Can Government Support the Press? 
Historicizing and Internationalizing a Policy 
Approach to the Journalism Crisis

VICTOR PICKARD
Department of Media, Culture & Communication, New York University,
New York, New York, USA

Although consensus has been reached that journalism is in crisis, few agree on the nature of its decline or the means of resolving it. After providing an overview of this ongoing debate, the author contextualizes the journalism crisis within several historical, political, intellectual, and structural processes that help highlight what is at stake and what can be done to support the journalism required for a democratic society in the United States. He concludes with an emphasis on normative considerations regarding the future of journalism and provides several policy proposals that aim to provide the resources necessary for a robust and independent press. These policies, he suggests, will help facilitate the transition from a failing commercial media system to a public-service model of the press.

Journalism is in crisis. This claim no longer invites controversy, but the nature of the crisis and possible solutions still elude broad agreement. As newspaper jobs and subscriptions continue to disappear, most observers conclude that old business models are failing. Ascribed causes take many forms: the inexorable march of new technology, the fruition of endemic structural flaws, a shift in consumers’ habits, a loss of trust in mainstream news institutions, an unforeseen financial downturn, media consolidation, or all of these factors combined. Differing emphases lead to a diversity of narratives. Whether the old advertising model can be salvaged—or what should replace it—also generates much debate. Although some of these differences in narrative matter more than others, how we frame this crisis

Address correspondence to Victor Pickard, 239 Greene Street, 7th Floor, New York, NY 10003, USA. E-mail: vwp201@nyu.edu
V. Pickard

definitely matters. For how we talk about the state of journalism, and how we understand the stakes, will help guide us toward solutions. In many ways, this crisis is as much about how we think about journalism as it is about the institution itself. Thinking about journalism, however, is more than a “thought exercise”; at stake is nothing less than saving the democracy-enabling fourth estate.

One central fact that could potentially reorient the debate often remains unsaid: Little evidence suggests that market-based initiatives, nonprofit alternatives, or new media platforms are replacing what is being lost among traditional news outlets, or that new commercial models can ever fill the vacuum created by the gradual implosion of our primary newsgathering organizations. Upon reaching this understanding, the depth of the crisis can be confronted head-on. Nonetheless, some observers are complacent toward this social problem, either assuming that eventually the market and technology will remedy the situation (Benkler, 2009), or that nothing can be done (Shirky, 2009). These positions often are the result of particular narrative frames. Treating the crisis as a business problem (Mutter, 2009) or one of technological progress (Jarvis, 2009), disregards journalism’s public service mission, an essential precondition of democratic governance.

Some recent scholarship notwithstanding (Baker, 2007; Christians, Glasser, McQuail, Nordenstreng, & White, 2009; Schudson, 2008), normative concerns about journalism’s democratic role in current debates remain murky at best. Although crises are precisely when such discussions typically rise to the fore (Pickard 2010a), this has yet to fully transpire in our contemporary moment. A project aimed at bringing to light this normative dimension—showing what is at stake and what must be done—would benefit from analyses based on historical, international, democratic, and economic/structural considerations. Such analyses bring into focus how journalism is a public good that, in the absence of market solutions, requires government policy to provide the resources and protections necessary to sustain it. If democratic societies are to make the difficult transition from a commercial press to a public service model, this intellectual framework is essential.

In this article, I provide an overview of this framework. An emphasis on newspapers reflects that they are the primary carriers of original journalism, but much of my analysis extends to all news media. First, I provide a brief overview of the competing “crisis origin” narratives, as well as the major schools of thought regarding solutions. Then, drawing from international and historical models, I suggest a recontextualization and reorientation for framing the journalism crisis in a way that moves the debate toward implementing structural alternatives that can sustain independent, adversarial journalism. I conclude with some policy proposals that may help facilitate a transition from a failing commercial model to a vibrant public service model of the press.
NATURE OF THE CRISIS

Much recent discussion focuses on causal factors underlying the journalism crisis, which is understandable and necessary, although marked by many blind spots. This much is clear: advertising revenues and circulation numbers have plummeted. Although in decline for decades, the press’s recent descent results largely from the Internet, with online ad revenue a mere fraction of paper-based counterparts. With the loss of local advertising monopolies and Web sites such as Craigslist offering classified ads for free, the business model for advertising-supported journalism has collapsed. Thus, news organizations chasing the increasingly elusive goal of high profitability have ruthlessly cut costs by dismantling foreign, Washington, and statehouse bureaus. Nearly 16,000 journalists and newspaper employees lost their jobs in 2008, and nearly 15,000 in 2009 (see: http://graphicdesignr.net/papercuts). Despite relatively fewer job cuts in 2010 (nearly 2000 in the first quarter), newspaper circulation’s downward spiral continues, with a nearly 9% decline in average weekday sales among all newspaper sizes, suggesting a systemic crisis extending beyond large dailies (Plambeck, 2010). A notable outlier among large papers was the nonprofit-owned St. Petersburg Times, which continues to offer heavy discounts to new subscribers. Otherwise, the past couple years have wounded major dailies, with several disappearing or severely shrunk: for instance, the 150 year-old Rocky Mountain News shut down, and the Seattle Post-Intelligencer went online only, cutting all but a handful of employees. With many other papers in various stages of bankruptcy, a major city likely will soon lack a daily newspaper.

Explaining these trends, “crisis origin” narratives frequently appear as business stories or tales of technological progress. Business stories emphasize how journalism can regain profitability, often assuming that the old order will be preserved. Technological tales recount how the old print dinosaurs are dying as new digital media ascend. In Clay Shirky’s (2009) view, for example, newspapers’ demise is simply the stuff of revolution; during such historical moments old things get broken and time elapses before they are replaced. Some crisis narratives use metaphors such as “perfect storms” depicting news organizations as history’s innocent victims—both because of the Internet, which “steals” readers and revenue (Simon, 2011), and from being blindsided by the economic downturn (Robinson, 2008). Other critics favor the “self-inflicted wounds” metaphor, blaming the crisis on corporate consolidators who impoverished newspapers during buying sprees to maintain unsustainable profits instead of investing in news operations and new technologies (Pickard, Josh, & Craig, 2009). That the crisis largely results from a gradual disinvestment in newsgathering is arguably true, especially since many newspapers arguably could remain profitable (for at least the immediate future) if not for their debt load and general mismanagement. It is wrong to assume, as many have, that media giants had
their heads in the sand while new technologies snuck up on them. News organizations have been grappling with new technologies for years—often to cut labor costs—and tried but mostly failed to monetize new digital media. Historical scholarship undercuts the argument that newspapers sat on their hands throughout the 1980s-90s in the face of new technological developments (Boczkowski, 2004; McCheney & Nichols, 2010). What this failure suggests instead is that digital technologies alone cannot negate the growing economic disparity between the capital needed to support news labor and the decreasing revenues generated by advertising.

Although many of these “crisis origin” arguments are true to varying degrees, they miss the bigger picture: This crisis is systemic and not simply the result of a few bad apples, or the laziness and ineptitude of traditional news organizations. It pertains not solely to newspapers, but also to newsrooms and newsgathering writ large. Put differently, this crisis is not about the future of newspapers, it is about the viability of journalism, which produces a “public good” (Hamilton, 2006, pp. 8–9). Journalism is a public good both in an economic sense—the information it produces is nonrivalrous and, increasingly with digital communications, nonexcludable (Samuelson, 1954)—and because this information is not a commodity bought and sold such as shoes or cars; it is an essential public service with social benefits that transcend its revenue stream. In its ideal form, journalism creates tremendous positive externalities. It serves as a watchdog over the powerful, covers crucial social issues, and provides a forum for diverse voices and viewpoints. As such, journalism functions as democracy’s critical infrastructure.

Like many public goods, however, journalism has never been fully supported by simple market transactions; it always has been subsidized. For nearly 150 years, this subsidy has taken the form of advertising revenues. Never overly concerned about the health of journalism, advertisers have been content to subsidize journalism as long as newspapers sell ads—ideally to preferred demographics. The democracy-enabling information created in the process exceeded commercial relations between news organizations and advertisers. With the advertising subsidy model irreparably damaged, even if commercial media no longer generate large revenues for relatively small groups of investors, our democratic society still requires journalism. However, investigative journalism and beat reporting are expensive, necessitating new revenue streams. Generating this revenue is a central quandary.

POTENTIAL SOLUTIONS: FOUR SCHOOLS OF THOUGHT

The quest for sustainable journalism brings us to four general schools of thought about potential solutions (two major, two minor). The two major schools split between arguing for monetizing online news content
Can Government Support the Press?

77

to preserve traditional media or arguing that some new model, usually Web-based, will organically emerge to replace mainstream traditional journalism. The former position is best exemplified by arguments championed by much of the newspaper industry, which has identified a common enemy and embraced what it perceives to be the perfect solution to combat this scourge. The enemy is free online content—what industry analyst Alan Mutter (2009 n. pag.) has called traditional media’s “original sin”—and the solution is online payment schemes, popularly known as “pay walls.” In essence, a pay wall acts as a barrier between an internet user and a news organization’s online content. To access content behind the pay wall, users must pay a fee either on a one-time basis or as part of a subscription.

Believing that Internet “free riders” caused the journalism crisis has led newspaper owners as well as many commentators and journalists to place their hopes for survival on these online payment schemes (Berger, Eng, Lafontaine, & Siegel, 2009; Rutten, 2009; Simon, 2011). Many newspapers are considering reimposing pay walls, like the *Wall Street Journal* uses or *The New York Times* tried and failed with “Times Select,” and is now attempting again. New experiments with more flexible pay walls are currently underway and may prove workable (Saltmarsh, 2010); whether this business model can sustain organizations other than niche news outlets is questionable.

Moreover, although this approach seems straightforward and fair, closer scrutiny reveals a number of concerns, roughly falling into three categories: legal, economic/practical, and democratic/public interest. Put simply, to impose industry-wide pay walls would potentially run afoul of current antitrust and copyright laws. For pay walls to be effective, newspapers would likely have to implement pricing schemes and standards on an industry-wide scale, most likely requiring some degree of collusion and cartelization. Moreover, as copyright laws now stand, penalizing bloggers and others for replicating digital content is at best difficult and at worst, illegal, given that much of this behavior is protected by Fair Use provisions. In addition to concerns about running afoul of antitrust and copyright provisions, are concerns that this approach is not viable for generating enough income to sustain local and international newsgathering—especially given the loss of advertising monies, meager as they are—and will only divert lawmakers’ and the public’s attention from the systemic problems facing journalism. Last, while recouping production costs from online readers is a legitimate goal, excluding potential readers may undermine prospects for democratic deliberation.

Another major position holds that “pro-am,” or professional/amateur partnerships and network-driven journalistic ventures will harness technological and market forces to organically produce a new model of online journalism (e.g., Benkler, 2009). While exciting Web-based models are emerging, their failure to monetize the internet offers little evidence of how they can provide the journalism democracy requires. Referring to these new online
journalists as “hobbyists” who still maintain their “day job” for financial support, Curran (2010, p. 471) cites recent Pew data showing how the web has failed to connect news blogs with large audiences. Putting aside the problem of access—any purely online news model disenfranchises about a third of Americans who still lack broadband—with little revenue, even the most celebrated start-ups are reliant on skeleton crews of working journalists. Major news blogs such as Talking Points Memo—a rich source for synopses of already-existing news, political commentary, and some original stories—employs only around 17 fulltime journalists as of summer 2011. Joel Kramer, the founder of another oft-celebrated startup, MinnPost, is quick to puncture the romanticism his initiative inspires, noting in The New York Times their failure to reach sustainability, learning “just how hard it is,” and facing the same financial problems as other news businesses (Carr, 2010, n. pag.). Relatedly, Poynter Analyst Rick Edmonds (2009) calculates that replacing newspapers’ $1.6 billion news deficit would require 1,600 MinnPosts.

To be sure, it is wrong to assume that these newer models even intend to replace older media. Steve Buttry (2010, n. pag.) points out that new ventures should not be evaluated solely on whether they replace old media—what Jay Rosen has dubbed “replacenik” arguments—because that comparison often neglects what is new and innovative, like the potential of Twitter and other citizen news-enabling technologies. Buttry makes an important point, but if our major normative concern is about the future of news, which requires trained and financially-supported journalists focused on daily, systematic newsgathering, and if a major roadblock preventing consensus on public policy initiatives aimed at salvaging these institutions and practices (as well as encouraging new ones) is the vague promise that new models are naturally emerging on their own, it makes sense that a kind of replacement criterion comes into play. Moreover, Buttry uses a common straw man: that arguing the need to protect journalistic institutions is tantamount to them being “replaced untouched.” Nearly all proponents who are attempting to save journalism are only doing so on the premise that only the good assets are to be preserved (i.e., the actual newsgathering) and the flawed assets (i.e., many of the commercial operations) be structurally revamped or jettisoned. Many of these proponents defy an either/or: new models can be financially nurtured into existence while older models are transitioned into public service entities.

This leads us to two minor schools of thought, both of which fall mostly under the nonprofit and/or public models: foundation-supported journalism and government-subsidized public media. Economics are not rosy for the foundation model. Calculations by J-Lab at American University show that national and local foundations combined to provide $128 million to non-profit news organizations from 2005 into 2009, much of it given by major donors to a handful of relatively large national investigative nonprofit news organizations (2009). Considering that The New York Times alone requires a $200-million-per-year news operations budget, it is difficult to see how
this could become a systemic solution. However, with most news budgets for medium sized cities around $1–$2 million a year, hope remains that some papers, in scattershot fashion, will be salvaged. Foundations also suffered from the economic downturn, and could likely play no more than a marginal role in saving journalistic institutions. Another recent report has demonstrated that commercial media investment continues to outstrip philanthropy by a factor of as much as 400 to 1 (Kaufman & Albon, 2010). Given these shortcomings, a more systemic approach is needed, bringing us to a still-minor but slowly expanding school of thought: a public policy approach that includes a revamped public media system.

The prospect of the government guaranteeing a free and robust press via public policy is less alarming if we know U.S. history. Despite a general knee-jerk reaction against the notion—particularly among journalists for whom it is ingrained that government should never get involved in media—the government has always been involved in media. A number of scholars have traced government’s direct involvement in shaping the press to the days of the early republic (Baker, 2007; Cowan & Westphal, 2010; John, 1995; McChesney & Nichols, 2010; Starr, 2004). Most notably, the government subsidized newspapers with low postal rates through the mail, which served primarily as a news delivery system, with newspapers composing as much as 70% of its weight in the 1790’s and 95% in the 1830’s (John, 1995, p. 38). The debate on postal policy ranged between those who believed postal fees should be waived for all news material (like Washington), and those who thought it should be just heavily subsidized (like Madison), with the latter view prevailing.

Government’s role in nurturing a diverse media system was not particularly controversial, but Madison and Washington likely would be chased out of town hall meetings for their socialism today. Even as late as the 20th century, affirmative governmental safeguards for disseminating diverse voices and viewpoints were reinforced by key court decisions like the 1945 Supreme Court Case U.S. v. AP, which legitimated an interventionist role for government to protect a diverse press system. Other well-known but rarely contemplated examples of state intervention in media include copyright protections and free exclusive licenses for broadcasters’ use of the public airwaves, as well as the internet, whose development owes much to government subsidies. Despite such evidence, public policy’s historic and vital role in supporting media is all but lost in today’s U.S. political discourse.

A NECESSARY ROLE FOR PUBLIC POLICY: EUROPEAN SUBSIDY MODELS

A glance at other democracies not in thrall to American-style market fundamentalism throws into sharp relief the ideological constraints that prevent the U.S. from sufficiently addressing the journalism crisis. International models
provide intriguing examples of alternative structures for journalism. Whereas the American paradigm often encourages a libertarian rendering of First Amendment protections, many international media policies mandate proactive government engagement to ensure diverse media (Benson & Powers, 2011), offering some interesting lessons for U.S. policymakers.

One particularly noteworthy example is Sweden. When faced with a newspaper crisis 30 years ago, the Swedish government taxed newspaper ads to create a fund administered by an independent agency to support struggling papers. The government introduced press subsidies to broaden the bounds of news discourse by supporting smaller newspapers and staving off the increasing number of newspaper bankruptcies. Today an administrative governmental body called the Press Subsidies Council allocates funds on the basis of circulation and revenue to newspapers other than the dominant paper in a particular municipality or region (Nordenson, 2007). These subsidies have been most successful in preventing one-newspaper towns by helping smaller provincial newspapers, although they account for only about 3% of papers’ total revenue (in 2006 roughly $65.4 million for newspapers with a maximum 30% market share). Swedish newspapers are also financially supported by reduced taxes and direct distribution subsidies (Hadenius & Weibull, 1999; Murschetz, 1998). Based on the principle that a plurality of voices is indispensable for a healthy democracy, such government intervention initially stirred controversy for rendering papers dependent on the state, but with time became an accepted relationship.

Although France is reportedly considering a similar program of direct subsidies to newspapers, the idea receiving the most international press attention is the conservative French President Nicolas Sarkozy’s plan to give every 18-year-old a 1-year subscription to one of the country’s major newspapers, and all high school students free subscriptions to newspapers. Asking for a $780 million bailout package for France’s ailing newspaper industry, Sarkozy asserted that “it is indeed [the state’s] responsibility . . . to make sure an independent, free and pluralistic press exists” (Pirot, 2009, n. pag.). In addition to impressing upon young people journalism’s value and continuing their newspaper subscriptions, the government implemented a nine-fold increase in its support for newspaper deliveries and doubled its annual print advertising expenditures. After a 3-month study, Sarkozy announced that the state would increase its annual support for newspaper and magazine deliveries to $90 million from $10.5 million, spend an additional $26.5 million more per year for its advertisements in print publications, and suspend some publication fees (Pirot, 2009).

The French model has yet to be widely implemented, but many European countries face similar crises. The British, for example, have discussed approaches to failing newspapers such as nonprofit models and other alternatives, as well as more aggressive government intervention (Greenslade, 2009; McDonnell, 2009; Toynbee, 2009). Despite common trends, significant differences in severity are also apparent, particularly in
countries with heavily subsidized press systems such as Sweden where the crisis manifested to a lesser extent than in the United States and Britain. Lesser declines or even increases in newspaper circulation have been evident in some European countries. A report by the German Newspaper Publishers’ Association attributes their healthier state of journalism (with a readership of 70%) to structural differences. Whereas most German newspapers are “owned by family concerns or other small companies with local roots,” the American industry is “dominated by publicly traded chains.” The report found that instead of focusing on journalism, and “under pressure from shareholders clamoring for short-term results,” American newspapers made “reckless cuts in editorial and production quality, hastening the flight of readers and advertisers to the Web” (Pfanner, 2010, n. pag.).

Even if many European press systems are not thriving economically, the sense of crisis is significantly less due to lower expectations of profitability and fewer commercial pressures. Benson observes that press systems such as those in Scandinavia, France, Germany, and The Netherlands have been less likely than in the United States to be traded on the stock market, to be overly debt-burdened from mergers and acquisitions, and to be almost entirely dependent on advertising (Benson, 2009a, 2009b). In Benson’s view, although these countries’ press systems might also be suffering from the shift to the Internet, because they were never as commercialized, they had neither the same expectations nor as far to fall. Until recently, many U.S. newspaper companies expected 25% profit margins compared with 5% in their European counterparts.

As we compare press policies and expectations among democratic societies, we should recall that such differences were not inevitable; notions about U.S. media’s obligations to the public and the government’s role in mandating and protecting those services could have developed differently (Pickard, 2010b). Although less established in the United States, experiments with public service models have been more common than is usually recognized in existing scholarship.

**HISTORICIZING PUBLIC SERVICE MEDIA IN THE UNITED STATES**

There have been moments in U.S. history when a more public service-oriented model for journalism nearly manifested in some significant way. Glimmers of this alternative vision were discernible during the Progressive era when commercial journalism suffered its first major crisis (McChensey, 2004). Media criticism reached a high-water mark at this time with the likes of Upton Sinclair’s *Brass Check* and new models like municipal-owned newspapers were being launched (Pickard, 2008). Another period of agitation toward and experimentation with media occurred in the 1930s when reformers pushed for and Congress seriously considered a strong role for
public broadcasting (McChensey, 1993). This period also witnessed the newspaper guild’s agitation to gain more control of the newspaper industry from publishers (Scott, 2009). A push for public service media persisted well into the 1940s, exemplified by initiatives like the FCC Blue Book defining public service responsibilities for broadcasters (Pickard, 2011) and the Hutchins Commission, a blue ribbon panel of experts that grappled with a journalism crisis bearing some similarity to the one facing today’s press (Pickard 2010a).

In its landmark report on media’s responsibilities in a democratic society, the Commission considered a stronger role for government in providing diverse media, and proposed a more expansive understanding of press freedoms that privileged the public’s rights to access over media owners and publishers’ First Amendment and property rights. The Hutchins Commission’s unpublished transcripts suggest that fairly radical nonprofit models were considered early on in their discussion, but later jettisoned (Bates, 1995; McIntyre, 1987; Pickard, 2010a). For example, the commissioners declared that the service of news should not be left solely in the hands of private agencies. They suggested reclassifying the press as a common carrier or a public utility that guaranteed universal access to critical information. They discussed how a federal agency modeled after the Federal Communications Commission should regulate newspaper content, especially in one-newspaper towns. They considered forming citizen councils to oversee local media on the basis of cooperative relationships (Bates, 1995; McIntyre, 1987; Pickard, 2010a). They proposed aggressive anti-trust interventions; regulation against newspaper chains; as well as increasing competition with start-up newspapers aided by government-guaranteed loans, subsidies, and reduced postal rates.

Ultimately, the Hutchins Commission retreated from its more radical proposals and chose to advance ideas related to self-regulation of the commercial press, even while keeping open the possibility for future governmental interventions (Pickard, 2010a). Had it gone differently, the press may have been strongly advised to become less dependent on commercial imperatives, and therefore less structurally vulnerable to the kinds of market-driven crises facing us today. Instead, red-baiting and other external pressures—as well as internal ideological tensions around liberal assumptions like First Amendment understandings—led the Commission to arrive at a more market-friendly conclusion. Even still, the Commission’s general report was attacked for being socialistic, and many of its recommendations were either ignored or further watered down under the rubric of “social responsibility.” These outcomes reflected a business elite consensus, not necessarily the broader public’s.

Such sudden political shifts doomed most alternative models and an ethic of media self-regulation triumphed. Although significant divergences occurred, like public broadcasting’s founding in 1967, a laissez faire
position toward media regulation—what I refer to elsewhere as the “Postwar Settlement”—would remain the dominant paradigm for decades to come (2010b). But this was not an inevitable outcome. Increasingly, recent scholarship suggests a more affirmative role for governmental media regulation, backed by a more expansive understanding of First Amendment theory (Amar, 1998; Bollinger, 1991; Nerone, 2009; Pickard, 2008). Given a confluence of disparate events, we may again find ourselves within a critical juncture where public service journalism, with the right policies and the political will, can be firmly established. However, seizing this opportunity will require government to resume its historic mission of promoting the necessary structures for public media, as well as funding experiments with entirely new models. In some cases, viable alternatives are not, in fact, new at all.

A number of interesting but often overlooked historical alternatives may hold lessons for addressing today’s crisis. In the Progressive, New Deal and postwar eras, social movements and vibrant grassroots press criticism and activism led to a flourishing of alternative media, including municipally owned and cooperatively run newspapers (McChesney, 2004; McChesney & Scott, 2004; Pickard, 2008). Although more research is needed to understand why many of these models ultimately failed, several are worth noting here. Compelling historical examples of ad-free, subscriber-supported newspapers include Chicago’s The Day Book (The New York Times, 1917; Stoltzfus, 2007) and New York’s PM (Milkman, 1997). Ultimately, these pioneering newspapers folded for want of adequate funding—in the case of The Day Book, a sudden increase in the cost of paper helped terminate what was potentially a sustainable model—but both maintained enthusiastic audiences until the end.

Municipally-owned newspapers offer another compelling model. With a distribution of 60,000 copies, The Los Angeles Municipal News, published in 1912, was financed by the city and governed by a municipal newspaper commission of three citizen volunteers who were appointed by the mayor for 4-year terms. Any party that received a certain percentage of the vote was guaranteed column space. (Davenport, 1965; DeLorme & Fedler, 2008; Lee, 1923, pp. 410–412). The editor of this “people’s newspaper” described its mission as being “created by the people, for the people, and built for them under their control. It is in this sense unique” (Maynard, 1911, p. 2; La Follette’s Magazine, 1912, p. 7).

Citing this experiment, among others, Usher (2008, n. pag.) observed how the Municipal News was “truly hyperlocal,” focusing on city-level issues instead of national or state news, and did not overly rely on wire services. She notes that experimentation was key: “Even without answers, news innovators of times past were willing to experiment. We should take our cues from the past, and consider new business models as opportunities for our industry rather than signs of its failure.” Harry Chandler, scion of the Los Angeles Times, suggested municipal ownership might be a better option than
letting the paper fall into the hands of “an even more profit-squeezing new owner” such as the Tribune Company (Chandler, 2006, n. pag.). After suffering years of “short-term profit targets that could only be achieved by staff and quality reductions,” Chandler suggested exploring “community ownership, like that of the Green Bay Packers football team” (2006), with stock offerings available only to local residents. Whether Chandler’s intriguing proposal ever manifests is less important than the “let a hundred flowers bloom” approach such proposals reflect.

POLICIES TO SAVE THE NEWS

Several reports from 2009–2010 have proposed initial policy programs for supporting many of the alternatives currently being discussed (Cowan & Westphal, 2010; Downie & Schudson, 2009; McChesney & Nichols, 2010; Pickard, Stearns, & Aaron, 2009). They all see this crisis as an opportunity—one that calls for vigorous experimentation with bold new models. In the following, I discuss several structural reforms that these earlier reports cover in varying degrees of depth, particularly Pickard et al. (2009), which served as an early resource for many subsequent policy proposals. These policies cannot singlehandedly nor collectively serve as a panacea, but their description here emphasizes an overarching theme: the need to replace failing commercial models of the press via policies that remove or minimize market pressures on news media. These policies fall under two categories, short-term and long-term.

Short-Term Reforms: Tax-Enabled New Ownership Structures

Even if the objective is a structural overhaul of the entire news media system, short-term policies for rescuing good assets from failing organizations are still necessary. One strategy in transitioning faltering commercial entities into self-sustaining non- or low-profit news organizations entails the decidedly unsexy realm of tax law. A potentially effective means of salvaging struggling newsrooms is to create new ownership structures via 501(c)(3) (nonprofit) and L3C (low-profit) models whereby news organizations are designed to accept philanthropic donations or investments. They could be owned, in whole or in part, by a wide range of socially motivated parties, including workers, foundations, community organizations and other civic groups whose primary mission is to provide a public good that benefits the collective welfare of the local community. Each of these models affords news organizations a number of privileges not available to their commercial counterparts (Pickard et al., 2009).

The low-profit limited liability corporation, or L3C, is slowly gaining attention as a for-profit/nonprofit hybrid (Schmalbeck, 2010). The L3C is a
type of limited liability company, a for-profit business model that operates primarily for a charitable purpose with profit a secondary concern, allowing for a tiered investment structure in which different investment types carry different levels of risk and potential return. The L3C allows for a higher return to profit-seeking investors, and for lower returns to socially motivated investors or venture philanthropists whose concept of an investment’s return might include educational enrichment. Because investors in the L3C need not invest identically, the model is also attractive to private foundations, which are required to pay out at least 5% of their wealth annually for charitable purposes. Although foundations typically treat these payments as grants, they also may structure them as program-related investments, which are high-risk, low-return investments advancing charitable purposes. By law, foundations are allowed to make program-related investments in for-profit businesses that have a social benefit.

Vermont became the first state to pass legislation formally establishing L3Cs as an official legal structure in April 2008 with many states passing or considering similar laws. Thus far, around 60 L3C businesses organized in Vermont alone. At present, no federal statute for L3Cs exists, but just as companies around the country incorporate in Delaware, companies can legally register a Vermont L3C with relative ease. However, the person widely credited with creating the L3C model, Robert Lang, argues that federal legislation “is essential” for L3Cs to apply broadly to newspapers because “historically, the [Internal Revenue Service] has not accepted newspapers as nonprofits” (Duros, 2009, n. pag.). A bill has not yet been introduced in Congress, but Lang has worked with the Council on Foundations for several years to promote the federal Program-Related Promotion Act of 2009, which gives businesses advance Internal Revenue Service–approval for qualifying as program-related investments—an attractive proposal for foundations assured their investments would count toward annual payout requirements.

In an L3C, program-related investments would make up the “junior tier” of investment—the capital at most risk in the venture—providing the L3C with the financial wherewithal to attract additional capital from other investors. “L3Cs are an interesting mix of for-profit and nonprofit,” says Bernie Lunzer, president of the Newspaper Guild. “This is not a bailout. This is a tool, but you’d still have to have financing and succeed on your own merits” (Fitzgerald, 2009, n. pag.). Promising advantages from the nonprofit and for-profit worlds, the L3C model has not yet been applied to newspapers, but it could be an important new tool for saving all newsrooms faced with the obligation to increase shareholder value while spending capital to provide communities with civic life-enriching journalism. Sally Duros, a former Chicago Sun-Times reporter, notes that “The L3C is different from a typical nonprofit because it can earn a return, but the social purpose must trump the financial purpose” (Duros, 2009).
What is most needed now, however, is a test case. Whereas L3C proponents see advantages in spreading risk over many nonprofit organizations, businesses and community groups, any proposal for transferring ownership to a non- or low-profit organization may draw strong opposition from creditors and investors who helped finance previous deals. Sweeteners like significant capital-gains relief, debt forgiveness and other tax breaks could help make L3C ownership more attractive. With newspapers losing value, concerned community groups looking to salvage local journalism with new and sustainable ownership structures may see opportunity as cheap papers come onto the market. “We are all interested in finding models that others can replicate,” says Peoria Newspaper Guild President Jennifer Towery, who is advocating for L3C ownership of the *Journal Star*. “It’s not saving the paper, it’s saving journalism.” (Duros, 2009, n. pag.). Towery sees L3Cs’ social mission as potentially providing schools, libraries, and disadvantaged communities with free subscriptions (Towery, 2009).

The 501c3 model proposed by Senator Ben Cardin would offer tax benefits to news organizations as well as the philanthropies that donate to them. His bill would revise sections of the Internal Revenue Code that would categorize newspapers as having an educational purpose and therefore qualify as nonprofits; exempt qualifying newspapers from paying corporate taxes on their advertising revenue; and allow donations to these newspapers to be considered tax-deductible charitable contributions. Although well-intentioned, the Cardin bill falls short in some areas. Because it mandates that qualifying newspapers contain local, national, and international news stories of interest to the general public the bill seems to preclude smaller community papers and other news organizations. Most important, any bill along these lines should explicitly state that they do not pertain to just newspapers, but also news Web sites and other journalistic media. Simple alterations to the text could remove these limitations, such as replacing the term *newspapers* with *news organizations*.

For both models to become viable, nonprofit and low-profit news organizations would likely need an exemption from federal tax laws that prohibit tax-exempt organizations and recipients of program-related investments from endorsing candidates for political office. A stronger 501(c)(3)/L3C bill could include other obligations such as demonstrating a five-year development plan for a significant digital platform presence; holding onto assets for a set period before selling (to avoid shell companies); signing a pledge to benefit ethnic and community media; and setting up local oversight boards to evaluate community service. Requiring an annual Internal Revenue Service report specifying how an L3C is fulfilling its social purpose, the Promotion Act of 2009 would encourage this behavior. With Democratic Congresswoman Carolyn Maloney’s companion bill in the House, reforming the federal tax laws would likely require congressional tax-writing committee hearings (Pickard et al.).
Longer Term Reforms: The Public Option for U.S. Media

The current crisis presents a rare opportunity to revitalize U.S. public broadcasting and repurpose it as a new public media system dedicated to local newsgathering, community service and using digital media across multiple platforms. However, this will require reallocating resources. At $420 million per year, which works out to $1.43 per person, the United States is unique among democracies for how little it spends on public media. By comparison, Canada spends $27 per capita, England $87, and Denmark more than $100. This translates to Denmark spending 80 times more than the United States on public media, and even more if indirect taxes are taken into consideration. Like many other public media systems such as the British Broadcasting Corporation (BBC) and the Japanese NHK, Denmark’s system generates much of its funding from television license fees. It also levies fees on computers and electronic devices, including mobile phones (Silver, Candance, Aaron, & Turner, 2010).

These resource allocations have resulted in vibrant media systems less prone to crisis in many countries, while, as a result of historical antecedents and political battles, the United States has designed one of the lowest funded public media systems in the developed world. Noting how the United States spends far more on the Pentagon’s public relations alone, McChesney and Nichols (2010) observe that other countries’ investments in public media have produced excellent international reporting, as well as programming that serves young people, women, linguistic and ethnic minorities, and other groups and regions that would otherwise likely be neglected by for-profit media. Nonetheless, establishing a vibrant public media system in the United States obviously will require significantly expanded subsidies as well as reforms to the existing system.

For more than 40 years, the United States has supported a successful, if grossly underfunded and sometimes flawed, public broadcasting system. To bolster this existing infrastructure, funding for public media should be both guaranteed over the long term and carefully shielded from political pressures. This will require removing it from the congressional appropriation process and instead establishing a permanent trust, perhaps supported by spectrum fees paid by commercial operators, or something equivalent to the universal service fund that is added to monthly phone bills. Alternatively, the United States could increase direct congressional appropriations for public media via the Corporation for Public Broadcasting. By tripling current congressional appropriations to less than $2 billion—a small fund compared to recent expenditures on critical infrastructure—the U.S. public media system could dramatically increase its capacity, reach, diversity, and relevance. These subsidies could also be used to streamline public media operations by developing new technology and archiving content across the system. Another necessary reform would broaden public media’s definition to include not just Public Broadcasting Service and National Public Radio,
but also low-power FM stations, public access cable channels, and independent community websites, which would combine already-existing news institutions to directly support local reporters in specific communities.

Other intriguing and provocative arguments for expanding public service media abound. One recent proposal suggests that international broadcasting services such as the Voice of America be repurposed to provide domestic news. At present, the funding streams for government-sponsored international broadcasting services ($671.3 million annually) and the Corporation for Public Broadcasting (CPB) are kept separated because of Cold War era concerns about propaganda. If reworked, such services could potentially serve the widening news gaps in local and national media without requiring a large increase in spending from the government (Powers, 2010). Other creative proposals include establishing an AmeriCorps style journalism jobs program and a governmental research and development fund to encourage innovative, multi-platform models of journalism (Pickard et al., 2009); $200 vouchers to put toward taxpayers’ choice of media (McChesney & Nichols, 2010); and journalism schools providing news operations vacated by professional organizations (Downie & Schudson, 2009).

Although proposals for governmental support of media alarm many Americans, much recent academic research challenges commonly held fears about subsidized media, demonstrating that publicly owned media and government-subsidized private media are no less critical of government than nonsubsidized privately owned media (Benson, 2010; Benson & Hallin, 2007; Benson & Powers, 2011; Hallin & Mancini, 2004). Whereas the former tend to present a wider range of voices and viewpoints, these scholars have suggested that in liberal democracies with predominantly commercial media systems, the state plays a much bigger role in shaping the news than in democracies with publicly subsidized media systems. Suggesting that the Swedish press was liberated to become more adversarial after public subsidies were introduced, Hallin’s comparative analysis of media systems found “very strong evidence that press subsidies don’t lead journalists to be timid” (Nordenson, 2007).

Another comparative analysis shows that public service television devotes more attention than the U.S. market model to public affairs and international news, which fosters greater knowledge in these areas, encourages higher levels of news consumption, and shrinks the knowledge gap between the advantaged and disadvantaged citizens (Curran, Iyengar, Lund, & Salovaara-Moring, 2009). When considering whether state-subsidized media is effective, worth noting is the popularity and quality of the BBC, an unrivaled source for international news. Research shows the BBC demonstrating an independence that compares favorably with the U.S. system and calls into question some common fears about government-subsidized media (Blumler & Gurevitch, 2001).
Now is an opportunity to firmly establish an autonomous yet publicly subsidized press devoted to the public interest. The money needed to support this system over the long term could be raised by Congress creating and funding a public trust, or perhaps from a small consumer tax on electronics. The Fourth Estate should be neither dependent on the whims of the market nor subject to shifting political landscapes. Proposals for press subsidies considered radical a year ago are gradually being mainstreamed. Despite eliciting howls from predictable corners, even a recent Federal Trade Commission’s draft report put forth a number of bold policy interventions. In 2010, Columbia University president Lee Bollinger authored a Wall Street Journal op-ed titled “Journalism Needs Government’s Help.”

Judging from the steady trickle of similar proposals, perhaps a consensus is crystallizing around what Curran (2010, p. 472) refers to as “public reformism,” which calls for strengthened public media and other policies to sustain the journalism that the private sector no longer supports. This position views the present moment as an opportunity to transition from a commercial newspaper model to a public service media model, one that serves the public interest and does not rise and fall with market fluctuations. However, significant barriers to implementation remain. A key distinction between what many Americans fear and what many of these scholars call for is governmental intervention in the form of providing the key structures necessary for diverse media, but not intervening in media content. In other words, these public policies toward supporting journalism would remain ideologically and viewpoint neutral. Although still a difficult argument to make—as with any social democratic agenda in the current American political climate (Judt, 2010)—the future of public media in general and journalism in particular is bound up in the political appeal of state activism. Governmental interventions like funding public media may be journalism’s last, best hope.

CONCLUSION

The aforementioned analysis can be condensed to six interrelated points. First, journalism produces a public good that is essential to democracy. Second, the advertising model that has subsidized this public good for the past 150 years is no longer viable. Third, neither new commercial nor non-profit, privately owned models are replacing the journalism being lost in traditional media. Fourth, given this market failure, public policy interventions are needed to establish a public service model for journalism. Fifth, this moment of crisis may allow for radical structural reforms that could help create a better media system (as opposed to simply repairing already-existing, flawed models). Last, international models employed in other democracies as well as the United States’ own history suggest a legitimate governmental
role in supporting the press—these reformist models stem from the common assumption that a healthy press should not be overly dependent on market relationships.

This reframing of the journalism crisis calls for funding an alternative media infrastructure insulated from those commercial pressures that, if not caused, at least exacerbated today’s journalism crisis. The U.S. media system should maintain space for both commercial and noncommercial models—a mixed media system—one that restores balance between profit-making and democratic imperatives and is better able to withstand dramatic shifts in the market. American media policy historically has reflected the understanding that the market alone cannot provide for all of democratic society’s communication needs because a commercial system focused on advertising revenue-optimization and profit-maximization will not encourage a diversity of voices and viewpoints. These assumptions about commercial media’s limitations have historically justified a need for public service media.

Given the press’s centrality to a functioning democracy, and given the lack of market-based alternatives, journalism’s future becomes a public policy problem. Even for those whom view such prospects as ideologically anathema, the evidence suggests that private capital alone can no longer fully support professional journalism. Therefore public subsidies are the only safeguard remaining. A rare and fleeting chance exists for U.S. policymakers to establish a strong public media system. Although increasing public media’s budget entails formidable political challenges, it is more feasible than creating an entirely new entity for supporting national and local journalism. That such a model could never flourish in the United States is often taken as an article of faith, but a more robust public media system did not emerge as in other democracies only as a result of vicious political campaigns led by U.S. broadcasters and publishers in the 1930s and 1940s (McChesney, 1993; Pickard, 2008; Scott, 2009).

Historicizing the current journalism crisis is a first step toward shifting the debate about the future of the press in a way that highlights the structural nature of the crisis, the democratic imperatives at stake, and the necessary role for state intervention. A longer historical view of changes in the press system suggests that many aspects of the journalism crisis are actually the culmination of long-standing contradictions, tensions, and ongoing processes ranging from commercialization of the press to media reform struggles. If we recontextualize the journalism crisis within two intertwined historical processes—namely, structural instabilities in the commercial press system and a social democratic media reform tradition that seeks to establish a more public service-oriented model—governmental intervention to sustain journalism is legitimated. Placed in this historical context, we can see the current crisis, while idiosyncratic in some of its attributes—particularly its severity and the internet’s disruptive role—as the latest permutation in the ongoing clash between the commercial and public service logics of the
press, a tension that has animated media criticism from the dawn of the commercial press system (McChesney & Scott, 2004; Pickard, 2008). The current crisis opens up opportunities for the public service mission of the press to reassert itself, emerging from the ashes of the old system.

A reorientation for how we regard journalistic institutions and how we might carve out a permanent place for them in a democratic society brings a number of often-overlooked aspects of the crisis into focus. It sheds light on the normative components, shows a long-standing tension between the press's commercial and public service functions, and situates calls for reform within long-term struggles. Previous reform efforts sought to establish a media system that holds the powerful accountable, is responsive to local community needs, and reflects a diverse array of public opinion on important social issues. Treating the crisis as a structural problem underscores normative questions about the press's democratic obligations—questions largely neglected in current discussions focused on new business models of the press. Furthermore, such a reorientation highlights policies that support a multimedia, nationwide press system shielded from market fluctuations. In addition to local and investigative news, these civic media would include cultural and educational content and be conferred the same special status as public museums, libraries, and schools—all necessary institutions for a vibrant democratic society. Swaying a critical mass of Americans toward accepting a public policy approach to the journalism crisis poses a difficult political struggle, but it is one that we walk away from at democracy's peril.

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