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April 17, 2009

Congress of the United States  
House of Representatives  
Committee on the Judiciary  
2138 Rayburn House Office Building  
Washington, DC 20515-6216

Members of the Committee:

I want to thank the chairman, the ranking members of the committee and other members of the committee for this chance to testify. I'm Bernie Lunzer, President of The Newspaper Guild of the Communications Workers of America, representing media workers throughout the U.S., primarily journalists, and primarily at newspapers.

I welcome this opportunity to talk about the current crisis within American journalism. I understand that you are considering a relaxation of anti-trust laws so that Hearst Corporation and MediaNews can operate as a combined business in San Francisco and Northern California. It's important to note that the crisis affects all of you as members of this committee, and all members of congress. American journalism is, and will continue to change radically in the next five years. The policies you choose to promote can guarantee whether we will continue to have a strong and fair press, or a limited, opinion press – regardless of whether it's digital, broadcast or print news.

The underlying premise is that these corporations need changes in the law to survive. The Newspaper Guild of the Communications Workers of America is not convinced that such a remedy will be good for journalism in California or the United States. In and of itself, such a relaxation may actually do more harm than good.

Case in point: MediaNews was able to purchase 23 daily newspapers and some weeklies in Northern California, some unionized, some not, to create a new entity called the Bay Area

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News Group-East Bay (BANG-East Bay). One of its first actions was to withdraw recognition of The Newspaper Guild-CWA, which represented a substantial portion of its employees, by selectively laying off workers in order to diminish the union. We lost a legal challenge to this cynical tactic, but later won representation of the full group through a difficult and hard-fought organizing campaign. Despite this success, two years later our members still don't have a contract. If this exemption is granted in Northern California, it is inevitable that others will demand the same ability to create monopoly markets, resulting in other workers throughout the country becoming targets for similar actions.

There is now one combined copy desk for all publications within BANG-East Bay, a consolidation that has allowed MediaNews to lay-off roughly one-third of the journalists. The result is a homogenized mix of publications, with readers complaining that their "local" newspapers have little local content and are increasingly irrelevant to their communities.

Unhindered by antitrust law, a newspaper monopoly across Northern California will lead to far fewer journalists and other media workers and to diminished products. This is completely contrary to the notion advanced by Hearst, which has argued that its proposal would save something vital to the community. The Hearst-owned Chronicle has been whittled down to less than half its original workers, and coverage in large sections of the community has already been diminished. There is every reason to believe that a combined monopoly will result in even less coverage. The Newspaper Guild-CWA believes that the current request for relaxation of anti-trust will not benefit the local market, and is deeply concerned it instead will further marginalize underserved, minority communities within this market. Making corporations bigger does not automatically result in better news organizations.

Currently, publishers have recourse to an anti-trust exemption through the Newspaper Preservation Act, which maintains separate newsrooms but combines business operations. The sole purpose of the exemption was to help preserve the diversity of editorial and reportorial voices. But these joint operating agreements, or JOAs as they became known, often resulted in inflated advertising prices, so they have not proved to be a panacea for newspapers' problems.

President Obama campaigned in favor of more anti-trust enforcement, stating in Gresham, Oregon, May 18, 2008, "There are going to be areas, in the media for example, where we're seeing more and more consolidation, that I think (it) is legitimate to ask...is the consumer being served?" While this may have predated the current economic meltdown, the fundamental question of what is gained through a combination is still a good question to ask.

The largest concern we have about a combined news monopoly in Northern California is that there will be less concern for solving the very real problems that exist in our industry and that real innovation will be stifled. The two large corporations behind this initiative will only have forestalled their inevitable reckoning with economic gravity. The community they supposedly serve, meanwhile, will get less of everything.

If there is to be serious consideration of the problems facing newspapers, Congress needs to look at alternative ownership ideas, like employee stock ownership, non-profit approaches and the new L3C concept that is being advanced. The L3C approach would allow publications to serve a stated social purpose in exchange for the ability to accept non-profit foundation money as an investment. Smaller, more committed news operations would likely be more successful in providing real coverage to communities. Bigger is not better, and the current crisis in finance is all the evidence one needs to understand that.

An anti-trust exemption for such large corporations would create real barriers to entry for others, who may choose to compete in this same market. Without oversight akin to an FCC license, these corporations will have no responsibility to report back to the community, and would become a single voice dictating opinions and ideas to over half of our most populous state. Similar agreements elsewhere would create incredible power for a select few.

The commitment that needs to be made is to local coverage, and local jobs. These same entities that are promoting this current proposal have been the loudest in supporting the outsourcing of jobs - causing one to truly question any commitment they claim to have to their communities.

In general, we believe that antitrust exemptions should remain rare, if they should even exist at all. Agreements among competitors to shut down or reduce capacity or output are normally illegal per se under the Sherman Act; any effort to assist the newspapers in this regard will have far-reaching consequences in other industries that are also feeling the effects of the current recession.

Newspaper workers have shown a great willingness to make personal sacrifices to invest in the future of their publications, given the state of the current fiscal crisis. Nationally, and within this market, we have given up pay increases, vacations and other benefits in an effort to keep our news organizations viable.

But we have accepted these concessions only with an understanding that we are investing in a long-term recovery plan that reaches beyond never-ending payroll cuts and consolidation. There needs to be a focus on new ways to generate revenue, and on creating new business models that recognize the deep changes we are experiencing, but offer the community and marketplace viable news organizations and quality news coverage.

Sincerely,

A handwritten signature in cursive script that reads "Bernard J. Lunzer" followed by a small mark that appears to be "KHO".

Bernard J. Lunzer, President  
The Newspaper Guild-CWA