DFM, GateHouse Workers Target a Different Threat to Press Freedom — Asset-Stripping Hedge Fund Owners

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early 1,500 NewsGuild members in 28 bargaining units joined together on World Press Freedom Day to focus attention on an often-overlooked threat — the damage done to newspapers by profiteering hedge fund owners.

On May 3, workers at publications run by Digital First Media (DFM) and GateHouse Media publicized their common fight against the asset-stripping business model the companies employ.

Displaying banners and signs at their desks that said, “Democracy Depends on Journalism” and “Invest in Us,” NewsGuild members pointed out that the aggressive cost-cutting harms the workers, weakens the publications, and undermines their ability to produce quality local news.

Data collected and analyzed by DFMworkers.org shows that Alden Global Capital, the hedge fund that owns DFM, is downsizing staff at the newspapers it operates at an alarming rate. Over the past five years (through September 2016), newspapers across the country lost 26 percent of their workforce, according to an April 3 report from the Bureau of Labor Statistics.

That’s disturbing enough, but a poll of NewsGuild representatives at 12 DFM papers for roughly the same period reveals workforce reductions that were more than twice the national average — with some staff losses at nearly 80 percent. Meanwhile, Alden pocketed millions of dollars.

The New Media Investment Group (NMIG), the parent company of GateHouse Media, uses the money generated by severe staff reductions and the sale of assets to pay dividends, fund acquisitions, and disburse fees to its external managers.

At GateHouse, the slash-and-burn strategy has resulted in lower stock prices and, on May 25, a vote of “no confidence” in the CEO at the company’s annual shareholders meeting. (See p. 1 for more.)

The May 3 joint action attracted widespread support throughout The NewsGuild-CWA and the labor movement. More than 5,000 people have signed The NewsGuild’s petition for press freedom and the #Right2Report, which officially launched on May 3.

Cutline:

When hedge funds own newspapers…

Just a week after the East Bay News staff was awarded the Pulitzer Prize for “relentless” coverage of the deadly Ghost Ship warehouse fire in Oakland, Digital First Media, owner of the Bay Area News Group, announced plans to move copy desk work to Southern California, triggering 20 more layoffs from a shrunken roster of 92 Guild-represented employees in the East Bay.