Book Reviews

When MBAs Rule The Newsroom: How Marketers and Managers Are Reshaping Today's Media

By Doug Underwood, Columbia University Press, New York, 1995, 159 pp., paperback $16.50.

WHEN MBAS RULE The Newsroom should interest business economists; all you have to do is to expand "MBA" and expand "Newsroom." It's not about MBAs. That term is a metaphor for business, finance, cost and economics. On the surface, the book is about print journalism and the newspaper industry, but economists will see much more than a single industry or a single labor market study. The definitive book on the present era of corporate restructuring has not been written, but this book goes a long way in setting the stage.

Focusing on the print media, *MBAs Rule* is an insiders first-hand observation and evaluation of an industry in the turmoil of transition. Most business economists are in the analytic-financial culture. We sometimes forget the deep distrust some, including a few of our associates, have for the economic and business world. This book reveals the breath and depth of those views. The war between cultures is epitomized by the author's open disdain for his former corporate employer's attempt to make the newspapers "readable." The sections that discuss problems and improprieties of designing a newspaper to meet the needs of the market are classic. His presentation of Gannett's News 2000 Management Program, its semi-annual 100-point evaluation scale for its top editors, and virtually all of the strategic decisions concerning the development of *USA Today*, are a few examples of the numerous executive judgments that Mr. Underwood presents in an unfavorable light. He has an almost imperceptibly subtle way of ridiculing Gannett's executive leadership.

Around the nation, there are virtually tens of thousand of health care professionals horripilated by the same prospect of having to make their services more market friendly. *USA Today's* graphics, color and targeted appeal to a demographically identified readership are considered to be undesirable in the sense that in the old days it was undesirable to have a physician's office in a store front, advertise in a foreign language newspaper, or have office hours at night and on the weekends. Similarly, commercial activities in the media are, in the author's view, the proximate cause of the industry's and profession's problems. The parallels in other industries, especially health care, are remarkable.

The book could easily be relegated to the trash heap because of its trivial theme, i.e., that business, finance, economics, profits, corporate culture and power are ruining the profession of journalism and the social purpose of newspapers. In the month I was thinking about the book, I recorded the same charge about: art, dramatic theater, opera, musical theater, the Internet, architecture, computer technology, automobile design, software, hi-fi speaker wire, California wine, Music Video, and, of course, Christmas.

In addition, the book might be dismissed as totally biased because of the author's admitted youthful left-wing activism continuing into his present professional interest and support of liberal social and economic ideals, plus his frequent mention of the Reagan-Bush era with at most thinly disguised antagonism. Finally, the whole effort could be scorned as a hostile slam by a disgruntled practitioner who has sunk to teaching at the university.

Don't let those possible imperfections distract or discourage you. Have you been downsized, or have you been forced to terminate a dedicated staff member, at the insistence of a new MBA? If the answer is yes, you will empathize with the author's emotionality. Written sometimes in the tone of an angry attack on the author's former employer, Gannett, its newspapers and especially *USA Today*, the book is fascinating. It would certainly appeal to anyone who fantasizes about writing an industry exposé based on their current employer, not to mention the millions of middle managers and their families whose lives have been influenced by corporate restructuring.

MBAs Rule not only discusses the pressures of dramatically accelerating economic competition, it analyzes the impact of technological change. A central coconspirator is the computer. It allows editors and managers unprecedented influence and control. They monitor daily and hourly activities of reporters, edit stories, add comments, reorganize, emphasize, de-emphasize, and manage the paper's physical appearance, as well as directly influence its news content. The author clearly believes that reporters should make these decisions based on their social or political ideologies, and professional judgment. Financial interests, the professional judgment, social and political ideology of business people should not influence news content.

If one were to think about computers, numerous parallels from monitoring grocery clerks and information operators to securities traders, portfolio managers, swine breeders and neurosurgeons could be found. Business economists could expand the author's discussion of computers and computerized management beyond newspapers to every industry. Underwood's arguments and issues are universal. What is unique is that the book unwittingly argues for midlevel control of the firm by the technical elite. Essentially what emerges is the idea that, although everyone is at risk, top executives and business mangers have discretion and security, the bottom level has protection and autonomy, but the middle is unfairly vulnerable. This is sure to be a recurring economic, political and social theme until the baby boomer's retire.

Virtually every point is made in the context of an example with a reference citation. It is certainly well done in this regard. For instance, he presents a telling example of censorship and a not so subtle kick in the corporate groin to the media elite. The star of page and TV screen, pundit David Broder, is quoted from Broder's own 1987 book *Behind the Front Page* as reporting, "that never in his career has he had a story censored." The author then cites Gay Talese's 1986 book, *The Kingdom and Power*, saying, "He [Broder] seems conveniently to forget a publicized and somewhat nasty dispute with his editors over political coverage when he resigned from the *New York Times* many years ago." The Broder episode concludes with the notion that the best and brightest are treated better, especially by the most prestigious organizations, than the rank and file journeyman. The book is pure and effective journalism. I suspect the author is a very effective undergraduate instructor and *MBAs Rule* could be a best-selling supplemental text for communications courses.

Industry watchers and journalism scholars are certainly a target market for the book. *MBAs Rule* is far from armchair philosophy and pure opinion. It contains genuine scholarship. It is based in part on a three-year management policy study of 429 newsroom employees, including 187 editors at twelve daily newspapers conducted by the author and two of his university colleagues. For most readers the quantitative results, such as Varimax Factor Loadings, are mercifully caged in an appendix. The book's logic and organization are direct and linear. The first part is an historical review of the developments leading to market-driven journalism. The second part presents and discusses the survey results and compares them with other academic scholarship concerning journalism's and the publishing industry's changing structure. The final part examines the consequences of the findings and questions whether newspapers are "so basic and...so sacred that they can't be put into the hands of the marketers and profit maximizers."

My reading of the material is that economic and technical change are having the same impact on journalists as they are on economists. Times are hard, we all have lots of competition, and tasks that were once our professional domain are now performed well by many others. Unfortunately, there is not much economic or psyche rent left in either profession. Some economists who read *MBAs Rule* will get a good laugh, others a good cry, but all will enjoy a good read.

Gerald L. Musgrave
Economics America, Inc.

The Self-Organizing Economy

By Paul Krugman, Blackwell Publishers, Cambridge, MA, 1996, 122pp., paperback $19.95.

Models of self-organization show how complex systems characterized by randomness and chaos seem spontaneously to evolve into unexpected order. Scientists use these models to explain the origins and growth of hurricanes and embryos, and the size of earthquakes and meteorites. In *The Self Organizing Economy*, Paul Krugman demonstrates their usefulness for economic behavior.

The book, based upon a series of lectures, is organized into two parts (with, at the end, a mathematical appendix). In the first, Krugman describes, in an informal and easy-to-read style, models of self-organization. In part two he more rigorously explains the models and derives implications for economic behavior. Krugman emphasizes two principles that he feels are most useful for economics. One, *order from instability* defines a system with an unstable and flat or disordered structure from which order spontaneously emerges. Krugman demonstrates how this principle explains the creation of the "edge cities" described by Joel Garreau.

In *Edge City* (New York: Anchor Books, 1992) Garreau describes the emergence of historically unique cities on the edge of urban landscapes. These are work centers and single-end destinations for mixed use – jobs, shopping and entertainment. An example is Bellevue in the Seattle, WA metropolitan area. He identifies many others.

The second principle, *order from random growth*, describes how objects obey a power law size distribution. A result of this principle defines a rule stipulating that the population of a city is inversely proportional to its rank. For example, Spokane is 370,000 people. Surprisingly, for U.S. cities, regressing the log of rank on the log of population gives a coefficient of -1, a result Krugman labels as "spooky" because the relationship is so exact.