The New Economics of Journalism:
A Conversation Between Esther Dyson and Arthur Sulzberger Jr.

MS. DYSON: Thank you. Okay. Here we go.

Thanks for that nice introduction. I'm very happy that Arthur really does not need an introduction. He's the publisher of "The New York Times," and he's, of course, wonderful, debonair and — What else was it you told me this morning?

So what we're going to do this morning — We've been spending some time together over the last few months and few days trying to get comfortable, but we've sort of avoided having this conversation in advance so that it would not be stale.

And we're going to spend approximately half an hour talking about the overall shifts in economics, responsibility, what is journalism as opposed to publishing?

Then Frank Daniels III and Walter Isaacson are going to join us, and we're going to take that conversation maybe to a somewhat more practical level, talking about how they charge for what it is they do, and they're going to maybe give Arthur some advice about how "The Times" can continue it's online career.

And then we're going to invite the audience in. And the one piece of advice I gave to everybody, and I'd like to give to you, as well, is when you speak, speak in small chunks. We're going to try and have a conversation, not just not typing, but actually get in some vigorous disagreement back and forth up here.

And so, to start off, we've had almost a day of thinking about some of these issues, and I liked very much the question, "Where is Page One in Cyberspace?" But it really does deserve an answer, and I think it's key, because Page One is what journalism does. It doesn't simply go out and gather news, nor does it
simply manufacture it, but it defines it, and it does make judgments.

The business of journalism is taking responsibility. You cannot be value-neutral, because there is more news than can fit on page one, and to pretend that you are not making judgments is to be lying, basically.

So Page One in cyberspace is what everything points to. It's what brand names point to; it is what somebody considers to be important. And advertising is what people point to, as well.

And so, real estate in cyberspace is defined by what is pointed to. It is what draws the eye. It's not physically constrained, but it's constrained by peoples' attention, and it's constrained by pointers.

And so if the pointer is paid, it's advertising; if the pointer is defined by a journalist performing a public duty, then it's editorial.

So the first question for us to discuss is: What happens when control of the pointers gets given back, at least in part, to the readers, if we want to be democratic and turn the newspaper into letters to the editor?

MR. SULZBERGER: First of all, good morning. And you're doing great on your own. You've just about said everything I would have wanted to have said.

MS. DYSON: Your turn.

MR. SULZBERGER: I think we shouldn't pretend that we don't already have a relationship with our readers, and that we don't hear from our readers every day. Yes, it's going to change. We all know that.

But it's not going to go from no relationship to a relationship. If all of us, as journalists or as publisher produced only a Page 1 that we wanted, with no caring whatsoever as to whether it was of interest to our readers, I suspect we would be out of business very, very quickly.

We need, certainly, to define news to a certain degree. That's our responsibility as journalists. But we also need to be aware of what it is that readers are interested
And we get that feedback. We get that feedback in circulation.

**Ms. Dyson:** Yes, and you get that feedback when you go to cocktail parties at Michael's, and people come up to you who are your elite readers.

But now, you've got some guy who can't really spell, who wants to waste your reporter's time sending him Email.

**Mr. Sulzberger:** I'm probably that guy.

**Ms. Dyson:** Max Frankel, now you know.

**Mr. Sulzberger:** The guy who really knew is Bill Kovach, who was my Washington editor.

I don't think that's going to happen. And maybe I'm fooling myself, but I really don't think that an individual reader directly to reporter, that that's going to be a major factor in how this is going to design itself.

**Ms. Dyson:** But it's going to be a major factor in how they have their time wasted, or how they have their time enriched.

**Mr. Sulzberger:** Are you making the assumption that we're going to put all of our reporters online? Is that the assumption built into the question, that every day, all of our reporters will have hundreds and hundreds of Email's that they've got to respond to?

You can pick up a pen today and misspell a letter any one of our editors, reporters, business folks. Most — I will speak, I think, candidly for the newsroom — Most of those letters go unanswered.

It drives me nuts, but it's true.

**Ms. Dyson:** Do they go unread? —

**Mr. Sulzberger:** I don't know. Probably not. They don't probably go
unread. They probably are read.

But I'm not sure how that's going to define what a newspaper of the future is, or how much different that's going to be.

When I was a reporter, people would come up to me and talk to me about what I'd written. People would write. People would call. And I suspect people will Email when that becomes more and more common. I think that's only a small part of what's going to happen.

And I don't think — and I think this is the important point — I don't think it's going to drive our coverage. It's input, and we should value input, all of us, as human beings and as journalists should value input. We shouldn't be scared of inflation.

But that's a helluva lot different, I think, than saying, "Oh, I've now got seven people telling me to take a left at the stoplight, so I'm going to take a left at the stoplight."

If we do that, then we're not doing our job as journalists, it seems to me.

**MS. DYSON:** Yes, but there's a notion that more and more of what — When you go online, you're not simply taking "The New York Times" content and putting it out online and then having letters to the editor.

You're having — There's a different medium. Do you want to be part of it or not? And how does that change the dynamics between the traditional "Times" and this online thing where you do have more participation?

**MR. SULZBERGER:** Well, I guess this is the time to introduce my secret answer: I don't know. You're hearing a lot of this. I don't know how it's going to change it.

But let's go back to your opening comment, which I think was right on target. The value we really provide, that Nancy was talking about so eloquently earlier, is judgment. We provide judgment, and the value we give is not merely in collecting
the data, but analyzing the data and trying to fit it into all of the other data that we have, your Page 1 billboard saying, "In the judgment of the editors of this news organization, these were the key stories you must know if you want to be a fully-functioning human being in society."

I don't believe, and I certainly hope I'm right, that more ability to interact with your readers, and your non-readers aren't going to comment, because there's nothing that says non-readers aren't going to comment, too.

**MS. DYSON:** They do now.

**MR. SULZBERGER:** They do now. I hope there's nothing inherent in that that says, "Therefore we are going to cede our journalistic responsibility and judgment to somebody else," or a million somebody else's.

**MS. DYSON:** Well, you can stay the "The New York Times," and a lot of people hope you will, but at the same time, you're going to be competing with more and more do-it-yourselfers, with more and more self-styled journalists, with more and more online services.

I mean, people have so much time in the day, and so the question is: Do you want to maintain share?

Do you want to maintain quality and give away share? And then how do you keep your brand name? How do you keep your premium pricing when there's all this other stuff, when there's Oprah Winfrey online, and —?

**MR. SULZBERGER:** Oh, God.

**MS. DYSON:** I'm asking you because I don't know the answer either.

**MR. SULZBERGER:** The job that the news and business people at "The New York Times" and that I have over the next 20 years is to answer that question. Our job is to take the brand we have today and to translate it for this new medium.

We know that. We know it's going to have to be different than what it is today. In
many cases, it's going to have to be more than what we offer today. I suspect it will not have to be less than what we offer today.

Some of the parts will be shockingly familiar to all of us. Twenty and twenty-five years from now, other parts, none of us can even imagine.

I feel a little bit like Henry Raymond in 1851, who started "The New York Times." If we were to hand Henry Raymond the 128-page daily "New York Times" of today, and say, "By the way, will you please create this?" He'd probably go back into politics, I think, from whence he came.

He didn't start that way. He started with a 12 page, one-cent -a-day newspaper, without photos, and even without Max Frankel's column in the magazine.

I think that's where, in my head, we have to begin. We can't say, "I'm going to create out of nothing the totality that is 'The New York Times' today." We've got to build it, bit by bit, making sure that every step is designed to translate the brand — and I want to get back to your brand — because that's the goal. The goal is to translate the brand.

Do I really think we need to change what it is we are? On the contrary, I think the only thing we know for sure is that we can't afford to change what we are. We've got to keep our center. We've got to know what it is that we do. What are our core competencies, and other fancy terms being used these days in business, and build on those core.

That leaves lots and lots and lots of room for lots of other people to do very interesting and exciting things, and they're going to do them, and Mazel Tov.

We have a lot of competition today: in newsletters; in pamphlets; in magazines and your newspapers and publications; in television; in radio. We're swamped with competitors. All of us are swamped with competitors.

So now, we'll have some new competitors. Well, okay, we're used to that, most of us, I think. Not all of us are in monopoly markets.
So, I guess, that doesn't scare me. What scares me is that we're going to try to change to become something we're not, all of us as journalists. We're going to say, "Gee, to compete with whatever you want to call online, to compete in this digital age, I have to give up what it is I'm good at."

I think we saw too many newspapers do that in their attempt to compete with television. I think that failed. I think most of us in this room believe it failed. I hope we believe it failed; I believe it failed.

**MS. DYSON:** Failed financially or failed morally?

**MR. SULZBERGER:** Certainly morally; certainly in market share; certainly in destroying brand equity. And I guess we won't know for another 10 years whether it failed financially, but there are a lot fewer newspapers in the world today than there were 10 years ago and 20 years ago.

And to some degree, that's not our fault as journalists, and to some degree, we are absolutely to blame for making our products less valuable in an attempt to compete with a medium we didn't have to compete with on their terms.

So I hope we don't have to change our core competencies, the value we give to our readers, all the things that Nancy was talking about, and some more I'd throw in, in an attempt to become something we're not, because I don't think that will succeed.

That's pretty heavy. I'm sorry.

**MS. DYSON:** Well, let's go back and talk about what those core values are. I mean, you take "The New York Times." It comes in four sections.

**MR. SULZBERGER:** Today.

**MS. DYSON:** Yes. "The New York Times" is on each section. The first section is unique, and uniquely "The New York Times." It's international news; it some stellar columnists, et cetera, et cetera.

Then there is "New York Metro." That's local news,- that's special. Then there's
"Business News," where you have good —

**MR. SULZBERGER:** There's some culture, which - -

**MS. DYSON:** I know. I'm coming back to that.

**MR. SULZBERGER:** Sorry.

**MS. DYSON:** Then you have the "C" section.

When you now are competing in a world where, you know, what makes a "The New York Times" recipe uniquely a "New York Times" recipe?

**MR. SULZBERGER:** We generally leave out one of the ingredients.

Nothing. Basically, uniquely, a "New York Times" recipe, with the possible exception of something one of our London bureau chiefs once discovered which was a pudding called "Publisher's Pudding," and the first words in making this was, "This cannot be made too rich."

The value is not in the generic news. Nancy talked about that. With rare exception, recipes are generic, the rare exception being if you've just gotten the recipe from the Sous Chef at Lutece. Maybe that's not generic. Maybe that's value added.

**MS. DYSON:** And maybe you need to pay the Chef for it.

**MR. SULZBERGER:** And we're going to definitely have to the Chef for it, sooner or later, one of these days.

The value is in what do we bring to the news? What are we bringing in information? Is it unique to us?

Our telephone call-up service, I think is the best possible example of what I'm talking about. When we went into audiotext a number of years ago and we put up a variety of audiotext options, opportunities — everything from sports scores to financial tables to breaking, sort of quasi-breaking news, to the answers to the
clues in our crossword puzzle.

The only one of those that made money, and made a lot of money, was the crossword puzzle answers. Why? Where else were you going to go? We had the answers and you didn't, and neither did NBC. And people called and called and called, and it's just a nice little chunk of change.

That's real value added, nowhere else to go. Okay, I got it now.

If you accept that, where should newspaper publishers be putting their money? In their newsrooms. They've got to be funding their newsrooms to a greater and greater extent to try to capture information that is not available anywhere else.

**MS. DYSON:** And does that mean you'll can the recipes?

**MR. SULZBERGER:** Did I say that right, Max?

**MS. DYSON:** Some applause from the sponsors.

Does that mean you'd can the recipes?

**MR. SULZBERGER:** No, you don't can the recipes. You don't have to can the recipes. Let's face it, we're going to be making our money for years to come from what it is we do on paper.

This is exciting. This is, in my mind, undoubtedly our future, but I'm not prepared to give up a billion dollar revenue base today in exchange for this, and I don't have to. It's not that expensive to create and to fund this, and Frank can talk more about that, and Walter when they come up because they're spending more money right now than am I.

But we can do both. I think there'll be a role for recipes on this. I know there will be a role for recipes on this. I hope Campbell's Soup will fund the role for recipes on this. But this isn't about recipes.

**MS. DYSON:** Okay. As you go online, will you focus on the unique "New York Times stuff"?
MR. SULZBERGER: Absolutely.

MS. DYSON: Will you distribute it broadly, or will you try and have some exclusive relationships, such as with Nexis?

MR. SULZBERGER: The answer to all those questions is yes, we will —

MS. DYSON: Wait.

MR. SULZBERGER: We are going to do it all, because we don't know what works yet. And we're going to watch all of you do it all because we don't know what works yet.

We're going to put Page One up on the Internet, and it will be free. That's pretty broad, and that's Page One. We will do much narrower things on the Internet, as well, and we will charge for them.

We will continue on AOL, and we'll put our news and information up on that, and we're in the midst of creating and will be introducing shortly a new generation of AOL offerings, the next generation.

This is all an experiment. We don't know where this is going. In the end, it's going to have to pay for itself. We do know that. In the end, it's going to have to pay for itself. And there's not a lot of ways to make money.

As far as I know, there are only four — three, if you exclude blackmail — "Mr. Roberts, I won't put that information up in exchange for $100," which may be the only way to make money at this business today.

Either the reader is going to pay or the advertiser is going to pay, or we're going to get a piece of the transactional action.

If the reader decides that she wants to get theater tickets from the Shubert organization for "Cats", one, we'll try to talk her out of it, but if she still goes out to see "Cats", then maybe we'll get, you know, one one-hundredth or one-tenth, or whatever the heck it is, of that transaction.
**MS. DYSON:** How much do you think you're going to get into the problem of, take a John Markoff. Instead of being "The New York Times," he decides he just going to have his own Internet site, and collect money directly from readers or directly from advertisers.

**MR. SULZBERGER:** All right. Now, we get into the nature of the Internet. I haven't been here for all of this Conference, but I suspect —

**MS. DYSON:** They answered this one already.

**MR. SULZBERGER:** They answered this one already? I suspect there are as many answers as there are people, probably more answers than there are people answering. And I don't know I have an answer either.

But I have an idea, and my idea is that the people who created and have used the Internet more or less up until now are frontiers people. They are the people who like to go out into the wilderness. They enjoy roaming. They don't want to settle. They want to continue to forge ahead. And they're frontiers people.

And behind those frontiers people are the barbarians like me, the shopkeepers, the folks who really aren't going into the frontier because we enjoy crossing the next river and getting past the next ridge, but are out there because we think that there's a future for stable, steady growth.

We're their worst nightmare, but we're coming, and we're going to change the nature of what exists. And we're going to push the frontiers people somewhere else, because that's what happens to frontiers people: they just keep moving.

And I don't know where they're going to move next, and it's going to be very exciting to see that happen. But I know that where they are today is going to change.

**MS. DYSON:** That was a really nice answer, but not to my question.

**MR. SULZBERGER:** Then repeat your question.

**MS. DYSON:** It's this whole issue of you're "The New York Times." You have
some very good people. Collectively, they create "The New York Times."

MR. SULZBERGER: Thank you. I didn't fully — You're right.

What happens then, I think, is that people are going to follow and want stability, and they're going to want to do — They're not going to want to explore all the corners. They're going to want to go to places that help them, and then they're going to stop, and they're going to, the next day, go to the same places again, and the next day to the next.

Now, maybe they will find the discrete little bits of information that they uniquely want, and maybe John Markoff, because he is a brand, because Markoff is a brand, maybe he'll be able to attract enough of them to make a good living and to be influential, and to have have a, you know, a successful life and business.

But I suspect there are very few of those that can succeed in the world that I think is coming. I look at how people read "The New York Times" today. We all read it differently. Some of us start at the "D" section and read to the front.

Bill Kovach reads only the front page first, before he follows, because he can keep the jumps in his head, and then he just goes backwards, as I recall. I mean, you know, "A2, A3, A4."

And all of us who read a paper, all read it differently. But do you want to know something? We all read it differently, exactly the same way, day after day after day. It really doesn't change unless something unique has happened, like the Oklahoma bombing. But then once that's over, we go back to our pattern.

So people, I think, are creatures of pattern. And what we have to do is establish ourselves as part of their pattern. And unless you believe that they are really prepared to be online for a tremendous amount of time every day, and to pick out discrete little bits of information unique to their interests — and they're not looking for packagers, which I think would argue against human nature — then we just have to transform ourselves into the packagers of that information.

Does that make sense?
**MS. DYSON:** Yes. It's an interesting in change in balance of power, not just between you and your readers, but in your newsroom, between you and your star reporters/columnists.

As the world becomes — people become more entrepreneurial, they're more visible to the outside world. You can read Max Frankel without having to read everybody else, if you want. You can have some kind of a pointer or a filter.

And it means that "The Times," which doesn't own its employees, but only rents them —

**MR. SULZBERGER:** I'd like to think — Well, never mind.

**MS. DYSON:** Or they own it, whatever. But the balance changes a little bit.

**MR. SULZBERGER:** But that's always been true. To pick on poor John Markoff for a little bit longer, John Markoff could walk away from "The New York Times" today and start a newsletter, and he doesn't need the Internet to do it. He could go on the Internet with his newsletter.

He could do it today. Indeed, Max could do it today. All of our reporters who would want to do that have the ability to do it. They can try to create a brand on their own. Some of them in the past have done it.

You know, in our world, this world, David Halberstam is a brand, right?

**MS. DYSON:** Yes.

**MR. SULZBERGER:** So for those people who find, who get enjoyment from that and can succeed at that, that doesn't change. The technology isn't changing things, it's merely offering a slightly greater variety of opportunities, but it's not changing the fundamentals. It's not changing human nature.

**MS. DYSON:** Let me give you —

**MR. SULZBERGER:** I don't think.
**MS. DYSON:** Yes. Two things are changing.

One, obviously, it's not all or nothing, but I would wager that Markoff could probably get a better — he'd have a better negotiating position.

If you take my own little business — I have a newsletter that has 1,300 subscribers. They have to sign up for a year at $600. Most of them probably find one or two issues really interesting; the rest they could do without.

And this would be the same situation Markoff would face.

**MR. SULZBERGER:** Exactly.

**MS. DYSON:** Now, I can go on the Internet. I can sell those one or two issues to 10 times the number of people who'd be willing to subscribe for an entire year. The distribution capability, the ability of people to find me and me to find them, does change.

So Markoff no longer needs "The Times," once he's established his brand name on your back as his distribution mechanism.

**MR. SULZBERGER:** Right.

**MS. DYSON:** And that's the shift in power, which is subtle. It's not binary, but it will happen.

**MR. SULZBERGER:** The change in distribution pattern is, indeed, the single most exciting thing about the Internet and about the web.

**MS. DYSON:** If you're Markoff.

**MR. SULZBERGER:** No. If you're us. If you're a newspaper publisher. If you're a journalist, whether you're with a news organization or on your own, the most exciting thing about this is it dramatically changes the entire cost structure of our organizations — and Nancy's hit on that a little bit, but I'll hit on it more.

We have seen in the last few weeks newspapers go out of business, arguably
because of paper prices. We know that paper prices are the single biggest cost
newspapers have, at least "The New York Times" has, outside of the cost of
people.

When you remove that as a cost, the entire fiscal dynamic of the newspaper
changes.

People say they are worried about losing advertising to the Internet, and I am
worried about that, too. But I also know that if the tradeoff is losing 10 percent of
my advertising and not having to pay my newsprint and distribution costs, I am
vastly, vastly aided from a financial point of view.

So I find it, from a purely business perspective, which this is supposed to be, —
Bill has asked me to be the crass commercial guy, and I'm trying to play that role
— it's exciting.

Does it offer opportunities for Markoff's of the world to go out on their own? Yes.
And to be successful? Yes. Could they be today, if they chose to go on their own?
Yes, I think.

Does it offer newspapers more of an opportunity to bundle and distribute, and
will it change the relationship we have with some of the writing staffs that we
have? Sure. Can we benefit from that? Yes. Does it mean that all of us have
potentially tremendously greater reach? Absolutely.

And now, when a newspaper publisher looks and says, "Where can I invest to
make the most money?" Is he going to start looking at his distribution system, at
building a circulation base? No. He's going to have to start saying, "News."

From my perspective, this is the best thing coming down the pike for a journalist
that I've seen in a long, long time, because now we're playing our game: the news
game. He or she who has the best news should win this one. That's pretty
exciting.

**MS. DYSON:** Have you defined "best"?
MR. SULZBERGER: Most interesting to your readers, certainly. And I am differentiating from entertainment. I want to put entertainment aside, okay, because that's not what we're here for, I hope.

Most interesting, most compelling, most comprehensive, whatever may be most local. We could get into that. That's on the agenda.

But now, it changes the nature of what is local. All of a sudden, Oklahoma is real local for a lot of folks. In a few days, a lot of people who like to sail will say that San Diego's real local.

So I would think all of the people in this room would be stunningly excited — I would hope that they would be — by the opportunity this gives us and by the power this places in the hands of journalists.

MS. DYSON: Raise your hands if you agree.

(Show of hands)

MR. SULZBERGER: The rest of you should be shot.

MS. DYSON: That's a value judgment.

MR. SULZBERGER: I do value.

MS. DYSON: I want to attack one more issue, and then ask Frank and Walter to come up.

And this is this whole business of filters, agents. It's become almost trite now that, you know, it's really great. You can have the "Daily Me,-" you can design your profile, and you can get only the kind of news you like.

Those of you who do read "The New York Times" carefully and read Denise Caruso's column, read her quotation of something by Frank Fukyama where he said, "Many people have pointed at the extent to which fringe and hate groups have made use of the Internet as an organizational and mobilizational tool, but the issue is not just that the communications technology facilitates the exchange
of information. It also permits groups to filter out other types of information that might otherwise have served as a reality check... When they reach out to the outside world, they find that there is a large network of like-minded people all over the country to support their particular paranoias. They never come across the evidence that might possibly convince them that they're crazy."

How do you deal with this, people getting more and more fragmented? It's not just marketing and advertising, but the public interest is not served when people get too local.

MR. SULZBERGER: This is the guy who said that history had ended, right?

MS. DYSON: Yes.

MR. SULZBERGER: Yes, I remember.

MS. DYSON: So he was wrong.

MR. SULZBERGER: Well, thank God the Internet wasn't around when that prison whacko, "Mein Kampf" — People might not have noticed it if —

This is what books did. We've been through this. This is what Louis, the kings of France, were so terrified of when the coming of the printing press, that finally, citizens, average citizens would have access to the written word. Aren't we past that now?

If you want to get very local very fast, you could do that today, and there's nobody in the world who forces you to pick up a copy of "The Wall Street Journal" or "The New York Times", or "Time" magazine or "The News and Observer". No one's holding a gun to their head, so people who don't want it, don't do it.

And on this technology, people who don't want it won't do it. And in the end, I think, we're going to have to depend on humanity, simply humanity, that enough times, enough people will make the right personal decisions in their lives, knowing that too frequently, certain people won't.

This technology, I don't think dramatically changes that. Does it make it easier
for you to sit in your house and not go anywhere? Sure. Does it make it easier, perhaps, to reaffirm your own personal beliefs? Sure. But it's pretty damned easy to reaffirm your own personal beliefs today.

**MS. DYSON:** As we've seen.

**MR. SULZBERGER:** As we've seen. That guy sitting in that motel room for,— according to the remarkable story in yesterday's "Times" — for, — what was it? — seven, eight days just sitting there. Do you think he was plugged in on the net? Surfing? No. And he was up here, just going around and around, reaffirming his own personal beliefs. I don't know.

**MS. DYSON:** Okay. But you don't — Fair enough.

I want to propose an antidote to it. She's asking herself her own question.

**MR. SULZBERGER:** Which I should have done.

Sorry.

**MS. DYSON:** Thank you.

**MR. SULZBERGER:** Do you have an antidote to this?

**MS. DYSON:** Yes.

**MR. SULZBERGER:** What is it?

**MS. DYSON:** But I also do think it's a problem we're thinking about and worth raising.

Fundamentally, this notion of filters and "find me what I want" needs to be counterposed with the notion of maps and schemes. The front page, in a sense, is a map to what you should know, and the problem with filters is they take away your peripheral vision, just as somebody who's crazy has no peripheral vision for what he can't see. Somebody who's crazy keeps on seeing corroborating evidence, even when it isn't there.
The role of a newspaper, to some extent, is to provide that peripheral vision, to say, "Even if you don't read this story, see this headline" that says "good things are happening in —" I don't know — "the Middle East." "Mother takes care of baby seven days a week," that kind of thing.

And so, technologically, a place people should focus is not simply filtering, but some way of summarizing, displaying a broader range of information so that you have the equivalent of a front page, not just of a single set of news stories gathered for one reader, according to what he's looking for.

Yes, there have been ideas like this, had the serendipity factor throw in an odd story every 10 stories or something, and that's not a bad idea. I wouldn't want to legislate it, but it's something to think about.

**MR. SULZBERGER:** Well, aren't you talking really about continuing to be an agenda center?

**MS. DYSON:** Yes.

**MR. SULZBERGER:** Continuing to provide people with a common sort of set of understandings of what's transpiring in the world today.

There's nothing that mandates that in today's environment.

**MS. DYSON:** Except "The New York Times."

**MR. SULZBERGER:** We can't mandate it. All we can do is offer it, and all we can do is put it out there, and either people will buy it or they won't buy it.

But people do buy it, and they buy the "Chicago Tribune" and "The Washington Post", and collectively, we manage, somehow, to put a common agenda in front of Americans over time, not every day exactly the same, of course, but over time.

My point: Anything we try to do as we grapple with moving our brand into this new world must take into account how people live their lives, not how the frontier people who have made this world lived their lives, because I'm proposing — and I don't know this for a fact, Lord knows — that those people are different by the
nature of what it is they do and the joy they get from doing it, by being those frontiers men and women.

But for the rest of the people, the people who are coming behind them, who are going to come into this new world and, hopefully, find us there ready to welcome them when they arrive, those people seek order out of chaos. And the Internet has been described as chaos, or almost organized chaos, but chaos. I don't know if you agree with that.

I propose that that's not what people want, the vast majority of people. They want some order in that chaos. They don't want total order. They don't want fascistic order, but they want an ability to get to information in a way that pleases them and a way that makes their lives simpler and less time-consuming.

And, yes, they're still going to make some sideroads because people in the Internet are interesting. But I think they're going to continue to want and need and seek a common agenda. That's our role.

**MS. DYSON:** What do you do if they won't pay for it?

**MR. SULZBERGER:** I'd go out of business, so they have to pay for it. I mean, I don't have a choice. I mean, we can debate this until the cows come home, but if they don't pay for it, I'm not there.

So from my perspective, the answer is simple: Some way, I've got to get them to pay for it. I don't know what that is. Will it be advertising? Sure. Will it be circulation? Yes, some of it will be circulation.

**MS. DYSON:** Personally, as the guy who has to make the decision, where do you make the tradeoff between making money and —?

**MR. SULZBERGER:** I don't need to make money this year, and I don't need to make money next year. And I'd like to lose a little less money the year after that.

What's the phrase that Walter taught us over dinner? "We want to be on budget," Walter.
But at some point, and some point not very far down the line, we're going to have to start seeing a financial return. And I don't think that's going to be as difficult as we think it is today, because I think the ethos and ethics of the web are changing.

I guess I'm betting on that, aren't I? Am I wrong?

**MS. DYSON:** We're all betting on it.

**MR. SULZBERGER:** Okay.

**MS. DYSON:** But should newspapers, in fact, be owned by stockholders?

**MR. SULZBERGER:** Frank? I think it's time to get Frank Daniels up here to answer that question.

**MS. DYSON:** Okay. Let's do that. Come on up.

(Mr. Frank Daniels III and Mr. Walter Isaacson come to the stage)

REACTION AND DISCUSSION

**MS. DYSON:** I'm going to move over here so I can watch everybody.

This is Walter Isaacson, who's Editor of "New Media" for Time, Inc., and Frank Daniels III, who is publisher and —

**MR. DANIELS:** Editor.

**MS. DYSON:** — editor and creator of NandO, which stands for News and Observer, and is an online service.

Why don't we just finish up this little thing about profitability, and then talk about the front page.

You were just about to say something.

**MR. ISAACSON:** Well, in terms of paying on the web, we talked to some people at AT&T and others, and they, "Oh, you'll never ever pay for things on the web.
We're going to have sponsored news. You know, we're going to sell the right to sponsor the parenting news to Proctor and Gamble, and the right to sponsor, you know, financial news to Fidelity," and that sort of thing.

Well, if you get to a web where people aren't willing to pay for value-added information, on the credibility of having non-sponsored information, it's going to be bad for journalism and all of us.

I think, throughout all forms of journalism, people have been willing to pay, you know, get our money from circulation, from advertising and transactions.

You're going to have to do that on the web, but you're going to have to keep it distinct so that people know: This is not sponsored information. This is not Proctor and Gamble telling you about, you know, diapers and disposable diapers.

This is something that's, you know, from "The New York Times", "Time" magazine, "News and Observer."

**MR. DANIELS:** I'd just take one issue with that, is my guess would be that readers would find information on diapers sometimes more valuable from the manufacturers of diapers than from newspapers who perhaps - -

**MR. ISAACSON:** But they've got know the difference of what they get and who's giving it to them. And that's when you start learning these distinctions, saying all the news on the web should be sponsored and free, then you're going to end up learning those distinctions or people are not going to know the quality of the news they're getting.

**MS. DYSON:** Well, do you think it's going to change the perception of the advertiser? I mean, you know have Reebok, for example, which has a web site on which the news doesn't all come from Reebok.

That's the exciting part. It comes from people who have used Reebok's. It comes from people who say, "Mine fell apart after two weeks." It comes from people who are asking Reebok, "So how much do you pay the people in Malaysia who put your shoes together?"
And it takes a tough-stomached sponsor to sponsor that kind of stuff.

**MR. SULZBERGER:** The good news is: There are very few of them.

**MS. DYSON:** Very few —?

**MR. SULZBERGER:** Who have the stomach to do that kind of a thing.

**MR. DANIELS:** Well, I mean, the interesting thing to me is that if you talk to any manufacturer of products — I mean, they run help desks. They answer consumers’ questions all the time about how to use their products.

When you look at diapers, you know, to take a sort of a pedestrian example, the fact that we may not like the fact that buyers of that product prefer the information from the product manufacturer sometimes, rather than some intermediary is illogical.

I mean, you know, they're set up to answer questions about their product. How do we facilitate that conversation? Then how do we also, perhaps, facilitate that there are other places that you can get information about other products would be a role that we could play.

But to say that the information has no value if it comes from Proctor and Gamble, I think is missing the point. The information has value to the people that need it.

**MR. SULZBERGER:** If they believe it. And now, we're getting into credibility, and the credibility of organizations.

And let's not forget that for all of the faults and flaws of our profession, we still carry a great deal of credibility.

One of the joys of the net, of any of this online stuff, is that every piece of information carries inherently the same value as the next piece. There's almost no way, unless you know the brand, unless you have trust in where you're going, to know whether what you're reading is true or false. And I think that's not going to change.
And maybe Reebok is one of those organizations where they're not going to dream of putting anything that’s false up there, but I suspect there are not a lot of them. And I suspect that there's always going to be role for consumer reports, and not just the magazine, but what we do, and that people, in the end, are not going to trust Sony to help them make a decision of what CD player to buy, singularly.

And they're not prepared to, in effect, surf for the 10 different manufacturers they can get for a CD player. They're going to want to go to a source that has done that work for them.

**MR. ISAACSON:** And the only way you keep the credibility is — You're right. Proctor and Gamble has valuable information, but the user's got to know that this information is coming from "The New York Times", and this information is coming from Proctor and Gamble: big difference.

And we've always done that, and now we're starting to blur it when we go into this new world, and you get a lot of new type of online services, or even, you know, big companies going into it that don't have journalism backgrounds that say, "Oh, we shouldn't make those distinctions." We should just say, "All parenting information should be — Proctor and Gamble should pay to put up the parenting information and they should get the content. They should bring the content in, license it and put it in. And that way the web can be free because we believe in the ethos of cyberspace, that all information should be free."

And you say, "Wait, wait wait. You got that all wrong."

**MR. DANIELS:** But that exists now. I mean, you know, you can go out and by a magazine that's completely sponsored news. I mean, those things exist now. We're not talking about what's happening online is not a discrete business. It's not even a discrete activity. It's very much part and parcel of how we live our lives today.

So all those things exist now. The important thing is the credibility. I mean, you made the point about being invested in our newsrooms, and I would dare say that virtually no newspapers are doing the things to create credibility for their brand. I mean, newspapers are distrusted by their readers, and they're distrusted because
we don't do the research, because we make assumptions, because we call the same sources all the time.

**MS. DYSON:** You reprint press releases?

**MR. DANIELS:** Yes. I mean, so the problem isn't that Proctor and Gamble’s information may or may not be credible; the problem is, is our information credible? Are we doing the investment and the training of our staffs and attracting the right people to the business to be credible? And I would say that no, we're not. As an industry, we're not doing that.

**MS. DYSON:** And are you doing, Walter, as a semi - entertainment - oriented — ?

**MR. SULZBERGER:** I think what she means is as an entertaining journalist.

**MR. ISAACSON:** I'm resisting Time-Warner's plan for world domination at every turn of the way. Time, Inc. is a journalistic organization. You know, we believe, and whether we succeed or not, we believe that our information is branded. It should be credible, and everything on there should be things that people can believe. That means that we cover the entertainment industry, or any industry, as best we can.

I believe that as we go out with online or interactive television, or other new ways of delivering digital information, we got to do what you were talking about earlier, which is say, "Here's a front page. Here's some credibility. Here's something you can trust."

And unless our brand name is trusted — And you talked about what gives value to what we do. I'd put number 1: credibility, because once you've got this limitless sources of information you can get on your TV set, your computer or whatever, it's the credibility of a particular brand name that says, "Okay, I'm going to go to that brand name, not just because I want to see John Markoff, but because I know anything in "The New York Times" tends to have a certain credibility to me."
So that's what we do when we try to create front pages in cyberspace or whatever, is say, "You can trust us to be a filter and not just using automatic intelligent agents, but trust us. We're credible."

**MR. DANIELS:** How are you measuring credibility with your various products as you take them online? I mean, how do you measure the credibility of your products now?

**MR. ISAACSON:** Well, we measure the credibility of our products who are the people who pay for it, and that's why I think you ought to say, you ought to charge on the web.

I mean, if something's free, you know, you almost don't need the credibility. It's like the throw-away shopper newspaper that lands on your lawn.

**MR. SULZBERGER:** Or what you were saying today about "USA Today."

**MR. DANIELS:** Or maybe "Time" magazine's circulation's been going down. The revenues, you know, are struggling. Is "Time" magazine more or less credible than it used to be?

**MR. ISAACSON:** We're probably less credible in some ways. Our circulation's not going down, but you know, I do think we judge our credibility by the fact that people perceive value in coming to us for information, as opposed to the thousand other sources they could have now, or the ten million other sources they'll have five years from now where they can just surf the net or call things up on their TV.

**MR. SULZBERGER:** Can I change the subject slightly, or did you want to follow that?

**MS. DYSON:** Briefly, and then I want to —

**MR. SULZBERGER:** No, follow up.

**MS. DYSON:** Go ahead. Well, the web is very different. I mean, in a paper, it's discrete.
There's editorial, and you know it's editorial. There's advertising, and you know it's advertising. And that's the paper. Then they might refer to stuff outside.

Once you're on the web, you point to things; those things point to other things. Do you feel you're responsible for everything you point to, and if you're not, how do you indicate that?

**MR. ISAACSON:** I feel we're really responsible for never pointing the reader or user in any direction without clearly labeling where they're going and what they're getting.

It's pretty simple. That's what we do in a magazine; that's what we do in a newspaper. We'll put, and we do put information from advertisers, information from Fidelity Mutual Funds, from Merrill, Lynch, whatever it may be, but they've got to know when we send them there, you're going here, and that's a sponsored area.

**MS. DYSON:** Talk about Oklahoma.

**MR. ISAACSON:** Oklahoma?

**MS. DYSON:** The thing you wouldn't point to.

**MR. ISAACSON:** Oh. Well, we have Pathfinder on the web, and we're talking about last week. We put — One thing you do find that people really come for is new stuff, daily stuff. And I'm sure you see that in NandO.net. So we put up a hot page for Oklahoma. It's got all of our, you know, reporting from our bureau, some interviews, things from our magazines, things from all over.

And they started pointing also to the other pages on the web, not just pages like, you know, government stuff, but the white supremacist pages that have been put up; the how to make a bomb pages that have been put up.

And at one point last week, one of the editors at Pathfinder said, "Okay, I'll put the pointers under this little button that says 'Other Web Sites dealing with Oklahoma City'," and clearly labeled to some white supremacist party telling you
how to make the bomb, and that's when you start swallowing hard and saying, "Oh, maybe we do play censor here. I mean, do I want it for some kid to say, 'Oh, that's what you do? You go to Agway; you get this fertilizer; you do it.'"

And finally, we broke that link. We just said, "People will be able to find that. It's on the web if they want to, but we ain't going to point to it."

**MR. SULZBERGER:** Good. You know, it's the same thing I guess we do in journalism all the time. Every day. Every day.

**MS. DYSON:** And you don't quote the "National Inquirer."

**MR. SULZBERGER:** We use judgment. And when we quote the "National Inquirer," we're proud of it.

**MS. DYSON:** Okay. Let's just talk —

Arthur, your comment —

**MR. SULZBERGER:** I just want to make one different point, because we haven't touched on that, and it might be something we'd want to touch on in questions, which is:

As we've been thinking about this, and perhaps, as you've guys have been thinking about it, we think we're coming to conclude — Sort of that's the way you preface everything these days — We think we're coming to conclude that the biggest change we're going to have to make in the news we offer our readers is that we're going to have to add a whole new way of looking at news that's much more silo-based.

You know, newspapers generally offer a broad top-level view of the world to their readers, and very few get too deep into any one area. I mean, there are specialties, but it's that — I suspect that the Internet, that this whole new electronic format is going to force us to create much more of a newsletter mentality.

Yes, we will still have to play that essential role of offering broad news at the top across a wide spectrum of human endeavor, but that we're going to have to get
much more detailed, much more detailed, much more in depth in those categories that we think are important to the readers that we're trying to attract.

And that's going to add substantial cost to the newsroom. It's also going to add substantial benefit to our readers, and I think that this, if the technology is driving us any one way, it's driving us journalistically that way.

**MR. ISAACSON:** But, you know, that gets to the front page in cyberspace question, because you can create really deep niche markets now in the interactive and digital realm. You can say, "Okay, you want to go really deeply into Czechoslovakia investments." You know, we'll put it there on the business page.

But eventually, or very soon actually, we're starting to work — You know, Paul Sagan and I have been building both the Orlando Interactive TV stuff and the Pathfinder stuff on the Internet — They each have the Euro News button, the button that sort of says, "Build me my paper."

So, you know, if you come in and you program in our your TV set in Orlando, or on the Pathfinder on the Internet, you can put in the filters or the intelligent agents can do it for you to say, "Here's what I'm interested in."

And I'd put in, well, "I'm interested first of all in the weather; secondly, I want to know whether "The Picayune" has a story on gambling in New Orleans or something that might affect; I want to know something about, you know, whether the Knicks won, but I don't want to know anything about international news or whatever," and I've never checked it.

So it just goes deeper and deeper into those little niche interests I have. And that's pretty dangerous, because you lose, as you were just saying earlier, the common bond of information that pulls us together as a society, and the peripheral vision that allows me to know, "Hey, maybe I should get some information about this, even though it's not in those targeted interests I put in my TV set in Orlando or my, you know, web browser that these are the news I want .. "

And so, what we've tried to do, and, you know, we've experimented with it on the
couple of products we're building, is say, "Okay, you can say here's my news," and here's a "my news" button you can hit, but when you turn on the News Exchange in Orlando, or when you call up Pathfinder on the worldwide web, no matter what you've programmed in as "my news", in Orlando, there's an anchorwoman who starts off with a very quick summary, maybe four or five minutes, that gives you local, world, national, sports, everything else, so that even if you didn't put in that you cared about international news, you may care that, you know, they've starting breaking out fighting again in Croatia, or at least, you should know about it.

And if you want, you can override her. You can go right to the button that says, "Oh, you know, stop. I want my news." And so you don't get it. But at least we confront you with that front page so that if you're lazy enough, you get exposed to the headlines. Or at least we confront you with that "Hot Today" screen, even if you had marked in "All I wanted was 'Sports Illustrated' and 'Travel'," but, you know, we put the "Hot Today" screen that comes and gets you. You can skip it. You can throw away the front page. You can never look at the front page. But at least we should try, — because that's what we do as journalists for a living — we should try to hit you with that front page, and catch your attention and draw you in with the serendipity or the importance of a piece of news that may not have been on your filter or as part of your "My News" program.

**MS. DYSON:** So I'd have to override it every day? I can't override it —?

**MR. ISAACSON:** I don't know. I mean, at the moment, you've got to override it every time.

You turn on your TV, and the anchor starts telling you the latest news. You can real quickly press a button that says, "To My News". You know, I tend to think that that's what we do as journalists. I mean, could you subscribe some day to a "New York Times" that doesn't have —

**MS. DYSON:** A 14-year-old kid could do it for you.

**MR. ISAACSON:** Yes. Yes. I mean, anybody who desperately wants not to know today's news, we aren't going to be able to prevent that.
MR. DANIELS: It's also virtually impossible to do that. I mean, I thought you weren't subscribing to the Time-Warner theory of world domination. I mean, the guy that goes to pick up that "Today's Personal News" has probably heard stuff on the radio; he's talked to somebody else; he's heard their interpretation of the news.

I mean, you know, you're assuming that there isn't curiosity out there, and, you know, we do not operate in a world that economists like to describe. I mean, we live in a dynamic world in which the information sources are multitudinous.

And, you know, I think that it gets back to your point of: How do we make the investments to make the news that we present the most credible, and then how do we market it in a way that people will come and use it?

And it's a great challenge, and it has nothing to do with whether or not you create serendipity to draw them in, unless you're creating serendipity to really market the broad range of news that you offer.

MS. DYSON: Let's talk a little bit about packaging and payment. I was kidding with somebody about this awhile ago, and there's this notion that if you charge for information by the bit, people are not really willing to pay for it. It's very difficult. And they won't pay you for it in the morning because it's over.

And so you have to create some kind of a continuing relationship, which is either a membership; a monthly fee. And then, most of the information they get in bulk. They might subscribe to a particular service, but they're probably not going to pay three cents a page. They'd rather pay a dollar a month.

MR. DANIELS: Right.

MS. DYSON: Is that —

MR. DANIELS: Unless it's going to be an investment decision. I mean, people will pay for discrete amounts of information if it's going to be helping them make an investment decision.
All other information, you're right. I mean, they're not going to out and buy by the story, would be my guess.

**MS. DYSON:** So what are you charging? Talk a little bit about that.

**MR. DANIELS:** Well, the way we charge — I mean, our model is thinking about the fact that if the "News and Observer," as we publish a newspaper, we have a relationship with a household. At this point, we get about $12 a month to deliver our newspaper to that household.

How do we then expand the relationship with that household to get more revenue from it so that we can make the investments in our newsroom, that we can continue to be more credible, continue to build those relationships with our community and with our readers, and with our advertisers.

So the first thing we do is we offer Internet access on a monthly basis. We charge $20 a month for that. And then you can buy the "News and Observer" and Internet access together for $26 a month. And that works pretty well so far.

Now then, you can begin to buy premium services. You can buy access to our archives on a monthly basis. You can buy access to a product that we call the "NandONews Network," which is categorized, but unfiltered news, and that it is just the wire services coming in and dropped into buckets, and you get to choose what you want to look at or not look.

You know, we'll begin offering the personal news products because it's a demand. We'll begin offering the personal portfolios. I mean, "The Wall Street Journal" has a very nice product, a personal journal.

I think every newspaper should be doing those kinds of things because what we're trying to do is broaden and deepen the relationship we have with our community. The more we do that, the more likely we are to succeed. The more we do that, the more money we have to invest in our newsroom. And the more money we have to invest in our newsrooms, the better we're going to be.

I mean, you know, that's the first thing we did at the "News and Observer" was
invest in our newsroom, to expand our news research department. We trebled it in size.

The second thing we did was introduce a computer-assisted reporting network to our newsroom, to get our staff comfortable with what Phil Meyer calls "precision journalism," the analysis, the value-added in our local community.

Now, we've got to go back out there and do a much better job of creating local data bases that are accessible and usable within the community. That's our next step.

All of that led to us offering an online service, you know. I mean, that's how we pursued the model.

**MS. DYSON:** And so how many subscribers do you have?

**MR. DANIELS:** Right now, we have 2,100 paid accounts, 16,000 users. We offer Internet access to schools for free, which has postponed our profitability, but also teaches us how the real market is going to use this stuff, because the market is eight to ten years away. The market is in school right now. We must learn how they access information.

The best example, Seth Effron, who was a Nieman scholar — He now runs one of our new media divisions called "The Insider," which is a place where we're trying to expand and recreate our franchise in government information.

We had an American Eagle crash in Raleigh last fall, you may recall. His daughter, eleven, was watching TV, got tired of the commentators on TV saying the same thing over and over again.

She said to her mother, because Seth was covering the accident, "Let's log onto NandO and see what's there." And we were filing reports on NandO as they came in, edited by our editors. Some things were edited; some things were put aside — "We don't know if this is true. Here's the current rumors. They are rumors," and, you know, categorized them as such. And then you could track, over time, the information and how it changed.
The same thing with Oklahoma City, and we ended up getting about a half a million hits a day on our Oklahoma City coverage that was very comprehensive on our NandO Times product, for the same reason: We were able to help readers really get into what was going on, and we archived it, and we kept them moving through the day, and they could get it updated.

We had on NandO Times before CNN had that McVeigh was arrested. I mean, those are the kinds of things that you can do as a newspaper that really puts you back in the game relative to the competing media.

(Voice from Audience, no mic; Inaudible)

**MR. DANIELS:** We can have a million arguments about what we can and can't do. You can't do it.

There are ways to do whatever you want to do. You have to bring judgment, as Arthur said. But the thing is, you can't ignore that the world is much more complex than we want to give it credit for, and so we must deal with that. We cannot ignore that.

**MS. DYSON:** Walter will bring in the masses to be interactive.

**MR. ISAACSON:** On the Internet or the web site.

A slight difference from what NandO.net is doing is we feel that the readers we're going after on the web, and the digital age in general, is slightly different from our subscribers already to our paper magazines. We're going after a different audience, to an extent.

We've not yet decided or announced how we're going to charge, but we are going to charge, and I think we feel comfortable with a monthly subscription charge that involves a certain loyalty to a product, probably to a package of products initially, as in Pathfinder, which gives you, you know, 20 magazines and ways to search for any type of subject you want amongst those magazines and other products, as well, that we're bringing in.
So there will be some monthly subscription charge, perhaps following the lead of NandO.net, bundling with Internet access with people who want to buy Internet access in a package of information, and a home page and a guide that takes you around the Internet, all in one bundle.

I think once we figure out, to the extent that we can bundle or sell on a monthly subscription basis, there will be certain things we put in that are premium prices. We will test the transaction.

Do you want, you know, this specific thing, to play a rotisserie league baseball game with "Sports Illustrated" editors, will you pay a premium price for that? Will you pay a premium price to find out an in-depth research report by Esther Dyson on this company that you've just looked up the stock price on? That might be a pay-per-view thing, where it would be $50 to get your report. That will be offered there, too.

We'll try out a lot of those models of premium pricing, along with sort of the basic thing. I guess it's a little bit like Disneyland's Six Flags model, where you pay a bit to get into the gate, but maybe certain rides will cost extra.

MS. DYSON: Great.

MR. SULZBERGER: You haven't been to Disneyland. It's the opposite of that.

MR. ISAACSON: Well, I'm just trying to sell Six Flags.

MS. DYSON: Are the mic people around? And the usual rules apply. Please say who you are, and so forth and so on.

How about this gentleman over here?

MR. JOHNSON: Tom Johnson from San Francisco State University.

Given your individual goals for whatever your organization is, are the three of you individually desirous of any changes in legislation or policies or regulations, at any level, from national down to the state, vis a vis the Internet?
MS. DYSON: Or do you want to stop S314?

MR. DANIELS: Yes, we do want to stop S314, absolutely.

MR. ISAACSON: That's the Exon bill.

MS. DYSON: Why don't you just give two sentences.

MR. DANIELS: You'd better do that because much more familiar because the EFF has been the leader in that, and I'm just giving you money to support you.

MS. DYSON: Thank you. We need them more.

MR. ISAACSON: In the interest of full disclosure, this is a sponsored announcement by the EFF coming up.

MS. DYSON: And we'll gladly receive donations at the door.

This is basically an amendment to the Telecom bill. Originally, it was its own bill, S314, which would basically outlaw obscenity on the net and is completely against the First Amendment, as far as I'm concerned.

They changed it slightly so that carriers would not be liable, but posters still would be for lewd, lascivious something and something else.

And there's a general feeling that it would run out of court right away, but who's going to vote against stopping lewd, lascivious, et cetera stuff on the net.

So that's where we stand now. The Telecom legislation is kind of floating in mid air, but we can certainly ask Reed Hundt about it, too.

MR. DANIELS: But the answer that I would have is: The freer and open the net, the better off I think the regional newspapers are. It goes straight to what Nancy said about gorillas and guerrillas. I mean, we're a gorilla, not a guerrilla, I mean, we do have our local relationships, but also the "NandO Times" is a newspaper that reaches globally. I mean, it is an Internet newspaper that has advertisers on it, so we would like to see the net open and as free as it can possibly be, with local
telecommunications competition and cable in there, and see a cable modem that actually works, and all of that kind of stuff.

I mean, that's what we would like to see because we believe we have a brand that has credibility that people will, in fact, pay for judgment. And the freer and open it is, the more chaff that's out there, the more likely it is people will turn to people they know, to you.

That's the opportunity. They will turn to you if you are in there and playing the game. They won't turn to you if you're not in there and playing the game.

**MS. DYSON:** So the short answer is more deregulation?

**MR. DANIELS:** Exactly.

**MS. DYSON:** Here's another question.

**MR. GOLDSTEIN:** Yes. My name is Brad Goldstein. I'm a Nieman Fellow this year. And I wanted to follow up on Esther's conversation about intellectual property.

If I'm a reader of "The New York Times," one of the things I happen to like is Mollie O'Neil's recipes. I am curious, from a publisher's perspective, if something is published in "The New York Times", or in the Charlotte — the Raleigh "News and Observer," for that matter — Sorry, Frank.

**MR. DANIELS:** That's okay. I won't answer your question.

**MR. GOLDSTEIN:** Can I expect to see contracts — I guess my question is: Can I expect to see contracts in the future with writers and reporters that once something is published in "The Times" or in Raleigh's paper, you, as publisher, own that and I give up my, in essence, my intellectual property?

I ask that question because you, as "The New York Times" just spent millions and millions of dollars getting your intellectual property back from Me Data.

**MR. SULZBERGER:** Actually, they paid us millions and millions of dollars for
getting the contract, so let me clear that one up right now.

When Mollie O'Neil writes a news story for "The New York Times" newspaper, and we publish that story, we also put it out on the New York Times News Service, and hopefully, all of you publish that story, as well.

**MS. DYSON: N.P.**

**MR. SULZBERGER:** She is not paid for what goes out on our news service. She is paid for what she writes as a "New York Times" journalist, and she's paid very well for that. And I don't see any reason that that model is not absolutely applicable to this.

**MR. DANIELS:** I mean, there are two kinds of things happening here for higher journalists, the people that work for us on staff, get benefits, get office space. You know, when you write for a newspaper in that capacity, the newspaper owns everything.

As a freelance journalist, I think the opportunity for newspapers is that we publish it. Then we create a joint venture with all of our freelancers and create a server for freelancers, and that as, you know, people want to access that, we'll share in the profits, us as the publisher, more like a book contract.

**MR. GOLDSTEIN:** What's to prevent me, as a web user, from collecting all of Mollie O'Neil's recipes and offering that as a service to all the other web users, which goes on all the time with Dave Barry and all the other syndicated writers? Pure ethics.

**MR. SULZBERGER:** We've really been thinking a lot about that question because, obviously, well, for obvious reasons.

The way we've figured it out is that we're going to have a lot of pressmen out of work when the net comes up. And given the fact that they're New York pressmen, what's going to stop you is your kneecaps. If you value your kneecaps, you're not going to do that.
Seriously, the law, in the end. You're talking about theft. What stops anyone from collecting it right now and putting it on pieces of paper and sending it out? It's illegal. Can people do it? Sure.

**MS. DYSON:** But in the end, I mean, margins will go down, but people would rather get it from The New York Times web server and make sure it's really Mollie O'Neil, and not something with missing, like ingredient.

The gentleman right here, right in front of Alison?

**MR. MARDER:** It's Murray Marder. We've had no discussion so far about two subjects that intensely interest many people, especially those operating in national and international affairs, and that is: The impact of this new age on the manipulation of public opinion, and encountering the manipulation of public opinion. To me, there are immense values through the computer operation of effecting ongoing public policy.

For example, one can think back, one can think with considerable provocation as to what would have happened in the McCarthy era if there had been this many avenues for recording public opinion.

Or, for example, at the outset of the Vietnamese war. What could have been done journalistically by putting before the public not only the views of the government, but the views of the historians, the maps, the histories, the geopolitical aspects of it.

And then there is a whole additional question of manipulating facts, manipulating pictures, what government may do in times of crisis in manipulating what you see, for example, or what you thought you were seeing in the Persian Gulf War.

I would think that this panel, particularly, would have some considerable interest in venturing into this area.

**MR. SULZBERGER:** Can I introduce the guy who really ought to answer that question? Anyone who's written a book on Henry Kissinger ought to talk about
how

**MR. ISAACSON:** Well, Murray covered Henry Kissinger, and I would think that Henry Kissinger, without this, was able to manipulate the perceptions of what we were doing in Cambodia, what we were doing in Vietnam. I mean, it's all been the stuff that you covered when you were covering him, right?

**MR. MARDER:** Yes, but he certainly would not be able to manipulate it to the same degree if one had the same resources available now.

**MR. SULZBERGER:** I think it's the opposite. And maybe my —

**MR. MARDER:** Well, that is the question. You can argue it either way.

**MR. SULZBERGER:** Isn't the experience of Tiananmen Square proof that these technologies allow for a freer flow of information and a quicker albeit for the common citizenry to pierce veils of secrecy and misinformation.

If, in the end, you don't believe that more information faster is better, then, (1) I wonder where we all are as journalists.

**MR. MARDER:** No. That is exactly where I would be.

**MR. ISAACSON:** I think that's what Murray was saying. And I do think that government secrecy, misinformation, deception is harder in a world where there is a faster flow of information, more contact for more sources of information, for more people, and more feedback from the people to the opinionmakers, and for that matter, to those who are packaging the news.

I full agree with you, and I think that's what Arthur was saying.

**MR. MARDER:** Excuse me. I would just go back fleetingly to the McCarthy era. When the television hearings began, my dear friend and colleague, Phil Potter said and said again when the censure hearings began, you know, "What the hell good will this do, Murray?"

I said, "Phil, the only premise I can operate on is the more facts you throw out
there, eventually, something will happen." He said, "Well, what the hell will
happen?" I said, "Nobody can be sure, but that's the only premise you can operate
on journalistically.

**MR. ISAACSON:** And now, it's global. I mean, when you've covered the secret
bombing of Cambodia, it was secret in this country. It was not secret in
Cambodia. They knew they were being bombed.

And the same thing when Arthur talks about Tiananmen Square. If there were
information that was global and quickly traveling, then the ability to conduct
duplicitive or deceitful diplomacy, or for that matter, secret wars, would be
minimized.

Now, you can argue that one way or the other, but I know how I feel about that.

**MR. MARDER:** You wouldn't be writing off the future Nixon administration so
readily, would you, in terms of what they might conceive?

**MR. ISAACSON:** I think there are dangers that come from cyber-democracy,
and "Time" magazine did a story by Robert Wright on the dangers of cyber-
democracy, which I didn't happen to agree with, but they did raise a lot of the
dangers, which is that the ability to whip up fast popular opinion, and to have
politicians be totally at the whim of the type of vocal people who may be involved
in anything from talk radio to Internet chat groups, is probably not the prettiest
sight for democracy.

I do think, though, that it's hard to disagree with the author, that the more people
who get more information and get more involved, the better off you are, unless
you don't happen to believe in democracy.

**MS. DYSON:** I want to come in here with a little support for Page One. I spend a
lot of time in Russia, and the information isn't just information that's around.
Information is how it's perceived and received.

And the Internet is a lot like Russia in many ways. It's confused; it's chaotic.
There is tons of information out there, but nobody knows what to believe, and
there's a culture of disbelief and skepticism and cynicism.

And so my fear is that we will lose our Page One,- we will lose our credible sources of information. And there will be lots of information around, but nobody will believe it: "This thing in Cambodia, that's some stupid information plot by somebody who's trying to get us aroused."

**MR. ISAACSON:** If you call those sources of information, they'll come through.

**MS. DYSON:** Yes, that's what I'm trying to say.

**MR. ISAACSON:** Branded information still comes through. That's why we've got to keep our authority and our credibility. I mean, the first time I saw this is actually well before the Internet. It was '89, early '89. I was in Eastern Europe writing stories about why Eastern Europe was not going to tumble as fast as people thought. And I was, of course, totally wrong.

But, I'm in a hotel in Bratislava, then part of Czechoslovakia, and the maid there says, "When you leave your room, as one of the hotel's foreigners, the kids from high school, the school would like to come over in the afternoon and watch the MTV and Robert Maxwell music channel, because it's the only place they can see it. Can they use your room?" I said, "Oh, great. Sure."

So I come back that afternoon, and they aren't watching MTV. They're watching CNN, and they're watching what's happening in Berlin. And I think, "Whoa, this may happen faster than we think."

That was, for them, a credible source of information. CNN has a brand; "The New York Times" has a brand; "Time" magazine has a brand; "News and Observer", et cetera.

That is going to permeate, and when that flows more freely, people will trust the information, and they'll get good quality information, I think, if we do it right.

**MS. DYSON:** Thank you. Everybody clap. Next, please.

**MR. MITOFSKY:** I'm Warren Mitofsky. I'm a Shorenstein Fellow.
Arthur, you said that the Internet was not going to change the fundamentals of broadcasting, I believe. I wrote it down.

**MR. SULZBERGER:** Well, if I said it, I didn't know what I meant by it, and I think it's very rude of you to bring it here.

**MR. MITOFSKY:** I'm sorry. The fundamentals of news. It wasn't going to change the fundamentals of news, I believe you said.

**MR. SULZBERGER:** Okay.

**MR. MITOFSKY:** It will change one fundamental, and that is the immediacy of what is now print news.

**MR. SULZBERGER:** Right.

**MR. MITOFSKY:** It's going to make print a competitor of broadcasting, with all its advantages and disadvantages. So it's going to change the nature of what print does, and I think that's a very important fundamental.

**MR. SULZBERGER:** You're absolutely right, Warren. It is an important fundamental. It does mean that we will not longer be on a 24-hour cycle, if we choose not to be on a 24-hour cycle. And I suspect that we will all choose not to be on a 24-hour cycle.

The good news seems to be that if newspapers take back the television news audience, all of the owners of TV networks will be grateful, because they won't have to support their news operations any more, and none of them seem willing to.

**MS. DYSON:** Okay.

**MR. ROSEN:** I'm Jay Rosen from New York University. And I'd like to address a comment to something that we've heard repeatedly throughout the Conference, and a lot in this Panel, which is that what journalists sell us, or the value they add is judgment.
That's something that I hear a good deal of at conferences like this, and what the conversation never gets to beyond that is: What are the grounds for that judgment? Where is that judgment coming from?

There are a lot of ways to judge the world, and if what "The New York Times", or any other news medium is doing is providing the information that a human being needs to function well in this society, there are a lot of views of human beings,- there are a lot of ways to function well; there are a lot of views of what's going on in this society.

And the question becomes: On what grounds are those kinds of judgments made? Now, if we take Esther's metaphor of mapmaking, which is also interesting, there are a lot of ways to map anything. If I take the State of Connecticut, I can map the river system; I can map the transportation system; I can map the demographics; I can map population shifts. All of those things will produce maps that are accurate, credible, potentially valuable, but there are different ways of mapping the world.

So when I read "The New York Times", I don't get just information, and I don't get just good judgment. I get a vision of what culture is about in the culture pages; I get a vision of what politics is about and for in the political news,- I get a vision of the local community in local sections. And I think one of the questions that's beginning to be raised in the online area is: Where is this vision coming from?

In the years when "The New York Times", for example, saw culture a certain way and didn't include rock and roll as part of it, I wasn't buying your judgment. I was waiting for your judgment to catch up to the way the world is. Do you see?

So it seems to me that the challenge of online world, which incidentally, is also the challenge of public journalism, is: How can we create grounds for judgment that arise out of interactions with people and relationships with people?

And it seems to me that the days of judgment coming from a citadel of judgment may be drawing to a close. And now, it's the quality of our relationships with people that will determine the quality of our judgment, and the ultimate grounds
for making those judgments that add value in journalism.

**MS. DYSON:** So who wants to take the elitism question?

**MR. DANIELS:** I think he's absolutely right, that it's still judgment they're buying. What he's saying is: How do we make our judgments better? You know, how do we, through the relationships that we use, how do we use this technology to broaden and deepen relationships so that the judgments that we make, in fact, marry up with the community we're trying to reach?

I mean, it's not an elitism question. What it is, is just how do we use technology to better inform ourselves, our journalists and our editors, to do a better job? That's what I heard you say.

That's what we're trying to do at the "News and Observer." I mean, we're imperfect about it, but, I mean, we're engaged in that process, and we'll fail more times than we succeed.

**MR. ISAACSON:** People have got more choices. You know, we put "Vibe Magazine" to cover rock music within Pathfinder. It's got, you know, hip pop music. Within one click away, there's 500 other sources to get music stuff, so if "Vibe" screws up and doesn't have the right judgment, people have got a helluva lot more choices today than they did in the past. They can just click away and get somewhere else.

So we'll know pretty quickly if they are not buying our judgment, and we get a lot of feedback.

**MS. DYSON:** It's sort of like representative democracy. You hire someone to make some judgments, and you can hire someone else.

We have time for one more question, and it's from Katherine.

**MS. FULTON:** No, no, no. I just to — is the mic on?

There's a very important distinction here which people in places like this don't make enough. There aren't choices in a lot of local communities. There's a big
difference between what Frank does and what Time, Inc. does, between the local relationship in a community and the national newspaper where's there multiple sources. And that distinction should not be lost in this conversation.

**MS. DYSON:** Thank you. Okay.

**MR. TINER:** Stan Tiner of the "Mobile Register."

This session is about economics. And I suspect, for editors, at least, in the room, there's got to be some concern about where our budget's heading, in terms of the division of funds available for these projects that we talk about, looking both to the future and to the present.

Mr. Daniels talked about 10 years being a point down the road whereby maybe this becomes to be financially profitable for everybody. Mr. Sulzberger must have people of both persuasions tugging at his coattails every day saying, "We ought to spend more money on the new technology," and somebody saying, "Wait a minute, we've got to take care of the franchise today and make sure that when we get to that brave new world, that we've still got money in the bank and are able to go forward."

How do you decide between those two camps, and protect, particularly, the franchise you've got now?

**MR. SULZBERGER:** It's a great question.

And the answer, I think, is easy. If you don't have a brand, there's nothing to translate. And I am seeing some newspapers in this country pour more money and resources into the future and watch the present deteriorate.

Now, they'll have a wonderful bright new box, shiny box to put all that brand in, but when they get there, they're not going to have much left.

Quite frankly, I think all of you in this room could name two or three newspapers and newspaper companies that are doing that today. And they are starving their current news operations in a hope that they can build something for the future.
And I think they're out of their minds.

On the other hand, I hope that by doing the opposite, that I will siphon away a lot of your readers. In fact, I'm counting on it.

So that's how I would answer the question. I don't know if Frank —?

**MR. DANIELS:** Well, I would say that the way that you've got to do it, or at least the way we're trying to do it — who knows if this right? — is we're very much integrating the two.

What we do online flows out of what we do in the newspaper, and so the investment in the newsroom translates directly into the communities we're trying to build. And the sort of the out-of-the-box investment we're making is why we took our NIE department and moved it into our new media group, and we really work with the kids on looking at what the future reader-active future is going to look like, which is different from the way we do it today.

And we'll see. The fact that I said the marketplace is 10 years away, we should be making money in this business by the end of this year. I mean, there's two different things about the market being there and being able to make money at it right now.

**MS. DYSON:** Thank you. I want to thank the panelists. I want to apologize to the people whose questions we couldn't take, but you can come and attack these guys personally.

Back here by 1:30 promptly so that you can tell Reed Hundt how to deregulate the industry. Thank you very much.

(Session concluded at 12:04 p.m.)