

Copyright

by

Lei Guo

2010

**The Thesis Committee for Lei Guo  
Certifies that this is the approved version of the following thesis:**

**The Political Economy of U.S. Alternative Press:  
Case studies of *The Nation* and *The Texas Observer***

**APPROVED BY  
SUPERVISING COMMITTEE:**

**Supervisor:**

---

Mercedes Lynn De Uriarte

---

Laura Stein

**The Political Economy of U.S. Alternative Press:  
Case Studies of *The Nation* and *The Texas Observer***

**by**

**Lei Guo, B.A.**

**Thesis**

Presented to the Faculty of the Graduate School of

The University of Texas at Austin

in Partial Fulfillment

of the Requirements

for the Degree of

**Master of Arts**

**The University of Texas at Austin**

**May 2010**

## **Dedication**

I dedicate this work to my parents, Caide and Yuanxian.

## **Acknowledgements**

I would like to thank my supervisor Dr. Mercedes Lynn De Uriarte who encouraged me to research alternative and independent media and was supportive throughout the process of this thesis writing. I also want to express my sincere thanks to my second reader, Dr. Laura Stein for her important comments and suggestions.

And with special thanks to the staffers in *The Nation* and *The Texas Observer* who were generous with their time and information and whose practices in alternative and independent media are precious and inspiring.

## **Abstract**

### **The Political Economy of U.S. Alternative Press: Case Studies of *The Nation* and *The Texas Observer***

Lei Guo, M.A.

The University of Texas at Austin, 2010

Supervisor: Mercedes Lynn De Uriarte

Throughout the history, U.S. alternative press has published against the grain of mainstream media and politics and on tight budgets. In fact, it remains the political economic dilemma for any critical media project that the financial resources it needs are in the same capitalism society it criticizes. Using a political economy approach, this thesis examined how political economic factors including ownership models, means of support and the government role influence the balance between the editorial goals and business performance of the two alternative or independent publications: *The Nation*, a privately-owned newsmagazine providing critical opinions and investigative journalism on nationwide issues, and *The Texas Observer*, a 501(c) (3) nonprofit biweekly covering stories ignored by the mainstream press in the state of Texas. Through in-depth

interviews with staffers of the two publications and primary and second sources analysis, this thesis demonstrates the tension between editorial ideals and financial needs that are affected by several political economic factors. It also shows that both alternative papers are committed to democratic altruism and watchdog journalism whenever they deal with political economic pressures.

## Table of Contents

List of Tables .....	x
Chapter 1 Introduction .....	1
Chapter 2 Literature Review and Research Questions .....	12
Political Economy of Communication.....	12
Alternative Media in Academia.....	15
"Alternative Media" in the United States.....	17
Political Economic Analysis of Alternative Media .....	19
Ownership Models: For-profit or Nonprofit? .....	20
Means of Support: Advertising or Patronage?.....	25
The Role of the Government.....	30
Research Questions.....	32
Chapter 3 Methodologies.....	36
Chapter 4 Results .....	40
Editorial Goals .....	40
<i>The Nation</i> .....	40
<i>The Texas Observer</i> .....	47
Ownership Models.....	57
<i>The Nation</i> : Limited Partnership .....	57
<i>The Texas Observer</i> : 501 (c) (3) Nonprofit .....	62
Means of Support.....	68
<i>The Nation</i> .....	68
<i>The Texas Observer</i> .....	75
Role of the Government.....	80
<i>The Nation</i> .....	80
<i>The Texas Observer</i> .....	83



Chapter 5 Conclusion and Discussion .....	84
Bibliography .....	95
Vita .....	103

## **List of Tables**

Table I:	Thesis Model I .....	6
Table II:	Thesis Model II.....	35
Table III:	For-profit and Nonprofit Model Comparison .....	68

## Chapter 1: Introduction

Throughout the history, the U.S. alternative or independent media has published against the grain of mainstream media and politics and on tight budgets. Alternative media practitioners often confront financial difficulties especially against the backdrop of various economic recessions – most recently in 2008, which also saw an overall decline of a mature media industry. The 2009 State of the News Media Report shows that the 130 member papers of the Association of Alternative Newsweeklies reported a combined weekly circulation of 7.1 million as of June 2009, that was down about 400,000 from 2008 (Project for Excellence in Journalism, 2009).

Alternative media's financial problems can be partly explained by its mission. Essentially, alternative media are born for cause not for profit. According to Chris Atton's (2002) conceptualization, some believe the first alternative newspaper in United States can be traced as early as its founding era when the country has its first independent newspaper from Britain, *Boston Gazette* (Armstrong, 1981). Others recognize George Seldes as the father of the U.S. alternative press. He founded *In Fact* in 1940 providing critical analysis of mainstream journalism. And his protégé I.F. Stone created *I.F. Stone's Weekly* in 1953, which drew material from government documents and reports overlooked by conventional media (Goldsmith, 1996). During the 1960s, another alternative media movement broke out with an underground newspaper, *Los Angeles Free Press*. With conventional avenues of expression - mainstream corporate media -

closed to them, radicals and dissidents in 1960s inaugurated media of their own to “express values and vision of cooperative, peaceful, egalitarian society” (Armstrong, 1981:20). John Downing defined alternative media as “generally small-scale and in many different forms, that express an alternative vision to hegemonic policies, priorities, and perspectives” (Downing, 1984: iii). For those mission-driven alternative media endeavors, however, it is always difficult to survive in a market economy like that of the United States. Although the context of alternative media changes overtime, economic pressure continually obstructs the growth of this media whether it depends on commercial support or patronage (i.e. Atton & Hamilton, 2008: 26). Clemencia Rodriguez proposes a “swamp metaphor” to think of the development of alternative media, which is “a multitude of small forces that surface and burst like bubbles in a swamp” (Rodriguez, 2001: 22).

From the standpoint of political economy, there is actually an inherent contradiction within alternative media in terms of its mission and profitability - or business performance. Political economy is a major analytic tool in communication research since the 1940s. It deals with the social relations, particularly the power relations, which mutually constitute the production, distribution, and consumption of communication resources, such as newspapers, television, radio, books, videos, films, as well as audiences (Mosco, 2009). Political economists point out that the structural power of capitalism permeates every process of mass communication, leading to a corporate mainstream media system that privileges commodification over democracy and that

marginalizes alternative voices. On the other hand, radical alternative media's *raison d'être* is to address issues of social justice that are ignored by mainstream media. Accordingly, it must provide an economic alternative to large-scale publication. In other words, a number of alternative media originated to challenge mainstream media's growing alliance with big business and to provide alternative and oppositional communication for the sake of public interest rather than for profit-seeking.

To achieve this mission, however, alternative media itself must first survive as an organization which needs financial support and resources in the same capitalism society it criticizes. Some scholars argue that the goal of social justice movements such as alternative media projects is to continue moving toward a just world collectively, like Rodriguez' "swamp metaphor," but not for each organization to last forever (del Moral, 2005; INCITE!, 2007). But one should also note that financial stability and thus the organization's longevity makes the critical work more effective. The question is how to achieve financial stability? Actually three problems contribute to the economic difficulty confronted by alternative media. First, like corporate media, alternative media also face the problem of generating revenue to sponsor their daily operations even though they never regard profit-making as their goal. Secondly, it is much harder for alternative media to remain financially sustainable than it is for their corporate counterparts because it is obvious that advertisers – the main source of media income – seek wide distribution among consumers. Other financiers are also more willing to put their money behind lucrative ventures than fund an alternative newspaper that cannot turn big profits. Finally,

in order to maintain its independence as well as to provide alternative perspectives, alternative media has many more concerns and constraints when seeking revenues. For instance, quite a few alternative media practitioners reject advertising simply to prevent their editorial content from any commercial influence (Benson, 2003).

Consequently, many alternative media projects go to two extremes. One seems to threaten a dead end: some alternative media eliminates any forms of commercial support, thus many fail to survive. Comedia group's assessment of alternative press in Britain indicated that the "failure" of some alternative press projects was due to the inability or unwillingness of the media practitioners to adopt methods of financial planning and organizational efficiency. This choice dooms the alternative press to "an existence so marginal as to be irrelevant," never to break out of its "alternative ghetto" (Comedia, 1984: 96, 100). The other end is that some of alternative media become profit-oriented and ultimately risk losing its alternativeness. Ironically, among this group, there is even media consolidation. An example is *New Times's* Media acquisition of *Village Voice* Media, creating a chain of 17 free newspapers and controlling a quarter of the weekly circulation of alternative weekly publications in North America (Murphy, 2005). The merger generated numerous doubts. Some criticized the deal fearing that it would lead to "losing voice," or "no alternative" in alternative press (Kurts, 2005; Nichols, 2005).

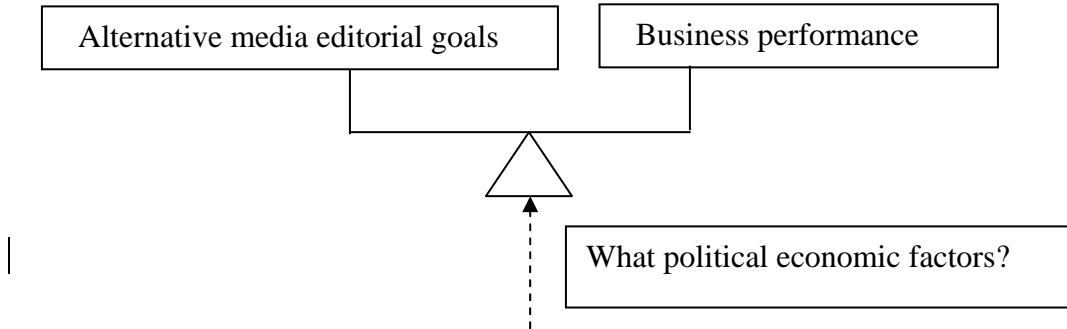
There are surely projects in between the two extremes. For example, another track seems to provide a measure of relief – some of alternative media become non-profit, tax - exempt organizations. But it is still the political-economic dilemma for any critical

project that “it needs resources with which to work, but those crucial resources are present only in the very society that it seeks to change or dissolve” (Atton & Hamilton, 2008: 26). This dilemma leads to my main question about alternative media: How do alternative media become financially sustainable while at the same time preventing their missions from becoming an echo of corporate and other power?

In order to shed some light on this question, this study will use political economy of communication as its approach to analyze alternative media. This approach primarily discloses political economic pressures on the mainstream media, but also traditionally suggests strategies for resistance and invention (Wasko, 2004). In fact, the political economy of mass media itself has contributed to the formation of social movements organized around media production and policy including alternative media movement (Most, 2009). Hence, a perspective from political economy which deals with ownership, means of support and control is extremely helpful for this study to explore alternative media’s dilemma in regards to its mission and business performance. Given the lack of political economic analysis of alternative media, this thesis hopes to break new ground by contributing to the literature theoretically. It also hopes to provide experience and lessons for alternative media practitioners who would like to learn how to run financially sustainable projects and handle the tension between ideals and needs. So the main research question of this thesis is:

**What and how political economic factors contribute to the balance between alternative media editorial goals and business performance?**

As Table I shows, most alternative media projects strive to seek a desired balance between editorial goals and business performance. This study will look at what political economic factors influence this balance and in what ways.



**Table I: Thesis Model I**

Specifically, this thesis will examine two models of U.S. alternative press that have achieved such desired balance to some degree, or that are recognized for both alternative journalism and longevity. For that reason, *The Nation* and *The Texas Observer* are selected.

This research selects print media as objects because first it has the oldest tradition of critical journalism among various forms of alternative media in the United States. For example, abolitionist press and African American newspapers covered critical racial issues in the country and thus challenged the status quo as early as mid 19<sup>th</sup> century. Besides, alternative press is most prevalent among all kinds of alternative media because of its relatively simple technology and low cost. The U.S. 1960s alternative media



movement occurred partly because of the offset printing revolution that made it possible for virtually anyone to produce a newspaper (Armstrong, 1981).

Moreover, alternative press is not subject to government regulation. All types of media are protected by the First Amendment to the U.S. Constitution that guarantees freedom of expression from government control. In particular, print publication such as magazines and newspapers are regarded as private business so it is unregulated media as opposed to government-regulated media, or “common carriers,” such as broadcast radio, broadcast television and cable television through the supervision of Federal Communication Commission (FCC) (Turow, 1997; FCC, 1996). Thus, alternative press, compared to other type of alternative media, should be regarded as the “freest media” in terms of government interference.

But it doesn't mean that this thesis will disregard the role of the government. In fact, both the industry and the government are primary forces in the development of communications, that their relationship is mutually constitutive and variable (Mosco, 2009). So the government function is one of the political economic factors that this study will examine. Rather, my research will investigate an alternative media format under conditions with as few government-imposed restrictions as possible so as to explore the basic political economic pressures upon it in the U.S. capitalist market place.

As mentioned before, *The Nation* and *The Texas Observer* are two of the best known independent or alternative publications in the United States. The two address issues of public interests that are ignored by mainstream media and both are very

prestigious in the industry. As America's oldest newsweekly, *The Nation* and its previous editors have appeared in many American history books (i.e. MacPherson, 1975; Alpern, 1987). The publication is the leader of alternative press in media reform which began in 1990s and many other media-related public discussions (McChesney, 2008). For example, *The Nation* sued the Department of Defense over its press pool regulation during the invasion of Panama in 1989 and the Gulf War of 1991. It currently works on behalf of small publishers on postal reform issues (*The Nation Magazine v. U.S. Department of Defense*, 1991; Kosar, 2009). *The Texas Observer* is also nationally recognized though it mostly circulates in the state of Texas. The *New Republic* credited it as "the conscience of the political community in Texas," and the *New York Review of Books* called it "that outpost of reason in the Southwest" (Cole, 1966).

The two publications also obtained a good many awards for their investigative journalism as well as for the publications as a whole. For example, *The Nation* has 12 Ellie National Magazine Awards (The American Society of Magazine Editors, n.d.). *The Texas Observer* has 42 awards from Association of Alternative Newsweeklies (AAN, 2010a). Furthermore, the two magazines exert significant impact on mainstream media: their stories are frequently picked up by media such as the *New York Times*, ABC News, and National Public Radio.

On the other hand, *The Nation* is the longest-standing alternative publication in U.S. history; *The Observer* is in Texas. I agree that small and ephemeral alternative press projects contributed and continue contributing to a democratic society. But I also

recognize that for alternative press projects especially those that aim to influence the public, financial sustainability and thus longevity is the utmost important aspect to pursue. *The Nation*, established in 1865, is America's oldest weekly magazine covering national and international issues. *The Texas Observer* was founded in 1954 giving it over half a century history.

Specifically, *The Nation* is a nationally-distributed weekly publication which provides opinion and investigative reporting on national politics and culture. It is independent but not the organ of any party, sect, or body. As said in its prospectus, *The Nation's* mission is to "make an earnest effort to bring to the discussion of political and social questions a really critical spirit, and to wage war upon the vices of violence, exaggeration, and misrepresentation by which so much of the political writing of the day is marred"(TheNation.com, n.d.). This thesis treats *The Nation* as alternative press both because of its organizational independence as well as its critical spirit in analyzing political and social problems.

*The Texas Observer* is a bi-weekly news magazine mostly circulating in Texas - writing about "issues ignored or underreported in the mainstream press" (TexasObserver.org, n.d.). It mostly focuses on issues in the state of Texas and aims to "cover stories crucial to the public interest and to provoke dialogue that promotes democratic participation and open government, in pursuit of a vision of Texas where education, justice and material progress are available to all" (TexasObserver.org, n.d.). *The Observer* is member of Association of Alternative Weeklies (AAN), an organization

that unites 130 alternative news weeklies that “offer a valuable alternative to the mainstream media in their area” (AAN, 2010b). There were other alternative and progressive publications in Texas such as *the Rag* which existed from 1966 through 1977. But today, AAN still credits *The Observer* as the state’s only source of independent, progressive journalism.

The study chooses *The Nation* and *The Texas Observer* for analysis also because they have different ownership models, which is an important political economic factor that might influence the publication’s editorial content and finances (i.e. Murdock, 1990; Herman & Chomsky, 1988). *The Nation* is a private for-profit company while *The Observer* is owned by the Texas Democracy Foundation, a Section 501(c) (3) nonprofit organization. Under each model, the research will also look at two publications’ means of support which would imply different economic pressures on alternative press (i.e. Atton & Hamilton, 2008).

In brief, this research conducts case studies on *The Nation* and *The Texas Observer* in order to find out what political economic factors influence the relationship between editorial goals and business performance of the two publications and in what ways. Specifically, the thesis will explore the editorial goals of the two publications, their respective ownership modes, means of support as well as the government role, if there is any, in the process of production, distribution and consumption. It hopes to investigate how these factors interact with each other to influence the balance of ideals and needs.

In order to answer the research question, the case studies combine in-depth interview and the examination of primary and secondary sources about these two publications. Face-to-face in-depth interviews were conducted with staff of each publication to explore their conceptions of the media they work with and other political economic factors they think that might influence the balance of editorial goals and business performance.

## **Chapter 2: Literature Review and Research Questions**

This chapter begins with a brief introduction of the political economy of communication research. Next, it will clarify the definition of alternative media both in academia and in the context of the United States. The chapter then relates political economic analysis to alternative press and discusses political economic factors including ownership models, means of support and the government role that might influence the balance between mission and finances of alternative press. Finally, it proposes specific research questions that shape this thesis.

### **POLITICAL ECONOMY OF COMMUNICATION**

Scholars began analyzing communication products through the lens of political economy in the 1940s and global expansion of the theory continues today (Mosco, 2009). Although there are a variety of approaches to it, traditionally when one refers to “the political economy of communication,” it is understood to mean a radical, critical, or Marxian approach (Wasko, 2004).

The majority of these studies are dedicated to addressing the roots of structural inequalities in the mainstream media communication. Basically, political economists treat mainstream media first and foremost as economic entities which produce and distribute commodities, or through advertising, to play their direct or indirect economic roles as creators of surplus value (Murdock & Golding, 1973; Wasko, 2004). Their research is the analysis of historically distinct modalities of cultural production and reproduction

(Garnham, 2006). Mostly importantly, power is the main focus in these studies. It investigates how corporate power is operated in the process of media commodification. Defined by Vincent Mosco, commodification is the process of transforming things valued for their use into marketable products that are valued for what they can bring in exchange (Mosco, 2009:11). In media production, work labor, audience and audience rating could all be commodified. The process of commodification reduces the resource, the time, and the space available to alternatives, so that commodification is perceived not as a process of power but as “the natural order, common-sense, taken-for-granted reality of social life” (Mosco, 2009: 268). Moreover, other powers such as government control, patriarchy and racism will collaborate with capital power through commodification and therefore creates inequalities, i.e. the marginalization of minority voices in mass media. In sum, through studies of ownership, advertising and control, political economists document relations of power, a class system, and other structural inequalities in the mainstream media communication (Wasko, 2004).

In United States, the political economic of communication research especially focuses on media concentration and the resulting biased media content. The 1947 Commission on Freedom of the Press (the Hutchins Commission) raised the first warnings of this impending problem. Ben Bagdikian wrote *Media Monopoly* in 1953 describing the corporatization progress. Herbert Gans makes mention of it in the 1979 classic *Deciding What's News*. Edward Herman and Noam Chomsky laid a strong foundation for political economic analysis of news production in *Manufacturing Consent*

in 1988 in which they argue that corporate news media is a form of propaganda in which advertisers and corporate media managers collude to shape audience awareness, especially on issue of foreign policy. Robert McChesney (1999)'s *Rich Media, Poor Democracy*, applies political economic theory to broadcasting industry concluding with strategies of resistance. Alternative media is considered part of the resistance.

The distorting of mainstream media's content by corporate and other power makes alternative media of utmost significance in that it provides alternative communication in order to bypass commercial and other authorities' control. In fact, the political economy of mass media has actually contributed to the formation of social movements organized principally around media production and policy such as alternative media movement. Recently, political economy has revived interest in exploring a wide range of alternative forms of the public sphere, civic society, and community communication (Mosco, 2009).

As a type of media that is organized substantially differently from mainstream media, alternative media deserve different approach of political economy analysis. Alternative media scholar Chris Atton and James Hamilton (2008) apply the political economy approach theoretically to alternative media research and raise some different questions. They argue that critical political economy analysis "enables a greater understanding of the nature and implications of relationships between the role of journalism, how journalism is organized and practiced and whose interests are served" (p.25). They further note that such relationships are exceptionally complex and include a "shifting mix of challenge and accommodation" (p.25). And critical political economy



“helps organize and thus clarify an understanding to these multiple and often contradictory relationships and effects” (p.25). From the perspective of critical political economy, “the most important limits and pressures on alternative journalism derive from its conception and from the context, and centre on means of support and how these together shape the resulting practices” (p. 25). In other words, Atton and Hamilton suggest organization modes, or ownership models (“how journalism is organized”), and “means of support” as two important political economic factors that would actively interact with the mission of alternative press (“the role of the journalism” and “conception”).

In particular, the “conception” - or aims and missions of alternative media - provides a starting point of political economy analysis on alternative press. Considering the vague conception and various definitions of “alternative media,” the next section will first clarify and discuss the term used in academia.

### **ALTERNATIVE MEDIA IN ACADEMIA**

In academia, alternative media is a vague and heterogeneous concept. Moreover, there are many similar terms such as radical media, grassroots media, underground media, citizen media, independent media and etc. Downing (1984) referred to media like these as radical alternative media stating that it is a type of “media, generally small-scale and in many different forms, that express an alternative vision to hegemonic policies, priorities, and perspectives” (Downing, 2001: iii). And he suggests that radical media have one thing in common: “they break somebody’s rules” (Downing, 2001: xi).

In Downing's model, radical alternative media is the media of social movements, explicitly shaping political consciousness through collective endeavor.

Clemencia Rodriguez (2001) proposes the terminology of "citizen's media." Referring to "citizens' media" implies that a collectivity is enacting its citizenship by actively intervening and transforming the established mediascape. In other words, ordinary citizens in the community are empowered by participating in the media production to express their own views and establish their identities. Rodriguez's emphasis is more on self-education and community building (Atton, 2007).

Another focus on alternative media arena is its radical, anti-capitalist relationship of production in addition to its ideological disturbance and rupture. Some scholars argue that alternative media must be deprofessionalized, decapitalized and deinstitutionalized (Williams 1980; Atton, 2001). They must be available to ordinary people without the necessity of professional training, without excessive capital outlay.

Considering various stresses in alternative media, Atton (2002) proposes a model that is "as much concerned with how it is organized within its sociocultural context as with its subject matter" (Atton, 2002: 10). This model approaches these media from the perspective of "mixed radicalism," paying attention to hybridity rather than expecting consistent adherence to a "pure," fixed set of criteria. That is to say, alternative media in certain historical or geographical context would have radicality in different dimensions. For example, an alternative publication which has a professional institutional form (which could be regarded as lacking radicality in one dimension) may not limit its

revolutionary potential in other dimensions. This study uses Atton's model of alternative media and treats it as a concept of hybridity depending on its sociocultural context.

Since the thesis conducts case studies on two alternative publications in United States, next section will give an introduction on the sociocultural context of U.S society where alternative press grows up and develops.

### **“ALTERNATIVE MEDIA” IN THE UNITED STATES**

Some trace the first alternative media in United States to its first independent newspaper from Britain: *The Boston Gazette*. Others believe its founding begins with the 1776 pre-revolutionary publication of Tomas Paine's *Common Sense*. By the same token, abolitionist press of 1830s to 1860s is also “alternative” depending on its context. In fact, *The Nation* was founded by abolitionist in 1865 (Armstrong, 1981; theNation.com, n.d.). The civil rights movement of the 1960s added a new spurt to this history. It is also at this period when people in the United States began to use the expression: “alternative media.”

The “alternative media” label began with underground newspapers emerging roughly between 1966 and 1972. These newspapers were united chiefly in their opposition to the Vietnam War and their advocacy of drugs, rock music, and sexual liberation. It should be noted that underground papers were never illegal and the word “underground” was used metaphorically to call attention to a radical presence in American life.

During the same time period, professional journalism hit its high-water mark in the United States. Professional journalism featuring objectivity or bourgeois journalism

as Atton and Hamilton (2008) refers to it, “smuggles in values conducive to the commercial aims of the owners and advertisers as well as the political aims of the owning class” (McChesney, 2008: 34). Not surprisingly, the corporate consolidation and monopoly control over journalism gathered momentum in the late 1960s. In response to growing demands and activism for social justice, the underground press appeared also because it would address and overcome the problems in professional journalism. In other words, underground media is organized not only as oppositional political, social, cultural and economic movements, but also as public declarations to claim that professional or bourgeois journalism and its accepted procedures and the capitalist organizational forms it relies upon are suspect (Atton & Hamilton, 2008: 18). Though founded in 1954 prior to the alternative media boom in 1960s and 1970s, *The Texas Observer* was initiated as remedy to the then corporate daily newspapers in Texas. It covered issues ignored by the mainstream press focusing on segregation, racism and sexism (TexasObserver.org, n.d.). It is also noteworthy that, as a significant aspect in this media movement, the research of political economy of media has grown dramatically since the 1960s (McChesney, 2008).

In the early seventies, a number of media outlets began calling themselves “alternatives” when many urban alternative weeklies such as *the Village Voice* came on the scene. These media are mostly liberal—or progressive—oriented and many of them are advertising dependent. Passage of the Civil Rights Act and the end of the Vietnam War between 1973 and 1975 slowed the energy of alternative media. Compared to 1960s underground media characteristic of explosive activism, the changed term of “alternative

media” presupposes an adult sense of responsibility and long term commitment in a quieter, localized politics of seventies. Most alternative periodicals became rooted in the new provincialism of the seventies. They broke news on local and regional levels. Others continued to cover national issues and featured muckraking investigative journalism, such as *the Mother Jones* (Armstrong, 1981).

## **POLITICAL ECONOMIC ANALYSIS OF ALTERNATIVE MEDIA**

After clarifying the conception of alternative media both academically and practically in the United States, now it is important to turn to the political economic pressures faced by alternative media. In this regard, Atton and Hamilton suggest two mutually related challenges for alternative media: (1) pressure to fund a sustainable organization; and (2) pressure to rely on advertising (Atton and Hamilton, 2008).

Someone might doubt the necessity for alternative media to take an organizational form and even argue “small is beautiful.” A great many of alternative media projects have only simple and crude organization shape, i.e. personal blogs as a form of alternative media flourish recently. And those small-scaled alternative media might only have short life cycles. It is true that these “small forces” have played significant roles to promote democracy in United States. But it is also important to note that a mature organization form will enable alternative media to achieve missions more effectively and, as sustainable projects, to exert more impacts on the society. Nevertheless, a media organization requires a large amount of money to start and survive in today’s U.S.

market. Unlike the earlier years when Art Kunkin was able to start *Los Angeles Free Press* with a budget of \$15, launching a periodical today costs at least several hundred thousand dollars (Armstrong, 1981:32; Turrow, 1997). In addition, sustainable sponsorship should be guaranteed to pay the cost of daily operation, media production and distribution.

Due to these financial concerns, alternative press practitioners always raise the following two questions: (1) Which business model is most efficient to obtain the adequate funding? (2) Which business model is most appropriate to avoid corporate power and other power of control in order to maintain the alternative mission? In other words, the focal point is what balance between editorial ideals and financial needs should be applied in alternative media project. The following is a detailed discussion of several political economic factors including ownership models and means of support that will potentially contribute to this balance. It should be noted that organization mode and means of support are actually interrelated. This study separates the two only for the ease of analysis.

### **Ownership Models: For-profit or Nonprofit?**

Ownership model is one of the primary concerns in the study of critical political economy of mass media. In Graham Murdock (1990)'s article that examines ownership and control, he indicates that the form of ownership is important since in combination with the structure and size of the company, it has an important bearing on the form of control that proprietors want and are able to exercise. For alternative press, the critical

problem is how to avoid potential pressures from owners' interference with the alternative mission because of commercial or other concerns. As for the options of ownership models, Picard and van Weezel (2008) conclude four basic ones: private, publicly traded, nonprofit, and employee. This study focuses on private and nonprofit ownership models which are most commonly used by media organizations in the United States.

*The Nation* uses a privately-owned, for-profit model. Using a private ownership model, alternative press should have private proprietors who guarantee seed capital which is what mass media does. As Murdock (1990) explains private ownership, owners are able to regulate the output of the divisions they own directly, either by intervening in day-to-day operations, or by establishing general goals and understandings and appointing managerial and editorial staff to implement them within the constraints set by the overall allocation of resource. Along the lines of this thought, someone often associates private ownership with capital growth and accumulation because in most cases, investors put their money behind media projects expecting they can turn profit at the level and pace of growth required by them. People invest in alternative media driven by different motivations, but some empirical studies indicate that privately-owned, alternative media businesses would also suffer the pressures from shareholders. For example, Gibbs (2003) 's political economic analysis of an alternative newspaper in Honolulu demonstrates that this privately-owned alternative press project inevitably ended up with a profit-oriented business due to the economic pressure as well as profit incentives. However, Garnham

(2009) argues that it is not accurate to equate private ownership with capitalism. Instead, it needs to see “the specifically capitalist mode of media production” and the ways in which “capital uses the real process of media production in order to increase its value, in order to grow, and the barriers which are placed in the way of this process” (Garnham, 2009: 219). In other words, private capital can also be used to cover the cost of alternative media production and expect the media project to generate social welfare rather than accumulate more capital for shareholders. In this sense, private ownership could also well serve alternative media’s mission in certain circumstances. After all, there are multiple capitalization models for proprietary firms and various sources of revenue are available. The particular means of support will be discussed in the next section.

Distinct from a private-owned model, media in the form of a “non-profit” model is an alternative option. In terms of its cause, alternative media is treated as “socially-conscious business” and like a non-profit association (Benson, 2003). In fact, nonprofit organization is a certain organization type in the United States: Organizations under section 501(c) (3) of the Internal Revenue Code. In this research, *The Texas Observer* belongs to this type of organization. Scholars in the field of public management consider 501 (c) (3) nonprofit organizations as “extragovernmental providers of collective consumption goods” (Weisbrod, 1977). They treat nonprofit as “extragovernmental” because it serves government functions to some extent from the perspective that it provides products with public goods characteristics that both government and for-profit firms undersupply (Hill & Lynn, 2008). For example, when Reagan was slashing



government services in 1980s, the women's movement organized itself into nonprofits to provide the services the government was no longer providing such as anti-violence services. In a sense, the nonprofits serve as a surrogate for the government. As a result, nonprofits have government subsidies in the form of tax advantage. As a nonprofit under Section 501 (c) (3) of the IRS (Internal Revenue Service) code, it has the privilege to be exempted from corporate taxes on certain revenues and the ability in many cases to accept tax-deductible donations (IRS.org, 2009).

In terms of nonprofit media, Swensen and Schmidt (2009) contend that the tax-exempt structures and philanthropic endowments would ensure news media "enhanced independence" from pressure of financiers so that it could serve "the public good more effectively." Similarly, according to Guensburg (2008), advocates are confident that nonprofit funding of media efforts or direct publishing by nonprofits will have a positive impact on independent journalism.

It seems that nonprofit organization is a useful model for those media that put journalism ahead of business (Salmon, 2009). And Maguire (2009)'s study estimates that, nonprofit magazines, for example, in the United States actually already have a market share of at least 7.4% (U.S. Census Bureau, 2004). Despite the rosy picture of nonprofit media, Maguire (2009) nevertheless indicates that the amount of scholarly research on nonprofit forms of media is scant, let alone nonprofit alternative media.

According to the existing literature, the nonprofit status could not absolutely guarantee financial sustainability and freedom for alternative media operation. On the

business side, the majority of nonprofits' revenue comes from, in addition to circulation, various grants and individual endowment. Many other economic activities are limited: Nonprofits are unable to raise capital through the sales of stocks or to use stocks as a recruitment and incentives tool for employees. Besides, the provision of the Unrelated Business Income Tax requires tax-exempt firm to pay taxes on income derived from activities that are not related to their charitable purposes. For instance, selling advertising is most often regarded as nonrelated business and therefore subject to tax (Riley, 2007). As a result, nonprofits with limited revenue sources might also have economic challenge, yet different from that met by proprietary media firms. Maguire (2009)'s empirical study on nonprofit magazine industry data indicates that, on the one hand, revenue potential is limited for nonprofits. But, on the other hand, nonprofit magazines can be published over long period of time without making revenue growth an overriding goal. That is to say, a nonprofit media tends to endure, yet not be wealthy.

On the other hand, the nonprofit model doesn't necessarily prevent the media from outside pressure. Sources of funding such as individual donors or philanthropic groups, just as advertisers, might also try to exert impact on editorial decision-making. This aspect will be discussed in detail later. Moreover, the nonprofit status granted by the federal government implies that nonprofits are subject to some government restrictions. For example, under IRS which restricts political campaign intervention by section 501(c)(3) organization, non-profit media can not explicitly endorse candidates or support legislative bills in their reporting. And violating this prohibition may result in denial or

revocation of tax-exempts status and the imposition of certain excise taxes (IRS.gov, 2009). After all, like privately-owned companies, there is no single nonprofit business model. The nonprofit ownership serves as a starting point for analysis.

### **Means of Support: Advertising or Patronage?**

Atton and Hamilton (2008) point out the advertising issue as the one of the two main political economic pressures for alternative media. Here advertising, among various means of support, is emphasized because in a capitalist society such as United States, advertising is the most readily available source of financial support. However, the relationship between alternative media and advertisers is problematic and complicated.

From the side of most advertisers, alternative media is hardly their first choice. Advertisers are interested in the media's ability to corral large enough readerships with buying powers for their products. For this reason, it is hard for alternative media to compete with the mainstream media for advertisers (Atton & Hamilton, 2008). Besides, alternative media is not favored by mainstream advertisers not only because its incapability to reach out mass audiences but also because of its radical content. As Herman and Chomsky (1988, 2002) suggest in *Manufacturing Consent*, alternative media suffer from the political discrimination of advertisers who will avoid those media with serious complexities and disturbing controversies that interfere with the "buying mood." For example, *Mother Jones* is one of the many alternative magazines that do not win the support of conservative mainstream advertisers such as General Motors, General Mills, and General Electric (Turrow, 1997).

Consequently, many alternative media turn to pursue smaller and more specialized readerships in order to seek similarly specialized business. In particular, the U.S. urban alternative weeklies born in the seventies introduced above claim to be able to reach young, active, educated, and affluent readers (AAN, 2010b). Moreover, AAN is organized to help alternative press practitioners to run a sound business. For instance, AAN's regional advertising service is a platform where alternative weeklies share advertising information. The *Texas Observer* as a regional alternative publication belongs to AAN. Even with the strategy to look for niche advertisers, alternative media mostly comprise relatively small, "shoe-string" organizations compared with mainstream corporate media companies (Murphy, 2005; Project for Excellence in Journalism, 2007). Nevertheless, Khiabany (2000)'s case study of a Britain's alternative magazine, *Red Pepper*, concludes that the strategy of publishing on a shoestring and addressing a relatively small audience with niche advertising might be a rather practical way for alternative media to survive given the obvious fact that they can not win a mass audience.

On the other hand, it is a normative question over whether alternative media should use advertising due to the concern of its probable "political" implication. In the eyes of many alternative media practitioners, advertising operates in many instances as a means of "depoliticization and marginalization" – persuading alternative media to give up their supposed constituencies to target rich audiences - as those demonstrated in mainstream media (Atton & Hamilton, 2008). In particular, the political economy tradition of media research predicts that an advertising-dependent press would

“emphasize culture over politics, disdain social protest, and ignore economic injustice and corporate malfeasance” (Benson, 2003: 115). It is because, as Herman and Chomsky (2002) analyzed, advertisers seek programs that will lightly entertain and thus fit in with the spirit of the primary purpose of program purchases – dissemination of a selling message. In this regard, an advertising-dependent press could be made to avoid controversial content that will ruin the selling message, or audiences’ “buying mood.” Otherwise, news media will have to pay the cost if they attack the advertisers which they financially rely on. In other words, an advertising-dependent media project will doom to trade its critical spirit, more or less, for niche advertising sponsorship. As mentioned above, Gibbs’s study on a Honolulu’s alternative newspaper indicates that the “alternative” label at worst is used to justify the “hyper-exploitation of its workers in the pursuit of matching upscale readers with niche-market products” (Gibbs, 2003). More ironically, the niche market that alternative media is able to reach has even attracted mainstream media corporations. For example, Tribune Company and Gannett are starting to buy up alternative weeklies and to create their own weeklies aimed at younger readers. To many, in one word, advertising is seen as “the bogeyman to be avoided” (Benson, 2003).

However, from the perspective of AAN and other advertising-based alternative weeklies, advertising is a neutral tool of financial support. For example, Art Kunkin, founder of *Los Angeles Free Press*, argued that taking money from people he didn’t agree with was a type of “financial jujitsu” that would “further the editorial causes of the

paper” (Armstrong, 1981:55). Benson (2003)’s case study on four advertising-dependent alternative weeklies also concludes that most advertising-reliant media are not necessarily the most conservative and can even be quite progressive in all senses of the term.

Likewise, Kim and Hamilton (2006)’s analysis of *OhmyNews*, an internet-based alternative media in South Korea, demonstrates the media’s success in terms of its critical content and challenge to the mainstream Korean society, as well as its organization model which finance itself primarily through the sales of commercial advertising.

All in all, whatever the effects of particular kinds, mixes, or amount of advertising, their impact is clearly indirect and diffuse (Benson, 2003). Hence, it is an issue of economics as well as politics for alternative media practitioners to consider whether and to what extent they should rely on advertising. In fact, some alternative media producers use certain advertisers but attempt to alienate others in order to maintain - even show off- their editorial points of view and readership (Turow, 1997). In a words, each alternative media project has its own philosophies about advertising as well as its own advertising-related pressures. Therefore, the issue of advertising will be an important aspect to examine in this study.

Another potentially important means of support for alternative media is from patronage. Financially, a subsidy-driven model depending on patronage has also proved to be a formidable challenge to media, if not more than a market-driven model depending on advertising (Kurpius, Metzgar & Rowledy, 2009). On the other hand, the publications

might be forced to work in concert with the interests of the patron although they might avoid the pressures of the market (Atton, 2008).

One main type of patronage comes from foundation grants. Kurpius, Metzgar and Rowley (2009)'s study on funding models of 10 hyperlocal media find out that nonprofit foundation grants are the most common funding source used by the media they analyzed. These grants generally come from organizations seeking to support innovative models for collecting and distributing journalistic content. In fact, foundations supporting alternative journalism started early in the mid-sixties when several organizations appeared devoted to funding investigative journalism with a liberal or radical slant (Armstrong, 1981). In general, organizations must secure 501 (c) (3) status to receive foundation grants. But private media firm could also apply for foundation grants for certain projects, such as investigative reporting.

Few studies mention the possible political control of foundation grants on news media. But the book *The Revolution Will Not Be Funded* could enlighten alternative media scholars of this subject. This book was an anthology of articles by social movement activists who discussed on the topic of social justice projects and funding models. Robert L. Allen documented how the Ford Foundation's support of certain Black civil rights organizations actually helped shift the movement's emphasis – through recruitment of key movement leaders - from liberation to Black capitalism (Allen, 2007). Adjoa Florência Jones de Almeida (2007) also introduced how foundation patronage will reshape the mission of Sista II Sista Collective (SIIS), a program providing “a proactive

space where young women of color could tap into their collective power to fight against injustice” (sistaiisista.org, n.d.):

*In theory, foundation funding provides us with the ability to do the work – it is supposed to facilitate what we do. But funding also shapes and dictates our work by forcing us to conceptualize our communities as victims. We are forced to talk about our members as being “disadvantaged” and “at risk”, and to highlight what we are doing to prevent them from getting pregnant or taking drugs – even when this is not, in essence, how we see them or the priority for our work. (Adjoa Florência Jones de Almeida, 2007: 186)*

She further contended that nonprofits are actually funded partly by corporations with foundations as mere intermediaries. Therefore, they can't afford to seriously question capitalism. And class issues are always relegated to the background. In fact, she thought that as the political climate grew more oppressive after 9/11, SIIS's new and innovative ideas came to be seen as threatening and “unfundable.” Other members in this organization mentioned that the administrative work of grant application transformed SIIS from a labor of love to a job, which is also distorted their original mission (Burowess, et al, 2007). These lessons and experiences from activist groups such as SIIS are valuable for this study to examine the relationship between alternative press and patronage.

### **The Role of the Government**



This study will also explore the role of government, if any, in the process of the two publications' production, distribution and consumption. Mosco (2002) argued that political economy would benefit from a greater emphasis on the government, calling attention to the constitutive as well as the reactive role of the government in the communication industry. In United States, although the First Amendment intends to ensure freedom of speech, government regulation, restriction or influence could affect news media content or distribution. As many communication scholars including Robert W. McChesney points out, the Federal Communication Commission (FCC)'s 2003 deregulation policies give companies the ability to own more television stations and the ability to own newspapers and broadcast stations in the same market. Supporters regard this as liberation policy, designed to introduce more competition. But actually this policy led to more serious media concentration and thus made mass media more profit- rather than public - interest – oriented (McChesney, 2008).

The government could also affect the press through the function of governmental postal services as it has in the past (Kielbowicz, 1989). Throughout the formative years of American journalism, the press depended on several government services: free exchange of newspapers among editors, delivery of publication for minimal postage, free in-country delivery and other advantages. Essentially, postal subsidies were established to support a free media system (Rodriguez, 2008; McChesney, 2008). On the other hand, relying on all these government services could also leave newspapers vulnerable to abuse of administrative discretion (Kielbowicz, 1989). For example, during the administration

of Andrew Jackson and Postmaster General Amos Kendall, they made it extremely difficult to distribute abolitionist literature in the mails to the South (Savage, 1938).

With the above concerns, this thesis will analyze whether the government affects on alternative press through regulations, subsidies and etc. Specifically, it will explore any government ability that might affect the balance between alternative press' editorial mission and financial sustainability.

## **RESEARCH QUESTIONS**

The main research question of this thesis is:

**What and how political economic factors contribute to the balance between alternative press' editorial goals and business performance?**

Alternative press' editorial goals and business performance are to some extent like two forces on a balance: greater business performance could lead to the impairment of alternative press mission and vice versa. In some circumstance, alternative press practitioners have to deal with the trade-off situation between ideals and needs. Political economic factors will have effect on this trade-off situation, influencing this balance. This thesis hopes to determine what political economic factors contribute to the balance and in what ways. It will specifically examine alternative press' editorial goals and mission, ownership modes, means of support and the government role.

It is important to note this thesis doesn't assume that alternative press mission and business performance are always in an actual trade-off relationship. These two might

promote each other in some cases. But this research focuses on the tension between the two forces on the balance that might be caused by political economic factors. The following are four specific sub-questions (see Table II):

**RQ1: What are the editorial goals of the two publications, *The Nation* and *The Texas Observer*?**

Here, editorial goals refer to the mission and aim of each publication that could be displayed at the publication's founding prospectus or their formal mission statement. In addition, this research question also tries to investigate how alternative press practitioners interpret the mission and their particular attitudes and philosophies about alternative press. In practice, alternative press professionals' attitudes and philosophies about their projects have critical influence on how they organize media production and how they interpret power of control. For example, some media activists regard financial achievement as an indication of the extent to which alternative media have been incorporated into the depoliticizing logic of consumer society (Kim & Hamilton, 2006). They treat profitability as one intolerable element that should be excluded in their mission. But others, as the Comedia (1984) research group concede that critique and commercialism need not to be mutually exclusive. So this section will explore the two publication's original mission as well as current staff's attitudes and philosophies about their projects.

It is worth noting that alternative press practitioners' interpretation of mission could also be the result of compromise due to the political economic pressure. Next

several sections will examine whether other political economic factors serve to influence those professionals' perception of their project.

**RQ2: What are the ownership models and how do ownership models affect the balance between alternative press's editorial goals and business performance?**

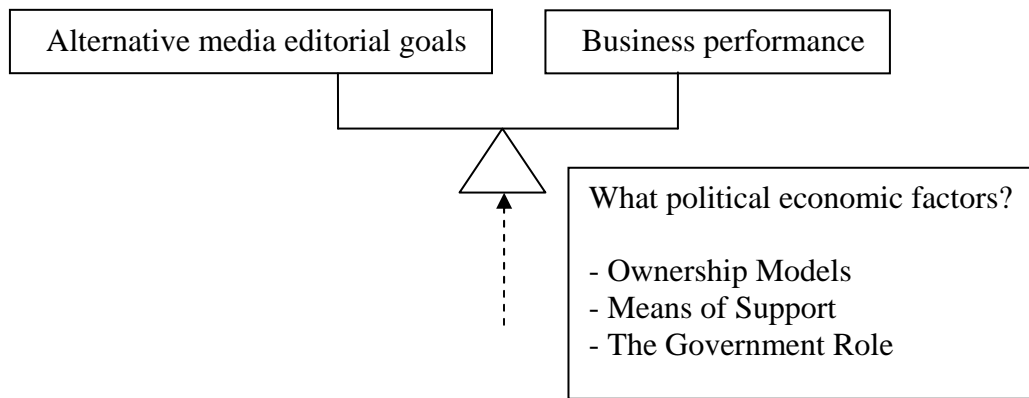
It is already known that *The Nation* uses a for-profit model and *The Texas Observer* uses a nonprofit model. This section looks at these two models in great detail and depth. It investigates that what concerned the two publications to choose these two ownership modes. It also questions what kind of controls, if any, are implied under the two models.

**RQ3: What means of support contribute to the balance and in what ways?**

This section probes what sorts of revenue sources these two publications depend on. It hopes to find out why current staff chooses, or chooses not, to use certain means of support and what kind of pressures those means of support might impose on the publication's mission. In particular, specific means of support such as advertising and patronage are discussed in detail.

**RQ4: How does the government role contribute to the balance, if any?**

Since it is almost impossible for the government to regulate alternative press's content directly, this segment will scrutinize whether the role of government penetrates to the alternative press mission in an indirect way through an impact on production, distribution or consumption.



**Table II: Thesis Model I**

## Chapter 3: Methodologies

This thesis examines two alternative publications – one, *The Nation*, a publication with national distribution that is 145 years old; the other, *The Texas Observer*, with state-wide publication of 56-year of history. The former is situated in the northwest – New York City; the latter in the south – Austin, Texas.

Because the research questions are greatly concerned with alternative media practitioners' experiences and personal thoughts, this study implements in-depth interviews as its main technique. It also combines primary and secondary source analysis in order to gather more information.

In July 2009, I first went to *The Nation*'s New York headquarters, which is located at 33 Irving Place in an office building in the downtown New York City. It has spacious carpeted offices for senior editors and directors and plenty cubicles for other staff. I spent a week there interviewing staffers and interns. I also observed their newsroom activities and attended the publication's weekly editorial meeting. The interview subjects include Victor Navasky – *The Nation*'s former editor and publisher from 1978 to 2005, now editor emeritus; Arthur Stupar – vice president and circulation director; Ellen Bollinger; vice president and advertising director; Peggy Randall – associate publisher; Peter Rothberg- associate publisher and website director; Richard Kim – senior editor. I also interviewed *The Nation*'s internship program director, Max Fraser, and conducted informal focus group interviews with the summer interns in the office. Since the Nation Institute, a nonprofit organization, serves to support *The Nation*

magazine in multiple ways, I also interviewed staff there to obtain more information. In addition, a telephone interview was conducted with *The Nation*'s current editor and publisher, Katrina vanden Heuvel, in August 2009<sup>1</sup>.

During October and November 2009, I visited *The Texas Observer*'s office at 307 West 7<sup>th</sup> Street in an old downtown Austin building. It is just around the corner from the corporate offices of the University of Texas Systems in the heart of Austin and *Texas Monthly* is in a skyscraper three blocks away. Its editors and managers share narrow office space with other staff and they share meeting rooms with other companies on the same floor. I interviewed Carlton Carl – executive publisher; Bob Moser – chief editor; and Chris Tomlinson – managing editor. In March 2009, I also interviewed Lou Dubose – the *Observer*'s former editor from 1987 to 1999 and Charlotte McCann – former publisher from 1999 to 2009.

These are semi-structured interviews grounded on a list of open-ended questions and followed by appropriate probes. All interviews ranged in length from 30 to 120 minutes and were recorded by shorthand note-taking. In addition to the interviews, I also analyzed primary sources of the two publications - their previous issues, media kits, and website content, and secondary materials – other books, research papers, news media reports, blog posts and other website content that mention the history and operation of the two publications.

---

<sup>1</sup> Katrina vanden Heuvel was not available for interview during my visit to New York in July 2009.

In order to answer **RQ1: What are the editorial goals of the two publications?**, all interviewees were asked “what is your magazine’s mission?”; “How do you define your magazine’s journalism?” The two publications’ websites and current issues were examined to identify their official mission statement. I also read history books and early issues of the two publications to identify their respective original missions.

To answer **RQ2: What are their ownership models and how do ownership models affect the balance between alternative press’ editorial goals and business performance?**, all interviewees especially publishers were asked “Why did you choose the current ownership model?”; “How does the ownership model influence the mission, if any?” History books such as Victor Navasky’s *Matter of Opinion* were read to trace the history when *The Nation* was transformed to the current ownership models. Government websites, such as Internal Revenue Service’s website ([www.irs.gov](http://www.irs.gov)) was also examined to explore the relevant government regulations on certain ownership models.

To answer **RQ3: What means of support contribute to the balance and in what ways?**, I interviewed staff members according to their specific area of working. For example, in *The Nation* case, advertising director was asked questions about the impact of advertising on the publication’s mission; in *The Observer* case, publishers were asked questions about the private donations and foundation grants’ influence on the organization. Other materials such as stated advertising policy and two magazines’ editorial notes of specific cases are used to confirm the interview results.



To answer **RQ4: How does the government role contribute to the balance, if any?**, interviewees were asked “is there any government action that might affect your magazine?”

In particular, since Bob Moser was also previous editor of *The Nation*, he was specifically asked to compare the two publications in terms of their missions and the political economic factors.

## Chapter 4: Results

### Editorial Goals

#### *THE NATION*

*The Nation* was founded by an antislavery activist during the abolitionist movement. An Anglo-Irish journalist Edwin Lawrence Godkin came up with the idea to establish an independent magazine with the goal of advocating for the removal of “all artificial distinction between (the black) and the rest of the population” (Armstrong, 1976). Godkin raised capital from a group of abolitionists and founded *The Nation* in 1865, two years after the Emancipation Proclamation (Pollak, 1915; Navasky, 2005). Beginning as a magazine discussing the abolitionist movement and subsequent related issues, *The Nation’s* editors and contributors raised matters critical at the time and began a tradition of challenging official lines. Oswald Garrison Villard’s *Nation* (1918-1932) held a strong anti-war position during the years of World War I, which upset many patriotic advertisers and readers leading to thousands of subscriber cancellations. Under the editorship of Freda Kirchwey (1933-1955), *The Nation* resolutely refused to join the cold war and unrelentingly criticized McCarthyism; these stances directly caused more acute financial problems in postwar years. During the years when Carey McWilliams was the editor (1955-1975), *The Nation* ran 66 articles between 1954 and 1966 sounding the alarm on American involvement in Vietnam and put the coverage of the military-

industrial complex on the agenda. Victor Navasky and his *Nation* (1978-1995) faithfully opposed the Gulf War and filed suit against the Department of Defense claiming its regulation and selection of press pool covering the war violated the First Amendment. The current *Nation* with Katrina vanden Heuvel as editor endorsed Barack Obama in the 2008 presidential election, but currently criticizes the president for his decision to escalate the war in Afghanistan (Pollak, 1915; *The Nation Magazine v. U.S. Department of Defense*, 1991; Navasky, 2005; TheNation.com, n.d.).

As this history shows, throughout its 145 years, *The Nation* hasn't followed any party lines. This intent is stated in its founding prospectus:

*The Nation will not be the organ of any party, sect, or body. It will, on the contrary, make an earnest effort to bring to the discussion of political and social questions a really critical spirit, and to wage war upon the vices of violence, exaggeration, and misrepresentation by which so much of the political writing of the day is marred.*

Today's *Nation* still uses this prospectus, which is displayed in its website *theNation.com*, to describe its mission. Specifically, *The Nation* is a "weekly journal of opinion, featuring analysis on politics and culture" (TheNation.com, n.d.). Historian Carey McWilliams, *The Nation* former editor from the year 1955 to 1975, emphasized that *the Nation* was not a news magazine; its destiny and its strength had to do with ideas, with opinion journalism, with explaining the underlying meaning of the events (Navasky, 2005: 175). In practice, *The Nation* depends for its opinion and interpretation primarily

on a stable group of outside contributors, freelancers, and scholars. There are no correspondents in *the Nation*'s headquarter in New York. There is one in its Washington's office. Among around 40 paid staffers, the ten editors contact potential writers, edit and organize the stories. Four columnists, who work as contract employees, write for *The Nation* every week. In addition, a group of about twenty contributing editors contributes stories but are not retained on a contract. They have editorial meeting every week to discuss the topics of the magazine articles and to decide the timing to use stories in their storage. Everyone in the organization can attend the meeting and share their ideas on current issues and potential magazine stories. The Nation institute sponsors about 10 interns for each spring, summer, and fall semester. They are mainly responsible for checking facts, conducting research and evaluating manuscripts (V. Navasky, personal interview, July 2009; R. Kim, personal interview, July 2009; P. Rothberg, personal interview, July 2009; TheNation.org, n.d.; NationInstitute.org, n.d.).

### **“Public Sphere”**

Current staff views *The Nation* as “independent media.” Specifically, Victor Navasky explains that as “independent media” it is a forum for a variety of opinion, but not constrained by a certain view. In that sense, *The Nation* helps to “reconceive the public sphere as one in which idea flow freely, in which a dramatically enlarged, critically engaged public emerge” (Navasky, 2005: 5). Here, Navasky uses Jürgen Habermas' concept “public sphere,” which refers to an open arena which is accessible to all. People, no matter their socioeconomic status, discuss public issues in this sphere and

the result of the discussion is public opinion (Calhoun, 1992). Navasky personally appreciates Habermas's philosophy and even attempts to construct *The Nation* to model the "public sphere" (Navasky, 2005: 408).

Corresponding to the theory of public sphere featuring "communicative rationality" (e.g. Gunaratne, 2006), *the Nation* "has the best thinkers of the day apply reason, logic, criticism, moral criticism, to the key problems of the day" (Navasky, 2005: 154). The majority of their writers are well-educated with profound expertise in certain areas. Navasky believes that "magazine writing needs talent" because writers will have to persuade others "through the power of argument" (Navasky, 2005: 421; V. Navasky, personal interview, July 2009). In this sense, *The Nation* is a public sphere mainly for "talented writers" and serves as the instrument of debate and media in which "scholars can talk to one another" (Navasky, 2005). Accordingly, their readers are also mostly well-educated: 81% of their readers have "graduated from college or higher" and 52% have a graduate degree (*The Nation* Media Kit, 2008). Hence, the magazine's intellectual orientation brings about a readership of "intelligent, forward-thinking individuals who make informed decisions *and* have discretionary income to support their decision" (*The Nation* Media Kit, 2008). In other word, *The Nation's* mission actually contributes to the publication's niche advertising and donation base.

Additionally, *The Nation* as a public sphere has its entry principle: the editorial position. The magazine has its own issue-specific values. It is an arena for the debate between liberals (such as democrats, progressives, and libertarians) versus radicals (such

as socialists, communists, and greens) ((V. Navasky, personal interview, July 2009). So the variety of opinion could be a spectrum from radical to liberal and primarily on the left as most people assume. But Navasky claims that “politically *The Nation* has sometimes zigged and sometimes zagged” (Navasky, 2005). In brief, *The Nation* magazine is a public forum allowing a variety of opinions but only within the editorial principles.

On the editorial side, *The Nation* is built as a “public sphere” with certain entry principles; on the non-editorial side, the publication also commits to the diversity in expression of opinions. In this way, it holds an open attitude toward advertising because *The Nation* staff regards advertising also as one type of expression of opinions. But advertising opinions are nevertheless not constrained by the editorial positions. Their attitude toward advertising is: they don’t want to “censor speech” of advertisers whose political or social views they disapprove of, or even abhor, but they reserve the right to attack them in their editorial columns. In fact, most of the advertisers don’t agree with *The Nation*’s editorial positions (E. Bollinger, personal interview, July 2009). Under this policy, *The Nation* can publish any advertisements include some that caused controversy and dissatisfactions among readers. This matter is discussed later.

### **Independent Media**

Because *The Nation* staff considers their publication as an open public sphere, they don’t use the term “alternative media” which they perceive refers to certain media serving the interests of particular groups. Almost all the staff interviewed defined as “alternative media” publications such as *the Village Voice* and those emerging during or

responding to the 1960s culture. They consider “alternative media” as those insisting on certain pole of politics and representing certain communities such as “hippie” and “veggie.” They regard their magazine as more inclusive since it deems “alternative” as one of the various perspectives *The Nation* will cover. In fact, the staff members themselves hold different views across *The Nation* group. Some are at the “alternative” end in the organization representing particular interests such as labor movements (M. Fraser, personal interview, July 2009).

From the perspective of advertising, it is more advantageous for *The Nation* to attract advertisers if the publication is framed as “independent media” rather than “alternative media” because of the latter’s historical association with “counter-culture, hippie and veggie.” It will sound “outrageous to advertisers” and make them seem “scary.” However, it has a nonconformist, anti-establishment reputation. As independent media providing critical opinions, *The Nation* is by no means every advertiser’s favorite target (E. Bollinger, personal interview, July 2009). It usually attacks but not sells their products. For instance, during the years when James Storrow was *The Nation*’s editor (1965 to 1977), Bell Telephone canceled its advertisements after a *Nation* article lambasted the company (Navasky, 2005: 217). Besides, different than other consumer magazines, *The Nation* usually provides advertising space which starts at page 7 to page 9. It thus loses some advertising revenue because many advertisers like to put their ads at the front or table content page to generate more attention. By the same token, *The Nation* staff pointed out that their continued use of “butcher paper” was a protest against

Madison Avenue slickness (as well as for saving cost) while the fact is that most advertisers like glossy papers which display color more faithfully (Navasky, 2005: 180; E. Bollinger, personal interview, July 2009).

In this way, *The Nation* staff's definition of the publication as independent media rather than alternative media enables them to attract more advertisements, thus helping to pay the cost of publishing. But the nature of the magazine to challenge mainstream politics and journalism as opposed to making profits limits its capability to attract advertisers. The issues of advertising are further discussed in the section on means of support.

### **Public policy advocate**

Another characteristic of “public sphere” is that the opinions generated from the sphere aim to affect the public- policy - making. In this sense, *The Nation* is also a political weekly and it is a firm adherent to a political weekly's function to influence policy-making process. To Navasky, a political weekly's *raison d'être* is almost by definition its intention to impact the Congress and public opinion (Navasky, 2005: 7). In this regard, *The Nation* not only publishes stories trying to persuade the public and decision makers in Washington “through the power of argument,” but is also actively engaged in the reality of public affairs by endorsing candidates, such as Barack Obama in the last presidential election, and lobbying the Congress on issues such as lowering mail rates for small publications. In fact, *The Nation* staffers consider the journal as the only “left-liberal” weekly caring about the day-to-day decisions by the political and economic



institutions. Victor Navasky thought the magazine community itself was lagging. There are conservative journals, neoconservative journals, general-interest magazines, life-style magazines, special-interest magazines and others, but not a magazine like *The Nation* that covers nationwide issues at the vortex of the contemporary policy-making process and politics, and keeps an independent and critical spirit (Navasky, 2005: 144; 145). Because of the mission to influence public policy, *The Nation* functions as a for-profit organization rather than a nonprofit one which is prohibited from direct involvement of political activities.

### ***THE TEXAS OBSERVER***

In 1954, Houstonian Ms. Frankie Randolph and a group of liberal Democrats set out to create a newspaper that would cover issues ignored by the state's daily newspapers – issues dealing with race and class and the lives of working people. Ms. Randolph folded two newspapers, *the State Observer* and *East Texas Democrat*, into the new *Texas Observer* in 1954, and appointed Ronnie Dugger as the first editor. Ms. Randolph and the group who were pledged to support the then liberal Democratic presidential nominees initially intended to turn the new *Texas Observer* into their party organ in the state. It is Dugger who shaped *The Texas Observer* as “an independent liberal weekly newspaper” rather than a party organ (*Muller & Ivin, 2004*). The group of Democrats agreed. Thus, the founding mission statement of *the Observer* is:

*We will serve no group or party but will hew hard to the truth as we find it and the right as we see it. ... We will take orders from none but our own conscience, and never will we overlook or misrepresent the truth to serve the interests of the powerful or cater to the ignoble in the human spirit.*

### **Crusader in Texas**

*The Texas Observer* is a crusader in a conservative state. Around 1950s, Texas ranked last among the major states in education, health care, and programs for the poor and was “racist, segregated as the Deep South” (Dugger, 2004: 410). State politics was “so corrupt, so bought by special economic interest” (Dugger, 1974). Moreover, most of the newspapers were “reactionary and dishonest” and they were “big business and nothing else.” There was actually a silence in Texas about racism, poverty, and corporate power. *The Observer* was founded to “wake the people up” (Dugger, 2004).

For more than fifty years, *The Texas Observer* has held that unique position among Texas publications. It changes a bit as it goes from editor to editor, but always maintains its crusading spirit in its investigative reporting of Texas politics, culture, literature, environment and grass-roots movements, especially those issues ignored or underreported in the mainstream press. At *The Observer*'s 50<sup>th</sup> anniversary, Molly Ivins (*The Observer*'s former reporter and editor) concluded that *The Observer*'s history reminds people how much Texas still needs *The Observer*. She indicated that Texas is such peculiar place (it still has a nineteenth-century tax structure in the eyes of Ivins) that it needs and deserves an independent magazine devoted solely to its politics and other

oddities (Ivins, 2004). The current editors still think Texas is a comparatively “backward” state which makes *the Observer* especially important to contribute to building a better Texas (C. Tomlinson, personal interview, October 2009). Texas ranking on social services is not much better today. For example, in terms of health care, Texas has the highest rate of uninsured population at 25.1% among all the states (American’s Health Rankings, 2009). Texas also falls behind in education: for instance, it ranked last with the lowest rates of high school completion which is 77% compared with the national rate 85% in 2003 (Stoops, 2004). Nevertheless, Bob Moser, *the Observer*’s current editor, said that “there is no place in the country evolving more rapidly, or changing more fundamentally, than Texas” and it is *the Observer*’s responsibility to “nudge the state in a progressive direction” (Carl, 2008). In addition to *the Observer*, another important progressive publication in Texas was *the Rag*, which emerged at the University of Texas to the stern disapproval of the administration in 1966. It became the longest lasting “underground” publication in the nation, but faded away in 1977 only to resurface as *the Rag Blog* in 2005 in opposition to the war in Iraq and headed by some of the original staffers, now retired. Apart from this, *The Texas Observer* is still credited as the state’s “only sources of independent, progressive journalism” by the Association of Alternative Newsweeklies (AAN, 2010c).

The *Observer*’s website describes its vision as:

The Texas Observer *covers stories crucial to the public interest and to provoke dialogue that promotes democratic participation and open government, in pursuit of a*

*vision of Texas where education, justice and material progress are available to all*  
(TexasObserver.org, n.d.).

However, the progressive nature of the publication historically exerts a negative impact on its funding situation: It drives off “many conservatives who would not be caught dead holding a copy” (Cole, 1966). After all, it is difficult for the *Observer* to attract broad readership, thus the low number of subscriptions and limited advertising, in a conservative state.

### **A journal of investigative reporting**

Unlike *The Nation*, the *Texas Observer* is a journal of reporting. The publication mainly depends on its own reporters to write investigative stories and the remaining 30% of the content is contributed by freelancers. Each staff writer has his/her own expertise area such as border issues, government, crime stories, health care and so forth. There are eight editors and correspondents and four business people in the organization. In the editorial meeting, editors pitch stories with the staff writers and receive opinions from other staffers. There are no regular interns and currently the two unpaid interns work as entry-level reporters (C. Tomlinson, personal interview, October 2009).

Some *Observer* staffers regard their reporting as one type of alternative journalism and identify the publication with the tradition of 1960s/1970s alternative media movement in United States. The chief editor Bob Moser is one of them. He started his journalism career in the 1990s from North Carolina’s *Independent Weekly*, a national magazine award-winning alternative newspaper modeled on the original *Observer*.

When Moser began working at *Independent Weekly*, the then editor gave him a box of 60s and 70s *Texas Observer* and told him that this is what “good journalism” is. In this way, Moser obtained the journalism education from the early issues of *the Texas Observer* which conducted tough and hard-nosed muckraking reporting about the state government. He interprets alternative press as media with mentalities of sensibility, skepticism and opposition to mainstream media (B. Moser, personal interview, October 2009). Moser regards *the Texas Observer* as alternative press which “set the standard for hard-hitting, well-crafted alternative journalism in print” (Carl, 2008). Carlton Carl, current publisher, perceives *The Observer* as an alternative press primarily because of its origin. He said that in the 1950s, daily newspapers in Texas seldom covered government and industry, and *The Observer* was established to do investigative stories ignored by typical newspapers (C. Carl, personal interview, October 2009).

Not only the *Observer*'s progressiveness, the publication's investigative and alternative reporting also makes it hard to draw a large circulation. The biweekly doesn't provide daily happenings and lacks entertainment features while both of these are what most readers now intend to read and most advertisers like to see (Cole, 1966; C. Carl, personal interview, October 2009). Hence, the *Observer*'s reporting leads to small but highly-educated readership: 44% of their readers have a “four-year degree” or “attended some college” and 54% have graduate degree (The Texas Observer ads, 2009).

### **Political Advocate or Not?**

As a magazine located in Austin, the capitol of Texas, *The Observer* pays great attention to the state politics and covers legislative sessions heavily. This political nature of the magazine contributes as another reason to its smallness: their readers are more than casually interested in state politics and various areas of activist movements (Cole, 1966; Min, 2002). On the other hand, *The Observer*'s concentration on political coverage makes it avidly read by legislators, policy makers, and the like since its early days (Cole, 1966; Min, 2002). The *Observer* writers actually intend to influence the public opinions and state government by their reporting.

To achieve this mission, the *Observer* takes positions in the reporting. In this regard, Tomlinson proposes to call *The Observer* journalism as “accountability journalism”: reporters let people, especially public officials, take responsibility for what they do. In other words, *The Observer* writers have their own perspectives about each story based on their investigation rather than persist on the obsolete idea of “objectivity” or “balance” (C. Tomlinson, personal interview, October, 2009). In one famous example - an *Observer* story led the government to take action in real life. The story, “Color of Justice,” covered a racially-motivated drug sting in Tulia, Texas based on the testimony of one sole undercover informant that resulted in the arrest of a large number of the town’s African American population. Based on *The Observer*'s investigation, the victims of the sting were exonerated and the undercover informant went to jail (Blakeslee, 2000).

Another approach adopted by *The Observer* to impact the public policy making is to push mainstream newspapers to cover critical issues. For example, there were many

cases in which unarmed blacks were shot in 1980s in Texas but those cases hardly appeared in the mainstream press. *The Observer's* reporting drove newspapers like *The Dallas Morning News* to cover those racial justice stories and by doing so attracted the attention of decision makers (L. Dubose, personal interview, March 2010).

Tracing back to *The Observer's* early history, the magazine also directly influenced state politics by actively participating in political and lobbying activities similar to what *The Nation* does. One of Ronnie Dugger's most famous accomplishments in those early days was an issue devoted to lobbying. All the information reported came directly from legislators or lobbyists. Moreover, *The Observer* also endorsed candidates then. It crossed party lines, endorsed both Democrats and Republicans, and it sometimes told readers that in certain elections that the candidates were all so bad that none deserved a vote (Cole, 1966). And there was once a time when it was important for the publication to support Democratic presidential primaries (L. Dubose, personal interview, March 2010). In this sense, *The Observer* is regarded as a "advocacy journal of progressive politics" (Burd, 1991).

When *The Observer* staffers talk about the publication's mission, many of them such as Lou Dubose consider its mission to conduct reporting concerned with social justice. They consider that whether they can endorse candidates or lobby is a small issue (L. Dubose, personal interview, March 2010). This conceptualization justified their 1994 decision to transfer the ownership of *The Observer* to the Texas Democracy Foundation, which was established as a 501 (c) (3) nonprofit organization to publish and promote *the*

*Texas Observer*. Thereafter, *the Observer* could no longer influence legislation or advocate for/against political candidates because 501(c) (3) nonprofit organizations are prohibited from being engaged in substantial political and legislative activities.

Nevertheless, Dubose and Tomlinson believe that a nonprofit ownership model is ideal to support a publication committed to covering stories crucial to public interest rather than maximizing profit. They think the model can protect the organization from commercial influences (C. Tomlinson, personal interview, October, 2009; L. Dubose, personal interview, March 2010). The next section further discusses whether this ownership model change has impacted *The Observer*'s mission and in what ways.

### **Alternative Press in Web 2.0 Era**

The *Observer* has undertaken a transformation recently. Its current management is brand new – the two editors and publisher joined the publication within the last one and half a year. Coming from different background, they have fairly different philosophies about *The Observer*. From the standpoints of Chris Tomlinson, an Associated Press journalist for three years, the *Observer* should not be attached to the label of “alternative media.” He thinks the “alternative media movement” is dead now; alternative journalism was valid in 1960s but not today. Tomlinson explained that it is now Internet that breaks through the traditional distinctions between daily and weekly, between mainstream and alternative. Consequently, “mainstream can do alternative things and alternative can do mainstream things now.” For example, CNN’s “iReport” enables ordinary citizens to distribute their own media content through the platform of mainstream media; while



alternative media can reach mass audience through the Internet similar to what the mainstream media do. Thus, there is only “good journalism and bad journalism” today (C. Tomlinson, personal interview, October 2009).

Along this line of thought, the *Observer*'s management agrees that it is challenging to “set a new standard for alternative journalism in the digital age” (Carl, 2008). This conceptualization leads to the transformation of the *Observer* in aspects of design, content and the website ventures since January 2010. In particular, the website, TexasObserver.org, has been rebuilt from scratch as a reader-centered, interactive portal for progressive Texans. It thus includes more types of journalism, such as citizen journalism, community journalism, and cross-sourcing . Instead of their old website which is updated weekly, *The Observer* now provides more information on their website and updates it every day. The transformation is to “expand more progressive people in Austin” so as to seek more readerships for the publication (C. Tomlinson, personal interview, October 2009; C. Carl, personal interview, October 2009). Different than *The Nation*, *The Observer* aims to connect to more regular people in regular world and make them more “excited about politics and democracy” (C. Tomlinson, personal interview, October 2009). That is also why Moser jumped from *The Nation* to *The Observer* (B. Moser, personal interview, October 2009). Accordingly, instead of aggressively searching for niche advertising focusing on their rich readership, *The Observer*'s transformation brings about a new funding model depending on wider reader donations.

The new version of *The Observer* is an exploration with many uncertainties, but its fundamental mission to conduct social justice reporting has not changed.

In sum, *The Nation* is an example “independent media” that serves as a public sphere open to a variety of critical opinions on the current national problems as long as its editorial position permits. The public sphere’s intellectual orientation attracts a highly educated readership which also provides conditions for the publication’s niche advertising. In addition, *The Nation* staff insists on an open attitude toward advertising and their less provocative conceptualization of *The Nation* as “independent media” as opposed to “alternative media” means more advertisers are willing to sponsor the publication. But its critical mission still keeps many mainstream advertisers away. In addition, *The Nation* as a political weekly is committed to influencing the public policy in real-life, which needs a qualified organization mode to support.

*The Texas Observer*’s mission is to conduct investigative reporting on issues that are underreported in the mainstream press in Texas. The publication’s progressive nature, investigative reporting as well as political reporting focus hinder its ability to reach a wider audience in a conservative state. On the other hand, the *Observer* aims to influence public opinion by its reporting but not by directly participating in substantive political activities. This conceptualization suggests that a nonprofit organization model seems optimal to support *The Observer*’s mission. But it remains a question whether the

*Observer* has adjusted its original mission because of the ownership change. The transformation of *The Observer* since the beginning of 2010 brings more web 2.0 characteristics to the alternative magazine. It attempts to pursue more ordinary readers and thus more financial support through the new funding model.

## **Ownership Models**

### ***THE NATION: LIMITED PARTNERSHIP***

One important aspect of *The Nation*'s mission is to be an "independent media," that will not serve the interest of any big corporation or party. To support this mission, *The Nation* has explored a multiple of organization models including nonprofit ones during its 145-year-history. These organization modes were established to guarantee editorial decision but not investor interference.

*The Nation* history shows that when Edwin Lawrence Godkin, the journalist, had an idea to launch the publication he sought investors to fund it. But it turned out that those investors didn't agree with Godkin's politics toward Reconstruction and called for his dismissal (McPherson, 1975). However, Goldkin seized support from other staffers, fired shareholders in the end and found the more radical-minded investors to support *the Nation* (Proyekt, 2008). Cases like this happened more than once in *The Nation*'s history -- always its editors looked for investors and decided which ones to be the shareholders but not the opposite. Investors did not hire editors. Today editors retain absolute control

of the content keeping *The Nation*'s tradition until today (Navasky, 2005: 157; V. Navasky, personal interview, July 2009).

Actually, *The Nation* editor and publisher is currently the same person. The unique ownership model supports the editorial independence. The rudimentary form of the current model began in 1977 when *The Nation* faced near-bankruptcy. Hamilton Fish V. and Victor Navasky organized a consortium of shareholders and purchased the magazine. Under this structure, Fish as owner and publisher and Navasky as editor became general partners and the investors became limited partners with no editorial voice. In 1995, Fish and his investors sold *The Nation* to Arthur Carter, who later sold it to Navasky (Navasky, 2005).

Navasky, a journalist, book-writer and journalism scholar who insists on absolute editorial independence, planned to be in control himself of *The Nation*. In order to achieve this, Navasky organized *The Nation* as a private limited partnership model in 1995. He himself became publisher and general partner of the magazine and sought a group of other investors, or limited partners, to sponsor *The Nation*. He raised \$3 million - one-half from a small group of large investors including Paul Newman - a well-known actor with liberal political sympathies, and another half from a large group of small investors - a "circle of 100" mini-shareholders, each of whom would commit to contribute \$5,000 a year for three years. In 2005, Katrina vanden Heuvel, who has served as editor of *The Nation* since 1995, succeeded Victor Navasky and become the magazine's publisher and general partner with more than 160 other investors (Navasky,

2005: 354; 358; V. Navasky, personal interview, July 2009; K. V. Heuvel, personal interview, August, 2009).

The limited partnership model is supposed to guarantee the editorial independence in *The Nation* because the general partner, then Navasky and now vanden Heuvel, retains the majority of control over the day-to-day operations of the publication, and makes decisions for the future direction of the company. Limited partners provide a needed source of capital for *The Nation* but are limited in the roles they can play in the running of the company. In return, limited partners are only liable for their investment in the partnership while the general partner takes on the bulk of the liability. That is to say, if limited partners attempt to get active in the business, they risk losing their immunity from libel and other lawsuits. The disadvantage of this model for the general partner is that he/she is fully liable in the event of company failure or other legal problems. In practice, when an editor becomes the publisher and co-owner of *The Nation*, he/she has the decisive power to protect editorial independence from the potential pressures imposed by other shareholders (V. Navasky, personal interview, July 2009; K. V. Heuvel, personal interview, August, 2009).

In addition to the limited partnership model that guarantees the limited influence of shareholders on editorial voices, another “secret” for the publication’s editorial independence is that financial backers of the magazine are actually people who support *The Nation*’s mission, thus the magazine’s mission becomes their own. Navasky wrote at the publication’s 125<sup>th</sup> anniversary in 1990 that *The Nation* as a maverick magazine

attracts maverick proprietors, which maybe one of its survival strategies. Carey McWilliams also said that the secret of the publication's survival is that its sponsors cared more about what is stood for than what it earned (Navasky, 2005: 13). Nevertheless, Navasky also emphasized that this model developed specifically for the refinancing of 130-year-old magazine of a certain sort with a long track record of success, which might not be referential to other start-up magazines (V. Navasky, personal interview, July 2009).

On the other hand, when Navasky began running *The Nation* which was almost bankrupt then, he also considered using a nonprofit model to support the magazine. In fact, at one point in *The Nation's* history, an editor did transfer ownership of the publication to a nonprofit organization in order to solve the financial difficulty. During the postwar years, *The Nation's* radical stance made its financial problems more acute. As a publisher without independent resources, Freda Kirchwey (*The Nation* editor from 1933 to 1955) depended on fund-raising to make up the annual deficit. In 1943, she transferred ownership of *The Nation* to a nonprofit entity, The Nation Associates, in order to prevent it from closing (Proyect, 2008; Navasky, 2005: 164). In addition to the tax advantage in terms of raising money, *The Nation* could reduce costs to a great extent because of lower mailing rates granted to those with a nonprofit status. As a magazine largely depending on subscription for survival, Navasky estimated that *The Nation* would have saved a minimum of \$250,000 per annum on mailing costs alone if it went nonprofit (Navasky, 2005: 7).

However, Navasky still chose to organize *The Nation* as a for profit company because of the restrictions imposed by the government on a 501 (c) (3) nonprofit organization. As stated before, non-profit organizations enjoy tax benefit as long as they follow Internal Revenue Service regulations that restrict them from endorsing candidates for political office. The law also forbids them to devote more than a small percentage of their resources trying to influence legislation. In this regard, Navasky “didn’t like the idea of leaving the tax status of their subversive weekly vulnerable to challenge by hostile political administration in Washington” (Navasky, 2005: 7). To him, as a political and dissenting weekly that aims to monitor government officials and influence public opinion, the IRS restrictions are contradictory to the mission of *The Nation* (V. Navasky, personal interview, July 2009).

Moreover, Navasky was also concerned that if a nonprofit organization violates the IRS regulation, that agency would not only takes away the organization’s nonprofit status, but also go after the organization for past taxes not paid, interest, and penalty payments, which would become due once the non-profit status is lost. In this way, the government’s tax collector in effect “becomes an arbiter of editorial content of non-profits” (Navasky, 2005: 200; 202). Such a risk could lead to self-censorship. As a result, although nonprofit status will bring *The Nation* much financial advantage, Navasky insisted on adopting a for-profit model.

Considering nonprofits' favorable economic conditions, *The Nation* actually has its "nonprofit arm": The Nation Institute, to help sponsor the for-profit magazine. It is discussed in the next section about means of support.

### ***THE TEXAS OBSERVER: 501 (C) (3) NONPROFIT***

*The Texas Observer* was created by wealthy Texans - Houstonian Frankie Randolph and a group of Democrats who planned to make the publication their party organ. But the first editor Ronnie Dugger insisted that he would take the job as editor only if he could be given "exclusive control of the editorial content" (Dugger, 2004: 411). The group finally accepted these terms. Thus, Dugger totally ran it and spoke as its only voice to the fewer than 2,000 paid subscribers then. In the first issue of *The Texas Observer*, he wrote that

*The editor runs the paper. Editorial policy is in his hands. Ultimate control of the paper is in the hands of the trustees, acting through their directors. If the editor ceases to represent the sentiments of the trustees, or if they decide he's not doing a good job, they fire him; if they instruct him to do something he cannot, he quits.*

Although unlike *The Nation* where editors could fire investors, *The Observer's* situation is different, but its editorial independence is widely respected by its trustees. According to Dugger, the editors of the magazine are and have always been "as free as they have the guts to be" (Dugger, 2004: 413). The current management team also firmly persists in the editorial independence. Bob Moser wrote in 2009 that "fifty-five years



later, the editor still keeps on foot near the door, ready to shove off if he's asked to do 'something he cannot'"(Moser, 2009). In fact, *The Observer* no longer has wealthy owners – not since Ms. Randolph transferred the publication's ownership to Dugger for one dollar. Dugger was owner and publisher until 1994 when he transferred the ownership to a nonprofit organization – Texas Democracy Foundation - for one dollar (L. Dubose, personal interview, March 2010). The “one dollar” transactions show that people actually regard *The Observer* as public-owned asset rather than as a private-owned business.

As for the ownership change to a nonprofit organization, Dugger made this decision for financial reasons. At that time, *The Texas Observer* was barely avoiding bankrupt and a 501 (c) (3) nonprofit organization mode was presumed to secure the publication. They modeled their nonprofit organization mode along the lines of *Mother Jones*, a nationwide nonprofit magazine also featuring investigative journalism (C. Tomlinson, personal interview, October 2009; L. Dubose, personal interview, 2010).

The financial benefits granted by a nonprofit status have been briefly introduced in *The Nation* case above. Among all, tax advantage is one important aspect. If several donors wish to give money to *The Observer*, a nonprofit status is most appropriate for receiving private contributions and gift because both sides benefits. Nonprofits pay no income tax. And donations to nonprofits can be deducted from the giver's taxable income at the end of the year. In fact, several families wished to endow *The Observer* at that time, which in part contributed to the ownership change (C. Tomlinson, personal

interview, October 2009). In addition to tax advantage, donors in particular would favor nonprofits also because the limited ability of nonprofits to generate profit makes the people who run them more trustworthy: nonprofits are barred from distributing any profits earned to persons who exercise control over the firm (Glaeser & Shleifer, 2001). So the tax benefit as well as the nonprofit reputation makes it easier for nonprofits like *The Observer* to raise money. It is usual to see that nonprofits urge individuals to make them beneficiaries of life insurance policies or to name them in their wills. For example, *The Observer's* former editor and well known writer Molly Ivins passed away in 2007 and left money and property to the publication for its operation. Apart from the advantage to receive donations, for publications like *The Observer*, nonprofits' financial benefits also include lower mail rates and the opportunities to apply for foundation grants.

On the other hand, a nonprofit structure is perceived as ideal to support *The Observer's* mission and prevents it from the commercial influence of private owners or other sponsors such as advertisers (C. Tomlinson, personal interview, October 2010; B. Moser, personal interview, October 2010). A board of directors serves as the governing body of a nonprofit organization. Their function is to raise money and hire or fire editors. The current board comprised of thirteen people includes Ronnie Dugger and Molly Ivins in memoriam. Board members share the progressive ideas of the publication. Dubose once served as a board member after he stepped down as editor. He said that the board never interferes with the editorial policy. They might complain after the story is

published, but they do not impose prior restraint on editors (L. Dubose, personal interview, March 2010).

One potential problem with a 501 (c) (3) nonprofit status concerns IRS regulation. As noted earlier, *The Observer* staffers such as Lou Dubose conceptualized the publication's mission as advocating social justice through critical reporting not by engaging in political activities such as lobbying or endorsing candidates. Carl and Tomlinson concurred with this point and said that the ownership change is not a "big deal." They said that *The Observer* could cover the issues they usually did (C. Carl, personal interview, October 2010; C. Tomlinson, personal interview, October 2010). *The Observer* even inaugurated a section called "bad bills page" covering legislative activities after the ownership change. Although it could not direct readers how to vote, they may still comment on "bad bills." This also conforms to the definition of "accountability journalism." Dubose recalled that their editors and reporters even didn't realize the change. He personally considers the nonprofit mode as very successful since they maintain editorial freedom under IRS regulation (L. Dubose, personal interview, March 2010).

However, some readers hold different opinions. For example, many of the publication's long time readers complained about the change. They thought the *Observer* "lost something" because it could no longer endorse candidates. *The Observer* received many letters and calls from its readers to ask "how *The Observer* was going to vote" (L. Dubose, personal interview, March 2010). Dubose also acknowledged that those editors

who came to *The Observer* driven by certain mission or philosophy might also “feel the loss.” For example, to many it was important for *The Observer* to support Democratic presidential primaries in the densely Republican state. Bob Moser agreed that the change meant “losing little something” because the publication could not participate in the state politics as directly as usual (B. Moser, personal interview, October 2009).

### **NONPROFIT OR FOR-PROFIT?**

In sum, for alternative press committed to serving public interest as opposed to profit-seeking, the U.S. 501 (c) (3) nonprofit status greatly benefits a media organization in terms of business performance. The advantage which exempts them from paying taxes and the opportunities to apply for foundation grants provides the alternative press with economic buffers. And at the same time, as many journalists claimed, the nonprofit model could shield the organization from the potential pressure imposed by commercial sponsors. The next section further explores how *The Observer* staff had felt their pressures from the organization’s funders, such as donors and foundation grants.

It also remains debatable whether the nonprofit aspect of IRS regulation exerts a certain degree of government control on alternative press. Because an alternative press usually attempts to monitor or challenge the government, IRS’s restriction on nonprofits’ ability to participate in political activities might weaken the criticalness and even impair the mission of media organization. But as the above analysis demonstrates, different

organizations and different individuals within the same organization perceive the relationship between the IRS regulation and alternative press mission in different ways.

Moreover, a for-profit model might not have much competitive advantage compared with nonprofit model to sponsor a publication largely depending on donations and subscriptions. The “independent media” model does allow organizations to sponsor themselves by a variety of financial means, but those business activities might also bring about commercial pressures on the editorial independence. *The Nation*’s partnership model that successfully separates its newsroom and investors proves to be a unique strategy to capitalize a century-old publication. It will discuss whether *The Nation* could also successfully immunize its mission from other financial means of pressures later.

The tension between alternative press mission and business performance experienced by for-profit and non-profit models are demonstrated in the Table III. As Deirdre English - previous editor of *Mother Jones*, the publication whose business model *The Observer* adopted, said, “you could say that for a magazine like *Mother Jones*, if you are in the for-profit world you will be censored by corporation, and if you work in the nonprofit world you’ll be (restrained) by government” (Navasky, 2005:201).

	<b>For-Profit</b>	<b>Nonprofit</b>
<b>Alternative press editorial goals</b>	Can participate in political activities: probable less government restriction	Cannot participate in any political activities: probable more government restriction
	Probable more corporate influence	Less corporate influence
<b>Business performance</b>	High mail rates	Low mail rates
	No tax advantage; fewer donors	Tax advantage; more donors
	Less access to foundation grants	More access to foundation grants
	Other commercial means of support	Restrictions on business activities

**Table III: For-Profit and Nonprofit Model Comparison**

**Means of Support**

*THE NATION*

**Subscription and reader contribution**

The bulk of *The Nation's* revenue, about 70%, comes from reader subscription. They have paid circulation of 179,160 and the majority of *The Nation* subscribers are loyal readers with average 5.6 years of subscription (*The Nation Media Kit*, 2009).

The magazine readers also donate money above and beyond the cost of their subscription through The Nation Associates, which has been active since the 1960s. Teresa Stack, *The Nation's* president, believes that the Associates participants are generally their most committed, long-term subscribers. And as such, they tend to be older, with more disposable income, and passionately share their sense of mission with *The Nation* (Magazine Publisher of America, 2007). The Associates also runs like a membership: people who donate money can enjoy certain benefits such as receiving discount offers on books written by *The Nation* contributors. These donators do not own *The Nation* stock and they cannot receive tax deduction from contribution because *The Nation* is a for-profit organization. Another 20% to 25% of *The Nation's* revenue comes from the Nation Associates. About 30,000 Nation Associates contribute more than a million dollars a year. In other word, *The Nation's* supportive readers are the publication's main financial backbones (P. Randall, personal interview, July 2009; A. Stupar, personal interview, July 2009).

### **Advertising**

About 10% of *The Nation's* revenue is derived from advertising of which 80% is print advertising while 20% is from website (E. Bollinger, personal interview, July 2009). There are two persons in the advertising department. Basically, all *The Nation* staffers

strongly hold the opinion that advertising must not interfere with the editorial content. Although, in a break from press tradition, its advertising staff also attends the editorial meeting, they only share their personal views on certain issues but never express opinions from the standpoints of advertisers. In fact, *The Nation's* advertising director, Ellen Bollinger, came to *The Nation* “doing something following (her) heart” because she identifies with the publication’s politics. She used to work for mainstream newspapers such as *The New York Times* where the Iraq reporting “made (her) mad” (E. Bollinger, personal interview, July 2009). Despite this basic belief, *The Nation* uses advertising as a means of support differently and creatively.

On the one hand, advertisers don’t have much control on *The Nation's* fate because the income from advertising only accounts for a small portion of the revenue. Therefore, *The Nation* writers can criticize a corporation without fearing it might incur a huge revenue loss even if the corporation threatens to withdraw the advertisements. This business formula is even financially better than the advertising-dependent business model of mainstream newspapers – which generally earn 50% to 80% of their revenue from advertising (i.e. Baker, 1994) - in the aspect that they suffer less from advertiser retaliation or from the economic recession. The 2008 U.S. economic crisis didn't cause much loss for *The Nation* because of its funding structure (P. Randall, personal interview, July 2009).

On the other hand, even the 10% revenue is very important to the magazine with a tight budget. Accordingly, *The Nation's* advertising policy allows publishing any



advertisements as long as it is not fraudulent or ethically violent. As noted earlier, its advertising policy starts with “strong presumption against banning advertisers because (they) disapprove of, or even abhors their political or social views” (*The Nation Media Kit*, 2009). This policy leads to many debates around the controversial ads on *The Nation* pages.

For example, *The Nation* takes the advertisement by FLAME (Facts and Logic about Middle East), an organization which claims to publish “the truth about Israel and the Middle East conflict in advertisements and letters to editors nationwide” (FLAME, n.d.). *The Nation* editors believe their opinions are “propaganda circulated by Palestinians... historically inaccurate and arguably mendacious” (*The Nation*, 2006). But *The Nation* still published the FLAME advertisements explaining in the editor’s letter to readers that “ads that present a political point of view are considered to fall under our editorial commitment to freedom of speech and, perforce, we grant them the same latitude we claim for our own views” (*The Nation*, 2006). As a result, Navasky wrote that he “was inundated with protesting email” about the FLAME ads and they consequently lost many subscribers (Navasky, 2005: 234). Similarly, when there were tobacco advertisements in the magazine, *The Nation* office would receive about 50 calls complaining each day (E. Bollinger, personal interview, July 2009).

From the perspective of readers, the content of advertising should be related to the magazine’s mission. Even Navasky admitted that before he entered the magazine

business, he regarded “advertising with a mixture of bemusement and contempt” (Navasky, 2005: 228).

But from the perspective of *The Nation* staff, first, they don’t think some contentious advertising damages the publication’s mission because they regard editorial content and advertising content as disconnected. They accept that advertising does not further the views of *The Nation* but it helps pay the costs of publishing. In this sense, they believed that *The Nation* subscribers are mature, responsible, intelligent human beings who can judge the advertising content by themselves. And they thought that some audiences who don’t understand that story and ads should be separate are “naive” (E. Bollinger, personal interview, July 2009).

Second, they actually thought of publishing advertisements with different views as an action to promote speech freedom, which is part of their editorial mission. Navasky emphasized that they don’t want to censor advertisers’ speech but at the same time they “reserve the right to attack them in the editorial columns.” In practice, the advertising staff informs editors that certain advertisements might cause trouble and then editors put their comments in the issue which carries the advertisement. For example, the advertising director let the editors know before they put in the FLAME advertisement, and *The Nation* published an editorial “In Fact - Smoking out flame” in that issue (V. Navasky, personal interview, July 2009; E. Bollinger, personal interview, July 2009; *The Nation*, 2006).

After all, the publication's essential concern about advertising is that it needs the revenue. Navasky agreed with Michael Kinsley's saying that as a magazine that cannot "afford the luxury of refusing cigarette advertising," it "ought to take it and not be influenced by it" (Navasky, 2005: 231). Accordingly, *The Nation* might have avoided advertisements such as FLAME if it was rich enough. In other words, *The Nation* might have "censored" the speech of advertisers if the revenue from advertising was not that important to the publication. Therefore, it remains a question whether advertising content and the organization's mission are interconnected in value. But one thing for sure is that advertisers will not have the opportunities to intervene *The Nation's* editorial pages.

### **Other Business**

*The Nation* also carries on other business activities to generate additional income. One example is Nation Cruises, its annual program which invites their readers on a cruise trip and organizes activities to facilitate conversation between readers and *The Nation* editors and contributors. Another primary goal of Nation Cruises is to raise money from the readers during the trip. The program has lasted for 12 years. An average 300 to 600 people attend the cruise that brings *The Nation* "a couple of hundred thousand dollars a year" (P. Randall, personal interview, July 2009).

Another example is *The Nation's* credit card program: *The Nation Magazine Visa Platinum Rewards Card*. When people apply for and use the card, the bank donates \$50 and a percentage of all their future purchases on the card to *The Nation* magazine. This Visa program just started in 2010. People juxtaposed this business activity with *The*

*Nation's* mission just like what they do with the advertising. They criticize the program as “encouraging people to go into debt to a bank” which doesn't serve *The Nation's* progressive purpose (Crevalcore, 2010). *The Nation* responded by pointing out that the credit card contract is with a small, regional bank (UMB, in Kansas City) which is affiliated with the “Move Your Money” campaign. It calls on Americans to withdraw their money from the Big Six Wall Street banks and to deposit it in regional banks, where it can help local economies rather than contribute to Wall Street bank's profits. More importantly, they contended that *The Nation's* credit card program is to “survive” but not promote their politics (*The Nation*, 2010). On the one hand, *The Nation* staffers claim business activities simply act as financial tools separate from the publication's mission. On the other hand, they choose less controversial business to support the organization.

### **Nonprofit Arm**

In addition to the basic revenue, *The Nation* also financially benefits from the Nation Institute. The Institute was founded in 1966 as a nonprofit organization “dedicated to a free and independent press” (NationInstitute.org, n.d.). It sponsors conferences, investigative research, seminar, televised town-hall meetings, book publishing, fellowships, internships and etc. The Nation Institute is closely linked to, and operating synergistically with *The Nation* magazine and Navasky calls it as *The Nation's* “nonprofit arm.” Its board of trustees is presided over by *The Nation's* former publishers such as Navasky and the present one, Katrina vanden Heuvel. In practice, the Institute has

sponsored many of *The Nation*'s investigative stories and also has funded *The Nation* internship program since 1978.

However, as a non-profit organization, say the Institute staff, the Institute cannot support only one publication. So *The Nation* contributors have to compete with journalists from other publications for the Institute's "Investigative Fund" which sponsors investigative reporting. As a nonprofit entity, the Institute is allowed to fund programs such as *The Nation* Internship program but not allowed to pay the salaries of *The Nation* editors, or pay the printer, or fund subscription solicitation campaigns. Moreover, *The Nation* and the Nation Institute are even competitive in terms of raising money. For example, as *The Nation* magazine's potential investor, Paul Newman chose to invest \$1.5 million in *The Nation* and another \$1.5 million went to the Nation Institute. After all, the Institute works closely with *The Nation* but is not permitted to "put its loot at the behest of the Nation" (Navasky, 2005: 357; 386).

## ***THE TEXAS OBSERVER***

### **Subscription and Reader Contribution**

Unlike *The Nation*, reader subscription comprises only one-third of *The Texas Observer*'s revenue. It has about 10,000 subscribers. One purpose of *The Observer*'s transformation in 2010 is to appeal to a more progressive population and thus attract more subscribers (C. Carl, personal interview, October 2009).

Since the transformation, *The Observer* has also introduced a funding system – “*Observer Partnership*,” which is similar to the Nation Associates. Readers can become *Observer* partners by subscribing and donating money. And *The Observer* partners have different categories such as “Maverick,” “Muckraker” and “Watchdog” depending on the level of their contributions. Accordingly, higher levels of *Observer* partners can have more benefits such as accessing *The Observer*’s archive and opportunities to participate in its journalism production (C. Tomlinson, personal interview, October 2009).

### **Private Donations**

A large amount of *The Observer*’s revenue is from private donations, which make up about 40% of the total income. *The Observer* staff conducts various fundraising events every year to solicit readers’ support. Two regular ones are the Molly National Journalism Prizes annual dinner and Rabble Rouser annual fundraising both of which are held in Austin. There are also three or four other similar fundraising events in Dallas, Houston, and San Antonio. In addition to these events, *The Observer* also solicits donations through their website, postcards in the magazine, as well as through other media or other progressive organizations (C. Carl, personal interview, October 2009). Their supportive donors are scattered and no big donors could influence their editorial decision (C. Tomlinson, personal interview, October 2009).

Lou Dubose also recalled that *The Observer* never changed its editorial content because of the impact of any donors. He gave an example. An *Observer* article questioned the University of Texas at Austin Board of Regents led by then Chancellor

William Cunningham which agreed to name a building on campus after Jim Bob Moffett and his wife. Moffett and the Freeport McMoran Corporation were criticized for their responsibility in the activities connected to environmental damage, human rights abuse and worker deaths. *The Observer* reported the controversy during which at least one professor resigned in protest. In the process of conducting its investigation, the magazine sent open record requests to everyone on the UT Board of Regents including Bernard Rapoport, who was also a big donor to *The Observer*. As a courtesy, Lou called Rapoport to let him know he would receive a letter. Lou explained the only influence from that donor was that Lou felt very “guilty” because what they did made their donor embarrassed. Despite that, nothing changed with *The Observer* story and Rapoport still contributed donations in the subsequent years (L. Dubose, personal interview, March 2010).

### **Foundation Grants**

Another main source for the publication revenue is from foundation grants. For example, *The Observer*'s investigative reporting is supported in part by a grant from the Open Society Institute. Some of their stories are also supported by the Investigative Fund of the Nation Institute, described above. The magazine's section, “Book & the Culture,” is funded in part by the City of Austin through the Cultural Arts Division and by a grant from the Texas Commission of the Arts. They have to renew their application every year. There are no professional grant writers at *The Observer*, but its publishing staffers are responsible for grant application. The current publisher Carlton Carl came to

*The Observer* in 2008 helping apply for more grants and has doubled the grant money they got before (C. Carl, personal interview, October 2009).

Most of the grants have special requirement but Carl and Charlotte McCann, *The Observer*'s publisher from 1999 to 2009, said that the grants they apply for correspond well with the work they do for *The Observer*. For example, Open Society Institute specifically supports environmental journalism which is originally one focus of *The Observer*'s reporting. Although, *The Observer* does have funding from the government, the City of Austin, the funding program is only interested in art and culture but not politics or other hard news. Tomlinson pointed out that the City of Austin has nothing to do with *The Observer*'s editorial decision through this funding relationship (C. Carl, personal interview, October 2009; C. McCann, personal interview, March 2010; C. Tomlinson, personal interview, October 2009).

It happens sometimes that a foundation is not satisfied with *The Observer*'s stories and editorial position. McCann once received a letter from a board member of a foundation which supported their investigative reporting, expressing disagreement with the value of one article. But still, *The Observer* would not change its position in response (C. McCann, personal interview, March 2010). Publishers actually serve as the firewall between editorial room and business world. They might make some compromise when they write grant applications. But from the perspective of editors, they are never required to negotiate their position in order to cater to any funders (L. Dubose, personal interview, March 2010).



## **Advertising**

The *Observer* has very few advertisements. Most are from book publishers and other nonprofit organizations. They don't aggressively seek advertisers and don't even have people specifically responsible for seeking advertising. *The Observer* doesn't reject advertising because of its probably commercial influence; they believe that advertisers usually have no interest in a magazine with only 10,000 readerships. Besides, the publication cannot afford to pay an advertising person. They have contacted the Media Consortium and the Association of Alternative Newsweeklies which provide platforms for independent press to share advertisement information and they will figure out the possibility of niche advertising later (C. Carl, personal interview, October 2009; C. McCann, personal interview, March 2010).

In sum, as a private company, *The Nation* tries a variety of means to improve its business performance. In practice, business never affects the editorial content. However, many people naturally juxtapose the implication of business activities (such as controversial advertising content) with the publication's mission. Although *The Nation* staff tries to separate the two, the choice of a community bank for its credit program rather than a Wall Street mega bank suggests they also regard the mission and business as more or less interrelated in meaning. They act to minimize the negative influence of business on its mission by using less controversial business methods. On the other hand,

*The Nation* creatively uses its nonprofit arm to sponsor some of the organization's operation though under certain limits.

As a nonprofit organization, *The Texas Observer* mainly uses non-commercial means of support to sponsor the organization. According to its previous and current staff, their funders cannot make them change editorial content or mission. However, these means of support seem not sufficient to sponsor the organization. This is discussed in the conclusion.

## **Role of the Government**

### ***THE NATION***

As a private business, *The Nation* is protected by the First Amendment from any government regulation in terms of the editorial content and its activities. An exception is that Albert Jay Nock's article "What American Labor Does Not See" in *The Nation*'s 1918 issue caused the publication a brief suspension from the mails (Wreszin, 1969). Apart from this, all the current *Nation* staffers said that they haven't been subject to any government pressure on the editorial side.

On the other hand, *The Nation* revenue is greatly affected by the Postal Regulatory Commission (PRC)'s decisions (A. Stupar, personal interview, July 2009). Navasky once testified before PRC against the proposed elimination of second-class-mail category. He estimated that *The Nation* would lose \$160,000 a year in that case. The PRC

then didn't cancel the category and changed its name to periodicals class, which is a "mini-victory" for *The Nation's* side (Navasky, 2005: 381). However, in 2007, the Commission increased mailing costs around 20 -30% for small and mid-size publications, favoring large magazine publishers such as Time Warner and Hearst. McGraw – Hill Companies estimated the new rates will raise the cost of postage at least 20 percent for 5,700 publications and at least 30 percent for hundreds more (Stack & Fowler, 2007). *The Nation* staff mentioned that they suffered large economic losses because of the mailing rate restructure since 2007: the magazine is being saddled with an unexpected increase of \$500,000 in annual costs (Rothberg, 2007). As a publication with the source of funding mostly deriving from circulation, its business performance is affected by the postage rates. *The Nation* didn't have a deficit for years but the bottom line become red again in 2009 because of the increased postage (P. Randall, personal interview, July 2009).

*The Nation* protests against the new postage policy by arguing that the government subsidized periodicals for hundreds of years with the goal of supporting a thriving multitude of opinions and content (Rothberg, 2007). Tracing back to the earlier postal history, the postal subsidy enacted with the passage of the Postal Act of 1792 favoring cheap postage was integral to free press policies in United States. With cheap postage, the United States helped encourage widespread dissemination of voices, with newspapers from every political affiliation being shipped around the country at a cost far lower than their true mailing cost. In fact, low postage rates for newspapers and magazines were crucial to the founding of the United States. Many newspaper editors,

especially the abolitionist press, recognized that high newspaper postage would be a “virtual tax on knowledge” (Rodriguez, 2008).

In addition to the government, large publishers also cross subsidized the rates of smaller publications under the former postal regulation. In this regard, Jim O’Brien, director of distribution and postal affairs in Time Inc, argued that the cross-subsidization was unfair and thought the new rate structure is a step in the right direction because it guarantees that rates reflect the costs and mailers pay for the resources that they consume within the Postal Service (Ambroz, 2008). However, Teresa Stack commented that postal subsidy either from the government or from large publishers is an American tradition to ensure the survival of small and independent publications (Ambroz, 2008). Katrina vendel Heuval said on the radio program, *Democracy Now!*, that it is “astonishing” to see the Commission recommended a rate structure proposed by Time Warner Corporation and contended that “it is an almost un-American move away from a general support of diverse editorial voice”( *Democracy Now!*, 2007). Rodriguez (2008) also argued that the Postal Regulatory Commission’s policy to raise periodical rates resulted in the fact that “the free press has effectively been priced out of the market.”

*The Nation* is one of the most active press members lobbying Congress against the Time Warner-inspired rate restructure. Its publisher and president including Heuval and Stack both have testified before the Postal Rate Commission. Stack has even been

“forced to make DC her second home” lobbying for a postal service that could foster vibrant, independent political discourse (Caplan, 2008).

### ***THE TEXAS OBSERVER***

As the previous sections mentioned, the main concern about the government influence on the *Texas Observer* is IRS regulations which prohibit the press with 501 (c) (3) nonprofit status to directly participate in political activities. In essence, the government is able to impose these restrictions on the organizations as a result of granting them financial benefits. Although people hold different views on whether the IRS regulations are crucial to alternative press mission, it is apparent that a nonprofit media organization trades to a certain extent its freedom for greater business performance.

## Chapter 5: Conclusion and Discussion

This thesis studies two alternative magazines, *The Nation* and *The Texas Observer*. It demonstrates the interaction between the two publication's editorial goals and business performances caused by the political economic factors including ownership modes, means of support and the government role. In sum, the study shows that the critical characteristics of these two alternative papers serve as significant barriers for it to seek mainstream advertisers and attract mass audiences. To support their editorial missions, *The Nation* uses a private limited partnership model while *The Observer* adopts a 501 (c) (3) nonprofit one. The for-profit model enables *The Nation* to directly participate in various political activities and the limited partnership model serves to ensure the editorial independence from the pressures imposed by shareholders. The nonprofit status provides *The Observer* with an economic buffer through IRS-granted tax advantages while at the same time forbids it from endorsing political candidates and explicitly supporting or opposing the state's legislative bills, which they did before the ownership and structural change. The research also demonstrates that revenues of both publications heavily rely on readers' contribution either from subscriptions or from donations. *The Nation* also employs multiple forms of commercial support to generate additional income. Also, a segment of its structure is a non-profit that provides additional support. Although the editorial team and the business world are strictly separated, the content and implications of some controversial commercial activities that seemingly

contradict the philosophical and ideological mission still generate a negative reaction from some readers and supporters. In *The Observer's* case, its publishers serve as a firewall between the editorial side and business side that solicit private donations and apply for foundation grants. Finally, the study suggests that the government role does function in a restrictive way for the alternative press' production and distribution through IRS regulations and U.S. postal rates.

In general, as two role models in the world of alternative press, *The Nation* and *The Observer* both are able to well balance the editorial ideals and basic financial needs. Nevertheless, neither publication is affluent and *The Observer* admits that it is "barely surviving." After all, alternative press is committed to democratic altruism and watchdog journalism whatever the sponsorship model is like. None of the alternative press practitioners expected salaries comparable to the corporate press when they entered this field because their primary concern is always to serve public interest; their work is in "social, political, or cultural terms, never in financial ones" (Navasky, 2005: 341, 425). As *The Nation's* previous editor Navasky quoted what *The Observer's* founding father Ronnie Dugger wrote in 1952: "we have to survive as a business before we can survive as a morality; but we would rather perish as a business than survive as an immorality" (Navasky, 2005: 425).

In the case of *The Nation*, it has lost money in all but a few years of operation through its history of 145 years. With its circulation increasing, *The Nation* turned a small profit on a Profit/Loss basis for several years recently: it made a profit of \$251,000 in

2004 (Navaksy, 2005: 425). But it went back to a deficit in 2009 due to the postage restructure. As demonstrated, *The Nation* has been engaged in a few business activities, but generally it is doing a “bottom line business” to “make money for what have to spend” (Magazine Publishers of American, 2007). For example, admittedly, *The Nation* sells its niche readers to advertisers as what mainstream press does. But the profit earned out of advertising all contribute to the publication’s operation rather than the shareholders’ wallets. As Navasky described, *The Nation* is a nonprofit sheep in a for-profit wolf’s clothing (Navasky, 2005: 365).

Though *The Nation* is far from wealthy, it is able to provide its staffers with generous salaries and welfare. They have a decent working environment in an office building located in the downtown New York City. Editors and many other employees have individual offices. *The Nation* even offers Yoga classes for its staff every Thursday afternoon. Richard Kim, *The Nation*’s senior editor, said that staffers cannot become rich in a *Nation* job, but can at least live a middle-class life in the city of New York (R. Kim, personal interview, July 2009). The advertising director also said that she came to *The Nation* “to do something following (her) heart” after she earned years of money at mainstream press. But working in *The Nation* brings her much more money than she expected (E. Bollinger, personal interview, July 2009). Its staffers all agreed that the working style in *The Nation* is relaxed and friendly and many regard *The Nation* job as “ideal.”



As for *The Texas Observer*, its resources can only satisfy the publication's fundamental needs of subsistence. In fact, it has "barely survived" for half a century. Because of the insufficient funding resources, Tomlinson even said that he personally would love the problem of "special funder requirement" to happen because he believes *The Observer* can deal with the pressure (C. Tomlinson, personal interview, October 2009). However, the fact is that, for example, they have been free of advertising pressure because they have been free of advertising. As a result, like the familiar story of the alternative press, *The Observer* has been financially struggling forever.

*The Observer* has survived for more than five decades because it has an extremely frugal team. The publication, housed in an old downtown Austin building, has no fancy, carpeted offices. The staffers currently work for "horrible pay" even though the salaries improved to some extent when the nonprofit foundation was established in 1994 (C. Tomlinson, personal interview, October 2009; L. Dubose, personal interview, March 2010). Since its beginning, *The Observer* functions as a training ground for journalists. People come and go and Tomlinson mentioned that staff departure is "kind of usual." He even expects people to leave instead of staying here for 30 years with poor living wage. The reason for *The Observer's* management change is also partly because some previous managers left for better and well paid jobs (C. Tomlinson, personal interview, November 2009). In addition to the scant payment, those award-winning journalists usually have to handle a heavy workload because the organization cannot afford to hire an adequate number of employees.

Despite all of those difficulties, people working at *The Observer* say it is all “labor of love.” And new blood has been injected to the organization from time to time. The unpaid interns work for *The Observer* because they appreciate *The Observer* journalism saying that training here is better than learning from a journalism school (C. Tomlinson, personal interview, November 2009). Other staffers like Carlton Carl, a native Texan as well as an experienced journalist and media consultant, said that he came to *The Observer* to “help” solve the financial problems (C. Carl, personal interview, November 2009). It is true that *The Observer*’s economic difficulties make it unable to retain a long-term stable group of staffers for realistic reasons. But as an alternative publication committed to social justice, it continuously attracts a good number of journalists who are concerned about building a better Texas rather than making money.

An interesting finding is that people come to under-funded alternative press prepared with various means of subsidy. For example, Tomlinson decided to work for *The Observer* partly because his wife found a well-paid job in Austin (C. Tomlinson, personal interview, October 2009). By the same token, *The Nation*’s advertising director originally planned to use her money earned from mainstream press to subsidize her current career in an alternative magazine (E. Bollinger, personal interview, July 2009). In the discussion of ideals vs. needs, or altruism vs. realism, alternative media professionals actually expect alternative press to lean to the side of ideals or altruism so some of them are prepared to subsidize themselves. The world of alternative press shapes up a civil society, yet this society – composed by the media organizations as well as its

practitioners - is inevitably sponsored by the commercial society. As the study demonstrates, commercial activities can hardly be an ideologically-neutral tool to support alternative press since alternative press and commercialism are inherently contradictory. Some people even criticize alternative press for using any profit-making business; even Navaksy's "*Nation self*" tended to regard the profit motive as avaricious indifference to social consequences (Navaksy, 2005: 366). But the fact is that the commercial dye is actually everywhere and cannot fade. In another sense, some advocate for a "pure" alternative media cause while ignoring the hidden truth that the economic burden might be passed onto the alternative media professionals and their families. In this regard, *The Nation* demonstrates a relatively favorable model: be alternative and also be realistic.

As a matter of fact, *The Texas Observer* is also directed by a pragmatic philosophy to operate alternative journalism. Tomlinson insisted that a sound business model is of utmost importance to any media projects (C. Tomlinson, personal interview, October 2009). The different circumstances of the two publications can actually be explained by other factors in addition to those already examined in this thesis. Readership is an important one. As the study shows, readers are actually the financial backbones for both publications. About 90% of *The Nation* revenue is derived from reader subscription and contributions through the Nation Associates. Likewise, *The Texas Observer* generates more than 70% of its income from reader subscription and donations. It actually attempts to solicit more reader contributions through the new funding program – "*Observer Partnership*." However, comparing the circulation of the two publications both

of which produce alternative journalism, while *The Nation* has 179,160 subscribers, *The Observer* has about 10,000.

This great disparity is not too surprising because, firstly, *The Nation* circulates nationwide while *The Observer* circulates mostly within the state of Texas. Specifically, *The Nation* provides opinions and investigative reporting on national and even international issues, so it is able to reach readers around the country. And therefore it has a better chance of finding wealthy contributors. In contrast, *The Observer* focuses on statewide stories, thus can mainly appeal to Texas' populations. Moreover, as Carl pointed out, the increasing population mobility leads to a steady influx of newcomers and the fact that fewer people may care about Texas and thus reduce the number of potential subscribers to *The Observer* (C. Carl, personal interview, November 2009).

More importantly, alternative press is most likely to attract liberal and progressive audiences. In the case of *The Nation*, 76% of its readers are identified with political orientation of Liberal/Progressive or Democrat (The Nation Media Kit, 2008).<sup>2</sup> While it can draw attention of nationwide liberal populations, *The Texas Observer's* circulation is constrained by the state's predominant conservative residents. As an example, with the exception of small sections of blue, Texas is a reliably red state in presidential elections: it has sided with Republican ever since 1980. In 2008 presidential election, while 53% of the people nationwide voted for Democratic candidate Barack Obama with near 70 million popular votes, democratic voter percentage in Texas was

---

<sup>2</sup> There is no statistics about The Texas Observer readers' political orientations.

44% with 3.5 million votes (State Elections Offices, 2008; Texas Secretary of State, 2008). In most statewide races, Republicans also have enjoyed a 10-point advantage since the mid-1990s (McKinley, 2010). As noted before, in the early days, *The Observer's* progressive nature drove off many conservatives who would not be caught dead holding a copy. Such exaggerated resistance might not happen today but the Texas' large conservative population still blocks *The Observer's* circulation growth.

Moreover, as alternative publications enthusiastically covering politics and critical problems of the day, *The Nation* and *The Observer* are traditionally and mostly read by intellectuals. 95% of *The Nation* readers attended college and 52% have a graduate degree (*The Nation* Media Kit, 2008). Likewise, among *The Observer* readers, 98% attended at least some college and 54% have a graduate degree (*The Texas Observer* Ads, 2009). In this regard, *The Observer's* small readership might also be explained by the fact that Texas falls behind in education attainment compared with other states in the nation. In 2003 census, Texas ranked last among the 50 states with the lowest rates of high school completion: 77% compared with the national rate 85% (Stoops, 2004). In 2007, about 25% of people in Texas held at least a bachelor's degree while the percentage of the whole country is 28% (Economic Modeling Specialists, 2007). Accordingly, the two publications pursue readers driven by different ways of thinking. While *The Nation* maintains its "lofty" journalism and thus the appeal to cultural elite, *The Observer* began the transformation in 2010 in order to connect a wider array of people and encourage them to be excited about journalism and politics. Adopting Atton

(2002)'s alternative media model that feature hybridity or radicality in different dimensions, each publication serves as sub-public-sphere to build a broader democratic culture (Fraser, 1990). An alternative intellectual public sphere is what *The Nation* strives for to play a significant role in public policy debate on the national stage. *The Observer*, as an alternative publication in a conservative state, also offers a public forum to include more Texans to nudge the state in a progressive direction. In this sense, *The Observer's* current small readership actually demotes the importance of its existence.

On the other hand, someone might presume that broader issue coverage must mean accordingly higher production cost. But this is not necessarily the cases either for *The Nation* or *The Observer*. As introduced, *The Nation* mainly emphasizes contributors' opinions and most of its investigative stories are also researched and written by contributing freelancers. As a result, the organization doesn't have to worry too much about costs like national or international travelling expenses for the writers. Conversely, *The Observer* has to undertake the everyday overhead expenditure for its staff writers when they are doing investigative reporting. Sometimes money can be wasted if editors send reporters to investigate an issue in other cities in the state and they might come back after a week with nothing. Plus, the staff writers' every miss of deadline causes extra money to be used for articles by outside freelancers. While Tomlinson prefers the news publication to have its own staff journalists, he also mentioned that independent contract journalists are likely the future of journalism (C. Tomlinson, personal interview,

November 2009). That is to say, the different staff structures also contribute to the two publications' different financial situations.

After all, alternative press such as *The Nation* and *The Texas Observer* discussed in this thesis mostly publish on a shoestring in contrast with other media conglomerate. Recognizing the obvious fact that alternative press is short of resources, some media practitioners naturally would turn to government support. As this study concludes, government regulation and policies do affect alternative press production, distribution and consumption. The title of 501 (c) (3) nonprofit organizations can be seen to serve as a type of government subsidy yet at the cost of certain press freedom to be engaged in political activities. At least from some people's perspective, such freedom is important to *The Observer's* mission. On the other hand, *The Nation* staff refused government subsidy through the nonprofit status, but actually advocates for government subsidy in other aspects – lower postage rates. The questions become: can government regulation be unbundled from government subsidy? For alternative press with a tight budget, to what degree can they be independent from government subsidy? Out of these concerns, U.S. Senator Benjamin L. Cardin (2009) introduced a bill, *Newspaper Revitalization Act*, to allow small newspapers to operate under 501 (c) (3) status and at the same time permit them to be exempted from certain IRS regulations. Specifically, newspapers under this arrangement would not be permitted to make political endorsements, but would be allowed to freely report on all issues, including political campaigns. Others even argue

for creating a new nonprofit category for press beyond Cardin's proposal (Maguire, 2009).

Despite all of these constraints and dilemmas, alternative press proves its increasing importance in the 21<sup>st</sup> century. Since the late 1980s, media reform movements endeavor to provide criticism to mainstream media and aim to reshape media policy. It is a reaction to the increased media concentration as well as the ideology of neoliberalism which they recognized as an effort to have the government work purely in the interests of capital or large media corporations (McChesney, 2008). Against this background, less and less people on the street would believe the "objectivity" claimed by mainstream media. They, instead, would turn to alternative press for critical and brave reporting and opinions that challenge the official line. Moreover, journalism is like animals to be extinct in the planet transformed by the Internet, using the metaphor by Tomlinson. Big media corporations which are like dinosaurs will die soon, but small papers are like small mammals that can ultimately survive (C. Tomlinson, personal interview, October 2009). In this sense, staffers in both *The Nation* and *The Texas Observer* believe that now is the critical time for publications like theirs to grow and succeed. They represent a passionate constituency, are supported by this constituency and they are convinced that this constituency will be expanded.



## Bibliography

- Alpern, S. (1987). *Freda Kirchwey: A Woman of the Nation*. Cambridge, Harvard University Press.
- Armstrong, W. M. (1976). *The Freedmen's Movement and the Founding of the Nation*. *Journal of American History*, 53, 708-26.
- Association of Alternative Weeklies (2010a). *Awards: The Texas Observer*. Retrieved from <http://aan.org/alternative/Aan/AwardsView?publication=oid%3A90>.
- Association of Alternative Weeklies (2010b). *About AAN*. Retrieved from <http://aan.org/alternative/Aan/ViewPage?oid=2086>
- Association of Alternative weeklies (2010c). *The Texas Observer*. Retrieved from <http://aan.org/gyrobase/Aan/viewCompany?oid=oid%3A90>.
- Atton, C. (2002). Approaching alternative media: Theory and methodology. In C, Atton, *Alternative media* (pp. 7-29). Thousand Oaks: Sage Publication.
- Atton, C. (2007). Current issues in alternative media research. *Sociology Compass*, 1, 17–27
- Atton, C. & Hamilton, J.F. (2008). *Alternative journalism*. London: Sage.
- Allen, R.L. (2007). From black awakening in capitalist America. In INCITE! (eds.), *The revolution will not be funded: beyond the nonprofit industrial complex* (pp.53-62). Cambridge, MA: South End Press.
- Ambroz, J. (2008, April). Postal debate: Time Inc. vs. The Nation. *FOLIO*. Retrieved from <http://www.foliomag.com/2008/postal-point-counterpoint-time-inc-vs-nation>.
- Armstrong, D. (1981). *A trumpet to arms: Alternative media in America*. Cambridge, MA: South End.
- Baker, C.E. (1994). *Advertising and a Democratic Press*. Princeton, NJ: Princeton University Press.
- Bennett, W. L. (2003). New media power: The Internet and global activism. In N. Couldry & J. Curran (eds.), *Contesting media power: Alternative media in a networked world* (pp. 111-128). Lanham, Md: Rowman & Little Field.

- Benson, R. (2003). Commercialism and critique: California's alternative weeklies. In N. Couldry & J. Curran (eds.), *Contesting media power: Alternative media in a networked world* (pp. 111-128). Lanham, Md: Rowman & Little Field.
- Bird, G. (1991). The Texas Observer. In S.G.Riley and G.W.Selnow (Eds.), *Regional interest magazines of the United States* (pp.323-327). Westport CT: Greenwood Press.
- Blakeslee, N. (2000, June). The Color of justice. *The Texas Observer*. Retrieved from <http://www.texasobserver.org/archives/item/13247-611-the-color-of-justice->
- Burrowes, N. Cousins, M., Rojas, P.X. & Ude, I. (2007). On our own terms: ten years of radical community building with Sista II Sista. In INCITE! (eds.), *The revolution will not be funded: beyond the nonprofit industrial complex* (pp.227-234). Cambridge, MA: South End Press.
- Calhoun, C. (Ed.) (1992). *Habermas and the public sphere*. Cambridge: MIT Press.
- Caplan, B. (2008, July 31). *The Nation* vs. "The Economists." *EconLog*. Retrieved from [http://econlog.econlib.org/archives/2008/07/the\\_nation\\_vs\\_t.html](http://econlog.econlib.org/archives/2008/07/the_nation_vs_t.html).
- Cardin (2009, March 24). Senator Cardin introduces bill that would allow American newspapers operate as non-profits. *Press Release of Senator Cardin*. Retrieve from <http://cardin.senate.gov/news/record.cfm?id=310392>.
- Carl, C. (2008, September 26). The Texas Observer names new editor: Bob Moser. *TexasObserver.org*. Retrieved from <http://www.texasobserver.org/blog/?p=1159>.
- Cole, R.R. (1966). A Journal of Free Voices: The History of the *Texas Observer*. MA thesis, University of Texas at Austin.
- Comedia (1984). The alternative press: The development of underdevelopment. *Media, Culture and Society*, 6, 95-102.
- Crevalocore (2010, January 11). Katrina vanden Heuvel: go into debt for *The Nation*. *FDL*. Retrieved from <http://seminal.firedoglake.com/diary/23474>.
- de Almeida, A. F. J. (2007). Radical social change: searching for a new foundation. In INCITE! (eds.), *The revolution will not be funded: beyond the nonprofit industrial complex* (pp.185-196). Cambridge, MA: South End Press.

- del Moral, A. (2005, April). The revolution will not be funded. *LiP Magazine*. Retrieved from [http://www.lipmagazine.org/articles/featdelmoral\\_nonprofit\\_p.htm](http://www.lipmagazine.org/articles/featdelmoral_nonprofit_p.htm).
- Democracy Now! (2007, April). Small publications face crippling postal hike - based on Time Warner Recommendation. *Democracy Now!*, Retrieved from [http://www.democracynow.org/2007/4/24/small\\_publications\\_face\\_crippling\\_postal\\_hike](http://www.democracynow.org/2007/4/24/small_publications_face_crippling_postal_hike).
- Downing, J. (1984). *Radical media: The political organization of alternative communication*. Boston: South End Press.
- Downing, J. (2001). *Radical Media: Rebellious communication and social movements*. Thousand Oaks: Sage Publication.
- Dugger, R. (1974, December 27). I prefer to look forward. *The Texas Observer*, pp.6-7.
- Dugger, R. (2004). Journalism for Justice. In C. Miller and M. Ivins (Eds.) *Fifty years of the Texas Observer* (pp. 409-421). TX: Trinity University Press.
- Economic Modeling Specialists Inc. (2007). Education attainment for population over the age of 25, 2007 Upper East Texas, Texas and U.S. Average. *Window on State Government*. Retrieve from <http://www.window.state.tx.us/specialrpt/tif/uppereast/exhibits/exhibit15.html>.
- FCC (1996). *Telecommunication Act of 1996*. Retrieve from [www.fcc.gov/Reports/tcom1996.pdf](http://www.fcc.gov/Reports/tcom1996.pdf)
- FLAME (n.d.). <http://www.factsandlogic.org>.
- Fraser, N. (1990). Rethinking the public sphere: A contribution to the critique of actually Existing democracy. *Social Text*, 25/26, 56-80.
- Gans, H. (1979). *Deciding what's news*. New York: Pantheon.
- Garnham, N. (2006). Contribution to a political economy of mass communication. In M.G.Durham and D. Kellner (Eds.), *Media and cultural studies: Keywords* (pp.201-229).Wiley-Blackwell.
- Gibbs, P.L. (2003). Alternative things considered: a political economic analysis of labour processes and relations at a Honolulu alternative newspaper. *Media, Culture & Society*, 25(5), 587-605.

- Glaeser, E.L. & Shleifer, A. (2001). Non-for-profit entrepreneurs. *Journal of Public Economics*, 81(1), 99-115.
- Golding, P., & Murdock, G. (1991). Culture, communication, and political economy. In J. Curran and M. Gurevitch (Eds.), *Mass media and society* (pp, 15-32). London: Edward Arnold.
- Goldsmith, R. (Director)(1996). *Tell the Truth and Run: George Seldes and the American Press*. United States: Nevertire Productions.
- Guensburg, C. (2008). Nonprofit news. *American Journalism Review*, 30(1), 26–33.
- Gunaratne, S. (2006). Public sphere and communicative rationality: Interrogating Habermas' Eurocentrism. *Journalism & Communication Monographs*, 8(2), 93-156.
- Herman, E. S. & Chomsky, N. (1988). *Manufacturing consent: The political economy of the mass media*. New York: Pantheon
- Herman, E. S. & Chomsky, N. (2002). *Manufacturing consent: the political economy of the mass media*. New York: Pantheon.
- Hill, C. J. & Lynn, L. E. (2008). *Public management: a three-dimensional approach*. Washington, DC: CQ Press
- INCITE! Women of Color against Violence (Ed.) (2007). *The revolution will not be funded: Beyond the nonprofit industrial complex*. Cambridge, MA: South End Press.
- Kaarbo, J. and Beasley, R.K. (1999). A practical guide to the comparative case study method in political psychology. *Political Psychology*, 20(2), 369-391.
- Kim, E.G. & Hamilton, J.W. (2006). Capitulation to capital? OhmyNews as alternative media. *Media, Culture & Society*, 28(4), 541-560.
- Khiabany, G. (2000). Red Pepper: a new model for the alternative press? *Media, Culture & Society*, 22(4), 447-463.
- Kosar, K.R. (2009). Postage subsidies for periodicals: History and recent developments. *Congressional Research Service Report for Congress*. Retrieved from <http://www.policyarchive.org/handle/10207/bitstreams/19130.pdf>

- Kurpius, D.D., Metzgar, E. and Rowley, K.M. (2009). *Sustaining hyperlocal media and citizen journalism: in search of funding models*. Paper presented to Association for Education in Journalism and Mass Communication, Boston, 2009.
- Kurtz, H. (2005, October 24). The Village Voice's No-Alternative News: Corporate takeover. *The Washington Post*. Retrieved from <http://www.washingtonpost.com/wpdyn/content/article/2005/10/23/AR2005102301504.html>.
- Magazine Publishers of American (2007, October 16). The four questions - Teresa Stack of the Nation. Retrieved from [http://www.magazine.org/indy/four\\_questions/Teresa\\_Stack.aspx](http://www.magazine.org/indy/four_questions/Teresa_Stack.aspx)
- Maguire, M. (2009). The nonprofit business model: empirical evidence from the magazine industry. *Journal of Media Economics*, 22, 119-133.
- McChesney, R. W. (1999). *Rich media, poor democracy: Communication politics in dubious times*. Urbana, IL: University of Illinois Press.
- McChesney, R.W. (2008). *The political economy of media: enduring issues, emerging dilemmas*. New York: Monthly Review Press.
- McPherson, J. M. (1975). *The Abolitionist Legacy: From Reconstruction to the NAACP*. Princeton, NJ: Princeton University Press.
- Miller, C. & Ivins, M. (2004). *Fifty years of the Texas Observer*. TX: Trinity University Press.
- Mirrlees, T. (2009, August). Media capitalism, the State and 21st Century Media Democracy Struggles: an interview with Robert McChesney. *Socialist Project E-Bulletin*, No. 246. Retrieved from <http://www.socialistproject.ca/bullet/246.php>.
- Moser, B. (2009, December 10). Tyrant's Foe 2.0. *The Texas Observer*. Retrieved from <http://www.texasobserver.org/purpletexas/tyrants-foe-20>.
- Mosco, V. (2009). *The political economy of communication*. London: Sage.
- Murdock, G. (1990). Redrawing the map of the communications Industries: concentration and ownership in the era of privatization. In P. Marris and S. Thornham (Ed.), *Media Studies: A reader* (pp. 142-155). Newbury Park, CA: Sage.

- Murdock, G. & Golding, P. (1973). For a political economy of mass communication. In R. Miliband & J. Saville (eds.), *The Socialist Register* (pp. 205-234). London: Merlin.
- Murphy, J. (2005, October 24). Village Voice Media, New Times announce merger: deal to combine two largest alt-weekly chains would require Justice Department Approval. *Village Voice*. Retrieved from <http://www.villagevoice.com/2005-10-18/news/village-voice-media-new-times-announce-merger>.
- Nichols, J. (2005, October). New Times- Village voice merger adds to debate on corporate control. *The Arizona Republic*. Retrieve from <http://www.azcentral.com/arizonarepublic/business/articles/1025newtimes25.html>
- Pollak, Gustav (1915). *Fifty Years of American Idealism: The New York Nation, 1865-1915*. Boston: Houghton Mifflin.
- Picard, R.G. & Weezel, A.V. (2008). Capital and control: consequences of different forms of newspaper ownership. *The International Journal on media management*, 10(1), 22-31.
- Project for Excellence in Journalism (2009). *The State of the News Media 2009: an annual report on American journalism*. Retrieved from <http://www.stateofthenewsmedia.org/2009>.
- Proyekt, L. (2008, November). The early days of The Nation magazine. *Swan*. Retrieved from <http://www.swans.com/library/art14/lproy50.html>.
- Riley, M. (2007). Unrelated business income tax returns: 2003, financial highlights and a special analysis of nonprofit charitable organizations' revenue and taxable income. *SOI Bulletin*, 26, 88–115.
- Rodriguez, C. (2001). *Fissures in the Mediascape*. Cresskill, NJ: Hampton Press.
- Rodriguez, M. (2008). *Progressive publications for cheap postage*. Paper presented at the annual meeting of the NCA 94th Annual Convention, San Diego, November.
- Salmon, F. (2009, February 3). Nonprofit newspapers: Worth a try. *Portfolio*. Retrieved from <http://www.portfolio.com/views/blogs/market-movers/2009/02/03/nonprofit-newspapers-worth-a-try>.
- Savage, W. S. (1938). *The controversy over the distribution of abolition literature*. New York: Negro Universities Press.

- Stack, T. and Fowler, J. (2007, May 27). Idea rich, postage poor. *The Los Angeles Times*. Retrieved from [articles.latimes.com/2007/may/28/opinion/oe-stack28](http://articles.latimes.com/2007/may/28/opinion/oe-stack28).
- State Elections Offices (2009, January). 2008 official presidential general election results. Retrieved from [www.fec.gov/pubrec/fe2008/2008presgeresults.pdf](http://www.fec.gov/pubrec/fe2008/2008presgeresults.pdf).
- Stoop, N. (2004, June). Educational Attainment in the United States: 2003. United States Census.
- Swensen, D., and Schmidt, M. (2009, January 28). News that you can endow. *The New York Times*, p. 31A.
- The American Society of Magazine Editors (n.d.). [www.magazine.org/asme](http://www.magazine.org/asme)
- The Nation* (2006, January). In Fact - Smoking out flame. *The Nation*. Retrieved from <http://www.thenation.com/doc/20060123/infact>.
- The Nation* (2010, January 13). From the Nation, Re: Credit cards and fund appeals. *FDL*. Retrieved from <http://seminal.firedoglake.com/diary/23784>.
- The Nation Institute (n.d.). <http://www.nationinstitute.org>.
- The Nation Magazine v. U.S. Department of Defense*, 762 F. Supp. 1558 S.D.N.Y. 1991
- The Nation Media Kit* (2008). Demographic Profiles. Retrieved from <http://www.thenation.com/mediakit/readers/demographic.mhtml>.
- The Texas Observer Ads* (2009). *The Texas Observer* advising guide. Retrieved from <http://www.texasobserver.org/advertise>.
- Texas Secretary of State (2008, November). Race summary report: 2008 general election. Retrieved from <http://elections.sos.state.tx.us/elchist.exe>.
- Turow, J. (1997). *Media systems in society: understanding industries, strategies, and power*. New York: Longman.
- Wasko, J. (2004). The political economy of communication. In J. Downing et al (Ed.) *The Sage handbook of media studies* (pp. 309-330). Thousand Oaks, EUA : Sage.
- Weisbrod, B.A. (1977). *The Voluntary Nonprofit Sector: An economic analysis*. Lexington, Mass: D.C. Heath.

Williams, R. (1980). Means of communication as means of production. In R. William (Ed.), *Problems in Materialism and culture: selected essays* (pp.50-63). London: Verso.

Wreszin, M. (1969). Albert Jay Nock and the anarchist elitist tradition in America. *American Quarterly*, 21(2), 165-189.

U.S. Census Bureau (2004). Service annual survey: 2002. Washington, DC: Author



## **Vita**

Lei Guo was born in Shanghai, China. She received the degree of Bachelor of Arts in Journalism and Chinese Literature and Linguistics from Fudan University, China in 2004. In 2008, she entered the Graduate School at the University of Texas at Austin where she will continue to pursue the degree of Doctoral of Philosophy.

Email: [guolei1985@gmail.com](mailto:guolei1985@gmail.com)

This thesis was typed by the author.