

Chapter 9

**TOWARD A NATIONAL
JOURNALISM STRATEGY**

STRATEGIES AND SOLUTIONS FOR SAVING THE NEWS

What stands out from this inventory of potential alternatives for journalism is that the dominant U.S. model of the 20th century — advertising-subsidized commercial journalism — is not the only available option for providing the news that democratic societies require. What is also suggested from surveying the models above is that without government intervention, relatively small, unevenly distributed experiments will likely rise and fall across the country in haphazard fashion. Part of this process is necessary and should be applauded to the extent that it gives rise to quality journalism. But there is much that the government can do to facilitate the transition and help make sure there are reporters on the beat, while also setting aside a space for longer-term efforts to nurture a free and robust press. In other words, as much as the “let a hundred flowers bloom” approach seems warranted, these experiments require nourishment. With targeted government intervention, we can help bring many to fruition. Indeed, with the right policies, we can begin laying the groundwork for a 21st-century American press system.

The central task is to manage the transition in a way that permits a soft landing for the key asset for the production of news in a democracy — a large work force of journalists who can make a living writing the news. This transition will have to be agnostic to technology and recognize the disruptive and creative genius of the Internet. It will have to account for the changing norms in journalism and the changing identities of journalists. And it will have to find new business models that can adapt to the loss of print advertising revenues. This situation does not call for a bailout, but a far-reaching national journalism strategy to save the news.

The national journalism strategy must be aggressive but carefully planned, bold but targeted. And it must not be guided by profit-seeking or nostalgia, but rather by the core principles introduced at the start of this discussion:

- ➔ **PROTECT THE FIRST AMENDMENT.** Freedom of speech and freedom of the press are essential to a free society and a functioning democracy.
- ➔ **PRODUCE QUALITY COVERAGE.** To self-govern in a democratic society, the public needs in-depth reporting on local issues as well as national and

international affairs that is accurate, credible and verifiable. Journalism should be animated by a multitude of voices and viewpoints.

- **PROVIDE ADVERSARIAL PERSPECTIVES.** Reporting should hold the powerful accountable by scrutinizing the actions of government and corporations. Journalism should foster genuine debate about important issues.
- **PROMOTE PUBLIC ACCOUNTABILITY.** Newsrooms should serve the public interest, not private or government aims, and should be treated as a public service, not a commodity. Journalism should be responsive to the needs of changing communities.
- **PRIORITIZE INNOVATION.** Journalists should utilize new tools and technology to report and deliver the news. The public needs journalism that crosses traditional boundaries and is accessible to the broadest range of people across platforms.

In crafting such a strategy, it is important to remember that news has rarely paid for itself. News has *always* been subsidized. During the 20th century, the model that happened to take root was one in which advertising subsidized news operations. It worked because of the coincidence of printing technologies and a market structure that resulted in monopoly daily newspapers in most American towns and cities. That model is no longer working. But just because advertising no longer supports journalism does not mean that we no longer require news. We still require journalism — perhaps now more than ever. But we must first develop new means for subsidizing the press through new private revenue models or public interventions to restructure or supplement market forces. And it is difficult to imagine how this can occur without government getting involved in some capacity.

The need for policy often seems counterintuitive to many Americans who assume their media system naturally flows from the “free market.” Yet policy has always shaped our media system. During his celebrated visit to the United States in the 1830s, Alexis de Tocqueville was impressed to find an array of news and diverse sources of information deep in the American hinterlands. In fact, he was marveling at the direct result of enlightened public policy: postal subsidies for the mail, which was at that time primarily a news delivery system.¹⁵⁶ Today, Americans need to be reminded that there is a legitimate and necessary role for the state in guaranteeing a free and robust press. Government can simultaneously protect press freedom from censorship *and* promote policies that maximize speech of all kinds.

Our present moment is a critical juncture in American media and a turning point for modern journalism. We have the unique opportunity at this time to re-imagine the structures and policies needed to support the quality news and information

¹⁵⁶Alexis de Tocqueville, *Democracy in America*, Anchor Books. Garden City, NY, 1969.

we require to hold government and corporations accountable, to understand the world around us, and to participate in our democracy. Our concern is about how to support newsrooms and newsgathering, not a specific platform or method of distribution. We will need new policies that foster innovation and provide ongoing support for emerging news models. This approach avoids rehashing the well-worn debate about the future of journalism that too often devolves into two extreme positions: walling off content versus giving everything away for free; stubbornly clinging to newspapers versus believing blindly in the Internet. It is possible to stake out a middle path, one that embraces new digital technologies while also sustaining vital, professional journalism.

As we shift to a public service model of the press, we must prepare ourselves for a period of trial and error. We need to explore how the federal government can best support the future of investigative journalism, beat reporting, and quality news in America. This is not about newspapers, it is about newsrooms. It is not about protecting old institutions, it is about serving local communities. We understand that the future of this industry will likely be made up of a diverse collection of models and recognize the need for experimentation and innovation now and in the future. The question is, then, what current policies could support greater experimentation with innovative models of journalism?

Saving our vital news media and implementing a national journalism strategy for this transitional moment will require both short- and long-term solutions. Based on our analysis above, we have identified five models with the most promise that should be the top priorities for policymakers:

- **NEW OWNERSHIP STRUCTURES.** Encouraging the establishment of nonprofit and low-profit news organizations through tax exempt ("501(c)(3)") and low-profit limited liability company ("L3C") models.
- **INCENTIVES FOR DIVESTITURE.** Creating tax incentives and revising bankruptcy laws to encourage local, diverse, nonprofit, low-profit and employee ownership.
- **JOURNALISM JOBS PROGRAM.** Funding training and retraining for novice and veteran journalists in multimedia and investigative reporting.
- **R&D FUND FOR JOURNALISTIC INNOVATION.** Investing in innovative projects and experimenting to identify and nurture new models.
- **NEW PUBLIC MEDIA.** Transforming public broadcasting into a world-class noncommercial news operation utilizing new technology and focused on community service.

We make no claims that these models, alone or collectively, will automatically provide a panacea to the crisis in journalism. However, we believe these alternatives are worth further consideration, study and action. All of these models, to varying degrees, attempt to circumvent market failure with structural alternatives that seek to democratize media. Furthermore, they all could be accomplished via specific policy interventions and are politically viable, though formidable challenges are to be expected. Most important, we hope that by highlighting these options, we can begin a truly public conversation about what the future of journalism should look like and point policymakers and regulators toward an agenda that will save the news and serve the public good.

Short-Term Strategies

In the short term, we must decide what is needed to shore up news organizations and keep reporters on the job. Although many newspapers are deeply in debt, average newspaper profits are still 10 to 15 percent.¹⁵⁷ While newspapers are not dead yet and there is still money to be made, we also must realize that given current trends, in a decade — if not sooner — most people will not be reading newspapers in print. With news and advertising decoupled, ad revenue can no longer be relied on to fund bureaus at City Hall or in Baghdad. Thus our efforts should be focused on salvaging and transitioning the essential elements of newspapers — namely, the investigative and local reporting operations — while eliminating the business and commercial pressures that brought about the current crisis. That's not to say new policies should be limited to just helping newspapers. After all, many of the same financial challenges also affect broadcasters and online news outlets. Regardless of medium, we must find ways for trained reporters to make a living doing good journalism.

We believe the best short-term strategies are measures to encourage new ownership structures as well as refinements to the bankruptcy and tax laws that would enable employees, community groups or local investors to take over failing news operations on favorable terms, keep journalists working their beats, and invest in the future of newsgathering. We also endorse the federal funding of a jobs program to train or retrain young and veteran journalists in multimedia and investigative reporting skills. These recommendations would require federal legislation and, in some cases, new IRS regulations. Ideally, policymakers would create a menu of choices that would encourage media companies — whether bankrupt or simply struggling — to sell off properties to local and diverse owners who pledge to operate them in the public interest under a new structure. As new business models emerge, policymakers would also help to provide a bridge that guarantees veteran watchdogs are still on the job and new generations of journalists are building the skills needed for new forms of journalism.

¹⁵⁷ Nat Ives, "It's Not Newspapers in Peril; It's Their Owners," *Ad Age*, Feb. 23, 2009.

New Ownership Structures

After surveying the options described in the previous chapter, it seems that the most effective means of salvaging struggling newsrooms is to create new ownership structures by applying the 501(c)(3) (nonprofit) and L3C (low-profit) models to news organizations. Under either of these models, news organizations could be set up to accept philanthropic donations (which, in the case of tax-exempt newspapers, would be deductible) or investments. And they could be owned, in whole or in part, by a wide range of socially motivated parties, including workers, foundations, community organizations and other civil society groups whose primary mission will be to provide a public good that benefits the collective welfare of the local community. As noted above, each of these models afford news organizations a number of benefits and protections not available to their commercial counterparts.

Specifically, the model proposed by Sen. Ben Cardin would offer tax benefits to philanthropic groups and individuals that donate to news organizations, while providing the news organizations themselves with the tax benefits enjoyed by all tax-exempt organizations. To transition to a tax-exempt newspaper will require federal legislation changing current federal tax laws, which could take the form of a revamped version of the Cardin bill. It would revise Sections 501, 513 and 170 of the Internal Revenue Code, which, respectively, would allow newspapers to be considered as having an educational purpose and therefore qualify as nonprofits; would exempt qualifying newspapers from paying corporate taxes on their advertising revenue; and would allow donations to these newspapers to be considered tax-deductible charitable contributions.

The precise wording of the Cardin bill, in its current form, could exclude entire classes of newspapers.¹⁵⁸ For example, the fact it mandates that a qualifying newspaper contain “local, national, and international news stories of interest to the general public” seems to preclude smaller community papers and other news organizations. Most important, any bill along these lines should explicitly state that it does not pertain to just newspapers, but also news Web sites and other forms of media dedicated to journalism. However, removing these limitations only would require relatively simple alterations to the text, such as saying “news organizations” instead of “newspapers” and using an “or” instead of “and” before “international news.” For either model to become truly viable, nonprofit and low-profit news organizations also likely would need an exemption from provisions in the federal tax laws that prohibit both tax-exempt organizations (like the newspaper model proposed in the Cardin bill) and recipients of program-related investments (like an L3C news organization) from endorsing candidates for political office.

¹⁵⁸ Zachary M. Seward, “Non-profit News Outlets Deserve a Tax Exemption for Ad Revenue,” *Nie-man Journalism Lab*, March 26, 2009.

A related initiative is the move toward federal L3C legislation. This initiative could be treated in separate legislation or as part of a larger bill. A federal bill formally recognizing the L3C is probably unnecessary since, as noted earlier, news companies can organize as L3Cs in one of the states where L3Cs are legal. However, a related tax measure at the federal level would make it easier for foundations to make program-related investments in L3Cs. The Program-Related Investment Promotion Act, endorsed by L3C inventor Robert Lang, would accomplish this objective. The Council on Foundations also supports the federal legislation that would facilitate program-related investments in L3Cs.¹⁵⁹

Other considerations could be written into the newsroom ownership language that would make a 501(c)(3)/L3C initiative an effective bill. For example, news organizations that chose to qualify for one of these ownership structures should also be obligated to demonstrate a five-year strategy for developing a significant Web and digital platform presence. They should also be contractually obligated to hold on to their property for a certain time period before selling, to avoid the establishment of shell companies. Efforts should also be made so these structures benefit ethnic and community media. Finally, news organizations should be required to set up local boards to evaluate how well they are serving the community. The PRI Promotion Act of 2009 would encourage this type of behavior, since it requires an annual report to the IRS specifying how an L3C is fulfilling its social purpose.¹⁶⁰ The first steps in any process to reform the federal tax laws would be hearings held by the tax-writing committees in both the House and the Senate. Ultimately, legislation reforming the IRS code would have to go through these committees.

Incentives for Divestiture

Several major newspapers are already bankrupt, or looking to sell off or shutter properties to escape enormous debt. Absent some intervention in the market, there is a strong chance that these papers will find buyers that are less interested in journalism than they are in maximizing asset value in the short term. Instead of watching them fall into the hands of private equity firms or other consolidated conglomerates, we have an opportunity to build incentives for their transfer to owners more committed to public service and local communities. The idea is to create, via changes to the federal tax and bankruptcy laws, a number of targeted “sweeteners” that could be invoked — alone or in combination — when media properties are being put up for sale that would make new owners or ownership structures, like L3Cs, more attractive than traditional corporate ownership models.

¹⁵⁹ For information on the L3C federal legislation movement and related topics, see <http://www.nonprofitlawblog.com/home/2009/03/l3c-developments-resources.html>

¹⁶⁰ According to Robert Lang, GuideStar, the nonprofit database and information clearinghouse, has agreed to publish these reports. Like existing limited liability companies, L3Cs would be governed by an operating agreement among their members, which could easily be drafted to mandate compliance with a community's specific needs.

As mentioned earlier, federal laws would also have to be changed to protect worker contracts and pensions.

One option clearly worth pursuing here is the utilization of “prepackaged” bankruptcies, which we described above. This approach would allow interested parties to work out future ownership of the assets prior to actually going into court, which dramatically cuts down on costs. These cost-savings, combined with the legislative incentives described below, could make the package more attractive to the bankruptcy judge and ultimately enable public-interest-minded groups to take control of the paper. An advantage of this “soft-landing” approach is that it precludes very few of the options discussed earlier. For example, a failing local newspaper could be bought up by a cooperative of its employees through a prepackaged bankruptcy; turned into an L3C or 501(c)(3) news organization; accept money from public trusts, foundations and local entrepreneurs; and employ any number of creative online techniques to generate revenue — all while producing journalism and experimenting with new models of sustainability.

Newspaper owners might be more inclined to sell to socially motivated parties if the government offered certain subsidies or other incentives to facilitate the transactions. Perhaps the IRS could be induced to guarantee nonprofits a reduced buyout rate. In addition, government-guaranteed loans and bidding credits could be offered to nonprofits to help them purchase failing news organizations with the promise to convert them into locally owned and controlled multimedia newsrooms. Similarly, if the IRS granted tax relief from a long-term capital gains tax, tweaked the net operating loss rules, and offered other tax advantages to the newspaper seller, legacy owners of failing newsrooms may be incentivized to sell to nonprofits during the bankruptcy process. Substantive debt-relief would help placate creditors and investors to some degree.

These “sweeteners” should be combined with a minority media tax credit that would encourage the sale of news organizations to minorities, women, and other underrepresented groups. Restoring some version of the minority tax certificate will greatly increase minority and female ownership of news media outlets, which currently stand at an appallingly low number.¹⁶¹ Congress would have to reinstate the policy, and the FCC would enforce it. But this is a policy that is already proven to increase the diversity of media ownership and never should have been dropped from the books.¹⁶²

¹⁶¹ For a report on broadcasting numbers, see Derek Turner and Mark Cooper, “Out of the Picture 2007: Minority and Female TV Station Ownership in the United States,” Free Press, October 2007. <http://www.freepress.net/files/otp2007.pdf>

¹⁶² See, for example, Kofi Asiedu Ofori and Mark Lloyd, “The Value of the Tax Certificate Policy,” The Civil Rights Forum, 1998, <http://www.vii.org/papers/taxcert.htm>

Journalism Jobs Program

The final proposal for a short-term remedy to the journalism crisis is an attempt to support veteran, qualified reporters and simultaneously to engage young people in journalism. One of the biggest problems with the collapsing business model of print newspapers is the possibility that tens of thousands of highly trained and experienced reporters will dissipate into other sectors of the economy, and tens of thousands of talented young people will be dissuaded from becoming journalists in the first place.¹⁶³

With the recent expansion of AmeriCorps' existing domestic service program, now would be an opportune moment to include journalistic activities as part of its mission. "The Serve America Act," which Congress approved in March, will dramatically increase service and paid volunteer jobs from 75,000 to 250,000 positions. The *New York Times* reports that full-time and part-time service volunteers would work for "new programs focused on special areas like strengthening schools, improving health care for low-income communities, boosting energy efficiency and cleaning up parks." The AmeriCorps expansion — which will cost approximately \$6 billion over five years — also provides for a Social Innovation Fund to expand on proven initiatives while supplying seed funding for experimental programs. Volunteers would receive minimal living expenses and a modest educational stipend of \$5,350 after their year of service. There are also special fellowships for people 55 and older, as well as summer positions for middle- and high-school students.¹⁶⁴

Building on Eric Klinenberg's idea, a small percentage of these AmeriCorps jobs could go to journalism positions, fellowships, or even to journalism projects to report on the new initiatives being created through this act. These also could provide a much-needed service if combined with or subsumed under university media literacy programs. A promising model has been implemented recently by a John S. and James L. Knight Foundation-backed initiative at Stony Brook University. The school has hired 50 laid-off journalists to undergo summer training with the goal of joining dozens of universities in the fall to teach "news literacy" to non-journalism majors.¹⁶⁵ A similar program could be established to hire journalists to teach media literacy and help launch journalistic endeavors at all levels of education. The media literacy program could be expanded to include many more universities through the creation of formal Department of Education grants that might be leveraged using foundation support.

¹⁶³ Currently, journalism school enrollment is up. See Brian Stelter, "Digital Defeats Newsroom? J-Schools Boom Despite Crisis," *New York Times*, April 19, 2009.

¹⁶⁴ "Expanding National Service," *New York Times*, March 24, 2009; Craig Newmark, "The Serve America Act, a Really Big Deal," *The Huffington Post*, April 23, 2009; "Senate Moves to Expand National Service Programs," *New York Times*, March 27, 2009.

¹⁶⁵ "Knight Foundation Backs Plan to Hire 50 Laid-off Journo's to Teach 'News Literacy,'" *Editor & Publisher*, March 13, 2009.

There are other direct avenues for federal government programs to aid in job creation in this industry. The Department of Labor could design a program aimed at keeping reporters employed at existing news organizations or at new outlets. Such a job-creation program would stimulate the economy and offset unemployment payments that might otherwise go to out-of-work reporters. The structure and administration of such a program requires further study, but the basic cost-benefit analysis is promising. If the government were to subsidize 5,000 reporters at \$50,000 per year, the cost would be \$250 million annually, a relatively modest sum given the billions coming out of Washington. Drawing on Ed Baker's ideas for subsidizing journalists and from the New Deal-era Federal Writers Project, this injection of resources would serve as a bridge to help keep reporters on the beat in local communities as the industry transitions to new business models and new media forms.

Long-Term Strategies

Although the short-term strategies outlined above may sustain local newsrooms for the time being, the long-term strategies must provide a safety net for our national media system as a whole. We propose a two-track strategy: The first track is a tech-friendly venture/innovation/experimentation fund, which follows a long tradition of government seeding new projects, from medical breakthroughs to the Internet itself. The second track is building a world-class public media system with a renewed focus on newsgathering and local community service.

R & D Fund for Journalistic Innovation

"The only solution I have to offer is pluralism itself," writes New York University Professor Jay Rosen about the future of news. "Many funders, many paths, many players, and many news systems with different ideas about how to practice journalism for public good (and how to pay for it, along with who participates)."¹⁶⁶ To create the necessary institutional pluralism, and to provide for a future of text-based media read on electronic devices with multiple revenue streams and multiple platforms, we need to think about the new media marketplace as an incubator for innovation. We propose the creation of a government-seeded innovation fund for journalism — a taxpayer-supported venture capital firm that invests in new business models. As a starting point, we are proposing a \$50 million per year budget.

Such a fund is not without precedent. The Telecommunications Development Fund (TDF) was created by Section 714 of the 1996 Telecommunications Act to focus investment in small businesses that produce important public goods in

¹⁶⁶ Jay Rosen, "Rosen's Flying Seminar in the Future of News," *Pressthink*, March 26, 2009. http://journalism.nyu.edu/pubzone/weblogs/pressthink/2009/03/26/flying_seminar.html

the communications sector that were ignored by for-profit venture capital.¹⁶⁷ A private, non-governmental, venture capital firm, TDF was seeded with public funds and authorized to make investments with public service goals. TDF is governed by a board appointed by the FCC chairman. This model could be adopted for a journalism fund with provisions that the board would be made up of representatives from industry, academic institutions, and public interest groups. A firewall would be set up between the board and the journalism initiatives they fund. Clearly, such an initiative would require an act of Congress to establish, though it's crucial that such legislation include provisions to shield the fund from any undue political influence. This new venture capital firm could be set up as a public-private partnership, with federal matching funds for foundation-supported projects.

Whereas many of the other strategies discussed here are aimed at transitioning legacy media into new sustainable forms, the new journalism fund should support forward-thinking endeavors that take advantage of new technologies. Resources should also be used to provide guaranteed loans to startup initiatives, such as Web-based community newsrooms and services, as well as projects that serve communities of color. The idea is to try to catalyze a wave of innovation in journalism 2.0 and to trigger market forces that will help move some of these nascent projects from concept to full-fledged operations.

New Public Media

A true Fourth Estate should be neither dependent on the whims of the market nor subject to shifting political landscapes. Now is the moment to firmly establish a press that is autonomous, yet supported by public money and devoted to the public interest. We need to re-imagine our current public broadcasting system and rebuild it as new public media with an overarching commitment to newsgathering and local community service. This significantly reformed and repurposed national media system should include many already existing pieces: NPR, PBS, community radio, as well as those nonprofit entities not commonly associated with public broadcasting, like PEG television channels, Low Power FM radio stations, noncommercial publications, and community Web sites.

The United States is alone among democracies in how little it devotes to its public media system. Our proposal is based on the vision that these monies would directly support journalistic endeavors by being used to hire local reporters in specific communities. The money would also be used to streamline public media operations: developing new technology and archiving content across the system. In considering whether state-subsidized media is worth the effort, we should consider the popularity and quality of BBC News or the Canadian Broadcasting Corporation

¹⁶⁷ S. Jenell Trigg, "Section 714 - The Telecommunications Development Fund: Making a Difference?" June 1, 2002, http://www.civilrights.org/publications/reports/1996_telecommunications/section-714.html (this chapter is part of a larger collection by the Civil Rights Forum on Communications Policy titled "The Success and Failure of the 1996 Telecommunications Act.").

and compare these institutions to our increasingly degraded commercial media system. The BBC is unrivaled in the world as a source for international public service media. Research has shown the BBC demonstrating an independence that compares favorably with U.S. media and calls into question some common fears about government-subsidized media.¹⁶⁸

As discussed in more detail in the next chapter, the money needed to support this system over the long term could be raised by Congress creating and funding a public trust, or perhaps from a small tax placed on consumer electronics. Alternatively — and immediately — we could increase direct congressional appropriations for public media via the Corporation for Public Broadcasting. By tripling current congressional appropriations, the U.S. public media system could dramatically increase its capacity, reach, diversity and relevance. Given that Congress just passed a nearly *trillion-dollar* economic recovery package, devoting an additional \$1 billion to public media annually (which works out to less than 0.2 percent of the stimulus bill) no longer appears so outlandish. Other democracies outspend the United States by wide margins per capita on public media.¹⁶⁹ Nichols and McChesney write: “These investments have produced dramatically more detailed and incisive international reporting, as well as programming to serve young people, women, linguistic and ethnic minorities and regions that might otherwise be neglected by for-profit media.” They also note that the government spends several times the paltry \$420 million it spends annually on public media on Pentagon public relations.¹⁷⁰

Challenging commonly held fears about subsidized media, recent academic research shows that news organizations receiving government subsidies are no less critical of government than those that aren’t subsidized, and the former tend to present a wider range of voices and viewpoints.¹⁷¹ Indeed, there is accumulating evidence that, for example, a wide range of Western European publicly owned

¹⁶⁸ Jay Blumler and Michael Gurevitch, “‘Americanization’ Reconsidered: U.K.-U.S. Campaign Communication Comparisons Across Time,” in W.L. Bennett and R.M. Entman (eds.), *Mediated Politics*. Cambridge: Cambridge University Press, pp. 380-403, 2001. It should be noted that dramatically increasing support for public media would entail formidable political challenges, yet substantially increased funding for public media is nevertheless more feasible than creating an entirely new entity for supporting national and local journalism. It is often taken as an article of faith that such a model could never flourish in the United States, but it is important to note that a more robust public media system didn’t emerge as it did in other nations only as a result of a vicious series of political campaigns led by U.S. broadcasters in the early 1930s and again in the postwar 1940s. See Robert McChesney, *Telecommunications, Mass Media & Democracy: The Battle for the Control of U.S. Broadcasting, 1928-1935*. New York: The Oxford University Press, 1993.

¹⁶⁹ Canada 16 times more; Germany 20 times more; Japan 43 times more; Britain 60 times more; Finland and Denmark 75 times more. Nichols & McChesney, *ibid*.

¹⁷⁰ *Ibid*.

¹⁷¹ Rodney Benson, “What Makes for a Critical Press: A Case Study of U.S. and French Immigration News Coverage,” *The International Journal of Press/Politics* (In Press); Rodney Benson and Daniel Hallin, “How States, Markets and Globalization Shape the News: The French and US National Press, 1965–97,” *European Journal of Communication* 22, 27, 2007.

media and government-subsidized private media consistently produce journalism that is just as critical or more critical of powerful interests as the U.S. press.¹⁷² Suggesting that the Swedish press was liberated to become more adversarial after public subsidies were introduced, Daniel Hallin, a specialist in comparative media systems at the University of California, San Diego, found “very strong evidence that press subsidies don’t lead journalists to be timid.”¹⁷³ A recent comparative analysis shows that public service television devotes more attention than the U.S. market model to public affairs and international news, which fosters greater knowledge in these areas, encourages higher levels of news consumption, and shrinks the knowledge gap between the advantaged and disadvantaged citizens.¹⁷⁴ Nonetheless, for this model to be successful, this public funding toward media should be both guaranteed over the long term and carefully shielded from political pressures.

To be clear, we are not advocating for a direct bailout of the commercial media system — a proposal reportedly being considered in Canada.¹⁷⁵ We are instead calling for the funding of an alternative media infrastructure, one that is insulated from the commercial pressures that brought us to our current crisis. Indeed, our media system has space for both commercial and noncommercial models; what is ideal is a *mixed* media system — one that restores balance between profit-making and democratic imperatives and is better able to withstand dramatic fluctuations in the market. Despite its flaws, we have enjoyed a successful, if grossly underfunded, public broadcasting system for decades. Furthermore, a wholly commercial system focused on advertising revenue optimization and profit maximization will not support the needs of a democratic society.

Our nation’s media policy historically has reflected the understanding that the market alone cannot provide for all of our communication needs. However, the window of opportunity to make these kinds of reforms will close quickly. For decades, Congress has tilted media policy to favor the biggest media corporations. Right now, we have a rare chance to encourage legislators instead to “put their thumb on the scale” and create truly public media.

The Challenge Ahead

¹⁷² Rodney Benson, “Comparative News Media Systems,” *The Routledge Companion to News and Journalism Studies*, edited by Stuart Allan, forthcoming 2009; See generally, Daniel Hallin and Paolo Mancini, *Comparing Media Systems: Three Models of Media and Politics*, Cambridge, UK: Cambridge University Press, 2004.

¹⁷³ Bree Nordenson, “The Uncle Sam Solution: Can the Government Help the Press? Should it?” *Columbia Journalism Review*, September/October 2007.

¹⁷⁴ James Curran, Shanto Iyengar, Anker Brink Lund and Inka Salovaara-Moring, “Media System, Public Knowledge and Democracy,” *European Journal of Communication*, Vol. 24, No. 1, 5-26 (2009)

¹⁷⁵ *The Canadian Press*, “Feds Consider TV News Bailout,” April 8, 2009.

A national journalism strategy is needed precisely because the problems we face necessitate vast resources and long-term planning. The United States will have many crises to confront in the coming years, but the loss of viable journalism must rank high among them. This is a surmountable crisis, but saving journalism and shoring up democracy's very foundations will require the right application of innovative technology, policy reform and public resources. There is not a perfect policy solution to solve this crisis. Rather, it will likely be a menu of policy options that together will help fill the vacuum left by the decline of commercial news. "You never want a serious crisis to go to waste," White House Chief of Staff Rahm Emanuel once said. "It's an opportunity to do things you could not do before."¹⁷⁶ This crisis is a golden opportunity for creating new alternatives. And if true public service journalism emerges from the wreckage, then indeed, there may be a silver lining.

It is becoming increasingly clear that enormous profits can no longer serve as the sole criterion for a healthy media system; focusing on short-term profits at the expense of long-term survival is not sustainable. Indeed, investments in newsgathering can pay off in the long run. Driving this point home, a University of Missouri study based on 10 years of financial data found that, over the long term, investments in newsgathering increase profits more than spending on circulation, advertising and other business operations do.¹⁷⁷ Newsrooms should be liberated from their absentee corporate owners and returned to the communities they purportedly serve. Although local ownership does not always ensure quality journalism, it does encourage local coverage and accountability.

Given recent closures and bankruptcies of major newspapers — and the ongoing struggles in radio and TV journalism — we cannot merely wait to see what organically emerges to replace the news. We must be proactive through public policy and public engagement. The depth of this crisis calls for something more than window dressing or incremental reforms. Unlike in previous eras, when media owners viewed any suggestion of structural reform with knee-jerk hostility, some are now more open-minded toward new models for sustaining local journalism. Media corporations need to recognize that news organizations can no longer serve merely as cash cows. Those that are unwilling to invest in quality journalism over the long term would be doing the public a service as well as protecting their own bottom line if they withdraw from the field in an orderly fashion without leaving a trail of hollowed out newsrooms in their wake.

The rate at which the newspaper industry is collapsing is staggering, even for those who have predicted this crisis for years. Further complicating this challenge

¹⁷⁶ David Leonhardt, "The Big Fix," *New York Times Magazine*, Jan. 27, 2009.

¹⁷⁷ Shrihari Sridhar, Murali K. Mantrala, Prasad A. Naik, and Esther Thorson, "Uphill and Downhill: Locating Your Firm on a Profit Function," *Journal of Marketing*, Vol 71 (April), 2007, 26-44; Robert MacMillan, "Study Shows Newsroom Spending Raises Newspaper Profits," *Reuters*, February 15, 2007. See also Tom Rosenstiel and Amy Mitchell, "The Impact of Investing in Newsroom Resources," *Newspaper Research Journal*, Vol. 25, No. 1, Winter 2004.

is the historical predicament of multiple crises currently facing the United States, including the financial meltdown, the crumbling health care system and of thousands of troops in Iraq and Afghanistan. Journalism simply does not rank as high in the public consciousness. Combined with the traditional antagonism between the Fourth Estate and government, the risk of inaction is great. Nevertheless, given the scale of this problem — one that will only worsen over the coming weeks and months — we must start a national discussion about the nature of the crisis and the need for public policy solutions.

President Obama should use his bully pulpit to place this crisis squarely on the list of national priorities. As suggested in the next chapter, the White House should convene a commission to revitalize the public media system, modeled on the Hutchins Commission of the 1940s and the Carnegie Commission in the 1960s. Congress needs to foster this debate by holding hearings that bring together the best minds in the country as well as engage the public to address this national crisis. Congress should also commission in-depth reports on the true state of the news business and call for possible solutions.¹⁷⁸ Ideally, the hearings would be followed quickly by legislation in Congress that amends tax and bankruptcy laws, funds innovative journalistic initiatives, and increases support for noncommercial media. The FCC and the Justice Department need to encourage media diversity and not further loosen media ownership limits. The FCC also needs to make sure the public can access quality journalism by developing a national plan for an open, ubiquitous and affordable broadband system.

We need to reframe the debate about journalism as one about an essential public good and a service that is vital for the future of democracy. The government is obligated to provide for a diversity of voices in our nation's media system as well as ensure public access to all media. Among the broader public, journalists and ex-journalists, as well as journalism schools and scholars, have a special role to play in this area. They command a unique perspective on what is at stake and what is possible in terms of creating newsrooms for the 21st century.

Journalism is a critical infrastructure. It is too precious for a democratic society simply to sit back and pray that the market will magically sustain it. The crisis in journalism is undeniably an economic issue, exacerbated by shifting revenue streams, new forms of content creation, and new methods of distribution. But it is also fundamentally a policy problem. While we explore new economic models for journalism, we must also examine what role government can play in supporting this indispensable institution. It is in large part policy decisions — and the political will to make the right ones — that will decide what is next for journalism. Unfortunately, there is no magic bullet. The crisis in journalism will undoubtedly

¹⁷⁸ Similar hearings and reports were conducted in the 1940s around concerns about the rise of one-newspaper towns. For example, see Special Committee to Study the Problems of American Small Business, "Survival of a Free Competitive Press: The Small Newspaper, Democracy's Grass Roots," Senate Committee Print 17, Eightieth Congress, First session, 1947. See also, Pickard, *ibid.*