newspapers

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charged more per ten lines of monthly advertising. Larger cities had more advertisers and were more attractive to regional or national advertisers, so papers could charge more per ad. For a given city size, a newspaper was able to charge more per ten lines if those lines reached a greater number of readers. The results indicate that the ad rate per month grew by 45¢ with a thousand reader increase in circulation. The table indicates that there was no statistically significant impact on ad rates of brand location. For a given level of readers, advertisers did not pay more (or less) to reach those who read independent newspapers versus readers of Democratic or Republican outlets. Foreign language papers did have lower ad prices, which may reflect a lower willingness to pay to influence the purchasing decisions of immigrant readers. In terms of the cost of reaching a thousand readers with a month of advertising, advertisers in larger cities were willing to pay more to influence the purchasing decisions of these readers. The cost per reader declined for those advertising in larger papers. The cost of reaching a thousand readers declined by 5¢ for each additional thousand readers of a paper.

**TABLE 2.10**

The Market for Advertising in Daily Papers, 1880

	<i>Advertising Rate (\$) for Ten Lines, One Month</i>	<i>Cost per Thousand Readers (\$)</i>
City Population (000)	0.02*** (1.92e-3)	1.50e-3** (6.81e-4)
Paper Circulation (000)	0.45*** (0.04)	-0.05*** (0.01)
Foreign Language Paper	-3.97*** (1.40)	1.35*** (0.50)
Independent Paper	-0.54 (1.30)	0.28 (0.46)
Adjusted R <sup>2</sup>	0.71	0.11
Number of Papers	220	220

Note: Standard errors in parentheses. \*\*\* = statistically significant at the .01 level; \*\* = significant at the .05 level; \* = significant at the .10 level. Each specification also included an intercept term.

**TABLE 2.11**

Determinants of Editorial Workers per State, 1880

	<i>Editorial Workers Employed in the State, 1880</i>
State Population (000)	0.03*** (0.01)
Publications	0.57*** (0.09)
Dailies Subscription Revenues (\$000)	0.03 (0.04)
Dailies Advertising Revenues (\$000)	0.08** (0.03)
Weeklies/Others Subscription Revenues (\$000)	0.08*** (0.02)
Weeklies/Others Advertising Revenues (\$000)	0.23*** (0.08)
Adjusted R <sup>2</sup>	.99
Number of States	45

Note: Standard errors in parentheses. \*\*\* = statistically significant at the .01 level; \*\* = significant at the .05 level; \* = significant at the .10 level. Each specification also included an intercept term.

How did these changes in news markets from 1870 to 1900 affect the quantity and quality of the news? To explore this question I use the number of journalists working in an area as a proxy for the attention and expenditures devoted to news gathering. For the 1880 census the U.S. government commissioned a special study of the newspaper industry.<sup>45</sup> In [table 2.11](#) I draw upon the data collected there at the state level to show the relationship between resources and reporting. Those states with more population or more publications had more editorial workers involved in producing newspapers (daily and weekly) and other periodicals. Controlling for these factors, states with higher advertising revenues produced by daily or weekly newspapers were able to support more editorial workers. An additional \$12,000 in advertising revenues from daily newspapers, or \$4,000 in advertising from weeklies, translated into an additional writer or editor covering the news in a state.

In 1870 and 1880 the U.S. Census also collected information on the number of journalists working in each of the top thirty and top fifty cities by population. In [table 2.12](#) I use two different methods to explore the determinants of the number of journalists covering the news in a given city. The first approach is based on city demographics. In both years an increase in the number of foreign-born residents resulted in an increase in the number of journalists working in a city. This is consistent with the presence of specialized newspapers published in foreign languages in areas with larger immigrant populations. In 1880, an increase of two thousand foreign-born residents was associated with an increase of three journalists working in the city. A one thousand person increase in the black population of a city brought an increase of one journalist, consistent either with an increase in publications aimed at black readers or a correlation of black population with readership for Democratic papers increasing employment for reporters. Cities with more farms employed fewer journalists in 1870, as did areas with more manufacturing establishments, perhaps because in this era many papers were aimed at professional or managerial classes. With the growth of lower priced papers aimed at broad readership, however, in 1880 the presence of manufacturing establishments was associated with an increase in the number of journalists working in a city.

**TABLE 2.12****Journalists Employed per City, 1870 and 1880**

	<i>Number of Journalists in the City</i>	
	<i>1870</i>	<i>1880</i>
Native-Born Population (000)	0.16 (0.13)	-0.73*** (0.24)
Foreign-Born Population (000)	0.88*** (0.12)	1.49*** (0.28)
Black Population (000)	0.06 (0.31)	1.17* (0.58)
Farms (00)	-0.69*** (0.23)	-0.50 (0.39)
Manufacturing Establishments (00)	-1.66*** (0.57)	5.17*** (1.68)
Adjusted R <sup>2</sup>	0.90	0.87
Number of Cities	29	48
<hr/>		
	<i>1870</i>	<i>1880</i>
Nonpolitical Papers	10.63*** (3.41)	30.51*** (7.89)
Democratic Papers	4.95 (10.04)	20.46** (8.37)
Republican Papers	9.41 (7.59)	8.02 (7.51)
Independent + Papers	13.28* (6.84)	24.64*** (8.51)
Adjusted R <sup>2</sup>	0.53	0.75
Number of Cities	29	48

*Note:* Standard errors in parentheses. \*\*\* = statistically significant at the .01 level; \*\* = significant at the .05 level; \* = significant at the .10 level. Each specification also included an intercept term.

The data on working journalists in a city also provides some information on the relative editorial sizes of different types of outlets. If independent papers were larger in circulation and this translated into more resources spent on editorial output, one would expect the addition of an independent newspaper to bring greater growth in journalists' employment than the addition of a partisan paper. Table 2.12 bears this out. In 1870 the addition of another Independent+ newspaper resulted in an increase of thirteen journalists in the city, versus smaller added increments for Democratic or Republican newspapers. By 1880 independent newspapers had higher circulations and brought even more journalists to an area. The addition of an Independent+ outlet resulted in twenty-five more journalists working in a city, compared to twenty-one for a Democratic paper.

Employment of journalists also provides some clues about the relative content of independent versus partisan newspapers. Editorial independence could have several different meanings as a brand location. A newspaper could claim to be nonpartisan if it covered current events in a balanced manner or made its decisions without consideration of party positions on an issue. A newspaper might also avoid partisan disputes by downplaying political events and focusing on other news elements, such as human interest stories or local crime coverage. The evidence presented in table 2.13 indicates that editorial independence did not mean a paper failed to cover politics, at least by one measure of political coverage. The *Congressional*

*Directory* during this time period listed the names of correspondents covering Congress and listed the papers they represented.<sup>46</sup> I matched these data with the daily newspapers in the top fifty cities to see which outlets employed a correspondent to cover legislative activities in Washington, D.C. The table indicates that for 1870 and 1880 independent papers were more likely to have dedicated congressional correspondents than those with Democratic or Republican affiliations. By 1900 the percentage of papers with correspondents covering Congress was roughly equal across the affiliation categories. The driving force behind these results is that independent papers had larger circulations, generated more revenues, and thus could spend more on coverage. If one models a paper's decision to employ a congressional correspondent as a function of city size, newspaper circulation, foreign language publication, and independent affiliation, the only variable that is consistently statistically significant across these years is newspaper circulation.<sup>47</sup> The higher the circulation, the greater the likelihood the paper employed a congressional correspondent. In 1880 and 1890, foreign language outlets were less likely, other things being equal, to have a dedicated Washington, D.C. reporter. In the four years studied independent affiliation was only statistically significant in 1890, when independent papers were less likely to have a congressional correspondent than the partisan outlets.

**TABLE 2.13**  
Who Covered Congress?

	% of Papers in Affiliation Category with at Least One Congressional Correspondent			
	1870	1880	1890	1900
Democratic Papers	12.1	23.6	32.1	34.8
Republican Papers	29.9	23.6	36.0	38.5
Independent Papers	43.5	31.1	26.5	33.6
Independent + Papers	43.5	27.1	27.5	34.2

## Conclusions

Press independence of party affiliation is a necessary, though not sufficient, part of objective news coverage. Nonpartisan coverage of public affairs is often evoked as an ideal to be honored and a norm to be encouraged. This chapter shows, however, that press independence emerged as commercial product in predictable times and places. The 5 Ws asked in the information marketplace explain how factors, such as innovation in printing technology and the increasing role of advertising, changed the way papers covered politics. The shift from a party press to independence is a story of brand location, market segmentation, economies of scale, technological change, and advertising incentives. The following chapters explore how these same concepts explain the modern segmentation of the market for public affairs information across different media and different styles of coverage. While economics determined how politics was covered in papers at the end of the nineteenth century, by the start of the twenty-

first century economic pressures raised the question of whether particular policy questions would be covered at all in many media outlets.