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Vulture Capital's War on Journalism

Reviewed by Jon Bekken

Rick Goldsmith, *Stripped for Parts: American Journalism on the Brink.* Documentary film released by Kovno Communications, 2024. 88 minutes. Available from New Day Films or Kanopy.

"Stripped for Parts" tells the story of the looting of newspapers by vulture capital – or hedge funds, as they prefer to be known – and of journalists' efforts to resist. The film focuses on Alden Global Capital, which now owns more than 200 newspapers including the *Chicago Tribune, Denver Post, St. Paul Pioneer Press, New York Daily News, Detroit News* and *Orange County Register,* although other hedge funds are active in the industry as well.

This is filmmaker Rick Goldsmith's third documentary dealing with journalism; previously he made "Tell the Truth and Run: George Seldes and the American Press" (1996) and "The Most Dangerous Man in America: Daniel Ellsberg and the Pentagon Papers" (2009). Both were nominated for Academy Awards for Best Documentary Feature.

Hedge funds buy companies that are in crisis, typically paying rock-bottom prices. Some are flippers, restructuring companies so they can be sold as going concerns at a substantial profit, but many are looters – selling off the real estate, and making high-interest loans to the companies (which are legally distinct entities that can ultimately declare bankruptcy, leaving the hedge fund with the assets and the stripped shell of a company with the debts) to reimburse themselves for the purchase price.

Newspapers have proved particularly vulnerable to the hedge funds, as they typically own large buildings in the heart of the cities they serve and hold a near-monopoly over local advertising and news. Many were highly profitable until the Internet gutted classified advertising and online aggregators pirated their news, leading to a collapse of both advertising and subscription revenue. But it is still possible to turn a profit by slashing pages, raising prices, and getting rid of most of the editors and reporters – requiring the survivors to churn out three or four stories a day to preserve the illusion of covering the news. In the short term, companies like Alden can often recoup their entire investment by selling the real estate and moving the gutted staff to smaller leased space in dying strip malls. The papers, sometimes staffed by a single journalist (the space between ads filled by copy from other Alden papers), continue to be published so long as they make money, and are shut down or merged with other Alden properties when the profits falter. While its newspapers are but a facade of their former selves, Alden finds this a lucrative business and is on the prowl for more newspapers (and even entire newspaper chains) to plunder.

"Stripped for Parts" tells the story of Alden's insatiable greed, but also of the heavy costs it imposes on its newspapers' workers (only a handful of whom survive the carnage) and the communities they served, if never quite as well as those interviewed believe. (Workers, immigrants and dissidents were always short-changed in the news columns, but as reporters' ranks are decimated the survivors are often reduced to parroting official announcements.) On a more inspiring note, the film also tells a story of resistance – of journalists researching and reporting on their new overlords, even using the columns of their papers to let readers know what's going on (until they are fired), organizing, looking for new owners who might be interested in journalism for its own sake, creating new cooperative outlets to try to keep local journalism alive, etc.

The vultures have benefitted from the larger crisis facing journalism. Aside from specialty outlets serving investors, law firms, health conglomerates and the like, which charge high prices for information central to their readers' ability to rake in money, newspapers never made much money from their journalism. Rather, the journalism (and comics and gossip and movie listings) was like the free lunch that used to be available in bars – enticing readers who could then be sold to advertisers, where the real money was. Providing better, investigative journalism helped attract readers in cities that still had competing newspapers, and also was a source of pride – enabling publishers to see themselves as civic leaders, not mere money-grubbers. (That journalism flowed throughout the entire information ecosystem, underpinning radio and television news, and today online aggregators and commentators.)

The hedge funds have no interest in this sort of thing; they look only to maximize profits in the short term. At first they do this by selling off buildings, scrapping the printing presses (consolidating printing at a handful of facilities) and slashing staff. In the short term this can bring profits back to the 15 to 20% of revenue publishers became accustomed to in the 1990s. But over the longer term readers drift away as the newspaper gets thinner and less informative, and then newspapers are consolidated or closed.

"Stripped for Parts" is engaging and informative, even if the closing segment's suggestion that public media organizations and nonprofit newsrooms (often supported by foundations or local elites who fancy themselves as public-spirited) might offer an alternative to the collapse of our news system seems overly optimistic. It is frankly hard to imagine either approach truly meeting society's information needs, though we have also seen the emergence of specialized worker cooperatives that offer important coverage of particular subjects or neighborhoods. But what is clear is that the hedge fund approach is incompatible with responsible journalism.

Although the film is a bit long to screen in many classes, it could easily be excerpted into segments addressing local journalism's vital social role, how reporter Julie Reynolds was able to uncover a wealth of information on Alden even though it is not publicly traded and so does not disclose its financial information, exploring some of the challenges intrinsic to covering one's own institution, the economic challenges facing contemporary newspapers, and alternative business models that might revitalize journalism despite the collapse of the traditional advertising-supported model.

For too many students, the newspaper feels like an anachronism – the documentary helps establish its continuing relevance (both as a business and in communities), and could spark broader discussions about the forms news takes today (well beyond the printed page) and its continued relevance to community and political life. My students enjoyed the film, and it sparked lively discussions. It could be used in a wide range of courses, from reporting to mass media and society, to the political economy of the media.

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