

*Commentary*

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THINK TANK

## What Colleges Should Learn From Newspapers' Decline

By KEVIN CAREY

**Newspapers are dying. Are universities next? The parallels between them are closer than they appear. Both industries are in the business of creating and communicating information. Paradoxically, both are threatened by the way technology has made that easier than ever before.**

The signs of sickness appeared earlier in the newspaper business, which is now in rapid decline. The Tribune Company, owner of the *Los Angeles Times* and *Chicago Tribune*, is bankrupt, as is the owner of the *The Philadelphia Inquirer*. The *Rocky Mountain News* and the *Seattle Post-Intelligencer* are gone, and there's a good chance that the *San Francisco Chronicle* won't last the year. **Even the mighty *New York Times* is in danger** — its debt has been downgraded to junk status and the owners have sold off their stake in the lavish Renzo Piano-designed headquarters that the paper built for itself just a few years ago.

**All of this is happening despite the fact that the Internet has radically expanded the audience for news. Millions of people read *The New York Times* online, dwarfing its print circulation of slightly over one million. The problem is that the *Times* is not, and never has been, in the business of selling news. It's in the print advertising business.** For decades, newspapers enjoyed a geographically defined monopoly over the lucrative ad market, the profits from which were used to support money-losing enterprises like investigative reporting and foreign bureaus. **Now that money is gone, lost to cheaper online competitors like Craigslist. Proud institutions that served their communities for decades are vanishing, one by one.**

### What business are we in?

- **Server hosting?**
- **Software development?**
- **Payroll and printing checks?**

- **Developing 34 versions of English Composition 1?**
- **Financial Aid? Admissions?**
- **Teaching, guiding and educating learners?**
- **Assessing skills and competencies and assigning credentials?**

**Much of what's happening was predicted in the mid-1990s**, when the World Wide Web burst onto the public consciousness. But people were also saying a lot of retrospectively ludicrous Internet-related things — e.g., that the business cycle had been abolished, and that vast profits could be made selling pet food online. Newspapers emerged from the dot-com bubble relatively unscathed and probably felt pretty good about their future. **Now it turns out that the Internet bomb was real — it just had a 15-year fuse.**

Universities were also subject to a lot of fevered speculation back then. In 1997 the legendary management consultant Peter Drucker said, "Thirty years from now, the big university campuses will be relics. ... Such totally uncontrollable expenditures, without any visible improvement in either the content or the quality of education, means that the system is rapidly becoming untenable." Twelve years later, universities are bursting with customers, bigger, and (until recently) richer than ever before.

But universities have their own weak point, their own vulnerable cash cow: lower-division undergraduate education. The math is pretty simple: Multiply an institution's average net tuition (plus any state subsidies) by the number of students (say, 200) in a freshman lecture course. Subtract whatever the beleaguered adjunct lecturer teaching the course is being paid. I don't care what kind of confiscatory indirect-cost multiplier you care to add to that equation, the institution is making a lot of money — which is then used to pay for faculty scholarship, graduate education, administrative salaries, the football coach, and other expensive things that cost more than they bring in.

**As of today, there's no Craigslist busily destroying the financial foundations of the modern university. Teaching is a lot more complicated than advertising, and universities have the advantage of sitting behind government-backed barriers to competition, in the form of accreditation. Anyone can use the Internet to sell classified ads or publish opinion columns or analyze the local news. Not anyone can sell credit-bearing courses or widely recognized degrees.**

**But the number of organizations that can — and are doing it online — is getting bigger every year. According to the Sloan Consortium, nearly 20 percent of college students — some 3.9 million people — took an online course in 2007, and their numbers are growing by hundreds of thousands each year. The University of Phoenix enrolls over 200,000 students per year. In one case, the dying newspaper industry itself is grabbing for a share of the higher-education market. The for-profit Kaplan University is owned by the Washington Post Company.**

**And it would be a grave mistake to assume that the regulatory walls of accreditation will protect traditional universities forever.** Elite institutions like Stanford University and Yale University (which are, luckily for them, in the eternally lucrative sorting and prestige business) are giving away extremely good lectures on the Internet, free. Web sites like [Academic Earth](#) are organizing those and thousands more like them into "playlists," which is really just iPodspeak for "curricula." **Every year the high schools graduate another three million students who have never known a world that worked any other way.**

**Some people will argue that the best traditional college courses are superior to any online offering, and they're often right. There is no substitute for a live teacher and student, meeting minds. But remember, that's far from the experience of the lower-division undergraduate sitting in the back row of a lecture hall. All she's getting is a live version of what iTunes University offers free, minus the ability to pause, rewind, and fast forward at a time and place of her choosing.**

**She's also increasingly paying through the nose for the privilege.** Few things are more certain in this uncertain world than tuition increasing faster than inflation, personal income, or any other measure one could name. People will pay more for better service, but only so much more. And with the economy in a free fall, more families have less money to pay. The number of low-cost online institutions and no-cost alternatives on the other side of the accreditation wall is growing. The longer the relentless drumbeat of higher tuition goes on, the greater their appeal.

Institutions that specialize in their mission and customer base are still well positioned in this new environment, much as *The Chronicle* is doing a lot better than the *Rocky Mountain News* (RIP). Tony liberal-arts colleges and other selective private institutions will do fine, as will public universities that garner a lot of external research support and offer the classic residential experience to the children of the upper middle class.

Less-selective private colleges and regional public universities, by contrast — the higher-education equivalents of the city newspaper — are in real danger. Some are more forward-looking than others. Lamar University, a public institution in Beaumont, Tex., recently began offering graduate courses in education administration — another traditional cash cow — through a for-profit online provider, with the two organizations splitting the profits. It's an innovative move and probably a sign of things to come. But the public university still looks like something of a middleman here — and in the long run, the Internet doesn't treat middlemen kindly. To survive and prosper, universities need to integrate technology and teaching in a way that *improves* the learning experience while simultaneously passing the savings on to students in the form of lower prices.

Newspapers had a decade to transform themselves before being overtaken by the digital future. They had a lot of advantages: brand names, highly skilled staff members, money in the bank. They were the best in the world at what they did — and yet, it wasn't

enough. The difficulties of change and the temptations to hang on and hope for the best were too strong.

That's a problem for more than just newspaper shareholders. A strong society needs investigative journalism and foreign bureaus. It needs knowledgeable local reporters who can ferret out corruption and hold public officials to account, just like it needs faculty scholarship and graduate programs and even an administrator or two. Undergraduate education could be the string that, if pulled, unravels the carefully woven financial system on which the modern university depends.

**Perhaps the higher-education fuse is 25 years long, perhaps 40. But it ends someday, in our lifetimes. There's still time for higher-education institutions to use technology to their advantage, to move to a more-sustainable cost structure, and to win customers with a combination of superior service and reasonable price.**

**If they don't, then someday, sooner than we think, we're going to be reading about the demise of once-great universities — not in the newspaper, but in whatever comes next.**

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