Interview with Frederick Chait

(2/19/80)

(at his office in the Philadelphia Inquirer building)

(BF: Perhaps you would like to make some general comments about the newspaper business in Philadelphia from what your connection has been, and how it's influenced city politics.)

Well, I'm a bit of an iconoclast. I have never believed that newspapers exert the degree of influence that people think. I think they get very excited about seeing their names mentioned in news columns or about editorials that put them in a bad light, but I've always had a lot of doubt about whether newspaper points of view have had any major influence on the way people vote or think. There would be exceptions where there has been some particularly noteworthy scandal in an administration, or where you have a long history of maladministration such as was the case in the pre-Clark-Dilworth period. Then the newspapers factual reporting of what happened would influence people. But that's just their knowledge that's influencing them, I think, not the newspaper.

One of the reasons I've always felt that is that if you were to take New York as an illustration, New York had the Daily News which had a circulation, Sunday, in the three to four million bracket...and daily perhaps in the two million bracket...I might have forgotten...and was read by every blue and white collar worker in town in the subway. Alongside that there was the Daily Mirror which had a circulation of about eight hundred thousand. And you had papers such as the Journal American which would have a circulation of about five or six or seven hundred thousand. And when you run down the list, every single one of those papers ranged from what we would call today, conservative to reactionary. In fact the only paper that was middle of the road was the New York Times and a very short-lived liberal paper called P. M. that Marshall Field ran. But despite that, and despite the fact that all these newspapers always supported the conservative party, there wasn't a Republican elected in New York in generations. The only Republican was La Guardia who was a city fusion candidate and was really not a Republican in any philosophical sense. So that I think you've got perfectly good case histories; you've got presidential elections where eighty or ninety percent of the newspapers supported a Republican candidate...and the Democrats won. So I've never really had the feeling that newspapers exert the influence over thinking that is the accepted view.
I think what the accepted view misses is, that they believe that the position the newspaper takes alters public thinking. They fail to perceive that the alterations in public thinking come not from what an editor says, because editorial pages aren't that well-read anyway, but the alterations of public thinking, to the extent that they're attributable to newspapers or other media, come from the facts that they get in those media. I don't know whether that answers the question; I think it does indirectly. In other words, I don't really believe that the newspapers change thinking that much. If you were to take the recent Rizzo administration, for example...and I do like having the pronunciation RIT-ZO on tape...

(BF: Where does that come from?)

RIT-ZO is the correct pronunciation.

(BF: Is that how he pronounces it?)

No, no, he doesn't, but a double "z" in Italian is "RIT-ZO"; it's a strong double "z". A single "z" would be RIZ-ZO. That's why the Italians double consonants.

Anyhow, editors could have written editorials about Frank from Hell to breakfast and I don't think it would have made a heck of a lot of difference. I think what did make the difference was that Rizzo began to do certain things that began to upset people. If there'd been no newspapers to report them, that would have been another matter. But the favorite party line is that newspapers broke Rizzo. Sometimes a newspaper now wishes that were the case, but it isn't.

(BF: But it's sort of a measure of the editorial thinking what play the news gets.)

No.

(BF: It isn't?)

Not in any self-respecting paper. And I'm not suggesting that there aren't newspapers where that is still the case. And I certainly am not suggesting that individual reporters don't have their biases and prejudices that creep into news stories. In that sense, I don't think any of us can make an objective statement of fact. We all color facts according to our personal biases. But in any conscious or deliberate sense, the editorial thinking in a decent paper will not affect the way the news is treated. As a matter of fact, strong efforts are made to avoid that.

The other thing is that there is less of a general editorial posture in newspapers than is assumed...in most newspapers, not by any means all. There is a sort of a particular philosophy...I can speak best of the Knight-Ridder papers; there isn't a particular philosophy in any one paper that would ori-
ent it toward a particular point of view that would be predictable on a given issue. Ordinarily you'll get an issue by issue philosophy from the editors. And all you have to do is read the articles on Afghanistan and Iran...I mean the editorials...on Afghanistan, Iran, Carter and so forth in the Inquirer. You'll notice that you will not find a particularly consistent philosophical pattern. As a matter of fact, the Inquirer on United States intervention, for example, would have been regarded as a dovish paper, like many others, in Viet Nam. But it's been rather hawkish about Iran. Not in the sense of suggesting military intervention, but... just this morning there was an editorial urging Carter not to capitulate to demands for confessions and various things of that sort. So, there's nothing terribly monolithic about it.

And more and more, there's a tendency on the part of newspapers, and this is true, I think, in the case of newspapers that are owned by groups, for editors to have total autonomy...and for the selection of editors whose minds are sufficiently objective so that they don't have a pre-determined bias on every issue.

The result in Philadelphia is, for example, that the Inquirer and the Daily News, which are owned by the same company, have supported different candidates, even in presidential elections. And that's not unique. I think that answers your question.

(BF: Maybe, for the record, we should backtrack and you could tell us what your experience has been in the newspaper business and what your position is now.)

I came into it by accident; I'm a lawyer.

(WMP: Your wife's a lawyer too.)

Yes, that's right. My background, going way back, was first with the government at the Social Security Board. Then I practised law in New York for about five years. Then I went back to the government when the war broke out, intending to be there for a short while, but then was not drafted so I wasn't there for a short while...and was first the chief counsel for rationing at the OPA, which may lead you to believe that I'm not in sympathy with the current opposition to rationing...which would be correct. And then I went to the Department of Justice for a while. Then I was the general counsel of UNRA, which was the United Nations Relief and Rehabilitation Administration. I met Annenberg by accident and he asked me to join his company.

(WMP: By accident?)

Yes, we were in Sun Valley with Ellie and Bobby Wolf as a matter of fact. And they were friendly with Annenberg and
his first wife and we just sort of bumped into each other there. We were not at the same establishment; he was at a somewhat more expensive establishment than we were in Sun Valley.

He asked me to join his company for a year or so; I thought that was utter nonsense. But then I decided I would. And from about '48 to about '59, I was basically company counsel, corporate trouble-shooter, new projects man; I was involved in starting TV Guide and acquisition of TV stations...all kinds of things.

Then when the Inquirer ran into management problems...you remember George Neill was once general manager...when George Neill resigned as general manager Annenberg asked me to take on the post of general manager of the paper. So I became general manager at the end of the '50s...with no newspaper background whatsoever.

Then when the Knights bought the paper, they asked me to remain on as president of the paper, which I did...left Annenberg and stayed on as president of the paper.

(WMP: That's what you are now.)

No, no...I've been...you can call it fired, promoted, or kicked upstairs, depending on what you like. I was later made a vice-president of Knight Newspapers, Incorporated, now Knight-Ridder Newspapers, Incorporated, so that my job is basically a corporate job. I haven't changed my locale, but I now sit on the operating committee which is the committee that runs Knight-Ridder, and I have a certain number of operations that report directly to me. And I have a rather diversified group of assignments, partly self-selected, partly assigned. Basically, apart from the operations that report directly to me, what I do is, I operate on a project basis or a problem basis...acquisitions...or a review of our advertising rate policies. Some of it is legal work. It could be almost anything. It might be a study of whether we should get involved in cable television. We're starting this new and very well publicized experiment with Viewtron, which is view data or teletext system that you might have heard of. And I was one of those involved in persuading the company to try that, and I'm involved in working with getting it off the ground.

(WMP: How's it going?)

Well, it's in the very early stages of experiment, Walter; we're going to start a very small pilot test in Coral Gables, Florida, in about April or May.

(WMP: This is to test the kind of television that you're talking about.)
Yes. When you establish a data base, in the form of frames containing information, they might be on anything—they might be on supermarket prices, Consumers' Union evaluations, airline schedules, language teaching...you can almost name the subject. And that's stored in a computer. And a consumer in the home can have access to the computer by using an alphanumeric keyboard. You could use a touch tone phone, but it's easier to give them out from a numeric keyboard. And there's an index and he gets through the index by punching particular buttons...it tells him which to punch next. And by decisiontry, he gradually gets down to the subject he wants and he probably says, "When's the next plane for New York?"

And this is then exhibited on his television screen in the form of a frame of information. Of course, there has to be a modulator...we call it a black box...that translates what the computer has in it, through a telephone line into the television screen. So you have to have an installation at the home. But you know, whether this is going to be something people want on a large scale or not, we don't know. But we're going to try it. Obviously it will involved news. Not columns and columns of news, but headlines, briefs, things of that sort.

Anyway the work with Knight-Ridder is very generalized, and I don't deal with the Inquirer at all, except on an advisory basis and I'm very careful to wait until my advice is solicited; I don't interfere....which is our corporate practice. We don't do direct supervision any way.

(BF: Maybe you could tell how the newspaper situation in Philadelphia has changed from the '50s until now, and the relationship between the different newspapers, competition...)

Well, I can only tell you this...this is all public information. The Bulletin was, of course, the predominant paper, except that as far as Sunday circulation is concerned, the Inquirer always led. And in the field as far as total advertising is concerned, the Inquirer always led...at least in the theory that I'm familiar with. But as time went on, there were two trends. First, while the Inquirer always maintained its advertising readership in varying degrees...it dipped a little and then went up again...in circulation the Inquirer lost more circulation both daily and Sunday, than the Bulletin did for a period of quite a few years.

(WMP: But both were losing.)

But they were both losing...net. In more recent years, there have been enormous gains by the Inquirer in both daily and Sunday circulation on a comparative basis. That is, the Bulletin circulation, daily and Sunday, has fallen very, very sharply, year by year. And the Inquirer circulation has sort of held its own or lost less...sometimes gained a little more. And on the advertising side, the Inquirer has greatly widened its margin of leadership over the Bulletin. That's been the phenomena over the last three or four or five years. So that the Inquirer now
is very close to the Bulletin in daily circulation. It used to be a few hundred thousand behind. I think on last reports it was only about thirty-six thousand behind on daily circulation. And on Sunday circulation, it was once about three hundred and fifty or four hundred thousand ahead, and then it dropped to being about a hundred and seventy-five thousand ahead. But now it's back to about three hundred and ten thousand ahead. So that there's been a reversal of trend there.

(WMP: Fred, what would you say has been the impact of television on the newspapers?)

I think universally it's been a negative impact. It has hurt evening newspapers probably even more than morning newspapers. But in fields where newspapers were the only game in town, such as national advertising particularly, ...you know what I mean by national advertising...General Foods and Pillsburs and your automobile companies...your national companies generally...the ones that the great big agencies represent...newspapers dropped to a very small percentage...comparatively small percentage...of the total national advertising dollar. They're improving a little bit, but television really took away a great deal of their national advertising. Or at least...I don't know the statistics that well...if it didn't take it away, it had all the growth and the newspapers didn't.

In retail advertising, local advertising, there have been erosions by television; you can see it on TV...there is more and more use by stores...of television. And that has, to an extent, been at the expense of newspapers...certainly at the expense of their growth. But it would have to be apparent that there's been a major impact.

Now if you were to take gross increase in dollar revenue over a decade, I suppose newspapers increased in gross by as much as television did...maybe a little more. But when you consider where television came from and where newspapers came from, the percentage increases have been, of course, much greater in television.

They have not, however, exactly destroyed newspapers. Newspapers in the medium-sized and smaller towns are still extremely profitable. In major metropolitan cities they're more of a problem.

(WMP: That's very helpful...the picture you've given us here.)

In the major metropolitan cities, as a matter of fact, what appears to be happening is...that because of the absence of growth of the economic base in the cities, the availability of resources for expenditure in newspapers has not increased to compensate for costs. And this is not universal, but you see more and more metropolitan cities where a newspaper drops out, or the newspapers are forced to make an arrangement for joint production or joint business operations, in order to pre-
serve at least two independent editorial voices. There are quite a lot of those operations in existence now. Cincinnati was the latest just approved. And unless there is some reversal of our economic center of gravity so that the urban centers get a very, very large accession of economic strength, that sort of thing is likely to keep going. You know, whether there'll be another one in the next five years or in the next two years or in the next fifteen years, one doesn't know. But if one were to look over the next twenty to twenty-five years, it can almost be assumed, based on trends, that there will be fewer cities with two completely separate newspapers than there are now. In fact, Philadelphia is almost unique in having three separate newspapers right now...it has the Bulletin, the Daily News and the Inquirer. We run the News as a separate newspaper.

(WMP: How is the Daily News making out?)

We don't disclose the results of the papers individually because we combine them for financial purposes. We don't even ourselves know how it's making out financially. They're totally consolidated. But I noticed that on the last circulation report, the Daily News had shown a gain in circulation. If you wait just a moment, as a matter of fact, I have a summary...I just threw it away.

Just as an illustration, this happens to be the January, 1980, circulation situation, and these are...public information because these are the numbers that each newspaper reports to the Retail Merchants' Association. In January 1980, for example, the Daily News daily gained about twelve and a half thousand. The Inquirer daily gained about eleven thousand. The Bulletin daily lost about fourteen thousand. Against the equivalent January.

On Sunday, the Inquirer lost about seven and a half thousand against the equivalent January; the Bulletin lost about thirty-eight thousand. So that now the Inquirer is thirty-six thousand behind the Bulletin daily, which is the smallest margin I can remember, and three hundred and nine thousand ahead on Sunday, which is as large a margin as I can remember in quite some time. But as I've said, those are official figures. You know, that varies month to month.

You were going to ask another question?

(BF: I was wondering if you would be willing to comment on Walter Annenberg as a Philadelphia personality.)

Well, he seems to have had the aura of a great deal of power in Philadelphia. I think it's a function of two factors. One is his wealth and the fact that, like all wealthy people, his wealth is in demand. That is, it is hoped that he will make contributions. Another is a carry-over from the days when he owned the newspaper, at which point he shared the
general impression of power that newspaper owners have in a community. As I explained to you before, I think that impression is largely fictitious. If a newspaper is grossly misused, it can create a forty-eight hour embarrassment for people. But also, if it's grossly misused, it can suppress embarrassing information about people. But these days that is not done in the newspaper business. And I know that Walter had the reputation in some circles, for using the paper that way. I'm not personally familiar in any detail with the way he used the paper. There are others who could give you more information about that than I. But I do think that while there may have been instances in which the paper was used for what appeared externally to be personal vendettas, they were less common, by far, than the prevailing view. And in those instances, it was always Walter's personal conviction that what he was doing was for the benefit of the community...that is, that he was exposing the weaknesses or evils of the particular individual because it was important that the community know about it. I don't think he was consciously using it for vendettas. And as I say, I don't know of very many instances of that; I think that's been somewhat exaggerated in the popular mind.