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University of California
Berkeley, California

Paul Steiger

Paul Steiger: Business Reporting and the Creation of ProPublica

The Marion and Herbert Sandler Oral History Project

Interviews conducted by
Martin Meeker
in 2017

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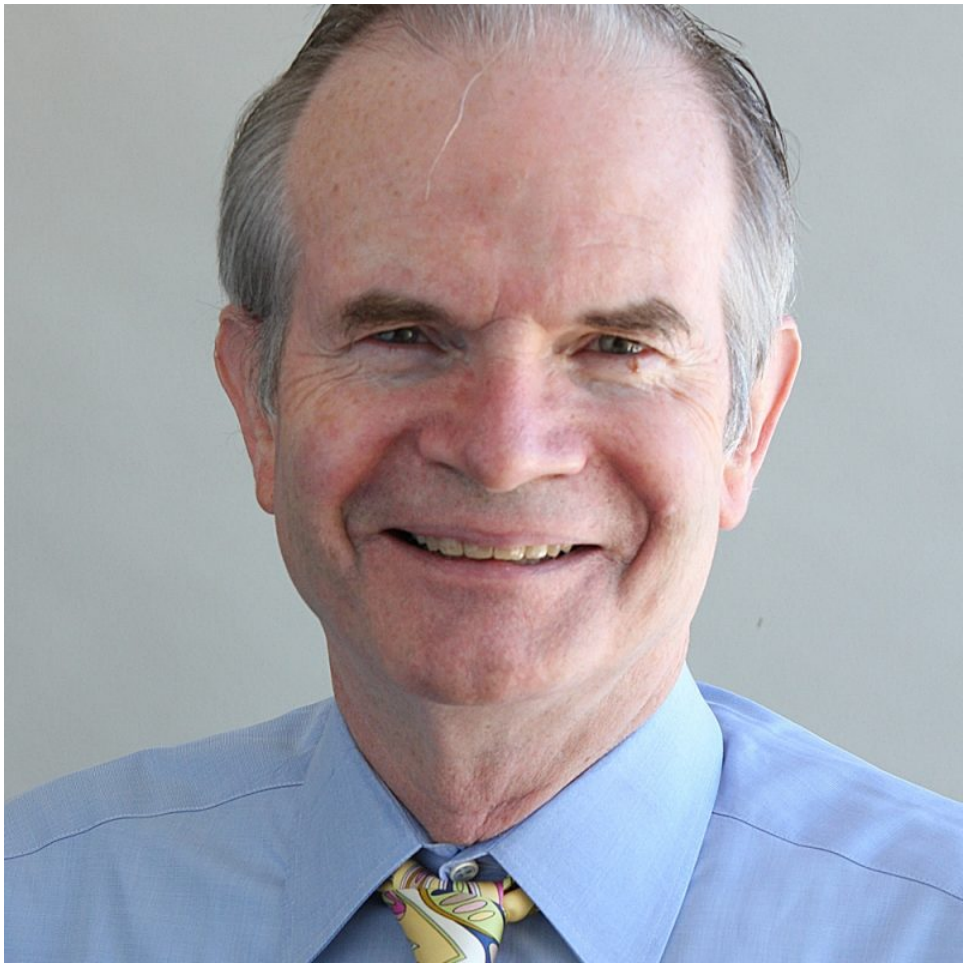

Paul Steiger
Courtesy ProPublica

Paul Steiger was the founding editor-in-chief, CEO and president of ProPublica from 2008 through 2012. Prior to establishing ProPublica in collaboration with Marion and Herb Sandler, Steiger worked for 15 years as a reporter, the Washington economics correspondent, and the business editor for the *Los Angeles Times*, and for 26 years as a reporter and editor for the *Wall Street Journal*, where he was managing editor from 1991 to 2007. In this interview, Steiger discusses: learning about Herb and Marion Sandler while reporting business news for the *Los Angeles Times*; the reputation of the Sandlers in the world of finance; the state of investigative journalism in the internet era; the creation of ProPublica and how it grew into a respected voice in investigative journalism; and the present and future goals of ProPublica.

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Project History: the Marion and Herb Sandler Oral History Project

Herb Sandler and Marion Osher Sandler formed one of the most remarkable partnerships in the histories of American business and philanthropy—and, if their friends and associates would have a say in things, in the living memory of marriage writ large. This oral history project documents the lives of Herb and Marion Sandler through their shared pursuits in raising a family, serving as co-CEOs for the savings and loan Golden West Financial, and establishing a remarkably influential philanthropy in the Sandler Foundation. This project consists of eighteen unique oral history interviews, at the center of which is a 24-hour life history interview with Herb Sandler.

Marion Osher Sandler was born October 17, 1930, in Biddeford, Maine, to Samuel and Leah Osher. She was the youngest of five children; all of her siblings were brothers and all went on to distinguished careers in medicine and business. She attended Wellesley as an undergraduate where she was elected into Phi Beta Kappa. Her first postgraduate job was as an assistant buyer with Bloomingdale's in Manhattan, but she left in pursuit of more lofty goals. She took a job on Wall Street, in the process becoming only the second woman on Wall Street to hold a non-clerical position. She started with Dominick & Dominick in its executive training program and then moved to Oppenheimer and Company where she worked as a highly respected analyst. While building an impressive career on Wall Street, she earned her MBA at New York University.

Herb Sandler was born on November 16, 1931 in New York City. He was the second of two children and remained very close to his brother, Leonard, throughout his life. He grew up in subsidized housing in Manhattan's Lower East Side neighborhood of Two Bridges. Both his father and brother were attorneys (and both were judges too), so after graduating from City College, he went for his law degree at Columbia. He practiced law both in private practice and for the Waterfront Commission of New York Harbor where he worked on organized crime cases. While still living with his parents at Knickerbocker Village, he engaged in community development work with the local settlement house network, Two Bridges Neighborhood Council. At Two Bridges he was exposed to the work of Episcopal Bishop Bill Wendt, who inspired his burgeoning commitment to social justice.

Given their long and successful careers in business, philanthropy, and marriage, Herb and Marion's story of how they met has taken on somewhat mythic proportions. Many people interviewed for this project tell the story. Even if the facts don't all align in these stories, one central feature is shared by all: Marion was a force of nature, self-confident, smart, and, in Herb's words, "sweet, without pretentions." Herb, however, always thought of himself as unremarkable, just one of the guys. So when he first met Marion, he wasn't prepared for this special woman to be actually interested in dating him. The courtship happened reasonably quickly despite some personal issues that needed to be addressed (which Herb discusses in his interview) and introducing one another to their respective families (but, as Herb notes, not to seek approval!).

Within a few years of marriage, Marion was bumping up against the glass ceiling on Wall Street, recognizing that she would not be making partner status any time soon. While working as an analyst, however, she learned that great opportunity for profit existed in the savings and loan sector, which was filled with bloat and inefficiency as well as lack of financial sophistication and incompetence among the executives. They decided to find an investment opportunity in California and, with the help of Marion's brothers (especially Barney), purchased a tiny two-branch thrift in Oakland, California: Golden West Savings and Loan.

Golden West—which later operated under the retail brand of World Savings—grew by leaps and bounds, in part through acquisition of many regional thrifts and in part through astute research leading to organic expansion into new geographic areas. The remarkable history of Golden West is revealed in great detail in many of the interviews in this project, but most particularly in the interviews with Herb Sandler, Steve Daetz, Russ Kettell, and Mike Roster, all of whom worked at the institution. The savings and loan was marked by key attributes during the forty-three years in which it was run by the Sandlers. Perhaps most important among these is the fact that over that period of time the company was profitable all but two years. This is even more remarkable when considering just how volatile banking was in that era, for there were liquidity crises, deregulation schemes, skyrocketing interest rates, financial recessions, housing recessions, and the savings and loan crisis of the 1980s, in which the entire sector was nearly obliterated through risky or foolish decisions made by Congress, regulators, and managements. Through all of this, however, Golden West delivered consistent returns to their investors. Indeed, the average annual growth in earnings per share over 40 years was 19 percent, a figure that made Golden West second only to Warren Buffett's Berkshire Hathaway, and the second best record in American corporate history.

Golden West is also remembered for making loans to communities that had been subject to racially and economically restrictive redlining practices. Thus, the Sandlers played a role in opening up the dream of home ownership to more Americans. In the offices too, Herb and Marion made a point of opening positions to women, such as branch manager and loan officer, previously held only by men. And, by the mid-1990s, Golden West began appointing more women and people of color to its board of directors, which already was presided over by Marion Sandler, one of the longest-serving female CEOs of a major company in American history. The Sandlers sold Golden West to Wachovia in 2006. The interviews tell the story of the sale, but at least one major reason for the decision was the fact that the Sandlers were spending a greater percentage of their time in philanthropic work.

One of the first real forays by the Sandlers into philanthropic work came in the wake of the passing of Herb's brother Leonard in 1988. Herb recalls his brother with great respect and fondness and the historical record shows him to be a just and principled attorney and jurist. Leonard was dedicated to human rights, so after his passing, the Sandlers created a fellowship in his honor at Human Rights Watch. After this, the Sandlers giving grew rapidly in their areas of greatest interest: human rights, civil rights, and medical research. They stepped up to become major donors to Human Rights Watch and, after the arrival of Anthony Romero in 2001, to the American Civil Liberties Union.

The Sandlers' sponsorship of medical research demonstrates their unique, creative, entrepreneurial, and sometimes controversial approach to philanthropic work. With the American Asthma Foundation, which they founded, the goal was to disrupt existing research patterns and to interest scientists beyond the narrow confines of pulmonology to investigate the disease and to produce new basic research about it. Check out the interview with Bill Seaman for more on this initiative. The Program for Breakthrough Biomedical Research at the University of California, San Francisco likewise seeks out highly-qualified researchers who are willing to engage in high-risk research projects. The interview with program director Keith Yamamoto highlights the impacts and the future promise of the research supported by the Sandlers. The Sandler Fellows program at UCSF selects recent graduate school graduates of unusual promise and provides them with a great deal of independence to pursue their own research agenda, rather than serve as assistants in established labs. Joe DeRisi was one of the first Sandler Fellows and, in his interview, he describes the remarkable work he has accomplished while at UCSF as a fellow and, now, as faculty member who heads his own esteemed lab.

The list of projects, programs, and agencies either supported or started by the Sandlers runs too long to list here, but at least two are worth mentioning for these endeavors have produced impacts wide and far: the Center for American Progress and ProPublica. The Center for American Progress had its origins in Herb Sandler's recognition that there was a need for a liberal policy think tank that could compete in the marketplace of ideas with groups such as the conservative Heritage Foundation and the American Enterprise Institute. The Sandlers researched existing groups and met with many well-connected and highly capable individuals until they forged a partnership with John Podesta, who had served as chief of staff under President Bill Clinton. The Center for American Progress has since grown by leaps and bounds and is now recognized for being just what it set out to be.

The same is also true with ProPublica. The Sandlers had noticed the decline of traditional print journalism in the wake of the internet and lamented what this meant for the state of investigative journalism, which typically requires a meaningful investment of time and money. After spending much time doing due diligence—another Sandler hallmark—and meeting with key players, including Paul Steiger of the Wall Street Journal, they took the leap and established a not-for-profit investigative journalism outfit, which they named ProPublica. ProPublica not only has won several Pulitzer Prizes, it has played a critical role in supporting our democratic institutions by holding leaders accountable to the public. Moreover, the Sandler Foundation is now a minority sponsor of the work of ProPublica, meaning that others have recognized the value of this organization and stepped forward to ensure its continued success. Herb Sandler's interview as well as several other interviews describe many of the other initiatives created and/or supported by the foundation, including: the Center for Responsible Lending, Oceana, Center on Budget and Policy Priorities, Learning Policy Institute, and more.

A few interviewees shared the idea that when it comes to Herb and Marion Sandler there are actually three people involved: Marion Sandler, Herb Sandler, and "Herb and Marion." The later creation is a kind of mind-meld between the two which was capable of expressing opinions, making decisions, and forging a united front in the ambitious projects that they accomplished. I think this makes great sense because I find it difficult to fathom that two individuals alone could do what they did. Because Marion Sandler passed away in 2012, I was not able to interview her, but I am confident in my belief that a very large part of her survives in Herb's love of "Herb and Marion," which he summons when it is time to make important decisions. And let us not forget that in the midst of all of this work they raised two accomplished children, each of whom make important contributions to the foundation and beyond. Moreover, the Sandlers have developed many meaningful friendships (see the interviews with Tom Laqueur and Ronnie Caplane), some of which have spanned the decades.

The eighteen interviews of the Herb and Marion Sandler oral history project, then, are several projects in one. It is a personal, life history of a remarkable woman and her mate and life partner; it is a substantive history of banking and of the fate of the savings and loan institution in the United States; and it is an examination of the current world of high-stakes philanthropy in our country at a time when the desire to do good has never been more needed and the importance of doing that job skillfully never more necessary.

Martin Meeker, Charles B. Faulhaber Director, Oral History Center, UC Berkeley

List of Interviews of the Marion and Herbert Sandler Oral History Project

Ronnie Caplane, "Ronnie Caplane: On Friendship with Marion and Herb."

Steve Daetz, "Steve Daetz: Values and Leadership at Golden West Financial and the Sandler Foundation."

Joseph DeRisi, "Joe DeRisi: From Sandler Fellow to UCSF Professor of Biochemistry."

Stephen Hauser, "Stephen Hauser: Establishing the Sandler Neurosciences Center at UCSF."

Russell Kettell, "Russ Kettell: A Career with Golden West Financial."

Thomas Laqueur, "Tom Laqueur: On the Meaning of Friendship."

Bernard Osher, "Barney Osher: On Marion Osher Sandler."

John Podesta, "John Podesta: Building Infrastructure for Progressive Politics with the Center for American Progress."

Anthony Romero, "Anthony Romero: Leadership of the American Civil Liberties Union in Times of Crisis."

Michael Roster, "Michael Roster: Attorney and Golden West Financial General Counsel."

Kenneth Roth, "Kenneth Roth: Human Rights Watch and Achieving Global Impact."

Herbert Sandler, "Herbert Sandler: A Life with Marion Osher Sandler in Business and Philanthropy."

James Sandler, "Jim Sandler: Commitment to the Environment in the Sandler Foundation."

Susan Sandler, "Susan Sandler: The Sandler Family and Philanthropy."

William Seaman, "Bill Seaman: The American Asthma Foundation."

Paul Steiger, "Paul Steiger: Business Reporting and the Creation of ProPublica."

Richard Tofel, "Richard Tofel: The Creation and Expansion of ProPublica."

Keith Yamamoto, "Keith Yamamoto: The Sandler Foundation and the Program in Breakthrough Biomedical Research at UCSF."

Interview 1: October 19, 2017

01-00:00:10
Meeker: Today is the nineteenth of October, 2017. This is Martin Meeker interviewing Paul Steiger for the Herb and Marion Sandler Oral History Project. This is our one interview session together, and we are here at the offices of the Sandler Foundation. So, I'd like to begin, and leapfrog over a bit of your own biography, and we'll get back to that, but I'd like to begin with you telling me about the first time that you encountered or came to know of Herb and Marion Sandler, likely in the context of Golden West Financial.

01-00:01:00
Steiger: Sure. I've known them so long that I can't remember when we actually met for the first time. In the late seventies and early eighties, I was the business editor of the *Los Angeles Times*, and the savings and loan industry was a very hot subject of news coverage, and I might've met them then, but I certainly knew of them forever. Then I went back to the *Wall Street Journal* in 1983, and I certainly, in the nineties, when I was first the deputy managing editor then the managing editor of the *Wall Street Journal*, I remember seeing them, oh, typically for dinner or lunch, if they were in New York, or I was in San Francisco. And it wasn't that we were friends. I liked them both, but they were great sources, very knowledgeable people about finance, and centered in a part of the savings and loans industry that, over that time, collapsed, really. Golden West was one of the few left standing, and thriving, because they were different. They didn't plunge into all kinds of risky investments the way the industry did earlier, when they were relieved of the strictures of Regulation Q, and they were allowed more freedom to invest in things other than housing. Many S&Ls they got into deep trouble, and one after another, either collapsed or more typically were acquired by another financial institution, in a merger.

And so, what had been for several decades one of the landmark industries of Southern California, when I was at the *LA Times*, known for kind of weird architecture, some of the more visual buildings on the landscape of Southern California were headquarters or larger branch offices of the savings and loan associations, and one by one, these iconic institutions started disappearing. So there were, as I recall, and I don't remember exactly what the timeline was, but we got to the point where there were really two major savings and loan operations on the West Coast, and they kind of dominated the industry. One was Golden West, and the other was an outfit based in Seattle, which was more oriented to gaming with Wall Street and rocking and rolling than the Sandlers were, and ultimately, in the 2000s, it sank beneath the waves also.

01-00:05:32
Meeker: Do you recall, when you were first and personally engaging with Herb and Marion, what you thought of them personally?

01-00:05:40
Steiger: Oh, they were fun. They were so smart, and they knew a gazillion people. They were fascinating both, because of the sort of maverick and yet at the same time increasingly leadership role they took in housing finance, and also, because they became more and more politically active, in the center left, and they would talk about how the right had sort of seized the intellectual leadership with, oh, things like the Heritage Foundation and others. And we would exchange conversation about political and economic developments, and they were good sources. They would point me to anomalies or just plain bad stuff, and it created opportunities for possible stories for the *Wall Street Journal*. And I also kind of liked them personally. Herb is a very engaging conversationalist. He was the talker of the two, whereas Marion sparkled, and when she said something, you knew you better listen. And they played off each other, and I realized that, they were co-CEOs of Golden West, but this was not a gesture out of affection. This was a real, real partnership that also included, even though it'd been going on for years, obvious deep affection, and respect. It's one of the great perpetual love affairs I've ever witnessed in my life.

01-00:09:04
Meeker: In the process of getting to know them, largely in the professional setting, but it sounds like also meeting them on occasion personally, were you at all surprised or taken aback that, here are these two owners of a major financial institution, who really had a very strong sense of justice, and strong political commitments, particularly as you described, center-left political commitments?

01-00:09:38
Steiger: Not particularly. I'd seen that before. I spent a total of eight years in Southern California, three as a business reporter, and then I was seven years for the *LA Times* in Washington covering economics, but then came to LA back as the business editor, and when I was business editor, I was responsible for covering the business side of the entertainment industry. And the entertainment industry is classic for people who make a gazillion dollars, and feel guilty, and want to be active politically, and I'm being a wise ass here. Many of them have deeply held beliefs, and they're delighted that they have the wherewithal to support, again, center left, and in some cases, far left, policies and candidates. So I wasn't astounded by it, but I was intrigued at how serious they were about it, and also how thoughtful, that they were thinking about how they could be most effective.

01-00:11:16
Meeker: Do you recall in what context you really started to learn the degree of their seriousness, and the degree of their commitment that they really wanted to do work in this area?

01-00:11:28
Steiger: Yes. It's not precise, and I can't give you a year, but they had talked about how vexed they were that at one time, the Brookings Institution was kind of

the leading think tank for politics and political economy, and it was center left, though it tacked very close to the wind. It was a home for the shadow cabinet when the Republicans were in control of the White House, and then it was a breeding ground for younger political and economic intellectuals. When I was a reporter in Washington, I just made any number of sources in and around Brookings, but Brookings began to, over the years, to get more, I don't know, set in its ways, bureaucratic, whatever; I never dug deeply into it. And I went back to LA in 1978, and when it was still very much in the action. But there were a number of these rightward leaning—some pretty far out there, and others closer to the center—well-financed think tanks in Washington, and at a couple of times, Herb kind of asked me, or I think it was a more rhetorical question, “Couldn’t there be something that would be more vibrant from the center left?” And to be absolutely honest, I wasn’t terribly interested. I sort of thought he’s kind of tilting at windmills. But then the Center for American Progress came along, and we all know that it was much more than tilting at windmills. It was something very serious.

And, in among that, there was the sense that they were getting to be more and more engaged with both politics and policy in Washington, more and more knowledgeable, sort of first, I think, for protection against a lot of the bad stuff that was going on at the time relating to their industry. There’s a fundamental issue about lending for housing, which is that typically, when you raise money, you borrow short, like you’re a bank or a savings and loan, and you bring in the deposits and the depositor can take it out whenever they want to take it out. Whereas you’re making thirty-year mortgages—and in those days, they were fixed-rate mortgages, and the leverage was enormous—so that if there was a movement in short-term rates—which had not occurred in the first couple of decades of the postwar era, but in the seventies—you’d see short rates go up above 10 percent. And so you could have this whipsawing, and you could be, if you were a lender, you could be put out of business.

And there was this thing called Regulation Q that gave savings and loans the ability to—I think it was a quarter point, they could offer a quarter point more than banks could offer for time deposits, for savings deposits, but, when you had the money market mutual funds enter the game, they could change at will. They could change by a whole percentage point or half a percentage point in a week, and deposits could go running out the door from banks and S&Ls. So, industry had to change, and it did, and it got more freedom to pay market rates for deposits, but that meant it could pursue really risky investments to cover the cost of those deposits, and you had to do something to protect yourself, if you were lending, you were writing mortgages at 9 percent, and the cost of funds went from 4 and a half percent to 10 percent.

So, one thing you could do would be to have variable rate mortgages, so the mortgages could adjust upward, but if the mortgages could adjust on a dime, you would throw people out of their houses. They couldn’t cover the doubling

of their monthly mortgage fee overnight. So, and another way to go involved variable rate. You would have variable rates, but the borrower had the option of not paying the full price of the shift, and have that money put onto the backend of the principal, which to some writers on consumer finance was horrible, because people could see their principal go way up. Actually, in point of fact, in most cases, that was an advantage, because people could ride through a crisis, and then go back to paying the full market mortgage rate without having to lose their house in the middle.

01-00:20:21
Meeker: What they call payment shock.

01-00:20:23
Steiger: Right. The other way to go was to have securitization, which was, you would write these mortgages, but then you would send them off to Wall Street. You would sell them to Wall Street, which would package them into derivative securities, and then the initiator of the mortgage would no longer be at risk with the change in interest rates; this would be borne by the market, which was fine until the opportunities for corruption that that process engendered became too irresistible.

01-00:21:15
Meeker: What did you think of when you learned of Herb and Marion's decision to get out of the business and to sell Golden West?

01-00:21:24
Steiger: I thought, this is a sign of a top. No one's smarter about mortgage finance than they are, and if—now I knew that they were interested in spending more and more time on their philanthropy, but I also knew that their instincts were terrific. So, I was not surprised when, I think *Businessweek* did a big story, oh, "Is This the Sign of a Top?" and my answer to that was, yeah.

01-00:22:11
Meeker: So, clearly, you had been following what they were doing, particularly around the Center for American Progress and the other activities of the foundation which were certainly ramping up in the first half of the first decade of this century. When did they come to you, or when did you have a first conversation with them about the idea that eventually becomes ProPublica?

01-00:22:36
Steiger: Was in the fall I think, around November of 2006, which is just a few months after they had sold. I knew that they had sold, but I wasn't paying that much attention to it, and I didn't know, at least I don't think I knew, that they took a big chunk of that money and put it into the foundation, and I also didn't know that of the twenty-five billion dollars paid for the company, they got 10 percent. So it was like two and a half billion dollars, so it was a pretty good chunk of change.

But anyway, I got a call from them, and I don't know if they were both on the phone or if it was just Herb. I think they were both on the phone—I know it was a phone call—and they said that they were thinking of, they pretty much decided that, they wanted to give ten million or so a year to support investigative reporting. And I thought that was a great idea, because the news industry was suffering, and the resources available for investigative reporting were starting to shrink, and besides, the world had been growing more and more complex, and the opportunity for abuse of power, failure to uphold the public interest, the kind of thing that investigative reporting is aimed at exposing, giving people the opportunity to resist, was becoming more and more necessary. And it was, even if the size of the number of practitioners hadn't been starting to shrink, society needed more rather than less investigative reporting.

And so I thought it was a great idea, and they said that they were talking to lots of people that they knew in journalism to get ideas about what they should do and what they shouldn't do, and would I give them my thoughts. I was up to my neck with the *Wall Street Journal*, but sure. And I remember, there's this expression, "back of an envelope," and it wasn't one of my envelopes, I don't know why. It was one of Wendy's, my wife's business envelopes, and I kind of sketched out some things that—I wished I'd saved the envelope, which I can't find anyplace, but anyway, it was a big hunk of the model of ProPublica, and I threw it into a drawer, and forgot about it.

01-00:26:36
Meeker: Can you reconstruct that, what you wrote, for us?

01-00:26:39
Steiger: Pretty much, I think. And, but it sat there for several months, whereupon we got into 2007, and that was the year that I turned sixty-five. And at that time, Dow Jones had a rule that, for like, I don't know, seven or eight of the top jobs in the company, on the last day of the year that you turned sixty-five, you had to retire. So I knew that I would have to retire at the end of that year, and I had worked out with my bosses that my successor would take over in May, and it was a big fight over who my successor was going to be, but that was resolved. And then, for the rest of that year, I was to contribute to the transition, and figure out what I was going to do next, because, when you're editing the *Wall Street Journal*, anyone who can give you a job is somebody who you could conceivably write about. It was kind of awkward poking around about what I was going to do next, so the idea was that I would help with the transition, and I could, since I'd no longer be in charge of the coverage, I could go talk to people about what I would do next.

So the Sandlers came in to see me, and I had looked at the envelope, and the fundamental things were that we would avoid what I regarded as a fundamental flaw in other nonprofit investigative reporting operations like the Center for Investigative Reporting over here, Berkeley, and the Center for

Public Integrity, in Washington D.C., which I didn't know, but which the Sandlers had actually donated significantly to, in earlier years. But in the case, particularly of CPI, what they would do is, they would produce kind of white papers. They'd do an investigation, and package it, but it was like research, and they would give a press conference, and the wires would come. They were in Washington, so, in those days there were always [laughs] journalists looking for something to do. And so, people would come, and the wires would do a six- or 700-word story, and maybe some of the Washington reporters for a newspaper or magazine or something would do a story, but what you would get is, maybe in, I don't know, twenty or thirty newspapers around the country, a 400-word story on page A-16, and then it would sink beneath the waves. It would be archived and it would be available, and sometimes people would put it together with something else and something useful would come of it, but most of the time, it didn't have much impact.

And so my thought was that, instead of doing that, what the Sandlers ought to do is fund something that they would find a partner, who would get a temporary exclusive on the story, and when news organizations get exclusives, they tend to regard it as of more excitement than if they're just following the news. And so it's more likely to show up on page one, and more likely to be a 1,200- to 1,600-word story on A-1, and one story like that is worth a hundred stories on page A-16. And, so I thought that that should be the approach, that the stories would be available for free, they would be available to the public online, and they'd be funded by a philanthropy. And it would save you the costs of production and distribution, so your focus would be producing content, and the entire raison d'être for the organization would be to produce content that had impact, but the organization wouldn't lobby. It would use only journalistic techniques, because it gets really messy when you mingle the two. And it would pay market salaries, because when you go to a nonprofit hospital, you don't want a bargain doctor taking your appendix out.

And those were the fundamental elements, and the Sandlers were very enthusiastic, and they said, would I be willing to run it, and I said, well, I was committed to the *Journal* through the end of the year, but, if we could work out the details, sure, great. I was very excited. It was like God had looked down and given me a reason for living for another five years [laughter] or so. So, I was surprised. I didn't expect that, but I was excited and I think my wife was relieved, because she runs her business out of our apartment and did not want me at home, and she's a jewelry designer, but she's a former journalist and she recognized what an exciting opportunity it was. And so, the die was cast, I guess.

01-00:35:34
Meeker: So, there are some interesting things about this back of the envelope proposal and that ends up becoming really the basis of what ProPublica becomes once it's established, and I'd like to kind of maybe dig into a few of these things. So, first of all, you had mentioned the existing outfits: Center for Public

Integrity, Center for Investigative Reporting. Did you have a clear reason in mind why the Sandlers shouldn't go in and contribute to and try to transform those existing institutions? Was there something about those existing institutions that you felt like was not going to be able to achieve what their hopes and dreams were for this?

01-00:36:24
Steiger: The answer is not really. I didn't know much about them. I'd rarely come upon one of their productions as being in the competitive space of what we were doing at the *Wall Street Journal*, and the one case I think I'd paid attention to was this thing that Steve Engelberg, who I didn't know then, had done with Lowell Bergman, and it won a Pulitzer Prize and it won TV prizes of various kinds. I even forget what it was, but it was a pretty powerful investigative reporting thing, with good video stuff, and the *New York Times* got good stories out of it, and I certainly knew about that. But I just didn't spend a lot of mental time in that zone. I was concerned about what major media, both traditional and emergent—every day, at the morning meeting, I got a competition report that listed everything that somebody else did that maybe we should've had, and sometimes we'd have a fairly pointed discussion about why we didn't have it, and—

01-00:38:52
Meeker: That's at the *Journal*.

01-00:38:53
Steiger: At the *Wall Street Journal*. But, there weren't any nonprofits that would appear on that every day; sometimes if they did something and it got picked up by the wires or by the *Washington Post*, or by one of the new media operations that we were starting to pay some attention to. In around 1998 or '99, I learned that a majority of our own readers at the *Wall Street Journal*, were getting their stock price information, like stock tables, from—oh, come on—the first of the—

01-00:40:09
Meeker: Oh, Yahoo?

01-00:40:09
Steiger: Yahoo Finance. So more of our own readers—not just more of the whole general public, more of our own readers—were getting their stock prices from Yahoo Finance. Well, why? Because not nearly as smoothly as it happens today, but it could feed right into their desktops, and they could get it whenever they wanted, and here we were spending literally millions of dollars in newsprint, many millions of dollars in newsprint, running those prices every day. Now, we couldn't cut them out because even our readers who were getting stuff from Yahoo Finance wanted it to be in the *Journal* when they wanted it to be in the *Journal*, like, they're in the bathroom or on the train, and they wanted to know a stock price, they wanted it to be there, and so, "Don't you dare cut it out of my paper." But that woke me up to the fact that,

yeah, we had competition from the *New York Times* and the *Washington Post* and the news magazines and television and cable, but we also had competition from the web, and we better, goddamn better, pay attention to it.

So, I was not aware of what folks were doing particularly in this domain. I'd learned more about it, because I was lured into being on the advisory board for the Berkeley Graduate Journalism program, and it was, is, very oriented to digital and advances in the business. I think *Wired* depended on its graduates to a great degree when it got started, because you had people who were knowledgeable about, and to some extent competent, in some of these technologies, and at the *Journal*, we were ahead of a lot of people, but we were just scraping the surface of what it was going to be.

01-00:43:27
Meeker: Well, related to all of that, something that was missing on the back of the envelope, if you will, was any physical presence, and so there's no magazine or no newspaper that ProPublica was going to publish, physically. While the research and articles would be published on the ProPublica website, that wasn't really the main portal through which people would know about this. You'd mentioned the partnerships with *Washington Post* and *New York Times*, et cetera, that those are the organizations that would introduce the public to the investigative journalism that was being done by ProPublica.

01-00:44:13
Steiger: Right, that's right, and now as you mention it, I'm not even sure that on the back of the envelope, I had ProPublica's own website, that I had a clear—I think that came from my first wonderfully fortuitous lunch with Dick Tofel about this, and I think that was his idea that it would be a website. But no, but you're absolutely right. Starting out, no one would come to the website because no one would have heard of it, right? So, yes, I was not so naïve not to realize that this was the big hurdle for this thing: Would other news organizations use our stuff? And so, what I would suggest we do, is let me talk to you about my lunch with Dick, and then that leads up to my meeting in August of 2007 with Herb and Marion, and then I think that we should, if I can be so bold to suggest, we should pull the camera back and let me talk to you about my reactions to them, and what I started to learn about them, and—

01-00:46:01
Meeker: Good.

01-00:46:01
Steiger: Does that work?

01-00:46:02
Meeker: That sounds great, yeah.

01-00:46:04
Steiger: So, I count Dick as one of my very best friends, and for a long time, and we got to know each other when he was a young, first outside lawyer and then he

came inside, who was sort of my first point of contact in libel proofing our stories at the *Wall Street Journal*. I forget exactly when this was, but when I came back to the *Journal* in 1983, it was as an assistant managing editor in charge of all the economics and markets coverage, then I became a deputy managing editor in charge of those things and half of the paper, then I became the only deputy managing editor, and so, my role was increasingly to run the paper day to day, and somewhere in that period, Dick became my first point of contact with stories that had potential risk in them. And I had had a succession of very good lawyers, both at the end of my time at the *LA Times*, and then at the *Journal*, and so it wasn't like this was a revelation, but he was as good as any of them and really smart and quick. And I instantly liked him and I also saw how smart he was. He's so smart that other people in the room, even if they're higher than him on the organization chart, sometimes get the impression that he thinks they're slow, which, in those days, could be. He's much better at hiding that now. He's the complete person now. But I thought it was just part of his charm, and I knew he was smarter than I am, and I felt that was to my advantage.

And so when I became the managing editor, I asked him to be my administrative deputy, and he said yes right away, and his ability at managing was terrific. His ability at honchoing the budgets was super. This is jumping forward a little, but I remember—no, it's not jumping forward. It's earlier than 2007, but it's—in the nineties when we were first working together in a big way, beyond just the lawyering, that, you know how it is when you're thinking about your costs for the coming year, and you can see what your current run rate is, but then, you add some people in the fourth quarter, and it doesn't change your total for the current year very much, but it explodes the next year. So, I went to him and said, "Couldn't we have a constant running two-year budget, so that we would see how things we did now would change the way we're dealing?" And it took like, forty-five minutes, and he had a spreadsheet. This was before everybody knew how to do spreadsheets. It was, there it was, and it solved the problem. He anticipated things before they would happen, and he just got better and better and better until my bosses discovered how good he was in this role, and plucked him away to do the same thing for them.

01-00:52:04
Meeker: In Dow Jones Corporation.

01-00:52:05
Steiger: In Dow Jones Corporation and on the business side of the Wall Street Journal. So, but then he became assistant publisher, and at that point, he was, in some ways, my boss, and in other ways, we were on an equal plane. And then, he got a line job, he was in charge of the overseas editions. After a while, I think he realized that he had kind of topped out at Dow Jones, and so he left the company and he went into the nonprofit space. So by 2007, he'd been gone

from Dow Jones for, I don't know, for three or four years, but we would have lunch every six months or so.

A couple of weeks after I had this meeting with the Sandlers, we had one of our lunches, and I go into this glorified coffee shop in the World Financial Center in Lower Manhattan, and he's white as a sheet. His most recent job was, he was like the general counsel, senior vice president or something, at the Rockefeller Foundation. But one of the things that I love about Dick is that if he thinks you're wrong, he'll tell you, kind of right to your face. Well, his boss, the CEO of the Rockefeller Foundation—his boss at the Rockefeller Foundation did not like to be challenged, and so, he challenged her, and two days later, she fired him. And so, he sat down to lunch and said, "I've just been fired." And I said, "Well, I may have a deal for you," and I started to tell him about the Sandlers—and ProPublica didn't have a name at that point—and he began to see the possibilities. And I think that's when he said, "Well, you should have a website. We'll put the thing out on"—and so I talked to him and he helped me do stuff in writing that I wanted to give to the Sandlers. And I said, "I was going to suggest to the Sandlers that they meet you, because I think you'd be a great general manager, and," I said, "I would get three for the price of one, because you're a great general manager, you're a great lawyer, and you're a great PR person"—it's one of the jobs he'd had at Dow Jones, was the head of PR and investor relations—"and we'd only have to pay one salary."

And so, I went to the Sandlers and had my kind of first meeting with the two of them where we are talking about, what are the ground rules on everything, from how much I'd be paid, to, would they be willing to let me have the sole authority to decide what we covered and what it said, and were they comfortable with paying market rates for reporters and other talented people, and kind of all of that stuff. And so, I began to learn about their style, and how they interacted with each other, in a way that you never get when you're seeing people mostly at dinner. And that meeting went very well, and they were happy to meet Dick. The plan was to open ProPublica's doors in January of 2008.

01-00:58:15
Meeker: I'm curious about what you just said, as far as getting to know them, and the way in which they worked together and how that was more extensive than getting to know them as a journalist, or even sitting down to dinner with them. What did you learn about them, and about the way in which they interacted in this kind of setting?

01-00:58:37
Steiger: Well, first of all, this was the first of many, many, many meetings, obviously, a lot of them on the phone, some through e-mail, but quite a few of them typically out here, but sometimes they'd be in New York, and in those days, Marion was better able to travel than she was kind of later on, but most of

them here. So I can't tell you what I gleaned from the first meeting, but when you put that kind of constant thing together, I learned several things: that they were both really smart, but in very different ways that were complementary; that they had very different histories, like, came together in a funny way in New York. She came from a family, her parents, I don't know if they were literal immigrants—I think they were—but they were penniless, and they produced five children, four boys and a girl, each brilliant and successful in very different ways. I think one was an academic; others were in business.

Marion went to Wellesley, but she was not interested in marrying a Harvard man, which was the supposed mission for Wellesley women in those days. She became one of two women on Wall Street who was not a secretary. The other one was Mickie Siebert, Muriel Siebert, who was the first woman to have an actual seat on the New York Stock Exchange. But Marion, fighting the discrimination against women, much of which exists today on Wall Street, became an analyst, major job, for a midsized brokerage firm, and which is where she learned that—it was true in those days—a savings and loans license was a license to print money. And, she met this guy Herb out in the Hamptons on the beach, before the Hamptons became the Hamptons. I don't know. You're a Californian here. The Long Island Hamptons culture is—

01-01:02:24
Meeker: It's known out here. [laughs]

01-01:02:25
Steiger: It's known out here, I figured it was. Herb went to CCNY [City College of New York], which some of the smartest people I've ever met in my life went to—I went to Yale, and when I encountered CCNY people after I graduated and got out in the world, I knew that this was someone to pay attention to—and, he got a scholarship to Columbia Law, so, became a lawyer, and was active in politics. I don't know exactly how; I assume it's Democratic clubhouse politics, the way it was in the city in those days. And one day, the two of them were out with their respective posses walking on the beach in the Hamptons, and there was a certain interconnection between the two posses. In other words, a number of people knew each other. So they encountered each other on the beach, "How are you?" kind of blah, blah, blah, and Herb sees someone who he knew, and trying to get noticed by this young woman Marion, says, "So how's your red herring going?" And Marion looks up and flutters her eyelashes, and says, "What's a red herring?" [laughter] Now of course, she knew ten times as much about red herrings as Herb did, but Herb fights his way through, and gives a halfway coherent description of a red herring, and she says, "Oh," and it wasn't exactly love at first sight, where they instantly they bonded and went off into the sunset, but that was their connection, and before long, they were married.

And so they talked about starting a savings and loan, and the place where you could start savings and loans was California. The state was growing and it was

an industry that was already established but was getting more and more important, because home building's going crazy. This was the late fifties, maybe right around 1960. So, they went out to California, and they landed in Oakland, and Marion's parents had built this successful hardware business, so Herb and Marion could borrow some money, a little money, I don't know, 50,000, 60,000. I was told, but I've forgotten the exact number, but in the tens of thousands. In 1960, that was significant but not overwhelming, and they bought this little three-store savings and loan, renamed it Golden West, and started working together to build it. And he was the talker; she was kind of the marketer, and also I think the Dr. No kind of figure. And they told me one story about how they were, I think they were in Southern California. They were having a night meeting or evening meeting with a lender, and Herb gets out of the car, and all of a sudden, he gets cold feet, and he says to Marion, "I can't do this," and she sits him down and says, "Come on, let's go through it," and they sort of go through the pitch, "You can do this." He goes in, and he does it, and he's Mr. Glib.

I'm jumping around a little bit, but I think this will come together. I saw this, how they worked together, first of all, when we started ProPublica. Herb was on the board and the chairman of the board. Marion was not on the board, but she came to every board meeting. And Herb would run the meeting, and he's a brilliant chairman. He keeps everything going fast, but then he'll make asides; he's great. She would sit there, literally, knitting. But then, all of a sudden, somebody in management or one of the other directors, but usually somebody in management would say something, and she would very gently ask a question, and God help you if you tried to bullshit her, because then she would ask another gentle question, and if she got to a third question, you were recognizing that hiding under the table [laughs] was the best thing for you to do.

She just had a, the word rapier is used excessively, but an insight that went to the core of an issue, and it's not like she was an omnipath, that she knew every subject, but she could see, in an instant, inherent problems of logic. And there were a lot of fields that she knew darn well. She was very smart as a marketer, for example. And, I've been around couples where one takes the lead in the management and the other one is happy to be a behind-the-scenes consultant. I've also seen people where they started the business together, and the business could be successful, but there's a certain edginess in the relationship that's unmistakable. This was 180 degrees from that. They would exchange glances, and communicate in an instant, and he would say something that she liked, and she would smile briefly, and then he would plunge forward. He didn't worship the ground she walked on, but it was damned close. His respect for her, his lack of a need to try to say, "me, Tarzan; you, Jane," was striking really—the sample size is not huge. There are not a lot of big companies run jointly by husband and wife for fifty years and certainly not so obviously full of both love and mutual respect.

And then, it extended to their philanthropy. And it was no accident that for much of the time, the biggest single investment of their philanthropy was asthma, which Marion was afflicted by, and I don't know how that decision was made, but this was something that Marion really cared about, and it emerged that that was their biggest single bet, and my sense is, it's been very successful. They took an unusual approach in which they offered a lot of money for research, but it was to go to people who were expert in allied fields, but not experts in asthma, because they wanted an out-of-the-box approach. And I know nothing about this stuff, but I understand it's bearing fruit, but that comes out of just, they did everything together, and they raised two kids, and I've gotten to know Susan and Jim. They're both terrific people, and do not behave like children of billionaires. They're well-raised people, and so, it's not like Herb and Marion did well in the public stage and at home, they had a passel of dope fiends. It is, these are people who did everything together, and everything well. They were not afraid to let you know how crazy they were about each other. She's the one who told me she batted her eyelashes at him. That's, to me, quite telling.

01-01:15:47
Meeker: So, given this sketch of their personalities, and their work habits, and how they engage with one another, I'm wondering if we can go back to the series of meetings in 2007, 2008 as the idea is fleshing out. You're presenting your ideas of what it should be, and I imagine both Herb and Marion in their own ways are pushing you and challenging you on various aspects of this plan, and probably also introducing elements of the plan themselves. I'm wondering if there's any detail about that, that you can recall, that was particularly important or transformative in the process.

01-01:16:35
Steiger: Sure. First of all, we had a meeting. I think it was here, and I think it was Dick and me and Herb and Marion and probably Steve Daetz, and one of the things we had to come up with was a name for this beast. And I said I did not want it to be an institute or association or any of those amorphous words that you can't keep them straight. And they both agreed with that, and we came up with a million different possibilities and they were all either already taken, or had something wrong with it. Marion was the one who came up with ProPublica. But none of us knew how to pronounce it, and I said, "Well, my youngest daughter is just graduating from high school, and she gets As in everything including Latin. I'll ask her." And I did and she rolled her eyes as seventeen-, eighteen-year-old daughters are wont to do, and said, "Dad, there are not many ancient Romans walking around for us to ask, but if you talk to the typical high school Latin teacher, they would say [phonetic] 'ProPoobli*ca*.'" And I said, "Well, I don't think we'll try to put the accent on the end, but okay, we'll say [phonetic] 'ProPooblica.'" And Marion was fine with this, but three months in, the staff revolted and said, "This is hoity-toity nonsense. We want to emphasize 'public,'" and I said, "You're absolutely right. It's ProPublica." So that, and Marion totally fine with that.

Herb got it right away—I never had to ask for it again—which was that the editor in chief should be responsible for all the news decisions, what we cover, who does it, what it says, and that people who donate to us, and or serve on the board, should not, no, not just they should not play a role in that, but they should not even know what we're working on until it appears. And Herb embraced that totally with a zeal [laughs] that, it lasted. Today, we had the head of our new Illinois operation, Louise Kiernan, meet briefly with the ProPublica board and she was getting excited about some of the things they're working on, and she started to talk about a follow-on story to one that they'd already produced, and Herb goes [raises one hand as a "stop" sign]—like that, and everybody laughed, because he was sort of enforcing the rule. And Louise was embarrassed, but we said, "Don't mind; he does this to everyone." Back at the first two board meetings, just, the first two board meetings, Herb had us pass a resolution saying this was going to be the behavior, that donors and board members are free to suggest stories. They just don't know whether the story is going to be done until it appears. And Herb has himself offered something like forty different story ideas over the years. One was a very good one, and—

01-01:21:26
Meeker: What was it?

01-01:21:28
Steiger: It was about one of the alternative screening machines being used by the TSA at airports, and there were some academics that Herb knew who felt that these posed a radiation risk, and that the TSA was brushing it off. They were not taking seriously the amount of research that needed to be done on stuff like this, and one of our reporters dug deep into it, and he found that Herb was right, and it was a good story. Yeah, some of Herb's other ideas were perfectly fine, but we didn't have the right reporter, or the right reporter was at a crucial moment on a different story, or sometimes the reporter just muffed it. But, of all the ideas Herb has presented, to my knowledge—I turned over the leadership of ProPublica to Dick and Steve at the beginning of 2013, so there may be some subsequent Herb ideas that got made into stories that I don't know, but in any case, at one point, his success rate with story suggestions was one with a denominator somewhere in the thirty to forty range.

Early on, one of the things they kept hitting us, in particular me, on, was we needed to be spending more on digital. Marion hit that hard too, and they were right. We were dancing as fast as we could. We were spending more. But it turned out that, not for reasons that any of us including Herb and Marion anticipated, but that digital and data become one of our great differentiating success points, and it had to do with our readiness to spend more on computing power, and more on programmers, and more on data thinkers, but it was also that, we knew we were going to need a data person to keep the website up and running, because that was going to be our main connection to the public. And so we had in the original budget, I don't know if this was on

the back of the envelope or later on, but it was to be like one and a half people, a digital person and a localized assistant. That soon got up to half a dozen. Today it is close to 20.

Well, Steve recruited, from the *Nation* magazine, someone named Scott Klein, who had worked at the *New York Times*. I don't know if Steve knew him at the *Times*, or there was another connection, but anyway, Scott was a magical hire, because Scott understood that there was a new breed of character out there who was both a journalist and an engineer, someone who could program and think like a programmer, but who had journalistic instincts and could conceive of stories, and in some cases, even write them. We have some investigative reporters who can't write a check, but they're great investigators, and not all the data folk are decent writers, but some of them are very good. And the typical pattern is they start out in computer science, and then they switch to political science, or history, or economics, or journalism, and they can walk both sides of the street. And the result is, things that would've taken me two months to do at the *Wall Street Journal*, if I could do them at all, or if I could even think of them, now can sometimes be done in a day and a half, because you have people thinking this way, and I take some credit for this myself, but we have a culture in which that's welcomed. You come up with a good idea and can execute it and no reporter's worked on it, fine. As long as Dick has passed over it and sees no libel risk, rock and roll.

01-01:28:07
Meeker: So you're talking about the nimbleness of an entrepreneurial organization, yeah? After coming from huge media organizations, that must have been a particularly new and joyous place to be, right?

01-01:28:21
Steiger: Exciting, exciting. Look, sixteen years as editor of the *Wall Street Journal*, I loved it. The people were terrific. The stories we were able to produce from all over the world, as well as in the US, just were very exciting. The people, the thrill of getting someone who is doing a really good job here, and figuring out that they could grow explosively in another slot, when—there are advantages to having an organization that variously was 550 to 700 journalists over my sixteen years, and my sixteen years was 60 percent longer than anybody else did that job. I loved it from beginning to end. Once, I was at a retirement party for a guy who had been the CEO of Dow Jones, but before that, he had been the managing editor, and I was sitting next to one of his daughters at this dinner, and she asked who I was and what I did. She said, "Oh, you are the managing editor. When my dad was the managing editor, he would come home at night and take two aspirin and go to bed, and my mom would say, 'Sh, don't make noise. Your dad needs his sleep; he's the managing editor.'"

For me, it was a joy. Was every minute a joy? No. There were moments when I didn't know I was going to make it to the next day. But nearly all the time, I

loved going into the office at the Wall Street Journal. But this was different. This was special. It was de novo, and look, if I had gotten the idea, and there were no Sandlers, it would not have happened. In other words, the first cause uncaused is Herb and Marion Sandler, without question. But not just their support, their support and guidance, and their understanding where they could add value, and where it would be counterproductive for them to try, was very, very acute. Just being able to pay a superstar from another organization, which, when you landed that person, it not only gave you him or her inside your team, but it said to other people out there, "My God, they went to ProPublica. It should be on my list, too." And that sort of thing built on itself. I found, every time I had a good idea, they put jet engines on it, and when I had a bad idea, they kicked it out of the room. And sometimes we would have a full and frank and we would figure out a way to do it, but having that kind of support around, and then seeing them bond with Dick and Steve and the others, that was terrific also.

01-01:33:44
Meeker: I'd like to ask you about the articulation of the mission, because a lot has been written about ProPublica being a mission-driven organization, and how that mission is somewhat different than a for-profit newspaper media outfit. That mission comes about, I assume, at the very beginning. What were the conversations like that went into the drafting of that and the passing of that?

01-01:34:15
Steiger: Well, first of all, this was a great minds kind of thinking alike. Herb has this expression—I forget what it is—"kill the scoundrels," or something along those lines, and my view was that we should look for abuse of power and failure to uphold the public interest, wherever that might be, and obviously in government and business where a lot of the power is concentrated, but also in labor unions, in educational institutions, in the healthcare system, in the legal system, in journalism, in the nonprofit space, anywhere, and the wonderful advantage of that is that there is no story you can't do, and no story you have to do. At the *Wall Street Journal*, we could do any story we wanted to do, but there were some stories we had to do. If the Open Market Committee of the Federal Reserve met and voted to hold interest rates steady, we damn well better report that story, and moreover, if we can scoop it by a day, we should scoop it by a day, because somebody else is going to be trying to scoop it by a day, and our mission was to serve our audience and our hope for audience.

The difference at ProPublica is that we are looking for a story, where possible, that nobody else is doing, and where we can have an impact. And, I used to say to reporters and editors that were coming over, "The difference between the world you're used to is that the question you ask there is, 'If I can execute this story, will it serve my audience? Will they be happy that we have it?' With ProPublica, you have to ask one more question: 'Does it have the potential for spurring change?'" And that's what's different about us, and that's the void we're filling. It's not like there is a void, ever was a void, in

coverage of news. There's more coverage of celebrity than ever before, more coverage of sports than ever before. Name the topic and it's covered. Where there's a hole is in this kind of reporting, which under the business model that prevailed for most of my time—I started in the middle sixties, and retired from print journalism at the end of 2007, and during most of that time, the daily newspaper business was enormously successful, very profitable. Yes our circulation growth had topped out, but our revenue growth had not, because we had a pipeline into an audience that advertisers wanted.

And so, I had a $100 million news budget every year, and I could spend forty million—no, not that much, maybe twenty-five or thirty million on deep-dive investigative—I'd never let the finance people know quite how much—but as long as you did the broad range of the coverage, provided a package, that included both solid and special stories, that business side was happy, because the advertisers liked to be in a class publication, which is what we were. On the metro daily front, this is why, in metropolitan area after metropolitan area after metropolitan area, it devolved upon one morning broadsheet to be dominate, because the advertisers, as we talked about, they wanted to support diverse market—nonsense. They wanted to pick the right place to put their ad, which was the class publication, and then they wanted to go play golf. And that's what they were able to do, and the ad sales people would bask in that. And so they were happy to have this coverage, as long as they didn't know how much it really cost, and because the profits were enough that it didn't really matter how much it cost.

I don't think one can ever go back to precisely that model. It's not though, it's not impossible to conceive, in a digital world, of going back to a super market. BuzzFeed is trying it. I don't know whether they're going to make it or not, but they've got really smart people, and they're trying it. They started out with listicles and cat videos, but they now have a team of, last time I looked, more than thirty people doing serious investigative reporting. And what their mission is: to establish themselves with an audience that they define as young, educated Millennials. They don't care if somebody who doesn't fit in that box, clicks on, but they won't waste any extra energy trying to get anybody who doesn't fit that category. Well, if they can become must-reading for that Millennial audience, then conceivably, they can make it, although the challenge is that, advertising, does not pay very much. At the *Journal*, we used to be able to charge premium rates because of our audience. Now you've got these folks at Facebook and Google and elsewhere who can imitate the demographics of any audience you want at a cheap price, and the result is, they keep driving down the price you can charge for an ad.

So, I don't know whether advertising is going to make it, but the world still needs this kind of journalism. It used to come as a byproduct of a system that, in a brief period of time, clicked very, very well. It's what economists call a public good, the beneficiaries go beyond the people who pay for it. When we were able to prove that the board that licenses nurses in California was taking

as long as six years to take the license away from a nurse who had been convicted of beating up his patients, stealing drugs from his patients—in some cases, they were dead patients; in other cases, permanently disabled patients. The nurse might be fired, but he or she gets in the car, drives sixteen blocks, shows the license, gets a new job, and starts the process all over again. The story appears on page one of the *LA Times*. The next day, the governor fires the board, and replaces them with people he mandates to fix the problem. That, to some un-measurable degree, improves healthcare in California. Everybody who gets hospital care in California benefits from that, not just the people who subscribe to the *LA Times*.

01-01:44:15
Meeker: That's a really good example of impact, and also impact that is made through the political system as you described, but is also nonpartisan, or in some ways, apolitical. I'm wondering, from what I understand, the ProPublica idea from the beginning was always a nonprofit. But a nonprofit entity in the United States comes with certain restrictions around speech and politics, such as advocating for certain legislation, or certainly advocating—

01-01:44:49
Steiger: Particularly candidates.

01-01:44:50
Meeker: —candidates, yeah. And so, with a mission that is about producing change—and change is sort of amorphous, right, but this is about abuse of power, change to reduce abuses of power in various sectors and institutions—was there ever discussion about whether the nonprofit status was going to limit the ability of ProPublica to make those kinds of changes?

01-01:45:26
Steiger: We've had some discussions about it, but it's never been a significant tripwire for us, because first of all, what we're aiming for is the part of American society that sort of fits in one and a half standard deviations from the mean. You go for out on the tail of the distribution and you've got people who will say the sun rises in the West. It's just the way life is. But if you're within 33 percent on either side of the median—look. That nurse's story, the nurses' union in California is very active. They didn't make a peep. They're going to defend nurses who kill their patients? And there are plenty of opportunities to do stories where the result is something happens, change happens, and everybody says, "Yeah, yeah, that's a good idea that that happened." Now that's not true with every story we do. We do some stories that, and because the mission is spotlighting abuse of power and failure to uphold the public interest, you're going to gore more oxes on the right than on the left, because the power tends to be more on the right than on the left.

So we didn't expect to be equally loved on both sides of that divide, but we wanted to be respected on both sides of the divide, and we are. When it suits them, we're quoted by some of the right-wing media, and at other times, they

assail us as creatures of George Soros, who has given us a little money, but just a little money. And of course, now he's ladled another eighteen billion dollars into his foundation so that there's more there, but we're not following any writ from George Soros. So, we've written a lot of stuff calling President Trump to account when he says things that are just not true. And I've known Mr. Trump for many years; he just has a tendency to do that. He says something that sounds good to him, and if he gets called on it, he may just ignore the call or he may appoint a commission to prove that it's true. So, someone could say, "You're touching a tripwire," but I don't think that that has merit. We're not endorsing another candidate. We didn't endorse Hillary.

So, I encounter the same thing. I'm a trustee of the Knight Foundation. One of the things that the Knight Foundation has done for many years is support pathways to citizenship for Green Carders—in other words, people that are here legitimately. So it's not amnesty, but having a pathway for citizenship for those folks, you can say, creates a greater comfort level for immigrants in general, at a time when the power structure in states like Texas is trying to block that. And the new power structure in Washington has a mission of creating a climate of fear on the part of would-be immigrants, so that they either don't come or leave. They are taught to fear they may be caught up in some net, which I think is very cynical and reprehensible, but I think writing stories that expose that does not make us partisan.

01-01:51:29
Meeker: That's an interesting point, from what I'm hearing you saying is that being a nonpartisan organization, and then therefore a 501(c)(3) as recognized by the Internal Revenue Service, does not also necessarily mean that you need to be equally loved and reviled by both sides of the political spectrum, that that's not a requirement.

01-01:51:56
Steiger: That's correct. Now it's much easier for us to operate with clear unpartisanship when there's a Democrat in the White House. We pissed off President Obama and his aides multiple times, because they did stuff that we thought was abuse of power and failure to uphold the public interest, and they didn't agree, but we presented the facts as we saw them, and they had a choice of disproving the facts, which they weren't able to do; or modifying them, which sometimes they did; or just ignoring us and cruising along. When you've got the White House and the Congress and the Supreme Court all dominated by people focused on supporting white men, we're going to bump into that sometime, but that doesn't make us partisan. It just makes us pursuing our mission and letting the chips fall where they may.

01-01:53:33
Meeker: You guys got started really just the beginning of the Obama administration, and you do launch publicly as a nonprofit, as a nonpartisan organization. How deliberate were some of your, say, studies and investigations in the first year, to make it clear that that was a value that was important to the organization?

01-01:54:10
Steiger: That's a good question and I'm not sure of what the answer is. The median journalist, in his or her heart of hearts, is sort of center left. But the median journalist is also a professional, and knows to lean against personal instincts and biases. Not, we don't believe in objectivity; it's just a meaningless concept. We all have our views; we're not objective. We believe in professionalism. We don't believe in balance, a paragraph on this side and a paragraph on that side. What we believe in is fairness, which means hearing all sides and giving a fair rendering to the side that our reporting shows is faulty.

Well, at the same time, I can remember when I was at the *Wall Street Journal*, George Bush forty-three had just been reelected president, and Jerry Seib, who was then the bureau chief—amazing journalist, still is, a columnist. I forget what his title is for the *Journal* now, but he writes regularly, very wise and good man. And the Wednesday after the election, Jerry had an all-staff meeting to talk about what they do next, what were going to be the next several days coverage, and one of the younger reporters in the room said, "I just don't get it! I just can't see how George Bush was reelected. I don't know a single person who voted for George Bush!" And Jerry said, "Son, this is why you need to get out more." And I can remember in my days at the *Journal*, it was one time—I think this was also in the Bush forty-three administration—when for a brief time, the Republicans had the White House and both houses of Congress, and yet we were still doing stories, just out of force of habit, where the people we were courting on the Hill were now not the chairmen of the committees, but the ranking minority members. [laughs] And I remember saying, "Does anybody know any Republicans there?"

But, did we set out to do stories to prove our bona fides? Not really. But it just happened. We did some right off the bat. One of the first stories we did: We had this intern, data intern, and he wrote a program that allowed him to detect changes in the White House website. He could enter a start date, and typically his start date was the day that Obama moved in, and the end date was typically today, and you just could look and get a snapshot of the way it was then, and the way it is now, and do the comparisons, and sometimes, they were hilarious. It showed that the Obamas were trying to tinker with the message that was getting out to the public. Hey, it's not a crime, but it was also fairly manipulative. It pissed them off, no end, and it thrilled us, because it was exactly the kind of story we wanted to do, and it was done by an intern, which is another thing that made it through. In fact, this intern, when he finished his service, was recruited by the *Chicago Tribune* to head their data operation at something over $100,000 a year. [laughter] I always forget names. His name has flown out of my head, but he's gone on to be a real figure in that field. But the point is that yes, we were conscious of that being positive for us, that we could say that "look, we've done stories that the Obama administration hates," but I can't remember us setting out to do a story with that kind of, "let's look for a story that the Obama administration will hate."

01-02:00:00
Meeker: It's five o'clock. Do you have a few more minutes?

01-02:00:02
Steiger: I do. I've got as much time as you want.

01-02:00:05
Meeker: Okay. Can you maybe walk me through a bit about the process of vetting story ideas and how the organization decides what stories they want to invest in, and then how they decide what stories they want to continue to invest in after an initial period of time?

01-02:00:53
Steiger: Sure.

01-02:00:54
Meeker: Yeah, how does that process work?

01-02:00:56
Steiger: Both Editor-in-Chief Steve Engelberg and I have the same instinct, which is, yeah, sitting in our offices, we can occasionally think of a good idea, but the best ideas tend to emerge from reporters who are out there. If he and I can sit in our office and think of something, probably somebody else is sitting in their office thinking of the same thing, because we all have similar matrices of stuff that comes before us. And so, the way we're structured, just take the reporting: for us, the reporters are grouped in teams of, I don't know, half a dozen to nine or ten, and each team is centered on a senior editor, and the senior editor knows what everybody's doing every day. And each reporter has a list of two or three or four projects that are current, and they can change depending on what's happening out in the world, something that looked like could be on the back burner now appears more urgent, for some reason. And also, the reporter may come up with something entirely new, and we'll say to the senior editor, "Holy shit, what do you think of this?" And sometimes the senior editor says, "It could be interesting, but let's spend three more days on what you're doing," or the senior editor will say, "You're absolutely right; get your ass to Wichita and figure out whether this is as wild as it seems."

But if this mythical reporter gets the mythical tip about Wichita, and comes back two days later and said, "Well, I'm not going to be singing 'Wichita Lineman' to you; that was less than meets the eye," or, they can say, "Well, could be something really good here, but it would take a lot of digging and I'm not sure it's there." "Well, let's don't put a spike through its heart, but let's go back to your priorities." If they decided that the new one is a priority, then at some point pretty soon, the senior editor will tell Robin or Steve or both of them, that this has popped up, and Robin Fields, the managing editor, Steve, or both of them will say, "Yeah, keep going," or "No, maybe we should talk about this," or whatever, so there's a check.

And then at some point, if the story looks like it may be real, an electronic card is made for that story and it goes in a database, and it pops up. There's a meeting typically at 11:00 in the morning on Tuesdays called the Story Status Meeting. Robin runs it, and Steve and Dick, are, when they're in town, are usually there, and anybody who wants to, can come. And if a story gets newly added to that list, people are free to suggest sources who might be helpful, or to say, "The story is old; it was done by the by *USA Today* six months ago," or, "Have you read that *Atlantic* piece that isn't exactly the same, but does"—so you get cross fertilization, and stories have to negotiate that process, but if a reporter really believes in a story, he can free up a significant amount of time to work at it, unless the reporter has had three dry holes in the last six months, then maybe somebody's going to say, "Are you sure this time?" So, that's the way the process works, and I think that, even as we've grown, they've made a decided effort not to let it get bureaucratic, to have the advantages of bureaucracy in that you bring the tremendous intellect and experience of the whole team out there to bear, but without setting up a ridiculous number of gates that everything has to go through before it can be worked on.

01-02:07:36
Meeker: How does ProPublica decide, or figure out, what the proper ratio is, meaning stories, investigations started, to resulting published stories? Is there a rule of thumb in the industry? Is there a ProPublica approach to that, because it seems like that would be so essential in a business model, right? So that that would also govern things like how much risk the journalist would decide is worth bearing and pursuing a story that might appear to have extreme rewards, but low likelihood. I'm curious about those kinds of situations.

01-02:08:34
Steiger: One of my former colleagues at the *Wall Street Journal*, now departed, Bob Bartley, who was the editor of the Editorial page, used to say that "in journalism, the things that are important, you can't count, and the things that you can count, aren't important." Now that's not entirely true, and if you had been in our board meeting today, Herb raised the question of, and very gently, of how many deep-dive stories we had done so far this year versus how many we did last year and the year before, and Robin was absolutely ready. She has a whiteboard in her office where she tracks everything, and actually, the numbers are okay. When you factor in stories that haven't been done yet but will be done before the end of the year, this, in numbers terms, will be a very good year. But some of the best stories do not take a terribly long time to do. You can do them in six months maybe, which is long, but not ferociously long; some middling stories, one that was very worthwhile having, but took three years. And it is, it's very hard to gauge the impact in advance.

Example from just this year: One of our reporters had gotten on to the fact that this guy Marc Kasowitz, who was Trump's longtime personal lawyer, and was serving as his personal lawyer dealing with the Mueller investigation and

other personal things that were going on, well, what our reporter had learned was that this guy has a very serious alcohol problem, that he also apparently, without knowledge of his wife, flagrantly dirty-dances with a twenty-four year old Ukrainian lady that works in the equivalent of the secretarial pool at company parties, so that a significant number of people in the office know this, and his wife, to the best that people can tell, doesn't know this. Now, we're not the morality police, but this is a person who is representing the president of the United States. He cannot represent the president of the United States without a security clearance. Someone with an alcohol problem—he's been to dry out multiple times, he's been seen sheets to the wind multiple times—and who has a sex problem, is totally vulnerable to blackmail, cannot get a security clearance, and hence, really can't represent the president.

Well, this guy says that "these are lies"; he will put us into bankruptcy with litigation if we write a story about this. One of his law partners is former Senator Joe Lieberman, with whom I go back to the seventh grade and the *Yale Daily News*, and Joe sends an e-mail saying he "can't understand how Paul Steiger would let an organization he's associated with slide into the gutter like this." Well, we go forward. We have absolute support for everything we want to publish, so we publish the story. And nobody files a lawsuit against us, and the story gets decent pickup. I forget who the partner was; his name's not a household word, even though he's enjoyed some moments of fame on television accusing Toomey of all kinds of things, and Mueller of all kinds of things. But we thought it was a story worth doing, because it says a lot about President Trump: He likes bullies. He's a bully himself. He likes bullies around him. And the word bully did not appear in the story, but you can draw your own conclusion.

But, then something happens that we could not have possibly imagined. One of our noble readers reads the story, gets Kasowitz's e-mail, and sends him very polite e-mail saying something like, "Mr. Kasowitz, I just read this story, and I can't understand how you could continue to represent the president, because clearly, you can't get a security clearance." Well, Kasowitz gets this at—I don't know, I'm assuming this—at the wrong time of day, in the evening, and he sends an e-mail to this guy that says something like, "Fuck you, you don't know what you're talking about," and, "I'm coming after you, and you better watch your back, bitch." And so, our loyal reader sends us a copy of this. We have our technical people look over the markings, the digital markings on the thing, and said, "Yeah, it's from Kasowitz's e-mail," and we write a story about this, and the headline, or the deck on the headline is, "Watch your back, bitch." One million page views. And, Mr. Kasowitz is no longer representing the president of the United States, to the best of my knowledge, anyway. That was one of the more important stories of the year for us. Is it earthshaking in its reach? Doesn't come close to the California nurses, but in terms of filling out the image of who the president of the United States is, and who are the people he attracts around him, it's quite significant, and it took two of our best reporters a couple of months to do, but that's all.

So how do you weigh that against a story that I'm hugely proud of, and I'll try to be quicker describing this one, this is about maternal morbidity and morality in the United States, which is a scandal. You're nodding; you've seen the story. I can't tell you how proud I am of that, because it was hard to do. And the first story has a woman who works in a maternity ward. Her husband is a doctor. She had a baby, smiling, baby's cooing—eighteen hours, she's dead from a blood pressure ailment that is, I wouldn't say frequent, but well known to afflict maternity wards. And she complained about symptoms; they could have been symptoms of something else, but if people were alert, she'd be alive today. And Britain, in the meantime, which spends less money than we do, but we were the same, I don't know, a dozen years ago, and they've gone like this [improved], and we've gone like that [gotten way worse], and the reason that they've gone like this is because every time they lose somebody in childbirth, they deconstruct it, and they do an elaborate assessment of why this happened, and then what could be done to reduce the likelihood or eliminate the likelihood of this. And typically, the things that could be done are very homely, and not technically complicated.

Example: Five years ago, I had a hip replaced. The surgeon, the highest paid person on the team, we're sitting before I go under the anesthesia, and he says, "Now, tell me which leg is it." And he knows what leg it is, but he was asking me to tell him. I'd say, "This one." He says, "You pass." He takes out a pen, and he signs my hip. Now, at one level, that's idiot behavior. On another level, it's a homely thing that has prevented a certain number of wrong hips from getting replaced, and there's stuff like that in the maternity wards that they have, in Britain, they've done something about, and in this country, we haven't. And I'm convinced that—this is just me talking, not the story—I'm convinced that in this country, we care about babies; we don't care about mothers; and whereas in Britain, they care about mothers. So, that, to me, is a story that took quite a bit longer to produce. I think it's worth the additional time, but we won't be able to tell until a year or two to see whether it has any impact or not.

01-02:21:43
Meeker: So, I think we've actually covered most everything on the list, and we should probably wrap up. But before we do, I do want to get your thought. This is ten years now that ProPublica has been around, and there are multiple awards which we haven't talked about. Herb always likes to—he's secretly proud of it, but he always likes to direct attention towards the impact, rather than the awards. What I'd like you to think about just in conclusion is, your hopes and prognostication for what the future, maybe the next ten years, of ProPublica, should and will look like.

01-02:22:32
Steiger: Well, ten years is an eternity in this business. My first forty-one years, it was incredibly stable. The last ten, the only constant has been change. I don't know what the future's going to be. Like all of us, I have a tendency to

extrapolate and say, "Well it's going to be more change, more change, more change." Who knows what it's going to be like? But, I think that the mission is going to get more important rather than less; that journalism isn't going to disappear; new platforms, digitally oriented, are coming into play all the time, and a lot of them are failing—some of them are at least intermittently successful, and I think a bunch of them will be successful—and some of the legacy folks will make it around the corner. But, a lot of stuff that you can get paid for does not deliver the "public-good" aspects of the kind of work we do. So I think that there will be a demand for it, and as long as we continue to perform, people will give to us to let us do it. So, all we can do on our side is try very hard to keep performing at a high level.

And the awards were particularly important when we were starting out. There were two things that allowed us to break through: one was that other news organizations, including those at the top of the heap like the *New York Times* and the *Washington Post*, were willing to use our stuff; second was the Pulitzer Prizes. To get Pulitzer Prizes in each of our second and third years enhanced our credibility enormously, and that was a big help. All the other awards that we get, we're proud of, we like, we enter them, the contests, year after year. It's good for the morale of the office, but I'm with Herb on this, that what matters is the impact, and that's what we should be focused on. But there's no reason you can't celebrate the awards, particularly the Pulitzers.

01-02:25:58
Meeker: Do you think that the extant funding model, which has certainly evolved a little bit over, or—

01-02:26:05
Steiger: —a lot.

01-02:26:06
Meeker: —a lot over time, with expanding number of large scale philanthropists coming in, and also much smaller scale supporters coming in, and then now you also have some advertising on the website—do you anticipate it kind of continuing to diversify, or do you think it's well established now and is sustainable as it is now?

01-02:26:33
Steiger: When we started and we went to some rich people who'd made their money in business, and they would ask, "When are we going to make a profit," and we said, "Never," and they were not at all sanguine. They felt that, if you have something worth doing, you'll make a profit at it, and that's a signal to others to get into the field and emulate you, and you'd build a happy spiral out of that. And my response to that is, well, Harvard's been around for awhile, the Metropolitan Museum of Art, a number of our best hospitals. If you deliver something that people recognize is good for society and therefore it's good for them, you may be able to appeal to them to give to you. Now, a year ago, people with a lot of money who said nice things to us but never gave us any

money, this year are giving us money, because the way this happens, it's hard to predict, and it can reverse.

So, I don't know. It's much easier to say I think our chances of being around ten years from now are pretty good, but I can't tell you at all whether we would be bigger, the same size, or smaller. My instinct is to tend to say same size is not likely, because in our culture, we either grow or die, but we've been very careful. I say we, Dick and Steve and Robin and the others have been very careful about not spending the windfall, and maybe spending some of it, but being very judicious about what they take on in any kind of permanent way, which I think is the only way to go, and we'll just have to see, but we're not lying back and thinking of England. We are trying to set up things, for example, to encourage the small donors to regularize their giving, and boy, that, knocking wood, that looks like that's a significant success. It went from, I don't know, $25,000 a year to $100,000 a year. I think that Dick said today it's going to be like 300,000 a year, which is not enormous, but it's serious money for us.

On the for-profit side, Celeste Le Compte, head of business development, is starting to get more. The advertising is small potatoes, but I think the potential from taking our databases—which, like everything else, we publish and you can use for free, but, if you take a database and combine it with something else, and change it around and then sell it, we get a piece of that, and I think that has significant growth potential. It hasn't happened yet, but I think that that's the kind of thing that could grow for us. So, I see opportunities for change in a positive way, some of which we can predict and some of which we can't. I think the demand for what we do is going to continue to be there, but we have to perform.

01-02:31:26
Meeker: Well, good. Shall we end there?

01-02:31:27
Steiger: Good.

01-02:31:28
Meeker: Great. Thank you very much.

[End of Interview]