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# All's Well That Ends Zell



By Marty Kaplan

*Los Angeles Times* owner Sam Zell didn't file for bankruptcy because the newspaper business is being battered by the recession or by online competition. He went into Chapter 11 because of the irresponsible and boneheaded deal he made to take over Tribune Co. in the first place.

Zell's own financial chickens are coming home to roost. Unfortunately, the people who are paying the price for his recklessness are the citizens of Los Angeles and the staff of their premier paper.

Zell only put up \$315 million of his own money to buy the *Times'* owner, Tribune Co. The rest — \$8.2 billion — was highly leveraged debt; the deal, which nearly tripled Tribune's debt load, turned on a fancy maneuver creating an Employee Stock Ownership Plan executed behind the backs of Tribune's actual employees. The sorry result: a debt service of \$1 billion a year.

Even if advertising were not dropping, even if subscriptions were not falling, Zell would have had no chance to cover his monthly nut without the waves of cutbacks he ordered, which have devastated *Times* morale and decimated its content. And even with those cutbacks, the bankruptcy is now proof of how misbegotten his strategy was in the first place.

The economic meltdown the nation is now living through offers plenty of evidence of how the American people are at the mercy of casino gamblers posing as capitalism's finest. The billionaires who got us into this mess turn out to be not heroic entrepreneurs contributing to the country's prosperity, but unaccountable buccaneers who could care less about jobs and communities. Sam Zell's megalomania isn't unique; it's just our misfortune that Los Angeles' civic life has to bear the consequences of his financial swagger.

So what's next? The prospect of Zell's dumping Tribune assets at fire-sale prices has renewed speculation about the *Los Angeles Times* being returned to local ownership. As a strictly business proposition, it's hard to imagine a price low enough to make sense to a buyer, but maybe the bankruptcy will force Zell's hand. It's also hard to imagine a new owner taking over the *Times*, at any price, with illusions about acquiring a

financial gusher. The paper has been profitable, but buying any newspaper at this moment in the history of journalism would be more of a statement about what a great city needs than a bet on making an easy buck.

Maybe David Geffen or Eli Broad or Dick Riordan still thinks that the *Los Angeles Times* brand is too good not to own at the right price (all three made overtures to buy the paper before Zell sealed his deal). But chances are, there is no business plan for the future of the *Times* that makes sense unless serving the public interest is considered to be as much a reward as a revenue stream. That's why it's tempting to think of what an unconventional ownership model would look like — reorganizing the *Times* as a nonprofit entity, for example, either free-standing, or perhaps as part of another nonprofit, like a university or foundation.

It's also worth imagining Los Angeles without a newspaper of the *Times'* journalistic resources.

Maybe the notion of delivering a product made of dead trees to people's driveways early each morning is obsolete in an era when news is made and reported around the clock, and when digital delivery is cheap and immediate. Maybe the available sources of news are so abundant that the idea of a single authoritative source is hopelessly archaic. Maybe the fractionated megalopolis that Los Angeles has become makes it absurd to think that one paper can meet the needs of so many geographically far-flung and ethnically diverse subcommunities.

But if the *Times* doesn't make the effort to look for a common culture and to create a shared public space to fight about what a common culture is, what will?

Blogs and Web sites are swell, but they're silos, not connective tissue. Local television news believes that thoughtful coverage of local politics and public affairs is ratings poison. Community and special-interest and alternative papers perform a crucial service, but size matters; a million people sharing the same information every day makes a deeper impact than 10 readerships of a 100,000 once a week, no matter how ecumenical the content. Budgets matter, too: investigative journalism takes time and dough that smaller outlets, and local public television, don't have. The *Times* may be an imperfect mirror of what Los Angeles is, but without it, it's hard to know where the region goes to see itself whole, or even why people will think that's an effort worth making.

Sam Zell didn't cause the crisis in modern journalism, but he did turn a superb and profitable institution into a basket case. The people who work there, and the people who read it, deserve way better. Even the people who don't read the *Times* deserve a city that never stops searching for its soul. Sam Zell doesn't get that a great newspaper can give its community a public space to do that. Maybe it's time for him to sell it to someone who does.

*(This is my column from The Jewish Journal of Greater Los Angeles, where you can e-mail me if you'd like.)*

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