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Too HOT to handle



The biography that the New York publishing giants wouldn't touch

BY JEFFERSON DECKER

When her agent told her that she had just gotten a call from Phyllis Grann, Carol Felsenthal knew that it could only be bad news. It was last January, two months after Felsenthal had turned in an 800-page manuscript to her publisher, the New York-based Viking imprint. Felsenthal, a Chicago-based author, had spent four years composing the book, a biography of the media titan S. I. "Si" Newhouse Jr., and Viking's lawyers were supposedly vetting the copy. Now Grann, the president of Viking's parent company, Penguin, Putnam Inc., wanted to talk about the book with Felsenthal's agent, Flip Brophy.

One week later, over lunch with Brophy and Viking President Susan Petersen, Grann dropped the bomb. The manuscript, she said, was great; Felsenthal a very good writer. She insisted that she loved Felsenthal's previous books, especially her biography of *Washington Post* publisher Katharine Graham, which had been published by Grann in 1993. Grann had just one problem with the



PHOTOS: S.I. NEWHOUSE BY MARINA GARNIER; CAROL FELSENTHAL BY MICHAEL AVRAMSON

Newhouse book: There was hardly a page in the entire manuscript that didn't include a reference to a friend. And rather than publish something that would complicate her personal and business relationships, she decided to kill the book. Felsenthal, Grann assured Brophy, would be paid the remainder of her advance. But her book would never be published by Viking.

Grann, who did not return calls from *In These Times*, later disputed the details of the conversation to a reporter from National Public Radio. But a Viking spokesman confirmed it in substance. "The feeling here is that it would have been inappropriate for Viking to publish the Felsenthal book because so many people mentioned in the book are close to the new executives here," he explains. "Carol's absolutely right," insists Al Silverman, who was Felsenthal's editor at Viking until he retired in December 1997. "She was dropped because of the relationship between Newhouse and the top people at Viking Penguin and the effect [of the book] on the publishing house."

After a decade of mergers, takeovers and high-profile sales, the commercial publishing industry is largely owned by a few huge conglomerates. According to a recent story in the *New York Times*, just eight companies control more than half of the entire U.S. book market. And each of these firms is much more powerful than its market share. At any given time, an author may be publishing his book with a publishing house in one conglomerate, planning to sell an excerpt to a magazine belonging to another, and hoping to get reviewed in the newspapers and magazines owned by a third or fourth. Meanwhile, his publisher is trying to sell paperback rights of dozens of different books to imprints owned by the competition. This concentration of the industry has not escaped attention—especially by journalists and academics on the left.

Still, it's not always clear what's at stake. Some people contend that the profit motive itself will ineluctably degrade the quality and diversity of American books. Others worry that top executives at behemoth media companies will be able to impose their personal whims on a vast array of content, or use their cultural arms to promote a hidden business or political agenda. Some moguls, notably News Corporation chief Rupert Murdoch, seem intent on proving their critics right. In February, Murdoch ordered the publisher HarperCollins, which he controls, to kill a memoir by Christopher Patten, the last British governor of Hong Kong. (Patten is critical of the Chinese government in Beijing, and Murdoch, who has business interests in China, wanted to make sure his most-favored-capitalist status with the Communist leadership remained intact.)

Patten survived. His plight made the front page of the *Wall Street Journal* and his manuscript was quickly picked up by a rival publisher. Felsenthal's trek was more arduous. Her case suggests another, more disturbing, consequence of media concentration—the complex web of incestuous relationships that mergers and acquisitions breed. Any industry that contains a small number of firms, all headquartered in one city, and whose employees often draw paychecks from two or three firms at the same time, is difficult to scrutinize. And when the industry in question happens to control the media used to monitor it, the threat of self-censorship is startlingly real.



Felsenthal is no stranger to powerful media figures who like to shield their lives—private and professional—from public view. In 1993, G. P. Putnam's Sons published her *Power, Privilege and the Post: The Katharine Graham Story*. Densely packed with information about Graham's personal life and stories of intrigue at her publications, the book attempts to provide a balanced take on the life of one of this century's most important publishers. Felsenthal insists that she is neither a hagiographer nor a scandal-monger, but an "objective" historian—or at least as objective as she possibly can be. "I'm not Kitty Kelley," she says.

About a month after publication, Graham's lawyers sent a letter to Putnam. Fifteen pages single-spaced, the letter

detailed a list of grievances about the book. Felsenthal spent two months going through boxes of index cards, files and tapes, reproofing the facts in her book one by one. Graham's forces eventually backed off, but the damage had already been done. During those two months, the book sank. Hard cover copies didn't sell well. Ted Turner's cable television network canceled a deal to turn the book into a made-for-television movie. And despite being excerpted in *Vanity Fair* and reviewed in a dozen newspapers and magazines, no publisher picked up the paperback rights. Felsenthal privately blamed Phyllis Grann—then Putnam's president—for not doing enough to support the book when it came under fire.

Still, Felsenthal says she "had no idea what real power was" until she began to work on her book about Newhouse. Graham, after all, has never had complete control over more than two major media outlets: the *Post* and *Newsweek*. Through Advance Publications, the Newhouse family owns countless properties in several different media. The list includes 26 local newspapers, including the *Cleveland Plain Dealer*, the *Newark Star-Ledger* and the *New Orleans Times-Picayune*; all the magazines of the Condé Nast publishing group, including *GQ*, *Vanity Fair* and *Details*; the *New Yorker*, which is technically not a part of Condé Nast; and interests in book publishing. Until very recently, the Newhouses also owned Random House, America's most prestigious publisher.

In fact, the Newhouse empire is so vast that Felsenthal found it difficult to find people who could talk to her without some sort of conflict of interest. "If it wasn't the actual person I was trying to interview who had a connection to Newhouse, then he was involved with a woman who was working for [the Newhouse-owned magazine] *Glamour* or had a book contract with [Newhouse-owned imprint] Ballantine." At one point in the process, she mailed interview requests to the editors or publishers of the Condé Nast magazines, the *New Yorker*, and each of Newhouse's newspapers. She received but one reply. And that was just her letter, returned to her with "Si demands his privacy" scrawled on the side.

Still, Felsenthal tracked down more than 400 people who were willing to be interviewed—including high school classmates, retired editors and a close family member. She reports on everything, from Newhouse's table manners (he is said to eat remarkably quickly, rarely pausing for conversation even at business lunches) and what he wore to work during his early days at Condé Nast (informal sweaters and loafers he slipped off while in his office), to his discovery of a young British journalist named Tina Brown, whom he convinced to take over *Vanity Fair*, and his ousting of long-time *New Yorker* editor William Shawn. The portrait that emerges, she says, is of a "shy, private, meek man" driven by a quest for prestige. "He fancies himself to be a real intellectual, and I think he is," she says. "He likes intellectual things, he likes good writing."

In this sense, he is hardly a typical tycoon. His father, Sam, amassed a fortune by gobbling up local newspapers, driving the competition out of business, and then enjoying the huge profits of a monopoly. Si, on the other hand, has tended to buy properties that are considered prestigious—even if they end up bleeding red ink. "I'm not out to indict Newhouse," Felsenthal says. "I just think he's a foolish businessman. ... Si would never have

it in him to buy a down-and-out publisher and try to make it better. He buys the best that there is." Then he begins to meddle, sometimes with disastrous results: The *New Yorker*, for instance, has not only suffered several blows to its reputation since Newhouse took over, but it currently loses an estimated \$12 to \$15 million per year. Silverman, Felsenthal's editor, calls her portrait "very tight, well written [and] a balanced account, considering its subject."

In fact, it was Silverman who actually proposed the project to Felsenthal, not vice-versa. That was in 1993, at a meeting in which Felsenthal was trying to pitch a biography of Supreme Court justice Ruth Bader Ginsburg. A few days later, Silverman sent her a letter. "Everyone in our house is 100 percent behind you and the project," he wrote. "If you strike bumpy roads along the way, we'll be here to help you."

As it happened, the bumpy roads came from Viking, not Newhouse. In November 1996, Pierson PLC, a British company that owns Viking (as well as Penguin books, *The Economist* and dozens of other properties) announced that it would acquire Putnam Berkeley Inc., an American publisher with several highly profitable imprints, for \$336 million from MCA. As soon as the deal went down, Pierson announced that the president of the new Penguin, Putnam Inc. would be Grann. In publishing since 1960, Grann has a legendary ability to sniff out best-sellers; even before Putnam merged with Viking and Penguin, *Publishers Weekly* called her the "most powerful woman in publishing." Then, in April 1997, another executive with close ties to Newhouse, former Random House vice-president Petersen, joined Penguin Putnam as Viking's president. Despite worrying about what the new management would think of her book, Felsenthal continued to work with Silverman, and in November 1997 turned in a completed manuscript.



When she found out that Viking had killed the book, Brophy, Felsenthal's agent, started shopping it around to about a dozen other houses. She eventually contacted every major commercial publishing house in New York. There were no takers; the book was radioactive. An editor at Simon & Schuster begged Brophy not to even send him a copy. "He would have liked it, he was that kind of guy," Felsenthal offers. "But he knew that if he were to accept it, the next time he sent a book over to be excerpted by *Vanity Fair* or the *New Yorker* he wouldn't get the reception he wanted."

Finally, Brophy hooked up Felsenthal with Seven Stories Press, an independent house in New York's Tribeca neighborhood. Founded three years ago by publisher Daniel Simon, a veteran editor with experience at Norton and Four Walls Eight Windows, Seven Stories produces about 25 books each year and is best known for its new fiction. But its nonfiction list includes a number of books about television and the media. Simon read Felsenthal's manuscript and immediately signed on. "I was as scared of Newhouse as the next guy," he says.

"But if a small, independent press like Seven Stories doesn't do this then, well, we ought to just hang up our hats." Of course, he might not have quite as much to fear from Newhouse as Grann does. Simon admits that his editorial entanglements are more likely to be with other lower Manhattan independents—like Soho or Verso—than with the commercial publishers in Midtown.



So Felsenthal wasn't completely shut out of the market. *Citizen Newhouse: A Portrait of a Media Merchant* is scheduled to come out this fall. Yet, the unwillingness of a mainstream commercial publisher—any mainstream commercial publisher—to pick up her manuscript is disturbing.

In Grann's defense, she is hardly the first executive to decline to publish a story because it posed a major conflict of interest. The problem is not so much Grann's unwillingness to go with something risky, but a publishing industry where everyone else is similarly conflicted. Equally disturbing is how casually this self-censorship went on. It's unclear that anyone actually was pressured by Newhouse to stop the book. "I'm convinced," says Felsenthal, "that Si Newhouse never issued an edict saying, 'There is this woman out there who is writing a book. Please don't answer her letters or her telephone calls.'"

Ironically, while Felsenthal was shopping her manuscript around Manhattan this winter, Newhouse was negotiating to greatly reduce his stake in American book publishing. On March 23, he sold Random House to Bertelsmann AG, a media conglomerate based in Gütersloh, Germany. Bertelsmann, which already owns the American imprints Bantam, Doubleday and Dell, now controls more than 10 percent of the U.S. book market. Newhouse, according to the *New York Times*, pocketed \$1.4 billion and announced plans to concentrate on his newspaper and magazine empires. Felsenthal jokes that she ought to offer her book back to Viking since Grann and Newhouse are no longer quite so entangled. But this is gallows humor. Big publishing, already too small to find a place for her work, just got even smaller. ■

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