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LAST
PAPER
STANDING

Introduction

It was early afternoon on February 26, 2009, when the staff of the *Rocky Mountain News* gathered in a thick ring on the fifth floor of the Denver Newspaper Agency (DNA) building. They surrounded the U-shaped news desk, in the center of which stood three men. One of them, *News* publisher John Temple, was a regular behind the desk. He had been the leader of the *News* since before it had moved into the DNA building in 2006. As one of the other men spoke, Temple shifted back and forth, sometimes putting his hands to his hips, sometimes leaning on a nearby chair, always moving. Immediately beside him stood Mark Contreras, vice president of the newspaper division of the E. W. Scripps Company. Standing almost completely still, in a dark suit and blazing red necktie, he posed a stark contrast to the restless, jacketless Temple. Turning his body this way and that to address the entirety of the ring surrounding him, the third in the trio, Rich Boehne, was the one doing the talking, delivering the news the staff had expected for weeks but would never be ready to hear.

"It's certainly nothing you did," he told the newsroom. "You all did everything right. But while you were out doing your part, the business model and the economy changed, and the *Rocky* became a victim of that."¹

The following morning, slipper-clad Coloradans stepped onto their porches to pick up their final copies of the *News*. "Goodbye, Colorado," it read.²

Was Boehne right? Had something changed by 2009 that made operating the *Rocky Mountain News*, which had been fighting against the *Denver Post* for survival in the Denver newspaper market for more than a century, untenable? Or was the closure of the *News* the result of something else, such as changing priorities for the E. W. Scripps Company, the effects of a 2001 joint operating agreement between the *News* and the *Post*, strategic decisions made at the *Post*, or something else entirely? The answers to these questions are paramount to understanding the newspaper industry in the first years of the twenty-first century, as the death of the *News* was one in a string of newspaper closures and sales typically ascribed to the rise of the internet as a news source.³

This study analyzes the history of the competition between the *Rocky Mountain News* and the *Denver Post*, a history that began with the *Post*'s founding in 1892 and continued until the *News*'s closure in 2009. It considers the "biographies" of both publications to compare their responses to competition from one another and from outside forces. Beginning with the birth of the *News* in 1859, this book explores how the paper's founders and early managers established their newspaper as the leader in the Denver news market in the face of numerous competitors and environmental forces. Later, it considers the competition between the *News* and the *Denver Post*, the latter displacing the *News* as local leader at the turn of the twentieth century and becoming dominant for several decades. The purchase of the *News* by Scripps-Howard in 1926, however, brought a new approach to the company's management, and the post-World War II era ushered in a phase of intense competition. This battle culminated in the newspaper war of the 1980s and 1990s, in which each paper poured resources into efforts to force its rival out of the market. Finally, this book analyzes the apparent peace established by the joint operating agreement signed by the two newspapers in 2001, the effect that agreement had on competition in the first decade of the 2000s, and the factors contributing to the *News*'s closure in 2009.

The study of these two newspapers, so long latched in vigorous competition with one another, provides a unique opportunity to explore issues of

vital importance to media historians and economists, particularly those who seek to understand how competitive media organizations adapt to challenges over time. The *News*'s early history witnesses a newspaper being built from the ground up, while the *Post* illustrates how disruptive media technologies—such as those experienced in the newspaper industry in the 1890s—can tear prominent enterprises back down. A study of the two papers through the early and mid-twentieth century exposes the role of management in answering market challenges. Late in the century, the two newspapers act out a wholly unique story of winner-take-all competition in a two-newspaper town—a rarity that late in history. And of course, the experiences of the *Post* and *News* in the face of rising and, for the *News*, insurmountable economic challenges are crucial in finding responses to the recent decline of the newspaper industry. Bits of this story can be told with many newspapers across the country. But the full picture—from a market's inception through over a century of competition to collapse during the recent cataclysm—can only be told through the *News* and the *Post*.

Unlike every other major historical work about the *Rocky Mountain News* and the *Denver Post*, this work is not a celebration of either newspaper. Book-length histories cast a rosy light on the publishers, editors, and reporters of both papers, even when their behavior was unquestionably amoral.⁴ *News* founder William Newton Byers, for example, has been portrayed as a determined pioneer rather than a savvy, risk-taking settler who frequently played on readers' fears to secure the future of his newspaper. Likewise, Frederick Gilmer Bonfils and Harry Tammen, who transformed the twice-failed *Post* into the leading newspaper between the Missouri River and the Pacific Coast, are portrayed as rambunctious caricatures of yellow journalism rather than ruthless businessmen who bullied enemies into compliance through editorial sensationalism and, occasionally, physical violence. This book does not seek to canonize or vilify anyone. Instead, it attempts to understand the actions of such men and women in the context of the competition they faced in their own times without applying the worn tropes of the history of the American West. Those running Denver's newspapers were rational actors seeking to make money and ensure the stability of their businesses. This book treats them as such.

The nature of a project that encompasses over a century of competition requires the use of numerous methods as well as regular shifts in focus. Thus,

the character, sources, and style of each chapter in this work are unique from those around them. There was no *Denver Post* when the *News's* wagons first pulled into a young Denver; likewise, the waves of intense competition between the two newspapers were interrupted by long periods of peace or the subjugation of one paper by the other. Sources were alive and able to be interviewed for the last several decades of history reviewed here, while they obviously were not for its early chapters.

This difference in style is most pronounced in chapter 1, which details the founding of the *Rocky Mountain News*, its ascendance in Denver, and the numerous challenges to its early existence—spanning a period from 1859 to 1895, the longest covered in a single chapter of this book. This chapter explores how newspapers adapt not only to one another but to the *context* in which they exist—how they respond to emergent news media, external economic forces, and, in the case of the *News*, the frontier market in which it sought to assert itself.⁵ The economics of frontier newspapering were far different than those of the twentieth-century professional press. Publishers needed to develop subscription and advertising rolls from scratch, find ways to distribute their newspapers in widely dispersed areas that lacked transportation infrastructure, maintain access to distant supplies such as newsprint, and overcome unpredictable disasters—such as fires and floods—to which frontier communities were particularly susceptible. They did so by diversifying their business model and content, often offering job printing and supporting local politicians and parties in exchange for lucrative public printing contracts, political offices, and even cash.⁶

Survival, however, required more than money alone. In particular, three factors contributed to the success or failure of a newspaper: location, with proximity to lasting economic and natural resources and the concentration of competitors being key; management, in terms of decision-making and specifically the ability to collect advertising and subscription fees from customers; and credit, with indebtedness and periods of financial strain increasing the likelihood of failure.⁷ In and near the Rocky Mountains, editors fought desperately to secure stability for their communities and, in turn, themselves by promoting their towns to readers in the East, encouraging the continuing westward flow of settlers and capital.⁸ Their struggles led them into regular conflicts with competing editors. These vitriolic press wars presented entertainment to readers, but the outcome might determine the success or failure

of a particular newspaper.⁹ The opening chapter of this book considers how the *News* navigated this complex and threatening business environment.

Chapter 2 pivots toward the core concern of this work: the competition between the *News* and the *Denver Post*. It opens with the 1895 purchase of the *Post* by Frederick Bonfils and Harry Tammien, two men who successfully challenged the *News*'s dominance and established the tone of twentieth-century Denver journalism. As the frontier matured, two newspapers—the *News* and the *Post*—emerged in competition for control of the Denver newspaper market. The strategies they employed in pursuit of a regional readership of millions—a key concern of this book—were adaptations to the industrial practices and market conditions of the day. Advances in newspaper printing technology led to an explosion in the number of newspapers in the United States at the beginning of the twentieth century, leading most major cities to have several newspapers vying for a limited readership. Over the course of the twentieth century, however, single newspapers came to dominate most American cities.¹⁰ This occurred in part because advertisers typically purchased space in only one newspaper in a market, usually whichever had the largest circulation. The stronger newspaper could invest the extra advertising revenue to improve the news product, leading to higher circulation to the detriment of the weaker newspaper—the latter suffering from what media economists call a “circulation spiral.” In time, the weaker newspaper folded, and the high capital required to start a new competing newspaper, combined with the circulation advantage of the survivor, discouraged the entry of a new competitor to the market, resulting in a monopoly for the survivor.¹¹ This pattern, which accelerated as the twentieth century matured, became a fixture of the industry. By the end of the century, on the eve of the rise of the internet as a widely adopted medium for news, 98 percent of all daily US newspapers held monopoly positions in their markets.¹²

This drove the *News* and the *Post* to compete vigorously throughout the century to gain superiority over one another in an effort to seize monopoly control of the Denver market, as described in chapters 3 and 4. Chapter 3 begins with the purchase of the *News* by Scripps-Howard in 1926 and the newspaper war that ensued—a fight that signaled a change in Scripps-Howard's overall competitive strategy, siphoned away the revenues of both the *News* and the *Post*, and, after two years of vigorous competition, drove the papers' owners to the bargaining table. After examining the subsequent truce between the

papers, the chapter reviews the steps both papers took to survive the Great Depression and also reviews the papers' adaptations, including the *News's* shift to a tabloid format, made as a result of World War II. With chapter 4 comes a wave of modernization at the *Post* beginning in 1946 that, combined with the *News's* tabloid format, affected the voices and appearances of the two papers throughout their remaining years of competition. The chapter focuses on the strong management at both papers, which set the *News* on an upward trajectory and established the *Post* as a regional newspaper, while taking time to detail the *Post's* successful defense against an attempted hostile takeover. It observes the first years in which the two newspapers began cultivating the audiences they ended with—the *Post* claiming white-collar, upper-class readers and the *News* a more diverse and working-class readership.

At that point, the history of the two newspapers begins to highlight two stark shifts in the newspaper industry characteristic of the second half of the twentieth century. The first deals with changes in the industry's profit model, in which the newspaper serves as two distinct products in a single package. One product is the information contained within—the articles, opinions, and advertisements sold to readers by subscription or by the individual copy. The other is the newspaper space and reader attention sold by newspaper firms to advertisers.¹³ Newspapers grew increasingly reliant on the latter as the twentieth century progressed, with 81 percent of their revenue coming from advertising by 2000.¹⁴ Newspaper advertising is typically divided into three categories: national, local (retail), and classified. This three-legged stool was imperiled by television, which took national advertising away from newspapers and increased their reliance on local and classified advertising.¹⁵ Newspapers were thus vulnerable when the internet attacked a second leg of the stool—classified advertising—through sites like Ebay.com and Craigslist.org, leaving papers to survive on what were by the mid-2000s steadily shrinking advertising revenues.¹⁶

A second industry shift reflected in the competition between the *Post* and the *News* is the rise of public ownership and increasing media concentration. The years covered by chapter 5, 1971 through 1987, focus on the rapid ascendance of the *News* to the top of the Denver newspaper market and the fall of the *Post* under seventeen years of weak management. It centers on the failures of the publicly owned Times Mirror Company, which ended the independent ownership of the *Post* in 1980 when it bought that paper, as

well as the opportunities missed by the *News* to end the newspaper war by putting the *Post* out of business.

Newspapers were originally family companies, but greater numbers of them came under public ownership after 1960. Newspaper firms felt pressured to expand their financial resources in the second half of the twentieth century. In part this was a protective strategy—newspapers issued public stock, seeking to reduce indebtedness and prevent the takeover of family firms by capital-rich outsiders.¹⁷ Yet they were also swept up in the wave of consolidations that came to define the industry in the 1980s and 1990s, and the capital provided from public stock allowed them to finance acquisitions of competitors and newspapers in other markets. While editorial operations remained decentralized in the rush to public ownership, which by 1998 had drawn 44 percent of all US newspaper circulation into publicly owned newspaper firms, editorial staffs watched as newsroom budgets were slashed to appeal to shareholders and to buoy short-term profitability.¹⁸

The trends of media consolidation seen in the transition to public ownership were visible in a shift toward chain ownership and conglomeration throughout the century. Ben H. Bagdikian's *The Media Monopoly* made waves when it first appeared in 1983 by claiming that only fifty corporations controlled the US media.¹⁹ The trend of consolidation continued into the twenty-first century, with 77 percent of all US daily newspapers under chain ownership by 2000.²⁰ By that year, nearly 99 percent of US cities were monopoly markets for daily newspapers—Denver's newspaper competition was exceptional. Newspaper ownership concentration has only increased since 2000; by 2013, the largest ten chains controlled 50 percent of total US daily newspaper circulation.²¹ Unfortunately, the rise of the internet has done little to increase competition and protect important functions traditionally carried out by newspapers.²²

Media consolidation and the shift toward public ownership were helped along by disruptions in the newspaper industry in the post–World War II period. Newspapers flourished in the late 1940s, but they were then afflicted by economic pressures that intensified through 1965 and continue to this day.²³ The scope of the challenge facing publishers was often difficult for them to see, masked by ever-increasing advertising revenues and circulations.²⁴ But beneath the surface, labor and production costs—led by skyrocketing prices for newsprint—were wreaking havoc on newspaper budgets, with expenses rising faster than revenues by 1965.²⁵ Circulations were growing but not

keeping up with the rise in the US population.²⁶ Gross advertising revenue was increasing, but newspapers' share of advertising revenues against other media was actually falling.²⁷ Americans were beginning to see television as a news source in addition to or in place of newspapers. Broadcasters capitalized on their increasing popularity, stealing away national advertisers in particular. Newspapers failed to react to these challenges as aggressively as was necessary. As noted above, they had begun to focus solely on profitability rather than a hybrid of profitability and public service. Satisfied by increasing advertising revenues, publishers were slow to react to the challenges rushing at them. The shift toward an emphasis on short-term profitability over the long-term viability of a newspaper's editorial content was among the most influential changes to the industry after 1965.²⁸

New competitors such as cable and the internet joined broadcast television to disrupt the newspaper industry's business model, further damaging national advertising revenues. The long-term trend of newspaper deaths continued, particularly in American cities, exacerbated by suburbanization. James Brian McPherson notes, "As newspaper disappeared, so did readers—especially the working-class readers of afternoon papers, who now could watch ninety minutes of local news in the afternoon and another thirty minutes in the evening before going to bed."²⁹ While publishers were increasingly focusing on profits, rising costs and competition threatened to make running even the most illustrious newspapers difficult. Some have since claimed that newspapers can only survive in the modern media environment if they focus on just the opposite: investing in newsrooms and strengthening their editorial product.³⁰ Few publishers have followed this principle.³¹

Chapter 6 transitions to the late stages of competition between the *Post* and the *News*, a period in which these disruptions accelerated. It begins with the purchase of the *Post* by MediaNews Group, the company led by ascendant newspaper collector Dean Singleton, in 1987 before exploring the changes he made to the paper in returning it to profitability. The chapter's focus then shifts to the unsuccessful attempts by the *News* to face the resurgent *Post*, including the shrinkage of its operating area in Colorado and the penny war of the late 1990s. It concludes following two years of penny newspaper sales and damage to the papers' profits, when a joint operating agreement (JOA) was offered by Scripps to the *Post*. The narrative history of the competition between the papers concludes with chapter 7, which covers the

brief but defining period between the legal proposal of the *Post* and the *News* to enter into a JOA in 2000 through the *News*'s closure in 2009.

Unlike most other businesses, newspapers in the same market have the option of attempting to enter into noncompetitive contracts called joint operating agreements. JOAs are not mergers but binding agreements in which two newspapers agree to share production, distribution, advertising sales, or other similar resources while remaining separately owned and editorially independent.³² The US Congress passed the Newspaper Preservation Act of 1970, with encouragement from newspaper publishers, ostensibly to curb the death rate of American newspapers. Designed to preserve a diversity of editorial perspectives in a given city, JOAs are anticompetitive by nature, allowing newspapers to collude legally on matters such as subscription and advertising rates. As such, they are only permissible if one of the two newspapers filing for a JOA is failing, as determined by a distinct disadvantage in its market share, having entered a circulation spiral, or otherwise having irreversible financial losses.³³

Research suggests that JOAs are rarely successful in sustaining high degrees of editorial quality and do little to prevent powerful newspapers from continuing to attempt to push their subordinate partners out of business.³⁴ This book asks whether this is true in the context of the *Post* and the *News*, papers that entered into a JOA less than a decade before the cataclysm in the newspaper industry and only after a brutal circulation war that left both of them economically battered. Analysis of the late stages of competition between the papers informs a final core concern of this book, examining the reasons for the *News*'s closure cited by the E. W. Scripps Company—rising economic pressures accelerating the collapse of the business model on which newspapers relied. As such, chapter 7 alternates between a micro-focus on the Denver newspaper market and a macro-focus on the newspaper industry and the economy at large to contextualize the end of the *News* in the larger story of the industry's collapse, observing how the latter drove Scripps away from newspapering toward more profitable ventures.

The book's final chapter returns to the ideas posed in this introduction and situates this project toward the future. Drawing on the *News*'s nearly 150-year history in Denver and the 116 years of competition between the *News* and the *Post*, chapter 8 offers several suggestions to today's publishers of both print and digital content. It concludes with a brief reflection on the significance of this research and the fate of Denver's residents in the wake of the *News*'s closure.