

Journalism Is Dead! Long Live Journalism?

“Journalism is dead! Long live journalism!” So goes the mantra of the new conventional wisdom. The bad news is that the Internet has taken the economic basis away from commercial journalism, especially newspapers, and left the rotting carcass for all to see. The Internet is providing intense competition for advertising, which has traditionally bankrolled most of the news media. In 2000, daily newspapers received nearly \$20 billion from classifieds; in 2011 the figure was \$5 billion. A free ad on Craigslist generally gets more responses. Display advertising fell from around \$30 billion to \$15 billion in the same period. Combined newspaper advertising revenues were cut in half from 2003 to 2011.¹ In 2011 newspapers still received 25 percent of all advertising expenditures despite getting only 7 percent of consumers’ media time. By all accounts, the industry remains in free fall.²

The Internet has also taken away readers, who can find online for free much of the journalism they might want. A large and growing number of Americans, especially younger ones, get their news from comedy programs.³ A 2011 Pew Research Center survey found that computer tablets were booming among traditional newspaper readers, and 59 percent of the respondents said the tablet had replaced “what they used to get” from a newspaper.⁴ And as the content of newspapers gets skimpier, the product becomes that much more unappealing, making it that much more difficult to get people to subscribe to cover the lost advertising revenues. A 2011 survey determined that only 28 percent of American adults thought it would have a major impact on them if their local newspaper disappeared; 39 percent said it would have no impact whatsoever.⁵ By any reckoning, this onetime ubiquitous medium is in its death spiral.

It is not just newspapers, though they are being hit hardest; all commercial

news media are in varying stages of decay. But newspapers are by far the most important, because they are where the vast majority of original reporting is done, and no other media have emerged to replace them. Harvard's Alex S. Jones estimates that 85 percent of all professionally reported news originates with daily newspapers, and he notes that he has seen credible sources place that figure closer to 95 percent.⁶ Commercial radio news barely exists at all, and much of what remains on commercial television can be called news only by a loose definition of the term.

But fear not, we are told. Here's the good news: The same Internet that has slain the news media will provide ample journalism eventually, in an almost certainly superior form. In no other area have the celebrants been so emphatic.⁷ Jeff Jarvis asserts, "Thanks to the web . . . journalism will not only survive but prosper and grow far beyond its present limitations."⁸ All we need to do is get out of the way and let free markets work their magic on revolutionary technologies.

Clay Shirky wrote in his influential 2009 essay, "Newspapers and Thinking the Unthinkable," that "this is what real revolutions are like," adding, "the old stuff gets broken faster than the new stuff is put in its place." Shirky counsels patience. "Nothing will work, but everything might. Now is the time for experiments, lots and lots of experiments, each of which will seem as minor at launch as Craigslist did, as Wikipedia did, as *octavo* volumes did." He adds, "In the next few decades, journalism will be made up of overlapping special cases. . . . Many of these models will fail. No one experiment is going to replace what we are now losing with the demise of news on paper, but over time, the collection of new experiments that do work might give us the journalism we need."⁹

Yochai Benkler suggests that the new journalism will be so radically different from the old that traditional concerns about resource support are no longer of pressing importance. We can have a leaner journalism, and it will still be much better, thanks to the Internet. He writes: "Like other information goods, the production model of news is shifting from an industrial model—be it the monopoly city paper, IBM in its monopoly heyday, or Microsoft, or Britannica—to a networked model that integrates a wider range of practices into the production system: market and nonmarket, large scale and small, for profit and nonprofit, organized and individual. We already see the early elements of how news reporting and opinion will be provided in the networked public sphere."¹⁰ Likewise, Shirky, in a major address on

the state of the news media at Harvard in 2011, basically ignored the issue of resources and economic support.¹¹

The enthusiasm of the celebrants for the Internet as the basis for journalism's revitalization is understandable, for four putative reasons. First, there are an exponentially greater number of people who are able to participate as journalists online because barriers to entry are all but eliminated. "We are all journalists, now," as the saying goes.¹² Second, newly christened journalists, like everyone else, can have access to the world's information at a second's notice, far beyond what anyone could have accessed in the past. All they need to do is develop their skills at surfing the Web. Third, journalists will be able to collaborate and draw from the intelligence and labor of countless others in a networked environment, so that the whole will be far greater than the sum of its parts. Fourth, the Internet dramatically lowers the cost of production and effectively eliminates the cost of distribution, so a journalist can have a digital readership in the tens of millions with barely any budget at all.

So while the Internet might undermine the viability of the existing commercial news media, unless they change, it will also provide a far more glorious and democratic replacement. All that needs to be done is to keep the government censors at bay, and even the censors will have a very difficult time wrestling this magical technology to the ground.

This is an intoxicating prospect. There are numerous great journalists, like Glenn Greenwald, whose work exists only because of the factors above. Concerned citizens can locate a treasure trove of information online. The Arab Spring demonstrates that the powers-that-be face an unprecedented threat to their existence from aroused and empowered populations. For the most exuberant among us, the newest wave of technologies may have already ushered in the next glorious period. "There's no longer any need to imagine a media world where you create, aggregate and share freely and find credible, relevant news and information by using recommendations from peers you trust," Rory O'Connor writes, "because that world is already here."¹³ Peter Diamandis and Steven Kotler write that "the free flow of information enabled by cell phones replaces the need for a free press."¹⁴

Perhaps no issue is of greater importance to the future than how accurate these hopeful perspectives prove to be. Two matters are beyond debate: First, journalism in the manner I described it in chapter 3 is mandatory, not only so people can participate in the central political and communication policy issues outlined in this book, but also so there can be a democratic society

wherein individual liberties are meaningful. Second, current journalism is in decline and disarray. If there are any doubts about the second point, the evidence presented below should eliminate them. We are in a political crisis of existential dimensions.

Two outstanding questions arise. First, will the Internet, the profit motive, citizens, and assorted nonprofit groups combine in some manner to generate a higher grade of journalism sufficient to empower self-government? I argue herein, drawing from the foundation I provided in chapter 3, that the celebrants have either greatly undervalued the importance of having independent competing institutions and resources to do journalism—especially living wages for reporters—or they have overestimated the capacity of the market to produce such a system, or both. Moreover, the celebrants tend to be naive about the endemic problem of commercialism for democratic journalism, in the form of both private ownership and advertising support. As I assess the state of journalism in the United States today, it becomes evident that the Internet is not the cause of journalism's problems. Digital technology has only greatly accelerated and made permanent trends produced by commercialism that were apparent before the World Wide Web, Craigslist, Google, or Facebook existed.

I then look at the various efforts at generating digital journalism by the traditional news media, entrepreneurs, citizen journalists (a colloquial term for unpaid journalists), and nonprofit organizations. Although I find scant evidence that what is occurring online today could plausibly generate a popular journalism sufficient for a free and self-governing society, the notion that the Internet *could* provide the *basis* for a radically improved democratic journalism is another matter altogether. There I believe the celebrants are clearly on to something very big.

This leads to the second outstanding question: if the market, philanthropy, and new technologies are inadequate, how can we have a journalism system sufficient for a free and self-governing society? I return to the point first made in chapters 2 and 3: the solution to the problem of generating sufficient journalism begins with the recognition that it is a public good. Journalism is something society requires but that the market cannot generate in sufficient quantity or quality. The market is incapable of solving the problem, no matter how fantastic the technologies. Advertising disguised the public-good nature of journalism for the past 125 years, but now that it has found superior options, the truth is plain to see. That means that any realistic

notion of a credible Fourth Estate will require explicit public policies and extensive public investments, or what are also termed subsidies. I look at the enormous and striking role of journalism subsidies in American history—especially in the “pre-advertising” era—as well as the continued importance of public investments in journalism in the most democratic nations in the world today. I conclude by assessing what a powerful digital free press might look like.

Farewell to Journalism?

The notion that journalism was in severe crisis became common by 2006 or 2007, then escalated into a major theme following the economic collapse of 2008–9, when hundreds of newspapers and magazines shut their doors. Optimists hoped the economic recovery would put commercial journalism back on solid footing and allow breathing space for a successful transition to the Internet; instead newspaper layoffs increased by 30 percent in 2011 compared to 2010.¹⁵ The next recession could devastate the remaining commercial news media.

In 2012 the President’s Council of Economic Advisers described the newspaper industry as “the nation’s fastest-shrinking industry.”¹⁶ A survey of two hundred possible careers by CareerCast.com listed “newspaper reporter” as the fifth worst job one could have in terms of making a living. The worst job? A lumberjack. Broadcast journalists hardly fared better, ranking as the ninth worst job.¹⁷ Some sense of the collapse: in 2012 the legendary *Philadelphia Inquirer* and its sister properties sold for just 10 percent of what they sold for in 2006.¹⁸

Speaking of Philadelphia, consider the findings of the Project for Excellence in Journalism in 2006 on the changes in Philadelphia’s journalism over the preceding three decades:

There are roughly half as many reporters covering metropolitan Philadelphia, for instance, as in 1980. The number of newspaper reporters there has fallen from 500 to 220. The pattern at the suburban papers around the city has been similar, though not as extreme. The local TV stations, with the exception of Fox, have cut back on traditional news coverage. The five AM radio stations that used to cover news have been

reduced to two. As recently as 1990, the Philadelphia Inquirer had 46 reporters covering the city. Today it has 24.¹⁹

As bad as it seemed at the time, 2006 looks like a golden age for journalists compared to today. In 2010–12, I visited two dozen American cities to discuss the state of journalism. In virtually every city I would ask veteran news professionals what was the percentage of paid journalists in their community working for all media compared to the 1980s. The general response, after serious contemplation, was in the 40 to 50 percent range, with several cities considerably less than that. In June 2012, in one fell swoop, Advance Publications eliminated over one half of the remaining editorial positions—some four hundred jobs—at three newspapers that served three of the four largest cities in Alabama.²⁰ Such drastic layoffs have become so common that they are barely news stories any longer—or maybe there just aren't people left to cover them.

A familiar story came when I visited Peoria, Illinois, in 2011 and learned that the once highly regarded *Peoria Journal-Star* had its editorial staff slashed in half since 2007 when GateHouse Media had purchased it. This led to political controversy as the mayor and city council realized that the citizens of Peoria had far less chance to understand what was going on in their community. At the same time that GateHouse was claiming dire circumstances forced it to slash budgets to the bone, it paid out \$1.4 million in executive bonuses and \$800,000 to its CEO.²¹ Jim Romenesko noted that corporate CEOs at nine of the largest newspaper-owning firms had compensation packages in 2011 ranging from \$3 million to \$25 million each—with the average around \$9.5 million—and in nearly every case corporate revenues and earnings had fallen.²² Perhaps the only good news is that the journalism crisis has yet to reach the boardroom. That is hardly consolation for anyone else. “I don't know anybody from my profession,” a former *Seattle Times* reporter said in 2011, “who isn't heartbroken, devastated, terrified, scared, enraged, despondent, bereft.”²³ As bad as it is, all signs point to it getting even worse, if that is possible. “Most newspapers are in a place right now that they are going to have to make big cuts somewhere and big seams are bound to show up at some point,” a media business analyst at the Poynter Institute said in July 2012.²⁴

It is hard to avoid what seems like the obvious conclusion: corporations and investors no longer find journalism a profitable investment.²⁵ If anything,

they are stripping what remains for parts and milking monopoly franchises until they run dry. That leads to an immediate problem for a society that has entrusted its news media to the private sector: a 2011 FCC study on the crisis in journalism concluded that “the independent watchdog function that the Founding Fathers envisioned for journalism—going so far as to call it crucial to a healthy democracy—is at risk.”²⁶

In addition, “the falling value and failing business models of many American newspapers,” as David Carr of the *New York Times* puts it, is leading to a situation in which “moneyed interests buy papers and use them to prosecute a political and commercial agenda.” Carr cites San Diego as exhibit A; the *U-T San Diego* (formerly the *San Diego Union-Tribune*) was purchased in November 2011 by right-wing billionaire Douglas F. Manchester, whose anti-gay rights politics gained him notoriety. “We make no apologies,” Manchester’s chief executive states. “We are very consistent—pro-conservative, pro-business, pro-military.” The newspaper also has a tendency to equate what is good for San Diego’s future with what is good for Manchester’s net worth. “There is a very real fear here,” a San Diego journalist said in 2012, that the *U-T San Diego* “will not be advocating for the public’s good, but the owner’s good instead.”²⁷ David Sirota has chronicled the return of monopoly press lords and their effect on communities ranging from San Diego and Denver to Chicago and Philadelphia: “Private newspaper owners have vaulted themselves into a historically unique position, which enables them to sculpt the news to serve their personal interests while circumventing the costs that come with true adversarial journalism.”²⁸ It was this type of journalism that produced the crisis that led to the rise of professional journalism a century ago. The system is unraveling.

Let’s look more closely at what the crisis means in terms of actual reporting. The point is not to romanticize what is being lost; as discussed in chapter 3, U.S. professional journalism even at its peak in the late 1960s and 1970s had significant flaws. Many of the problems with journalism today can still be attributed to some of the weaknesses of the professional code, such as reliance upon official sources to set the boundaries of legitimate debate. That being said, it also had its virtues, not the least of which was a relatively serious commitment to covering much of public life, from small communities to major cities and the world. There was “a firewall between the news divisions and the corporate structure,” veteran broadcast journalist Dan Rather recalls from the 1960s and 1970s. “That’s all gone now. Out the window.”

The flip side of corporatization of the news, to Rather, is the “trivialization” of the content. An increasing portion of news has gone over to inexpensive-to-cover entertainment, celebrity, gossip, crime, and lifestyle journalism—“soft news.” Commercial values have increasingly permeated—or, to old-timers like Rather, subverted—the professional code.²⁹

A study on the crisis was released by the Pew Center for the People and the Press in 2010; it examined in exhaustive detail the “media ecology” of the city of Baltimore for one week in 2009.³⁰ The object was to determine how, in this changing media moment, “original” news stories were being generated, and by whom. They tracked old media and new, newspapers, radio, television, websites, blogs, social media, even Twitter tweets from the police department.

Despite the proliferation of media, the researchers observed that “much of the ‘news’ people receive contained no original reporting. Fully eight out of ten stories studied simply repeated or repackaged previously published information.” And where did the “original” reporting come from? More than 95 percent of original news stories were still generated by old media, particularly the *Baltimore Sun* newspaper. It gets worse: The *Sun*’s production of original news stories was down more than 30 percent from ten years ago and a whopping 73 percent from twenty years ago.

Back in the 1980s and 1990s, Ben Bagdikian chronicled the declining numbers of independent news media due to the wave upon wave of mergers and acquisitions and the entrance of large conglomerates as central players. He warned of the dire consequences for journalism and democracy caused by media monopoly. Internet celebrants consigned Bagdikian and other old-media fuddy-duddies to history’s dustbin; they believed that the last thing anyone had to worry about now was a lack of distinct voices or competition. How ironic then that the Internet appears to have all but finished off the job that the market began. By 2012, the newspaper industry was “half as big as it was seven years ago,” according to Carr of the *New York Times*. “Quite a few of the mid-size regional and metropolitan dailies that form the core of the industry have gone off a cliff.”³¹

In the Internet era, the *New York Times* probably plays a much larger role in national and international journalism than it ever did in previous generations, despite its own significant cutbacks.³² It does so because most of the other major news media have abandoned their networks of national and international bureaus altogether.³³ As a recent history of the *Times* from

1999–2009 concludes, it has become “the worst newspaper in the world—except for all others.”³⁴

Dan Rather counted in his research between forty and fifty independent news media organizations that had the resources and a commitment to cover politics at the national level in the 1950s and 1960s. Most of these businesses did journalism as their exclusive or primary undertaking. That world is long gone, as a handful of conglomerates dominate the few remaining national newsrooms, and news is generally a small part of a broader corporate empire. As Rather put it in 2012:

Whether you’re a conservative or a liberal or a progressive, a Democrat or a Republican, everybody can be and should be concerned about this: the constant consolidation of media, particularly national distribution of media . . . few companies—no more than six, my count is four—now control more than 80 percent of the true national distribution of news. These large corporations, they have things they need from the power structure in Washington, whether it’s Republican or Democrat, and of course the people in Washington have things they want [in] the news to be reported. To put it bluntly, very big business is in bed with very big government in Washington, and has more to do with what the average person sees, hears, and reads than most people know.³⁵

Rather’s words are particularly striking in light of the conclusion of chapter 5: if the news media are to be the institution that protects the public from the collusion of very big business and the government, especially the very big national security state, its current industrial structure seems to be precisely the opposite of what is needed.

The shrinkage has had devastating implications for political journalism. The numbers of foreign bureaus and correspondents, Washington bureaus and correspondents, statehouse bureaus and correspondents, down to the local city hall, have all been severely slashed, and in some cases the coverage barely exists any longer.³⁶ In an era of ever greater corruption, the watchdog is no longer on the beat. Some of the biggest political scandals in Washington in the past decade—the ones that brought down Jack Abramoff, Tom DeLay, and Randy “Duke” Cunningham—were all started by a daily newspaper reporter’s investigation. Those paid reporting positions are now gone,

and those reporters no longer draw a paycheck to do such work. This means the next generation of corrupt politicians will have much less difficulty as they fatten their bank accounts while providing their services to the highest bidder. Throughout the nation, most government activity is taking place in the dark compared to just one or two decades ago.

Everywhere it is the same: far fewer journalists attempting to cover more and more.³⁷ It's like an NFL team trying to stop the Green Bay Packers with only two players lined up on the defensive side of the line of scrimmage. Broadcast journalism hardly has any players either. By 2012 it was common practice for competing broadcast stations to pool their news resources and provide the same news on different channels in the same market. This practice is of dubious legality but takes place in at least 83 of 210 television markets; it allows stations to slash their labor costs. As the FCC observes, the remaining reporters and editors "are spending more time on reactive stories and less on labor-intensive 'enterprise' pieces." Television reporters "who once just reported the news now have many other tasks, and more newscasts to feed, so they have less time to research their stories."³⁸

For a chilling account of what the loss of journalism means, consider the explosion that killed twenty-nine West Virginia coal miners in 2010. Following the disaster, the *Washington Post* and *New York Times* did exposés and discovered that the mine had had 1,342 safety violations in the preceding five years, 50 in the previous month alone. This was big news. "The problem," the FCC notes, "is that these stories were published after the disaster, not before—even though many of the records had been there for inspection."³⁹ Josh Stearns perceptively writes that "we are entering an era of 'hindsight journalism,' where some of the most important stories of our time emerge after the fact. This kind of journalism shines a spotlight on critical issues, but serves as more of an autopsy than an antiseptic. It dissects issues like specimens, instead of shining a light on problems before or as they emerge."⁴⁰

It is especially disastrous at the local level, where smaller news media and newsrooms have been wiped out in a manner reminiscent of a plague. Research affirms that there is "an explicit relationship between local and community news, local democracy, community cohesion, and civic engagement." When people living in a community no longer have credible news that covers their community and draws it together, the American system is suddenly on quicksand.⁴¹ In 2012 the *New Orleans Times-Picayune* became the first major daily newspaper to restrict publication to three days a week.

What does that mean for the roughly one third of New Orleans residents who have no Internet access?⁴² The *Los Angeles Times* is now the primary news medium for eighty-eight municipalities and 10 million people, but its metro staff has been cut in half since 2000. The staff “is spread thinner and there are fewer people on any given area,” Metro editor David Lauter laments. “We’re not there every day, or even every week or every month. Unfortunately, nobody else is either.”⁴³

Consider the farcical nature of American elections. Local elections, indeed nearly all non-presidential elections, barely get any news coverage, and what coverage they do get is generally inane, often driven by the TV ads and comprised of assessments of PR strategies, gaffes, and polling results. As for the presidential election, its coverage is generally endless and meaningless. Those with the most money to purchase the most ads can dominate political discourse. How can people effectively participate in electoral politics if they have little idea about the candidates, not to mention the issues? The logical course is to opt out, rather than be drowned in a pool of slime, spin, clichés, and idiocy. Where does that leave governance?

In a nation like the United States, the poor and marginalized are hardest hit. They are the least attractive group commercially, so labor news and news aimed at the bottom third or half of the population began to decline decades ago. Communities of color, which have traditionally gotten short shrift in the mainstream commercial news media, have seen many of the hard-won gains in diversifying newsrooms wiped out in the past five years. A 2012 American Society of News Editors report stated, “Across all market sizes, minority newsroom employment is still substantially lower than the percentage of minorities in the markets those newsrooms serve.”⁴⁴

The Pew Center conducted a comprehensive analysis of the sources for original news stories in its 2009 study of Baltimore. It determined that fully 86 percent originated with official sources and press releases. A generation earlier, PR accounted for more like 40 to 50 percent of news content. These stories were presented as news based on the labor and judgment of professional journalists, but they generally presented the PR position without any alteration. As the Pew study concludes, “the official version of events is becoming more important. We found official press releases often appear word for word in first accounts of events, though often not noted as such.”⁴⁵

So there may not be much journalism, but there still is plenty of “news.” On the surface, it can seem as though we are inundated with endless news.

Increasingly, though, it is unfiltered public relations generated surreptitiously by corporations and governments in a manner that would make Walter Lippmann—whose vision guided the creation of professional journalism in the 1920s—roll in his grave. In 1960 there was less than one PR agent for every working journalist, a ratio of 0.75 to 1. By 1990 the ratio was just over 2 to 1. In 2012, the ratio stood at 4 PR people for every working journalist. At the current rates of change, the ratio may well be 6 to 1 within a few years.⁴⁶ Because there are far fewer reporters to investigate the spin and press releases, the likelihood that they get presented as legitimate news has become much greater.⁴⁷ “As a direct result of changing media platforms,” one 2011 media industry assessment of the future of journalism put it, “PR pros are now a part of the media in a way they have never been before.”⁴⁸

Is it a surprise that Gallup found that Americans’ confidence in television news dropped to an all-time low in 2012 and is not even half of what it was less than two decades earlier?⁴⁹ Or that there has understandably been an increase in the number of people, to nearly one in five, who state they have gone “newsless”—not even glancing at Internet headlines—for the day before the poll? Who could blame them? By 2009 nearly a third of Americans aged eighteen to twenty-four years were thus self-described.⁵⁰ Forty years ago, young Americans followed the news at the same rate as their parents and grandparents.

Note that the decline of journalism was well established long before the Internet had any effect.⁵¹ The big change came in the late 1970s and 1980s, when large corporate chains accelerated their long-term trend of gobbling up daily newspapers and becoming conglomerates, sometimes with broadcast stations and networks under the same umbrella as newspaper empires. Family owners sold for a variety of reasons, and corporations came in to milk the cash cow. The corporations paid top dollar to get these profit machines, and they were dedicated to maximizing their return. They quickly determined that one way to increase profits even more was to slice into the editorial budget; in a monopoly there is little pressure to do otherwise, and with the money flowing, who worries about the long-term implications?⁵²

It was then, when they were still swimming in profits, that managers began to satisfy the demand from investors for ever-increasing returns by cutting journalists and shutting news bureaus. By the late 1980s and early 1990s, prominent mainstream journalists and editors like Jim Squires, Penn Kimball, John McManus, and Doug Underwood were criticizing the news

industry or leaving it in disgust because of the contempt corporate management displayed toward journalism.⁵³ By the end of the century, the trickle out was more like an exodus.

The 1990s were a period of tremendous profitability for newspapers and broadcast networks, as well as rapid growth for the economy. It was also a decade of considerable population growth. The Internet had become a big deal on Wall Street but had yet to do much more than hypothetical damage to journalism business models. Yet from 1992 to 2002, the editorial side was reduced by six thousand broadcast and newspaper jobs.⁵⁴ By the end of the 1990s, the number of foreign correspondents working for American newspapers and television networks had already been greatly reduced, as had the number of investigative reporters.⁵⁵ At the dawn of the new century, editors and observers were vocal, at times almost apoplectic, in their alarm at the policies that were devastating newsrooms.⁵⁶ In 2001 a team of leading journalists and scholars concluded, “Newspapers are increasingly a reflection of what the advertisers tell the newspapers some of us want, which is what the financial markets tell the newspapers they want.”⁵⁷ It was already clear that this was a recipe for disaster.⁵⁸

This is the actual history of journalism under really existing capitalism. Celebrants who think the market will rejuvenate journalism online and produce better results have yet to come to terms with this record and explain why digital commercial news media would be any different or better. Right now it looks a whole lot *worse*.

Digital Journalism: Gold Mine or the Shaft?

The decline of journalism over the past generation, which has accelerated in the last decade, would be a less pressing concern if the existing news media were making a successful digital transition, or if the Internet was spawning a credible replacement in the manner Benkler envisions. The evidence provided above suggests on balance that emerging digital news media are having a negligible effect upon the crisis in journalism. It certainly is not due to a lack of effort, as commercial news media have been obsessed with the Internet since the 1990s; they understood that it was going to be the future.

For traditional news media, it has been a very rocky digital road. A 2012 report based on proprietary data and in-depth interviews with executives at

a dozen major news media companies found “the shift to replace losses in print ad revenue with new digital revenue is taking longer and proving more difficult than executives want and at the current rate most newspapers continue to contract at alarming speed.” For every seven dollars of print advertising lost there is only one new dollar of Internet ad revenues; the executives said it “remains an uphill and existential struggle.”⁵⁹ The newspaper industry’s percentage of overall Internet advertising fell to 10 percent in 2011, an all-time low; it had been 17 percent in 2003.⁶⁰ “There’s no doubt we’re going out of business right now,” one executive said.⁶¹ By all accounts, the “clock continues to tick” for old media to find a way to survive online in the inexorable transition to the Internet.⁶²

It is both tragic and pathetic to see dedicated journalists obsessing over how to keep their newsrooms alive. “We have to find a business model that works—we have to,” *Christian Science Monitor* editor Marshall Ingwerson told NYU media scholar Rodney Benson. “This is the word I hated but in the last five years has become universal—we have to monetize. How do we monetize what we do? Same as everybody else.”⁶³ Journalists have been inundated with lectures that they “require an embrace of new technologies and a ruthless but necessary shedding of the old ways of doing business. It should have happened already. It must happen now.”⁶⁴

The assumption is that there *has* to be a way to make profits doing digital journalism if journalists and owners simply wise up and get with the program. Over the past few years, many American newspapers have been purchased on the cheap by hedge funds—nearly a third of the twenty-five largest dailies are now so owned—the subtext being that these business geniuses can generate profits where dummkopf journalism industry types have failed.⁶⁵ As John Paton, the journalist-*cum*-CEO for a newspaper company purchased by the Alden Global Capital hedge fund in 2011, put it: “We have had 15 years to figure out the web and, as an industry, we newspaper people are no good at it.”⁶⁶ Apparently, neither are the hedge fund managers. David Carr wrote in July 2012 that “hedge funds, which thought they had bought in at the bottom, are scrambling for exits that don’t exist.”⁶⁷

Few wish to consider the obvious question: what if it is simply impossible to generate commercially viable popular journalism online, let alone journalism adequate for a self-governing people? What then?

In the meantime, news media corporations work furiously to find their digital Shangri-La. The primary course for traditional news media has

been to pursue digital advertising dollars, with disappointing results. Most websites for publishers and broadcasters primarily run generic banner ads, “among the least trusted sources of commercial information,” according to consumer surveys.⁶⁸ These are rapidly falling out of favor with advertisers. Digital news sites have been laggards in “using technology that would customize ads based on their users’ online behavior.”⁶⁹ Moreover, as much as 80 percent of digital newspaper advertising is placed through networks that take a 50 percent cut of the action. This means a paper’s revenues for a thousand viewers (CPM in industry parlance) can be as little as 2 or 3 percent of its CPM for print readers.⁷⁰ Worse yet, as discussed in chapter 5, much of local marketing—once the bread and butter of news media—as it goes digital does not support media content sites or independent content sites of any kind.⁷¹ “A consensus has emerged that website advertising,” a respected 2011 industry report said, “its rates driven down by massive available inventory, will probably never sustain a comprehensive daily news report.”⁷²

However, digital advertising provided newspapers over \$3 billion in revenues in 2011, far exceeding all other forms of Internet revenues. It is not going to be abandoned even if no one expects it to grow very much.

With the possibility fading for digital advertising to serve as a panacea, attention has returned to making people pay for their news online.⁷³ This has worked for a handful of prominent newspapers like the *Wall Street Journal* and *Financial Times*, with well-heeled readers and specialized business content. The *New York Times* has also done well, enrolling nearly four hundred thousand subscribers since it introduced its pay system in 2011. The *Washington Post*, on the other hand, dismisses paywalls as “backwards-looking.” CEO Don Graham claims they can work only for papers like the *Times* and the *Journal* that have paid circulation spread across the nation.⁷⁴ Paywalls have been a flop otherwise, and a study of three dozen papers that attempted to do so found only 1 percent of users opted to pay.⁷⁵ Nevertheless, by 2012 some 20 percent of America’s 1,400 daily newspapers were planning to charge for digital access, and some firms, such as Gannett, claimed they were generating significant revenue.⁷⁶ They are inspired by the success of dailies doing so in places like Finland and Slovakia.⁷⁷ The key, apparently, is to be able to offer a lot of content at a low price—ideally by numerous newspapers combined—which might be easier in a small nation with a distinct language than in the United States, where English-language material grows like kudzu online. Whether there is an endgame is unclear—subscribers

have never provided sufficient revenues for news media—and it appears as much an act of desperation as vision. Of course, there is no time to be concerned with the externality that paywalls invariably cut many people off from access to the news, with all that suggests about their undemocratic character.

The latest hope is that the rapid emergence of mobile communication will open up new ways to monetize content. By 2012 a clear majority of Americans are getting some local news on their cell phones, and that number is growing. Best of all, the mobile world is increasingly proprietary, so there might be sufficient artificial scarcity to encourage people eventually to pay for news apps. Rupert Murdoch announced his iPad-only newspaper, *The Daily*, in 2011, and by 2012 the price had been lowered, some content was being offered for free, and it had been extended to smartphones. With a hundred thousand subscribers paying a couple dollars per month, “it’s going to need more than that to move from interesting experiment to profitable.”⁷⁸ The news app idea still has a long way to go before it can be realistic. In 2011, 11 percent of the American adult population had a news app, but nearly 90 percent of them got the app for free. Only 1 percent of the adult population paid for one. There is little reason yet for thinking news apps could get anywhere close to supporting the network of newsrooms that once dotted the landscape. It did not help the case that News Corporation laid off 29 percent of *The Daily’s* full-time staff in 2012. But it may be the last best hope.⁷⁹

The point of professional journalism in its idealized form was to insulate the news from commercialism, marketing, and political pressures and to produce the necessary information for citizens to understand and participate effectively in their societies. In theory, some people were not privileged over others as legitimate consumers of journalism. That is why it was democratic. There was one set of news for everyone. It was a public service with an ambiguous relationship with commercialism; hence the professional firewall. Journalists made their judgment calls based on professional education and training, not commercial considerations. That is why people could trust it. The core problem with all these efforts to make journalism pay online is that they accelerate the commercialization of journalism, degrading its integrity and its function as a public service. The cure may be worse than the disease.

So it is that top editors at the venerable *Washington Post* “have embraced the view that studying [Internet user] traffic patterns can be a useful way to determine where to focus the paper’s resources.”⁸⁰ They are desperate to

find the content that will appeal to desired consumers *and* to the advertisers who wish to reach affluent consumers. In this relationship, advertisers hold all the trump cards, and the news media have little leverage. In the emerging era of “smart” advertising, this means shaping the content to meet the Internet profiles of desired users, even personalizing news stories alongside personalized ads. The best stories for selling tend to be soft news. “The challenge,” Joseph Turow writes, has been “trying to figure out how to carry out editorial personalization in a way that wouldn’t cause audiences to freak out.” He points out that all the logic of the system points to advertisers demanding that *they* get sympathetic editorial mention as well. Research shows that that makes for a far more successful sales pitch. As one frustrated editor put it, “This crap may be groovy, but it still stinks.”⁸¹

Nothing much changes when one looks at the new companies that have emerged to use the Internet as a battering ram to enter the news media industry. “All these people who forecast the end of newspapers because of the decline in advertising and users being unwilling to pay for content can’t explain how the new Internet journalism websites are going to survive or even thrive—since most of them, too, need paid ads and/or subscribers,” said Greg Mitchell, the longtime editor of *Editor & Publisher*. “I just don’t get it.”⁸²

The new commercial ventures range from “content farms” to apps to major efforts to establish newsrooms and re-create a sense of news media online. The content farms, like Demand Media and Associated Content, have “embraced the attrition of the church-state boundary and turned it into a business model.”⁸³ These firms hire freelancers to produce articles quickly and cheaply to respond to popular search terms, and then sell advertising to appear next to the article. The needs of advertisers drive the entire process.⁸⁴ The key to commercial success is producing an immense amount of material inexpensively; the leading content farms can generate thousands of pieces of text and video on a daily basis.⁸⁵

Pulse has emerged as one of the leading commercial news apps, with 13 million smartphone users who get it for free. Pulse aggregates other firms’ news and makes its money working with advertisers and merchants. It is moving into “branded-content advertising,” by which ads get slotted next to appropriate stories for individualized users. The outstanding question is whether Pulse will generate a workable business model and then can establish a monopoly position due to its scale and network effects, like Twitter. By

2012 it moved aggressively to provide local news—with the ability to place advertising in real time that addresses one’s exact location—and become a global operation; the service is already available in eight languages. Pulse does not generate original news, and its founders concede that they don’t know much about journalism.⁸⁶ Nor do any of the other mobile aggregators generate any original journalism,⁸⁷ but some of their revenues will probably end up in the hands of other news media and may eventually contribute to paying actual journalists.

The journalism company that has made the greatest impact online has been AOL, which was tenuously married to Time Warner for a decade until it went independent again in 2009. AOL purchased Patch around then, to be a “hyperlocal” digital news service, with branches in some 860 communities, supported by advertising. In other words, it would be like a digital newspaper but without the massive production expenses. A detailed and largely sympathetic *Columbia Journalism Review* account of a Patch editor in upstate New York described how the service logically focused on more affluent communities. After months of keeping the editorial and commercial sides distinct, that strategy was thrown overboard as the enterprise foundered; editors worked with the ad staff, among other things “drumming up ad sales leads.” The editors were then directed to favor content that would get people to the site and also to cultivate “user-generated free content.” Patch lost \$100 million in 2011, and is estimated to have lost another \$150 million in 2012. As David Carr puts it, Patch “is no closer to cracking the code.”⁸⁸ While it may eventually get into the black, it will do so at the expense of sacrificing much of the journalistic vision it had at its launch.⁸⁹

Patch is evolving toward the *Huffington Post* business model: rely on volunteer labor, aggregate content from other media, emphasize sex and celebrities to juice the traffic, and generate some of your own content if you can afford to do so.⁹⁰ As fate had it, AOL purchased the *Huffington Post* in 2011. An internal memo on journalism from AOL CEO Tim Armstrong at the time captured the commercial logic: he ordered the company’s editors to evaluate all future stories on the basis of “traffic potential, revenue potential, edit quality and turnaround time.” All stories, he stressed, are to be evaluated according to their “profitability consideration.”⁹¹ As one 2011 media industry assessment of the future of journalism put it, this is “good news for public relations professionals who are trying to pitch stories,” because “these sites will be looking for more content to fill their pages.”⁹²

Armstrong's memo raises the question: What happens when a story—like that of a distant war or the privatization of a local water utility—fails to achieve proper “traffic potential, revenue potential”? What if no PR spinmeister wants to push it and provide free content? Does it disappear off the radar—and with it the ability of citizens to know what is being done in their name but without their informed consent? That might be a smooth ride for the CEOs, but it's a clunker for a democratic society.

Two aspects of capitalism and the Internet loom large in digital journalism. First, if anyone can make money doing online journalism, it will almost certainly be as a very large, centralized operation, probably a monopoly or close to it. The Internet has proven to be more effective at centralizing corporate control than it has been at enhancing decentralization, at least in news media. “We are probably far more centralized than we were in the past,” one executive said.⁹³

To some extent it is because human beings are capable of meaningfully visiting only a small number of websites on a regular basis. The Google search mechanism encourages concentration because sites that do not end up on the first or second page of a search effectively do not exist. As Michael Wolff puts it in *Wired*, “The top 10 Web sites accounted for 31 percent of US pageviews in 2001, 40 percent in 2006, and about 75 percent in 2010.”⁹⁴ By 2012, according to the Web traffic measurer Experian Hitwise, 35 percent of all Web visits now go to Google, Microsoft, Yahoo!, and Facebook. (The same firms get two thirds of online ad revenue.) And, ironically, as Matthew Hindman points out, personalization of websites “systematically advantages the very largest websites over smaller ones.”⁹⁵ A paradox of the Internet, John Naughton writes, “is that a relatively small number of websites get most of the links and attract the overwhelming volume of traffic.” If your site isn't in that elite group, it will likely be very small, and stay very small.⁹⁶

As Matthew Hindman's research on journalism, news media, and political websites demonstrates, what has emerged is a “power law” distribution whereby a small number of political or news media websites get the vast majority of traffic.⁹⁷ They are dominated by the traditional giants with name recognition and resources. There is a “long tail” of millions of websites that exist but get little or no traffic, and only a small number of people have any idea that they exist. Most of them wither, as their producers have little incentive and resources to maintain them. There is also no effective “middle class” of robust, moderate-size websites; that segment of the news media system has

been wiped out online, leading Hindman to conclude that the online news media are *more* concentrated than in the old news media world.

This seems to be the way of the digital world. Because the returns are so low and the marginal costs of adding new users are zero, profits are possible only by having massive scale. The “best bet for making money,” *The Economist* states, “is to pull in more readers for the same content.” And when a player gets that large, there usually isn’t much room for anyone else. “There will be fewer national news outlets” in the digital world.⁹⁸ The grand irony of the Internet is that what was once regarded as an agent of diversity, choice, and competition has become an engine of monopoly. As to journalism, it is unclear if *anyone* can make a go of it commercially, beyond material aimed at the wealthy and the business community.

The second aspect of the capitalism-Internet nexus at the heart of the online journalism business model is an understanding that the wages paid to journalists can be slashed dramatically, while workloads can be increased to levels never before seen. Armstrong’s memo states that all of AOL’s journalistic employees will be required to produce “five to 10 stories per day.” Tim Rutten of the *Los Angeles Times* captured the essence of this requirement in his assessment of AOL’s 2011 purchase of the *Huffington Post*: “To grasp the Huffington Post’s business model, picture a galley rowed by slaves and commanded by pirates.” In the “new-media landscape,” he wrote, “it’s already clear that the merger will push more journalists more deeply into the tragically expanding low-wage sector of our increasingly brutal economy.”⁹⁹

With massive unemployment and dismal prospects, the extreme downward pressure on wages and working conditions for journalists is the two-ton elephant that just climbed into democracy’s bed. “In the new media,” Rutten concludes, we find “many of the worst abuses of the old economy’s industrial capitalism—the sweatshop, the speedup, and piecework; huge profits for the owners; desperation, drudgery, and exploitation for the workers. No child labor, yet, but if there were more page views in it . . .”¹⁰⁰ David Watts Barton left the *Sacramento Bee* in 2007 to work at the *Sacramento Press*, a hyperlocal digital news operation. In the *Columbia Journalism Review*, he described the extreme difficulty of producing credible journalism based on volunteer labor. “Editing costs money. Citizen journalists are cheap and they can even be good. But even great journalists need some editing; citizen journalists need a lot of it. . . . Without journalism jobs, we don’t have journalism.”¹⁰¹

Commercial media's attitude toward journalism labor became apparent in the Journatic brouhaha following a whistleblower's exposé aired on public radio's *This American Life* in the summer of 2012. Journatic is a shadowy "hyperlocal content provider" that reportedly eschews publicity to the point where its site contains code that lessens its appearance in Google search results. It contracts with dozens of U.S. commercial news media to provide local coverage, including *Newsday*, the *Houston Chronicle*, the *San Francisco Chronicle*, and the GateHouse newspaper chain. The Journatic business model is premised on the idea that doing routine local news with actual paid reporters is no longer a viable option for many American news media, so it provides a discount alternative.

Journatic's local coverage is provided by low-paid writers and freelancers in the United States and, ironically enough, the Philippines, where Journatic hires writers "able to commit to 250 pieces/week minimum" at 35 to 40 cents a piece. Journatic CEO Brian Timpone says that the compensation was "more than most places in the Philippines." They produce stories under bogus "American-sounding bylines" that make it seem as if they are based in the local community running the stories. Part of the reason aliases are used is that it would be suspicious to readers and other journalists if they saw the number of articles a single writer produced, not to mention the importance of maintaining the illusion that these are local reporters.

Not surprisingly, these stories are "little more than rewritten news releases," as the whistleblower put it. They also contain a considerable number of errors, fabrications, and instances of plagiarism.¹⁰² But to the casual reader of a Journatic client, it would seem the newspaper or website was chock-full of original local material.

The Tribune Company, which owns the *Chicago Tribune*, invested in Journatic in April 2012 and outsourced coverage for the Chicago area's ninety TribLocal websites and twenty-two weekly editions to it. TribLocal laid off half of its forty staffers when it contracted with Journatic, and its output tripled. When word got out, ninety members of the *Chicago Tribune* newsroom presented a petition protesting Journatic's role. On July 13 the company indefinitely suspended use of Journatic in its papers, but the hyperlocal content provider is still very much in action in other markets, waiting for the bad publicity to blow over.

This is hardly the end of the story. A Pasadena publisher, James Macpherson, stated he wanted to "defend the concept" of outsourcing, claiming

that “Journatic has done it quite shabbily.” His firm had begun outsourcing journalism to India in 2007, but the program was postponed soon thereafter as he was apparently ahead of his time. Macpherson uses Internet software developed by Amazon in 2012 to contract with freelance reporters all over the world and says, “I outsource virtually everything. I am primarily looking for individuals who I can pay a lower rate to do a lot of work.” He concedes there are limitations: “There is no way someone in Manila can possibly understand what is happening in Pasadena.” But the economics are such that Macpherson argues outsourcing is inevitable: “The real lesson of Journatic is that outsourcing is not going to go away.”¹⁰³

As journalism becomes increasingly rote, the logical question becomes who needs human labor at all? StatSheet, a subsidiary of Automated Insights, uses algorithms to turn numerical data into narrative articles for its 418 sports websites. Automated Insights now also computer-generates ten thousand to twenty thousand articles per week for a real estate website, and the emerging computer-generated content industry is convinced that algorithms will become a key part of writing news stories in the near future. “I am sure a journalist could do a better job writing an article than a machine,” says a real estate agency CEO who contracted with Automated Insights, “but what I’m looking for is quantity at a certain quality.”¹⁰⁴ Who knows—maybe we will someday look back at Journatic as a golden age of journalism.

In short, the Internet does not alleviate the tensions between commercialism and journalism; it magnifies them. With labor severely underpaid or unpaid, research concludes that the original journalism provided by the Internet gravitates to what is easy and fun, tending to “focus on lifestyle topics, such as entertainment, retail, and sports, not on hard news.”¹⁰⁵ As traditional journalism disintegrates, no models for making Web journalism—even bad journalism—profitable at anywhere near the level necessary for a credible popular news media have been developed, and there is no reason to expect any in the future.¹⁰⁶

There is probably no better evidence that journalism is a public good than the fact that none of America’s financial geniuses can figure out how to make money off it. The comparison to education is striking. When managers apply market logic to schools, it fails, because education is a cooperative public service, not a business. Corporatized schools throw underachieving, hard-to-teach kids overboard, discontinue expensive programs, bombard students with endless tests, and then attack teacher salaries and unions as the

main impediment to “success.”¹⁰⁷ No one has ever made profits doing quality education—for-profit education companies seize public funds and make their money by *not* teaching.¹⁰⁸ That’s why the elite managers send *their* own children to nonprofit schools, generally private but sometimes public in the affluent suburbs, while other children are hung out to dry in the marketplace. Education is, in short, a public good. In digital news, the same dynamic is producing the same results, and leads to the same conclusion.

Fighting for the Public Good

The severity of the crisis in journalism is difficult to ignore, especially for those in politics who have seen the number of reporters following them diminish rapidly. By 2008 many politicians were commenting on how difficult it had become to get press coverage in their districts or on the issues they cared about. On the campaign trail, U.S. senators who once had entourages of reporters following them like they were heavyweight champions suddenly found themselves traveling with one or two staffers and few others. By 2010 the FCC and the Federal Trade Commission had each created task forces to study the crisis in journalism and propose solutions. The Democratic Caucus in Congress established an informal inquiry too. Hearings were held in both the House and Senate. Nothing has resulted, but these inquiries were unprecedented in American history.¹⁰⁹

The lack of action was due in part to a lack of public outcry and pressure. The extent of the crisis in journalism is underappreciated by most Americans, including many serious news and political junkies. The primary reason may well be the Internet itself. Because many people envelop themselves in their favored news sites and access so much material online, even surfing out onto the “long tail,” the extent to which we are living in what veteran editor Tom Stites terms a “news desert” has been obscured.¹¹⁰ Moreover, using dissident websites, social media, and smartphones, activists have sometimes “bypassed the gatekeepers” in what John Nichols calls a “next media system.”¹¹¹ Its value is striking during periods of public protest and upheaval.

But the illusion that this constitutes satisfactory journalism is growing thinner. Nothing demonstrates the situation better than the release by WikiLeaks of an immense number of secret U.S. government documents

between 2009 and 2011. To some this was investigative journalism at its best, and WikiLeaks had established how superior the Internet was as an information source. It clearly threatened those in power, so this was exactly the sort of Fourth Estate a free people needed. Thanks to the Internet, some claimed, we were now truly free and had the power to hold leaders accountable.¹¹²

In fact, the WikiLeaks episode demonstrates precisely the opposite. WikiLeaks was not a journalistic organization. It released secret documents to the public, but the “documents languished online and only came to the public’s attention when they were written up by professional journalists,” as Heather Brooke put it. “Raw material alone wasn’t enough.”¹¹³ Journalism had to give the material credibility, and journalists had to do the hard work of vetting the material and analyzing it to find out what it meant. That required paid, full-time journalists with institutional support. The United States has too few of these, and those it has are too closely attached to the power structure, so most of the material still has not been studied and summarized for a popular audience—and it may never be in our lifetimes.

Moreover, there was no independent journalism to respond when the U.S. government launched a successful PR and media blitz to discredit WikiLeaks. Attention largely shifted from the content of these documents to overblown and unsubstantiated claims that WikiLeaks was costing innocent lives, and to a personal focus on WikiLeaks leader Julian Assange. Glenn Greenwald was only slightly exaggerating when he stated that “there was almost a full and complete consensus that WikiLeaks was satanic.” The onslaught discredited and isolated WikiLeaks, despite the dramatic content that could be found in the documents WikiLeaks had published. The point was to get U.S. editors and reporters to think twice before opening the WikiLeaks door. It worked.

Many journalists elsewhere rallied to defend basic principles about transparency and speaking truth to power. The material they assessed and made public energized a wave of global democratic movements, even contributing to peaceful political revolutions. In the United States, nothing of the kind occurred, and WikiLeaks has had no effect on democratizing *our* politics or calling *our* leaders to account. The responses of U.S. journalists and commentators to the WikiLeaks revelations were often indistinguishable from those of the government spin doctors. Greenwald ended up defending WikiLeaks on numerous broadcast news programs and discovered that his on-air opponents were often working reporters: “There wasn’t even really

a pretense of separation between how journalists think and how political functionaries think.”¹¹⁴

When the U.S. government and the Internet giants took steps to render WikiLeaks ineffective, even though no one connected with it had been charged with, or convicted of, any crime for its publishing activities, what passes for U.S. journalism stood by meekly. How revealing that a news media that almost never does investigative work on the national security state or its relations with large corporations does not come to the defense of those who have the courage to make such information public! As the Obama administration, like those before it, has pursued extraordinary measures to limit public access to information and to punish whistleblowers, a credible independent news media in a free society would have led the charge to publicize its secrecy and actively oppose it.¹¹⁵ All the signs suggest that WikiLeaks, rather than being the harbinger of a new era, may have been the last gasp of an old one.

This also touches on the limitations of blogs, which not long ago were heralded as “little First Amendment machines. They extend freedom of the press to more actors.”¹¹⁶ Blogs provide commentary, sometimes expert commentary, but they tend to rely upon others’ reporting upon which to comment. Without a credible journalism, blogs have value only to the extent they produce original research, which is difficult unless one can do it full-time with institutional support. Moreover, Hindman’s research on online media concentration applies just as much, if not more, to the blogosphere. He found its traffic is highly concentrated in a handful of sites, operated by people with astonishingly elite pedigrees.¹¹⁷

There is one exciting new hope for digital journalism that has emerged in the past few years: online nonprofit news media. A number of outlets have been created that are dedicated to doing journalism in the public interest. What we have done “was out of seeing where the business model is headed, off a cliff,” the editor of the *Voice of San Diego* told NYU’s Benson, “and if we want to keep this public service alive we needed to fund it in a different way.” “I say good riddance” to having to rely on advertising and generating profits, the editor of the *SF Public Press* told Benson. “It was a bad marriage to begin with and it skewed coverage. And it foreclosed discussion of people and communities who were not targets of advertising.”¹¹⁸ Founders of these organizations see the gaping void in American journalism and wish to fill it.

The great question, then, is whether this new wave of nonprofit news media can rejuvenate American journalism and steer it away from the commercialism that was eating at its foundations. If it can, public ennui and governmental inaction are justified. Yankee ingenuity will have licked the problem. Best of all, there will be little government or commercial involvement with journalism; it will be a genuine public sphere.¹¹⁹

Some of these nonprofit ventures are local, like *MinnPost* and the aforementioned *Voice of San Diego*, and some are national, like *ProPublica*, which, in 2010, was the first digital news medium to win the Pulitzer Prize for reporting. Many are staffed by superb journalists who once worked in commercial news media. Young and enthusiastic new journalists are entering the field in this sector. A 2011 study by the Investigative Reporting Workshop determined that the top seventy-five nonprofit news operations had 1,300 employees and combined annual budgets totaling \$135 million. (This includes *Consumer Reports*, which accounts for nearly half the total staff and one third of the budgets.)¹²⁰ Since 2008, there has been a spike in Internal Revenue Service (IRS) applications for nonprofit status from journalism organizations, almost entirely for digital operations.¹²¹ “This sector has absolutely ballooned,” I was told by Josh Stearns, the Free Press activist who works in the area.¹²² How many of these new nonprofit digital news ventures are there? “It’s scores, not dozens, maybe hundreds, probably a lot more than anyone knows,” says the Knight Foundation’s Eric Newton, who monitors and encourages such activity for a living.¹²³

Nevertheless, the impact of the nonprofit sector may be less than the sum of its parts. “Investigative nonprofits,” as Newton put it, “are ‘punching above their weight,’” meaning that “the total community reached is still not close to the for-profits.”¹²⁴ They are usually most successful when a mainstream news organization picks up their work. That is often the approach of *ProPublica*, which won the first of its two Pulitzers for a piece that ran in the *New York Times Magazine*. In this scenario, the nonprofit sector is providing a subsidy to commercial news media.

There is also a push for nonprofit activist groups—nongovernmental organizations, or NGOs—to become direct producers of online journalism in the areas where they have expertise.¹²⁵ With the collapse of traditional newsrooms, public interest NGOs are doing their own reporting so they can pursue stories relating to their work. “What’s a nonprofit digital news operation? Consumer Reports online?” asks Newton. “The highly ethical digital

info gathering part of Human Rights Watch?”¹²⁶ In 2011, for example, the Center for Media and Democracy (CMD) produced award-winning exposés of the secretive and corporate-dominated American Legislative Exchange Council (ALEC). A few years earlier, the work might have been done by traditional journalists, but there were simply too few left to take on that assignment.

As exciting as it is to have NGOs get into the journalism business, we should not romanticize the development and make a virtue out of a necessity. In my experience, most of these groups would prefer that there be independent journalism organizations doing the hard investigative work they are being forced to do. It would allow them to use their very scarce resources for their core research, advocacy, and service. Most important, it would give the findings far more legitimacy and have greater public impact than when they come from an interested party. In a world where most journalism emanates from interested parties, it will be hard for NGOs to rise above the clatter that the corporate-funded groups produce, because the latter have exponentially greater resources. The work of the CMD on ALEC, for example, went mainstream when it was picked up and pushed along by the *New York Times* a full year after the CMD broke the story.¹²⁷

The good news for both NGO journalists and the new sector of digital nonprofit news media is that by dispensing with print, they lop off at least 30 percent of the costs of production and distribution for a traditional newspaper or magazine.¹²⁸ This is one of the factors that allows celebrants to wax rhapsodic about the postmaterial nature of networked journalism. The bad news is that losing 30 percent of costs still leaves this sector well under water. These digital nonprofit news media are underfunded, and there is no reason to think they will ever generate much more resources than they currently have. To put this sector in context, it has, at most, a few thousand employees, compared to the 120,000 full-time paid journalists our country had two decades ago.¹²⁹ Moreover, none of these ventures is pointed toward large-scale growth. Even in the assessments of their most enthusiastic supporters, they are far more likely to go under. In fact, this is probably about as good as it gets, barring the sort of radical policy proposals I make in the next section. Once one gets past the seventy-five largest nonprofit news organizations, one is deep in the weeds of very small, marginal shops. “None has developed a clear business model,” a Knight Foundation study concluded.¹³⁰

Individual donations and foundation grants have been the basis of

revenues, but these have distinct limits and invite problems. Experience with public broadcasting shows that people will pay, but there is an upper limit that is far below the money needed. Individuals gave \$730 million to all public and community broadcasting stations in 2009. The total has not grown as a percentage of public media revenues over the past decade, and only a fraction of that went toward journalism.¹³¹ The *SF Public Press* made a concerted effort to establish a “PBS model” for donations to support itself, but the donations amount to only between 7 and 12 percent of its meager \$80,000 annual budget.¹³² Even if the donation approach were to become viable, there is an additional concern: it tends to extend the privileges of the upper-middle and upper classes into the digital future.

This brings us to foundations. As the newspaper meltdown unfolded early in 2009, a movement was afoot to establish nonprofit newspapers and/or endowed newspapers, to be supported by philanthropy. As the longtime head of the Center for Public Integrity, Charles Lewis, put it, “It’s time for civil society, especially the nation’s foundations and individuals of means, to collaborate with journalists and experts who understand the changing economics of journalism in an imaginative, visionary plan that would support our precious existing nonprofit institutions and help to develop new ones.”¹³³ Since 2005, Jan Schaffer of American University estimates that foundations have donated at least \$250 million to U.S. nonprofit journalism ventures.¹³⁴

The problems with foundations as a form of support are threefold. First, they do not have anywhere near enough money to bankroll even a large chunk of journalism. They have a lot of other issues on their plates. *The Economist* notes that foundations “can only be a partial solution to the woes of newspapers.”¹³⁵

Second, foundations are hardly value-free or neutral institutions. They have their own pet causes and axes to grind, and they are often associated with powerful people and institutions. Sometimes they will fund coverage only of certain types of stories that they have an interest in. Foundations are generally accustomed to having their grantees give them what they want. Exceptions notwithstanding, they are not going to cut big checks and then head off to the beach. In an environment where many nonprofit journalists are wondering where their next meal is coming from, that gives foundations extraordinary implicit or explicit power over the content—largely unaccountable power.

Third, most foundations provide only limited-term support, often for

periods of three years or less, to new enterprises. Foundation boards and directors like to spawn groups, not bankroll them in perpetuity. “It is worth noting that many of these are start-ups within their first three years,” Stearns said when chronicling the state of nonprofit news ventures. “Once the start-up funding disappears it is unclear how many will survive.”¹³⁶ John Bracken of the Knight Foundation, the leading funder of nonprofit journalism, warns start-ups that “we will not be providing perpetual support.”¹³⁷

It is striking that the leading foundations involved in funding and studying nonprofit news ventures apparently have no idea, after years of experience, how these operations can ever become sustainable. Foundation officials are reduced to recycling platitudes and buzzwords like those that hedge fund managers are directing at old-fashioned newspaper people on the commercial side. The Knight Foundation president said, “We’re interested in new and different ways of doing things. . . . Folks who can be nimble and change are going to do better in the future than those who are slow to change.”¹³⁸ Jeff Jarvis told grantmakers in 2011 that digital nonprofit news media need to focus on figuring out “which financial models work.” A 2011 Pew Research Center report says the most “promising experiments in community news” are “coming from people who embrace business entrepreneurship and digital innovation.”¹³⁹ Newton argues that “digital nonprofits need a diverse revenue stream to survive.”¹⁴⁰ He says the days of getting a grant and concentrating on doing great journalism are over. Digital nonprofits must spend “substantial amounts of money on such items as technology, sales and marketing.”¹⁴¹ He believes digital nonprofit media should embrace the use of unpaid labor: “The new digital models are different types, citizen/volunteer/freelance/traditional/mixed.”¹⁴²

In effect, this approach admits defeat and then tries to declare victory.¹⁴³ It clings desperately to the faith-based conviction that everything will somehow eventually work out in the absence of any public policy intervention, while conceding that there will be an indefinite period during which the resources going to journalism are certain to decline precipitously. During that interregnum, anywhere from one to five decades, we apparently will have to get by on chewing gum and baling wire. Newton, to his credit, has pondered the implications of this approach:

News, like life, finds a way. My long-term optimism is tinged with worry about the current state of things. Eventually is not the same as

immediately. While we are waiting for the huge new age—two-way, not one-way; digital, not industrial; networked, not broadcast—to take hold, a lot of bad things are happening. Whenever traditional journalism decreases, for example, public corruption increases. Sometimes I wonder: How much corruption and confusion can one country take?¹⁴⁴

Newton is right: this is a dubious strategy. In view of the immense problems before us, it strikes me as tantamount to social suicide.

Perhaps the most sobering development of recent times concerns *The Guardian*, arguably the best English-language newspaper in the world, with an enormous online readership. As a report by *The Economist's More Intelligent Life* notes, “*The Guardian* has been having an astonishing run.” Few newspapers have embraced the Internet with such fury and apparent success. In terms of reach and impact, “the *Guardian* is doing better than ever.” The success is due in part to *The Guardian* being a nonprofit, with a singular devotion to journalism above all else. There are no investors weighing their stake in *The Guardian* against other more profitable options. The Scott Trust—established in the 1930s by the family owners—has been well managed and has a “war chest” of roughly \$250–300 million to cover operating losses, though CEO Andrew Miller says that amount will cover at most another three to five years. But even *The Guardian* cannot find a way to break even without cutting resources or commercializing its operations beyond the traditional role of advertising. Both options undermine quality and put the paper and its website on a downward spiral. *Guardian* employees are aware of the dilemma; reporter Nick Davies says it is impossible to see how investigative journalism can survive on the current trajectory. If an operation like *The Guardian*, with its support structure, vast resources, enormous scale, and popularity, cannot transition to the digital age and maintain quality—and might not even survive—what hope is there for anyone else?¹⁴⁵

In my view, we are better off admitting what is plainly obvious: there is no business model that can give us the journalism a self-governing society requires. What we need is a significant body of full-time paid journalists, covering their communities, the nation, the world, in competition and collaboration with other paid journalists. There need to be independent newsrooms where journalists who are secure enough in their livelihoods to focus on their work can collaborate and receive professional editing, fact-checking, and assistance. There needs to be expertise, developed over years of trial

and error, in vital areas of specialty, and paid journalists accountable for those beats. We need journalists trained in languages, history, and culture to work international beats with the credentials to protect them from government harassment. Great media institutions need to compete with other great media institutions, giving citizens solid choices and distinct perspectives.

And all of this media must be digital, perhaps with an old-media overlay during the interregnum. Digital technologies can make the system much more accessible and economically cost-efficient, and it can allow a much larger role for citizens to participate. That is what is so exciting about the world Benkler and the other celebrants envision. I can see a new and dramatically superior caliber of journalism emerging as a result of the Internet. It will be a journalism that will overcome the great limitations of professional journalism as it has been practiced in the United States: among other things, reliance upon the narrow range of opinion of people in power as the legitimate parameters of political debate, with a bias toward seeing the world through upper-class eyes. It will be a journalism that can truly open up our politics in the manner democratic theory envisions.

However, for this to happen there must be major public investments, and these funds must go to the development of a diverse and independent nonprofit sector. The future of journalism otherwise will likely approach what education would be like if all public investments were removed. With no such investments, our education system would remain excellent for the wealthy, who can afford private schools, mediocre for the upper-middle class, and nonexistent or positively frightening for the increasingly impoverished middle and working classes, the majority of the nation. To the extent it even existed, it would depend upon volunteer labor. It would be a nightmare unsuitable for any credible democratic or humane society. We wouldn't accept this model for public education. Nor should we for journalism.

But wait, don't government subsidies for journalism violate everything America stands for? Aren't they an affront to the most elementary notions of freedom and democracy? Isn't it better to risk going down in flames as a failed state than to open *that* Pandora's box?

Baseball, Hot Dogs, Apple Pie . . . and Public Investments in Journalism?

In 1787, as the Constitution was being drafted in Philadelphia, Thomas Jefferson was ensconced in Paris as this young, undefined nation's minister to France. From afar he corresponded on the matter of what was required for successful democratic governance. The formation of a free press was a central concern. Jefferson wrote:

The way to prevent these irregular interpositions of the people is to give them full information of their affairs thro' the channel of the public papers, and to contrive that those papers should penetrate the whole mass of the people. The basis of our governments being the opinion of the people, the very first object should be to keep that right; and were it left to me to decide whether we should have a government without newspapers, or newspapers without a government, I should not hesitate a moment to prefer the latter. But I should mean that every man should receive those papers and be capable of reading them.

For Jefferson, having the right to speak without government censorship is a necessary but insufficient condition for a free press and therefore democracy, which also demands that there be a literate public, a viable press system, and easy access to this press by the people.

But why, exactly, was this such an obsession to Jefferson? In the same letter, he praised Native American societies for being largely classless and happy, and he criticizes European societies—like the France he was witnessing firsthand on the eve of its revolution—in no uncertain terms for being their opposite. Jefferson also highlighted the central role of the press in stark class terms when he described its role in preventing exploitation and domination of the poor by the rich:

Among [European societies], under pretence of governing they have divided their nations into two classes, wolves and sheep. I do not exaggerate. This is a true picture of Europe. Cherish therefore the spirit of our people, and keep alive their attention. Do not be too severe upon their errors, but reclaim them by enlightening them. If once they

become inattentive to the public affairs, you and I, and Congress, and Assemblies, judges and governors shall all become wolves. It seems to be the law of our general nature, in spite of individual exceptions; and experience declares that man is the only animal which devours his own kind, for I can apply no milder term to the governments of Europe, and to the general prey of the rich on the poor.¹⁴⁶

In short, the press has the obligation to undermine the natural tendency of propertied classes to dominate politics, open the doors to corruption, reduce the masses to powerlessness, and eventually terminate self-government.

James Madison was every bit Jefferson's equal in his passion for a free press. Together they argued for it as a check on militarism, secrecy, corruption, and empire. Near the end of his life, Madison famously observed, "A popular government without popular information or the means of acquiring it, is but a Prologue to a Farce or a Tragedy or perhaps both. Knowledge will forever govern ignorance, and a people who mean to be their own Governors, must arm themselves with the power knowledge gives."¹⁴⁷

They were not alone. In the early republic, with no controversy, the government instituted massive postal and printing subsidies to found a viable press system. There was no illusion that the private sector was up to the task without these investments. The very thought would be unthinkable for generations. For the first century of American history, most newspapers were distributed by mail, and the Post Office's delivery charge for newspapers was very small. Newspapers constituted 90 to 95 percent of its weighted traffic, yet provided only 10 to 12 percent of its revenues. The Post Office then was by far the largest and most important branch of the federal government, with 80 percent of federal employees in 1860.¹⁴⁸

In the haze of the past century of commercially driven news media, we have lost sight of the fact that the American free-press tradition has two components. First is the aspect everyone is familiar with, the idea that the government should not exercise prior restraint or censor the press. The second, every bit as important, is that it is the highest duty of the government to see that a free press actually exists so there is something of value that cannot be censored. Although this second component of the American free-press tradition has been largely forgotten since the advent of the corporate-commercial era of journalism, the U.S. Supreme Court, in all relevant cases, has asserted its existence and preeminence. Justice Potter Stewart noted, "The Free Press

guarantee is, in effect, a *structural* part of the Constitution” (Stewart’s emphasis). “The primary purpose of the constitutional guarantee of a free press was,” he added, “to create a fourth institution outside the Government as an additional check on the three official branches.” Stewart concluded, “Perhaps our liberties might survive without an independent established press. But the Founders doubted it, and, in the year 1974, I think we can all be thankful for their doubts.”¹⁴⁹ In his opinion in the 1994 case *Turner Broadcasting System v. FCC*, Reagan appointee Justice Anthony Kennedy concluded, “Assuring the public has access to a multiplicity of information sources is a governmental purpose of the highest order.”¹⁵⁰

How big were these public investments in journalism (or press subsidies) in contemporary terms? In *The Death and Life of American Journalism*, Nichols and I calculated that if the U.S. federal government subsidized journalism today at the same level of GDP that it did in the 1840s, the government would have to invest in the neighborhood of \$30 billion to \$35 billion annually. In his *Democracy in America*, Alexis de Tocqueville wrote with astonishment of the “incredibly large” number of periodicals in the United States and concluded that the number of newspapers was in direct proportion to how egalitarian and democratic the society was.¹⁵¹ The robust press had little to do with free markets and everything to do with subsidies that dramatically lowered the costs of publishing and provided additional revenues from printing contracts. As late as the 1910s, when Postmaster General Albert Burleson questioned the need for newspaper and magazine postal subsidies, he was roundly dismissed as someone who knew little about news industry economics.¹⁵² To Americans of all political persuasions—and especially to progressive political movements like the abolitionists, populists, and suffragists—even during the most *laissez-faire* periods in American history, the necessity of a large public investment in journalism was a given.

Federal press subsidies—e.g., postal subsidies and paid government notices—have diminished in real terms to only a small fraction of their nineteenth-century levels, though they remain to the present day. Public broadcasting is the most visible investment by government in media, and it receives approximately \$1 billion in public support, but only a small portion of that supports journalism. State and local governments, as well as public universities, provide much of this public subsidy, with only about \$400 million coming from the federal government.

There are legitimate concerns about government control over the content

of journalism, and I reject any investments that would open the door to that outcome. I also understand that a government with a massive military and national security complex, like the United States, could be especially dangerous with the keys to the newsroom, but we could fund real journalism with some of the roughly \$5 billion currently used annually by the Pentagon for public relations.¹⁵³ Moreover, the United States, for all of its flaws, remains a democratic society in the conventional modern use of the term. Our state is capable of being pushed to make progressive moves as well as regressive ones.

This is a crucial distinction. Most opponents of press subsidies assume that the places to look for comparison purposes are Nazi Germany, Stalin's Russia, Pol Pot's Cambodia, and Idi Amin's Uganda. If a dictatorship or authoritarian regime subsidizes journalism, the "news" will be propaganda designed to maintain an antidemocratic order. But that does not mean the same outcome necessarily occurs when democratic nations institute press subsidies. What happens when we look at nations with multiparty democracies, advanced economies, the rule of law, electoral systems, and civil liberties? — places like Germany, Canada, Japan, Britain, Norway, Austria, the Netherlands, Denmark, Finland, Belgium, Sweden, France, and Switzerland.

For starters, all these nations are huge government investors in journalism compared to the United States. If America subsidized public media at the same per capita rate as nations with similar political economies, like Canada, Australia, and New Zealand, U.S. public broadcasters would have a government investment in the \$7 billion to \$10 billion range. If America subsidized public media at the same rate as nations along the lines of Japan, France, or Great Britain, the total would be \$16 billion to \$25 billion; if at the same rate as Germany, Norway, or Denmark, \$30 billion to \$35 billion.¹⁵⁴

These estimates do not even factor in the extensive newspaper subsidies that several democracies employ. If the U.S. federal government subsidized newspapers at the same per capita rate as Norway, it would make a direct outlay of approximately \$3 billion annually. Sweden spends slightly less per capita, but has extended the subsidies to digital newspapers. France is the champion at newspaper subsidies. If a federal government subsidy provided the portion of the overall revenues of the U.S. newspaper industry that France does for its publishers, it would have spent at least \$6 billion in 2008.¹⁵⁵

I have had the privilege of traveling to many of these nations in recent

years, and my impression is that these nations are far from police states, nor do their extensive public media systems and journalism subsidies evoke comparisons to a sham democracy, let alone a one-party state. But appearances can be deceiving, and one prefers harder evidence, from unimpeachable sources that would not necessarily be inclined to endorse public press investments.

I start with Britain's *The Economist*, a business magazine keenly in favor of capitalism, deregulation, and privatization, unsympathetic toward large public sectors, labor unions, or anything that smacks of socialism. Every year *The Economist* produces a highly acclaimed Democracy Index, which ranks all the nations of the world on the basis of how democratic they are. In 2011 only twenty-five nations qualified as democratic. The criteria are: electoral process and pluralism, functioning of government, political participation, political culture, and civil liberties. The United States ranks nineteenth by these criteria. Most of the eighteen nations ranking higher had government media subsidies on a per capita basis at least ten or twenty times that of the United States. The top four nations on the list—Norway, Iceland, Denmark, and Sweden—include two of the top three per capita media subsidizers in the world, and the other two are dramatically ahead of the United States. These are the freest, most democratic nations on earth according to *The Economist*, and they all have perfect or near-perfect scores on civil liberties. The United States is tied for the lowest civil liberties score among the twenty-five democracies, and on this issue trails twenty nations described as “flawed democracies” in *The Economist's* rankings.¹⁵⁶

Although all of the Democracy Index criteria implicitly depend to a large extent upon having a strong press system—and the report specifically discusses press freedom as a crucial indicator of democracy—freedom of the press itself is not one of the six measured variables. Is there a more direct source on press freedom?

Fortunately, there is. The Democracy Index can be supplemented with the research of Freedom House, an American organization created in the 1940s to oppose totalitarianism of the left and right, which with the coming of the Cold War emphasized the threat of left-wing governments to freedom. Freedom House is very much an establishment organization, with close ties to prominent American political and economic figures. Every year it ranks all the nations of the world on the basis of how free and effective their press systems are. Its research is detailed and sophisticated, particularly concerned

with any government meddling whatsoever with private news media. For that reason, all communist nations tend to rank in a virtual tie for dead last as having the least free press systems in the world. Freedom House is second to none when it comes to having sensitive antennae to detect government meddling with the existence or prerogatives of private news media.

Freedom House hardly favors the home team. In 2011 it ranked the United States as being tied with the Czech Republic as having the twenty-second freest press system in the world. America is ranked so low because of failures to protect sources and because of the massive economic cutbacks in newsrooms that have been chronicled in this chapter.

Freedom House's list is dominated by the democratic nations with the very largest per capita journalism subsidies in the world. The top nations listed by Freedom House are the same nations that top *The Economist's* Democracy Index, and all rank among the top per capita press subsidizers in the world.¹⁵⁷ In fact, the lists match to a remarkable extent. That should be no surprise, as one would expect the nations with the freest and best press systems to rank as the most democratic nations. What has been missing from the narrative is that *the nations with the freest press systems are also the nations that make the greatest public investment in journalism* and therefore provide the basis for being strong democracies.¹⁵⁸

Freedom House research underscores the fact that none of these successful democracies permit the type of political meddling that is common in U.S. public broadcasting, particularly by those politicians who want to eliminate public broadcasting, with no sense of irony, because it has been "politicized."¹⁵⁹ Matt Powers and Rodney Benson conducted a thorough analysis of media laws and policies in fourteen leading democracies and "found that all of these countries have self-consciously sought to create an arm's-length relationship between public media outlets and any attempt at partisan political meddling."¹⁶⁰ They conclude:

What matters for both public and private media are the procedures and policies in place to assure both adequate funding and independence from any single owner, funder or regulator. Inside corporate-owned newsrooms, as profit pressures have increased, informal walls protecting the editorial side from business interference have crumbled. In contrast, the walls protecting public media are often made of firmer stuff such as independent oversight boards and multiyear advance

funding to assure that no publicly funded media outlet will suffer from political pressure or funding loss because of critical news coverage.¹⁶¹

“I’d like to think that this finding rather than our calculation of funding is the major contribution of our study,” Benson told me.¹⁶²

Although no nation is perfect and even the best have limitations, these examples consistently demonstrate that there are means to effectively prevent governments from having undue influence over public media operations, much as in the United States we have created mechanisms to prevent governors and state legislatures from dictating faculty research and course syllabi at public universities. In other democratic nations, public broadcasting systems tend to be popular and are defended by political parties throughout the political spectrum. Even in the United States, despite its paltry budgets and spotty performance, public broadcasting routinely polls as one of the most popular government programs.¹⁶³

One other annual survey presents supporting evidence. Since 2002 Reporters Without Borders has produced a highly respected annual world press freedom index that ranks all nations in terms of how freely journalists can go about their work without direct or indirect attacks. The survey does not address the quality of the journalism, but only how unconstrained journalists are to cover their communities and beats without violence or harassment. The United States plummeted to forty-seventh in the world in 2012, largely because of the mushrooming practice of police arresting and sometimes beating up journalists who dare to cover and report on public demonstrations. As journalism weakens, the state has less fear of harassing members of the Fourth Estate, who are seen as unduly interested in issues the state prefers not to be covered. The dozen or so nations that scored well above the rest of the world in terms of press freedom were pretty much the exact same nations that dominated the other two lists, those that have the largest public investments in journalism.¹⁶⁴ Table 1 puts all these studies together.

Research also demonstrates that in those democratic nations with well-funded noncommercial broadcasting systems, political knowledge is higher than in nations without them and the information gap between the rich and the working class and poor is much smaller.¹⁶⁵ Stephen Cushion’s recent research confirms this pattern. He notes that public service broadcasters tend to do far more election campaign reporting than their commercial counterparts. One conclusion of Cushion’s is especially striking: those

Table 1. Journalism funding and democracy

Press Freedom (Reporters Without Borders)		Freedom of Press (Freedom House)		Democracy Index (<i>The Economist</i>)		Funding for Public Media		
Country	Rank	Country	Rank	Country	Rank	Country	Rank	Per capita
Finland	1	Finland	1	Norway	1	Norway	1	\$130.39
Norway	2	Norway	2	Iceland	2	Denmark	2	\$109.96
Estonia	3	Sweden	3	Denmark	3	Finland	3	\$104.10
Netherlands	4	Belgium	4	Sweden	4	United Kingdom	4	\$88.61
Austria	5	Denmark	5	New Zealand	5	Belgium	5	\$74.00
Iceland	6	Luxembourg	6	Australia	6	Ireland	6	\$61.28
Luxembourg	7	Netherlands	7	Switzerland	7	Japan	7	\$57.31
Switzerland	8	Switzerland	8	Canada	8	Slovenia	8	\$52.34
Cape Verde	9	Andorra	9	Finland	9	Netherlands	9	\$49.50
Canada	10	Iceland	10	Netherlands	10	France	10	\$45.62
Denmark	11	Liechtenstein	11	Luxembourg	11	Australia	11	\$35.86
Sweden	12	St. Lucia	12	Ireland	12	New Zealand	12	\$28.96
New Zealand	13	Ireland	13	Austria	13	Canada	13	\$27.46
Czech Republic	14	Monaco	14	Germany	14	Germany	14	\$27.21
Ireland	15	Palau	15	Malta	15	South Korea	15	\$9.95
<i>U.S. rank</i>	47	<i>U.S. rank</i>	22	<i>U.S. rank</i>	19	<i>U.S. spending</i>		\$1.43

Sources: This table is reproduced from Josh Stearns, *Adding It Up: Press Freedom, Democratic Health, and Public Media Funding* (Washington, DC: Free Press, Jan. 26, 2012), savethenews.org/blog/12/01/26/adding-it-press-freedom-democratic-health-and-public-media-funding. The data are from: "Press Freedom Index 2011–2012," (Paris: Reporters Without Borders, 2011), en.rsrf.org/press-freedom-index-2011-2012, 1043.html; Karin Deutsch Karlekar and Jennifer Dunham, *Press Freedom in 2011* (Washington, DC: Freedom House, 2011), freedomhouse.org/sites/default/files/FOTP%202012%20Booklet.pdf (ties not represented here); "Democracy Index 2011," *The Economist*, eu.com/democracyindex2011; and "Funding for Public Media," Free Press, based on 2008 budget numbers, freepress.net/public-media. I thank Josh Stearns for the data and Jamil Jonna for the formatting.

nations with strong public broadcasting have more *substantive* campaign coverage, i.e., news about policy that can help inform citizens about the relative merits of a political party or a particular politician. Moreover, good public broadcasting holds commercial broadcasters to higher standards than they have in nations where public broadcasting lacks resources for campaign coverage.¹⁶⁶

Likewise, in a manner that recalls the U.S. postal subsidies of the nineteenth century and that might baffle contemporary Americans cynical about

the possibility of democratic governance, newspaper subsidies tend to be directed to helping the smaller and more dissident newspapers, without ideological bias, over the large successful commercial newspapers.¹⁶⁷ Recent research on the European press concludes that as journalism subsidies increase, the overall reporting in those nations does not kowtow but in fact grows *more* adversarial to the government in power.¹⁶⁸

The point is not to romanticize other democratic nations or put them on a pedestal. Journalism is in varying degrees of crisis in nations worldwide. Resources for journalism are declining in other countries, too, even though public investments provide a cushion.¹⁶⁹ Moreover, the quality of journalism is hardly guaranteed even with greater resources.¹⁷⁰ Resources are simply a necessary precondition for sufficient democratic journalism.

Public investments in journalism are compatible with a democratic society, a flourishing uncensored private news media, and an adversarial journalism. The evidence is clear: the problem of creating a viable free press system in a democratic society is solvable. There may not be a perfect solution, but there are good, workable ones. And in times like these, when the market is collapsing, they are mandatory. The late James Carey—perhaps the dean of American journalism scholars, and no fan of government involvement with the press—said in 2002, “Alas, the press may have to rely upon a democratic state to create the conditions necessary for a democratic press to flourish and for journalists to be restored to their proper role as orchestrators of the conversation of a democratic society.”¹⁷¹

In my other works, I have outlined a number of concrete suggestions to spawn a democratic journalism—including an immediate expansion of public, community, and student media. It is imperative that we develop a heterogeneous system, with different structures and subsidy systems, and significant nonprofit competition. There is little doubt that if Americans spent one tenth as much time devising creative policy proposals and public funding mechanisms as they do to trying to figure how to sell people stuff online, we could have a boatload of brilliant propositions to consider. Here I will mention only one, because it pertains directly to how best to capture the genius of the digital revolution and harness that potential for a credible journalism system.

This idea was first developed by the economist Dean Baker and his brother Randy Baker; Nichols and I have embellished their core concept and called it the citizenship news voucher. The idea is simple: every American adult

gets a \$200 voucher she can use to donate money to any nonprofit news medium of her choice. She will indicate her choice on her tax return. If she does not file a tax return, a simple form will be available to use. She can split her \$200 among several different qualifying nonprofit media. This program would be purely voluntary, like the tax-form check-offs for funding elections or protecting wildlife. A government agency, probably operating out of the IRS, can be set up to allocate the funds and to determine eligibility according to universal standards [like those granting 501(c)(3) nonprofit status] that err on the side of expanding rather than constraining the number of serious sources covering and commenting on the issues of the day.

This funding mechanism would apply to any nonprofit medium that does exclusively media content. The medium could not be part of a larger organization that has any nonmedia operations. Everything the medium produces would have to be made available immediately by publication on the Internet, free to all. It would not be covered by copyright and would enter the public domain. The government would not evaluate the content to see that the money is going toward journalism. My assumption is that these criteria would effectively produce the desired result—and if there is some slippage, so be it. Qualifying media ought not be permitted to accept advertising; this is a sector that is to have a direct and primary relationship with its audience. Qualifying media could accept tax-deductible donations from individuals or foundations to supplement their income.

With advertising banned from this new Internet sector, the pool of advertising that exists could be divvied up among newspapers and commercial media, especially commercial broadcasters. This would give commercial media a better crack at finding a workable business model. I would also suggest that for a medium to receive funds, it should have to get commitments for at least \$20,000 worth of vouchers. This requirement would lessen fraud and also force anyone wishing to establish a medium to be serious enough to get at least a hundred people to sign on. (In other words, you can't just declare yourself a newspaper and deposit the voucher in your bank account.) There will be some overhead and administration for the program, but it would be minimal.

The voucher system would provide a way for the burgeoning yet starving nonprofit digital news sector to become self-sufficient and have the funds to hire a significant number of full-time paid workers. It could be as much as an

annual \$30 billion to \$40 billion shot in the arm. All those nonprofit digital news operations would finally have a prayer of survival and growth, because this is a policy that recognizes journalism for what it is—a public good.

Imagine a website in the blogosphere right now covering national politics, producing some great content, getting hundreds of thousands of regular visitors, but depending on low-paid or volunteer labor and praying for advertising crumbs or donations for revenue. Now the site goes formally nonprofit, stops obsessing over advertising, and appeals directly to its readers. Imagine this outfit getting twenty thousand people to steer their vouchers into its accounts. That is \$4 million, enough to have a well-paid staff of fifty full-time journalists, as well as ancillary staffers. Consider what a Web news service could do with *that*. And then start thinking about how motivated the reporters and editors would be to break big stories, maintain high quality, and keep attracting the vouchers.

Or imagine that you live in a city with deplorable news coverage of your community or neighborhood, as more and more Americans do. If someone starts a local news outlet and gets a thousand people to give her group their vouchers, that would provide a nice start-up budget of \$200,000. For that money, a group can have several reporters covering the turf and build a real following.

Vouchers also would allow newcomers to enter the fray and hence encourage innovation. A group could raise start-up funds from donations or philanthropy, get under way, and then appeal directly for voucher support. In this model, philanthropists would have much greater incentive to put money into journalism because there would be a way for their grants to lead to self-sustaining institutions. The voucher system would produce intense competition because a medium cannot take its support for granted. It would reward initiative and punish sloth. It would be democratic because rich and poor would get the same voucher. And the government would have no control over who'd get the money, whether left, right, or center. It would be an enormous public investment, yet be a libertarian's dream: people could support whatever political viewpoints or organizations they preferred or do nothing at all.

As Dean Baker puts it, this is an economic model that recognizes that old-fashioned media economics no longer work in the Internet era. You can't produce a digital product, take it to market, and sell it. And you can't

get advertisers to bankroll your operation. The rational policy solution is to give media producers—journalists, in this case—money up front and then make what they produce available to all for free online. Embrace the digital revolution; don't try to fight it with electronic barbed wire, paywalls, hyper-commercialism, and spying on users. Citizenship news vouchers would fill the Web with large amounts of professional-quality journalism and provide a genuine independent journalism sector. Moreover, all the material developed through the program can be used by commercial news media however they see fit. They simply cannot monopolize it or restrict access to it. But if they can add value, more power to them.

When Dean Baker first broached this idea, well over a decade ago, it was dismissed as utopian and absurd. After Nichols and I wrote about it in *The Death and Life of American Journalism*, we visited officials connected to both the FCC's and the FTC's formal panels that were studying the crisis in journalism in 2010. Each of them had read the book closely. Each stated, almost immediately upon meeting us, that the citizenship news voucher represented exactly the sort of thinking that was necessary if there was going to be much journalism going forward.¹⁷² In critical junctures, once unthinkable ideas can become thinkable in a hurry.

Regrettably, this suggested reform, like many others, is not being considered. After acknowledging its value, the FTC and FCC journalism officials conceded that they could not endorse such a "radical" proposal for fear that political attacks would destroy their work altogether. There are two main reasons for this fear. First, there is the still-prevalent idea that "subsidies are un-American but profits are all-American." One can only hope that this response is weakening due to the severity of the crisis and the mounting evidence that public investments in journalism are not only compatible with democracy, but mandatory for its survival. There has been some movement, but nowhere near enough. In 2011 a comprehensive analysis on the journalism crisis by Columbia faculty members still concluded that "it is ultimately up to the commercial market to provide the economic basis for journalism."¹⁷³ What Todd Gitlin said over three years ago is even more urgent today: "We are rapidly running out of alternatives to public finance. It's time to move to the next level and entertain a grown-up debate among concrete ideas."¹⁷⁴

The second factor is the more intransigent one and goes back to Jefferson's assessment of the situation in 1787. There is one group that definitely

benefits from a lack of journalism and from information inequality: those who dominate society. They do not wish to have their privileges or affairs examined closely, either in politics or commerce—if the two are still separable. The Wall Street banks, energy corporations, health insurance firms, defense contractors, agribusinesses—powerful interests of all sorts—do not want their operations or their cozy relations with the government exposed for all to see, nor do the politicians who benefit from these relationships. These are Jefferson's wolves. None of them desires a journalism that will engage the electorate and draw the poor and working class into the political system. These powerful forces oppose anything that would open and enhance our news media, and they will aggressively oppose any campaign for press subsidies like public media or citizenship news vouchers. They might not say so in public, but their actions speak louder than words. Journalism? No, thank you.

Not all wealthy people are content with a world that lacks democratic journalism. True free-market capitalism would even benefit from a strong press system. But none of the rich have a material stake in pushing the cause, so it founders. Our political system has become so corrupt that it is losing the capacity to address problems that threaten its own existence. Instead, the main issues placed before policy makers are making what seem like endless cuts in social programs, lowering taxes on business and the wealthy, ignoring necessary environmental protections, increasing "national security" spending, and corporate deregulation.

As of 2013, it seems obvious that if the Internet is really reviving American democracy, it's taking a roundabout route. The hand of capital seems heavier and heavier on the steering wheel, taking us to places way off the democratic grid, and nowhere is the Internet's failure clearer or the stakes higher than in journalism.