

Is Good Journalism Good Business?

BY DOUG CAMPBELL

In 2003, the *Washington Post* won three Pulitzer Prizes, more than any other newspaper in the nation save for the *Los Angeles Times*, which also collected three. For the reporters and photographers whose names were on the winning entries, the significance cannot be overstated: Pulitzers are journalism's highest honor. The winners can expect greater pay and prestige — and almost certain career advancement.

The payoff for the *Post* as an institution isn't bad, either. Pulitzers may be a big part of the reason why the *Post* sells so many papers — more than 1 million on Sundays to be exact, the fifth highest total in the country.

In their recent article, “Newspaper Quality, Pulitzer Prizes, and Newspaper Circulation,” University of Oklahoma economists Brian Logan and Daniel Sutter test whether good journalism is also good business. Their study shows that U.S. consumers have a healthy appetite for “quality” journalism. In newspapers, the authors conclude, quality still sells.

Journalism became an increasingly ripe topic for economic inquiry in the 1980s and 1990s as media companies consolidated their empires. There were worries that profits would come before quality. Sociologists David Crouteau of Virginia Commonwealth University and William Hoynes of Vassar College wrote that there was increased “emphasis on revenue, margins, profits, and stock-price performance, forcing the companies to emphasize the aspects of newspaper operation that directly produce those results.” Profit-maximizing media companies, the watchdogs warned, would seek to trim staff and deliver advertiser-friendly news — not the sort of “quality” attributes traditionally associated with the noble Fourth Estate.

Sutter has looked at journalism through an economic lens before. In a 2001 paper published in the *Cato Journal*, he addressed the conventional wisdom that the news media as a whole tilts left. While he concedes that there is good evidence to support that claim — in surveys, a large majority of journalists at top media outlets identify as being left of center — it's not clear that such bias is sustainable. That would require a cartel — and cartels are notoriously unstable, with defection a constant threat. In the case of the media, new technologies are lowering the cost of entry, making it even easier for conservative voices to be heard. Over time, well-functioning markets should provide a wide variety of choices for media consumers.

In their new study, Logan and Sutter also look to the marketplace, this time for quantifiable answers about the appeal of quality journalism. They chose Pulitzers as their gauge on the premise that the prizes bridge the gap between consumers' and journalists' perceptions of quality. They write: “Pulitzer Prizes are a measure of quality as judged by journalists which consumers can easily observe and thus, provide an opportunity to determine whether news consumers value what journalists consider high-quality journalism.”

The results are compelling. Logan and Sutter examined daily and Sunday circulation of the nation's largest 400 newspapers in 1997. They found that papers which had won Pulitzers during the preceding decade had “significantly higher circulation, even when controlling for the economic and demographic characteristics and media competition of the metropolitan areas.” In fact, daily circulation was found to be 55 percent higher for Pulitzer winners than their empty-handed counterparts.

The top winners in the years from 1987 to 1997 were among the 10 largest in U.S. daily circulation: the *New York Times* with 18 prizes, the *Washington Post* with 14, and the *Philadelphia Inquirer* with 11.

A few holes remain. In claiming that the biggest are also the best, the authors don't explain the anomaly of *USA Today*, whose unparalleled growth has made it the nation's largest paper with

circulation of more than 2.2 million. At the same time, *USA Today's* record in winning Pulitzers has been paltry, with just one in its entire history. And as Logan and Sutter note, *USA Today* is regularly derided in journalism circles as “McPaper.” Nor do the authors address broader circulation trends, in which even prize-winning newspapers are losing eyeballs to cable TV and the Internet, which are not always bound by the same standards as print journalism.

Still, Logan and Sutter make a strong case that publishing good newspapers is good business. Papers that provide quality content usually attract wider audiences, which means greater revenue. More revenues don't necessarily mean more profitability, but it's a fine start. “Quality may well pay,” they conclude. “If quality produces a larger audience, owners of media companies can rationally invest in quality journalism.” In a country that depends upon the free flow of quality information for the proper functioning of its government and economy, that's good news. **RF**

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