Can a Little Magazine Break Even?

WM. F. BUCKLEY JR.

A report to our readers from the editor, attempting to answer some of the questions most frequently heard from them. And a look at inflation and its special effect on the "little magazines."

Inflation's contributions to cultural conformity are not widely dealt with, and certainly not widely understood. I confine myself here to the dilemma of the so-called "little magazine"—that is, the journal tailored to the tastes of the thinking few, rather than to a more general readership. Such a journal must depend, for its survival, on what the readers themselves will pay to gratify their interest—because the advertisers will not come in, in heavy enough numbers, to pick up the bill. We all know that inflation and high taxation have the effect of discouraging the cultivation of costly intellectual pursuits. But what exactly is the role of the advertiser?

"It is absolutely ridiculous," a publisher friend once told me, "for the *New York Times* to sell for only five cents. It ought to sell for a quarter!" Now my friend is not out to punish the readers of the *Times*, or at least not in this way. He speaks as a publisher, and he means that the extraordinary offer the *New York Times* (he is using it merely as a symbol—he might as well have mentioned the *Dallas News* or the *Chicago Tribune* or the *San Francisco Chronicle*) is able to make every day for a mere five cents, thanks to its advertisers, has the effect of conditioning the reader to living in a dream world, where reading matter is plucked off the trees, virtually free of charge. It is very hard, let's face it, while the *Times* costs five cents a copy and *Life* twenty-five, for *National Review* to charge thirty cents (divide $8.00 by 26 issues), let alone sixty cents—which is what we should be charging, given the costs of publishing, and what we *would* be charging if the average American reader were prepared to pay as much more, relatively, for periodical reading matter over the price in 1933, as he is prepared to pay, today, for a hamburger, or a movie, or an automobile, or a pencil.

That is the dilemma I speak of. When the cost of manufacturing goes up 10 per cent the mass periodical publisher seldom has to turn to his readers to demand a 10 per cent increase in the subscription rate. He turns, instead, to advertisers for an additional subsidy; and the advertisers absorb the increase as a cost of doing business, which is reflected, naturally, in the price of their products to the consumers. But the little magazine has no such buffer. Normal business enterprises turn immediately, as they must, to the consumers, to absorb an increase in the cost of production. But the consumers of periodical literature are accustomed to being heavily subsidized, and hence partially relieved, in a way in which the radio listener or television viewer is fully relieved, of personal obligation for the cost of production. The reader of *National Review* or the *New Leader* or the *Nation* is, with his left hand, buying *Life*, and the *Saturday Evening Post*, and the *New York Times;* or if not, he is in any case aware, consciously or semi-consciously, of their prices at the newsstand, and it is from them that he derives the standards of value by reference to which he passes judgment on the asking price of a "competitive" product. Although that reader has been realistic enough to permit a relative increase in the price of the "little" journal (the *New Republic* charges more than *Life*), the point of diminishing returns is soon reached, where the journal cannot afford to charge the readers more.

And that point is reached far this side of solvency. The result is an operating deficit. The cultural consequences would seem clear: most advertisers (I except the farsighted few) will support widely only magazines with a mass circulation. The publisher is at their mercy—in the sense that the advertisers are principally responsible for the psychology of periodical pricing: they set the limits beyond which subscription prices may not safely be set; and yet they will not extensively patronize journals written for the few; in *National Review's* case, not even those few who are doing the thinking necessary to preserve a climate of opinion within which business enterprise can survive.

That is what my friend was talking about. If the *New York Times* —and *Time*, and *Life*, and the *Saturday Evening Post*—were to let their prices keep pace with inflation, they would be charging two and three times what they do now, creating a price climate in which *National Review*—and the *New Republic*, the *Nation*, the *New Leader*, and the *Commonweal*, all of which are losing money—could increase substantially their subscription rates, thus making ends meet. In 1923, Albert Jay Nock's weekly *Freeman* sold at $6.00 per year. *National Review*, founded 32 years later, sells for $8.00 per year. In 1923 linotypists were paid $25 per week. Today they are paid $125. That is the measure of the problem I speak of.

Inside National Review

Consider the cost of publishing *National Review*—a cost which, as far as we can see, is irreducible so long as the magazine is to have its present appearance. I take the figures for 1958, and round them off to the nearest one thousand dollars.

In 1958, *National Review* did substantially better than in 1957, thanks to an increase in circulation, and the launching of the *National Review Bulletin*. Even so, our operating deficit was $136,000.

What does it take to put out a magazine like *National Review* (other, that is, than a good hold on the eternal verities)? Last year (the figures include three months of the *Bulletin*) *National Review* paid out $390,000; it took in (not counting gifts) $254,000.

With a circulation of 29,000, *National Review's* cost per subscription is therefore $13.45.

We published a total of 1,040 pages. Distributing the total cost evenly, we see that each page costs $375.

The editorial cost of the magazine is $96,000, or an average of $92 per page; 24.8 per cent of the total cost.

The printing cost (including paper) is an almost identical $95,000, an average of $91.50 per page; 24.3 per cent of the total.

The circulation and promotion cost is $75,000, an average of $72 per page; 19 per cent of the total.

The business and administrative costs are $123,000, $118 per page; 31.5 per cent of the total.

One can see that if *National Review* had merely to pay the people who write the words, and pay the printer to put those words on paper, we could get on with half the money we now need. But: who would read the manuscripts sent in, pay the postage to correspond with the writers, type the accepted manuscripts, make up the editorial pages, travel to the printer to oversee the operation, proofread, pay the artists and the engravers? Who would supply the mailing wrappers, pay for them, pay the postage, draft promotion mailings, print them, answer questions, service subscriber requests, change addresses? Who would answer the phone, examine the books, do the legal work, buy the office supplies, pay the rent, set publishing policy?

On the editorial side: Non-salaried writers for *National Review* receive a total of $28,000. They are paid at the rate of five cents per word ($50 per printed page), and a maximum of $150 per article. (The *Reporter* pays about nine cents; the *New Republic* and the *Nation* slightly less than *National Review*.) Salaried writers earn at rates ranging from a little more, to a little less, than the five-cent rate. Per year, $25,000 is paid to the nine people who contribute whole or part time to editorial chores, an average of $2,777. (The editor contributes his time.)

Under Business and Administration are included salaries for eight persons: the Publisher (who is also Business Manager), Assistant Publisher (who also serves as Promotion Manager), Office Manager, Bookkeeper, Production Editor, two stenographers and a telephone operator ($39,000); rent; payroll taxes; interest; legal and auditing expenses; insurance; postage for the *Magazine* and the *Bulletin;* and that whole array of individually small items that swell the general category of "overhead"—telephone and telegraph charges, dues and subscriptions, utilities, miscellaneous taxes, and the like.

Then and Now

The increase in the cost of publishing in recent years, over and above inflation, aggravates the special problems of the little magazines, to which I have already alluded. Consider the past twenty-five years: the contrast between the cost of publishing a magazine in 1958 and in 1933. In 1933, the *New Republic*, a magazine exactly comparable, with a circulation almost exactly equal to that of *National Review*, published 1,664 pages—at an average cost of $135 per page.[1] *Using 1933 dollars, National Review's* cost per page in 1958 was $156, suggesting that *National Review* is more extravagant. However, the cost of paper and print has inflated much faster than the dollar, offsetting the 15 per cent apparent difference in cost-per-page. The 1933 dollar had depreciated, in 1958, to 40 cents. But compared to 1933, a dollar would only buy you, in 1958, 32 cents worth of paper-and-print. This indicates that in terms of costs, the efficiency of *National Review*, as a publishing enterprise, is about equal to that of the *New Republic* in the early thirties, in the height of the Depression.

Now consider the income figures. In 1933 the *New Republic* took in $168,000 by selling its magazine at a base rate of $5.00 per year.

In 1958, *National Review* took in $211,000 by selling its magazine at a base rate of $8.00 per year. Even though, in 1958, one needs two and one-half times more than in 1933 to purchase the same goods and services, owing to the depreciated dollar, *National Review's* subscription rate is up not two and one-half times over the *New Republic's*, but up only 60 per cent. Now if *National Review* had received, in 1958, for each subscription, a sum of money with the purchasing power of five 1933 dollars (*i.e.,* if we had charged $12.50 per subscription), our subscription income would have amounted to $329,000 instead of $211,000; and our deficit of $135,000 would have been reduced by $118,000—leaving a net deficit of a relatively painless $19,000. In other words, if the reading public had allowed periodicals to keep pace with the rise in price of automobiles, rolls, dog collars, or cigarettes, publishers' hair would not turn white so early in life.

In spite of its relatively lower costs, the *New Republic* had in 1933 a deficit of $63,000. In 1958 dollars, that is a deficit of $157,000—or a greater deficit than *National Review's*. This would indicate superior relative efficiency by *National Review* in attracting nonsubscription income, *e.g.,* through advertising.

Maybe Not Tomorrow

The question we most often hear at *National Review* is: "At what point do you break even?" That is not an easy question to answer, because relative costs change with an increase in volume, and advertising revenues also tend to increase.

But assuming income from sources other than subscriptions were to remain constant (our advertising income during 1958 was $29,000), and that the price of paper and print would not decrease substantially with higher print runs: assuming that, what would it take for *National Review* to break even?

What profit does *National Review* make from a single subscription? None, of course, if you count the overhead. But taking the overhead as a fixed cost, then how much? The answer is: it depends. It depends on how much money was spent in attracting the attention of the subscriber—on the so-called promotion

(*Continued on p.* 407)

[1] The figures for the *New Republic* are derived from the clear recollection of a former official of the magazine, for the period 1930-1935.

CAN A LITTLE MAGAZINE BREAK EVEN?

(*Continued from p. 394*)

cost of his subscription; or, if he is already a subscriber, on how many letters (they are costly) need be sent before he gets around to renewing.

Some subscriptions, of course, come in wholly unsolicited. Even though they are negligible in number, they are worth looking at because, costing us nothing to get, they serve an illustrative purpose. Of the $8.00 that comes in "over the transom" for a single subscription, *National Review* will end up spending $4.25 in fulfillment costs, *i.e.*, for paper, print, handling, postage, and subscription maintenance. Our surplus from that subscriber is $3.75. Less than 1 per cent of our subscribers come in by that route.

The subscription renewal, however, is an important staple. It yields us, after deducting the cost of the two or three reminders usually required to bring the renewal in, $3.50.

The subscriber who responds to one of our typical promotion mailings will send us a check for $8.00. We will spend the regular $4.25 on fulfillment; but additionally, we will have spent an average of $3.00 per subscription on the promotion that called *National Review* to his attention. Which means that three dollars of the $3.75 potential profit on his subscription are consumed, leaving us only 75 cents.

Now in the year 1958, total subscriptions were about 50 per cent new, and 50 per cent renewals (our renewal rate runs 60 to 75 per cent). The average profit, then, is derived by adding $3.50 for the renewal, and 75 cents for the new subscription, and dividing the sum by two, which our accountants have done for us. Rounding off their result, we arrive at the figure $2.15.

Therefore, assuming our subscription list continued to grow in the same proportion as in 1958, *i.e.*, half by renewal, half in response to promotion, and that the deficit stayed at $135,000, we would break even with an additional 62,719 subscribers. Added to our present subscription list of about 29,000, this would give us a total mailing of 91,791. It is probably not an exaggeration to say that when there are that many literate and aroused conservatives in the land, the country will break even too!

What do these figures mean for *National Review* and for other journals of opinion? That solvency, from the straight publishing activity, is far away. To be sure, we are headed in the right direction. Every year's deficit has been less than the previous year's thus far.

Though not yet four years old, *National Review*, with 29,000 subscribers, has already surpassed the circulation of four out of the six weekly journals of opinion. We are ahead of the *Nation* (24,000), the *New Republic* (27,000), the *Commonweal* (20,000), and the *New Leader* (18,000), and are surpassed only by religious weeklies, *America* (42,000) and *Christian Century* (37,000). Even so, our deficit is substantial and alarming. *National Review* may not have to wait, to break even, until it has 91,000 readers. The management has been trying to develop corollary commercial enterprises capable of taking on a share of the load. Examples are the radio station *National Review* now owns, but which is not yet spinning off a profit; the *National Review Bulletin*, which could increase our revenues substantially if it continues to grow; and other projects.

Meanwhile, *National Review* must continue to depend, for its survival, on those who view its purposes with sympathy, can afford to contribute to the political education of their nation, and are generous and dutiful enough to want to do so. Journals of opinion are both educational and political enterprises, and I know of no political enterprise that is self-supporting, and very few educational enterprises; so that it is not so very striking that *National Review* should have to turn for assistance to those it seeks to serve, educationally and politically. If the editors, feature writers, contributors and book reviewers of *National Review* don't offer more education than all the teachers' colleges combined, we volunteer to spend the rest of our lives studying Life Adjustment. If *National Review* does not contribute more to the political sanity of the nation than the League of Women Voters and the Ford Foundation combined, we offer our services, free of charge, to Americans for Democratic Action. If there is not, within the borders of this country, the support that is required to keep alive a weekly journal of conservative thought, we greatly misjudge the temper of America's conservatives.