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The Early Crisis and Missed Opportunities

At the height of the contemporary press crisis in 2009, the US Senate Commerce Committee held a hearing on the future of journalism. The discussions that day showcased central divisions within future-of-news debates, as well as major models for reform. Senator John Kerry opened the hearing with a dramatic statement: "Today it is fair to say that newspapers look like an endangered species." The air hung solemnly over this opening remark, and people in the packed room shuffled uneasily in their seats, unsure how the conversation would unfold. Senator Kerry acknowledged this uncertainty as he invoked a question on many attendees' minds: "Why is the government interested in this, and what are we looking at?" Then he answered:

> Well, the fact is that we do have a responsibility for the licensing of broadcasts, we have a responsibility for the regulatory oversight of ownership of cable, satellite, and other issues with respect to communications. And needless to say, how the American people get their information, what the structure of ownership is, is of enormous interest to all of us, because it is the foundation of our democracy.[1]

The assumption that government has a duty to maintain and protect our news media receded as the discussion focused more on the nature of the journalism crisis and potential solutions. But it remained a crucial subtext throughout the hearing.

One of the witnesses invited to testify was David Simon, a former *Baltimore Sun* reporter and the creator of the television series *The Wire*. Simon offered a colorful synopsis of the journalism crisis, highlighting the industry's business model and the role of corporate greed:

> From the captains of the newspaper industry, you may hear a certain martyrology, a claim that they were heroically serving democracy, only to be undone by a cataclysmic shift in technology. From those speaking on behalf of new media, Web blogs, and that which goes Twitter, you will be treated to

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assurances that American journalism has a perfectly fine future online and that a great democratization is taking place.[2]

Simon was having none of it, casting "a plague on both their houses." He warned: "Unless a new economic model is achieved, [journalism] will not be reborn on the Web or anywhere else." For Simon, the much-heralded blogosphere did not evidence a brave new future for journalism. Instead, "it leaches [its] reporting from mainstream news publications, whereupon aggregating websites and bloggers contribute little more than repetition, commentary, and froth." The very phrase "citizen journalist," he argued, was Orwellian. A "neighbor who is a good listener and cares about people is a good neighbor. He is not in any sense a citizen social worker. Just as a neighbor with a garden hose and good intentions is not a citizen firefighter." "To say so," according to Simon, "is a heedless insult to trained social workers and firefighters."[3]

Wall Street-owned newspaper chains' "shortsighted arrogance" was also a key part of the problem. Simon noted that the *Baltimore Sun* eliminated scores of reporters while it was achieving 37 percent profits. "In short," Simon concluded, "my industry butchered itself . . . [by following] the same unfettered, free-market logic that has proven so disastrous for so many American industries." This was, according to Simon, US newspapers' original sin. When local family-owned newspapers consolidated into publicly owned newspaper chains, "an essential trust, between journalism and the community served by that journalism was betrayed."[4]

Two of the other witnesses, New America Foundation president and award-winning journalist Steve Coll and the former newspaper editor and Knight Foundation president Alberto Albarguen, agreed with much of Simon's analysis, emphasizing the need for nonprofit and public media models. However, a lively disagreement broke out between Simon, who argued that paywall subscription models were the way forward, and Arianna Huffington, who offered a more sanguine view of citizen journalism's democratic potential.

Huffington believed that blogs would more than compensate for what was being lost, pointing to her own *Huffington Post* as an exemplar. In her view, Luddite concerns about digital journalism's viability resembled the mindset of "scribes working with stone tablets" during the advent of the printing press. Declaring with great confidence that "Journalism will not only survive, it will thrive," Huffington enthused about the power of linking stories and driving traffic. She cited the media pundit Jeff Jarvis, who argued that the new "link economy" would quickly replace the "content economy."[5] She also invoked the Harvard business school professor Clayton Christensen's ideas around "disruptive innovation" and suggested that Google was developing advertising platforms that would help news organizations monetize their online content.[6] Simon, responding to some of these claims, replied (to much laughter): "The day I run into a *Huffington Post* reporter at a Baltimore Zoning Board hearing is the day that I will be confident that we've actually reached some sort of equilibrium." Until then, Simon believed, bloggers would never replace beat reporters.

These four positions—citizen journalism, subscription/paywalls, nonprofit models, and public models—roughly map onto the major prescriptions for alternative models to advertising-dependent news, a topic I will return to in the next chapter. That these four models are still among the most commonly proposed alternatives to advertising-dependent journalism attests to the hearing's prescience—as well as to the stubborn consistency of the structural crisis and the paucity of new ideas. Despite some debate over the discussants' preferred alternatives, it also was striking that nearly all of them saw the status quo as untenable. With its core business model coming apart, everyone agreed that journalism would never be the same. But what would come next remained unclear.

The House of Representatives' hearing about journalism's future was more explicitly activist and sympathetic to government intervention.[7] The assumption that the United States has never had, and should never countenance, government intervention in news media systems was roundly refuted by several witnesses, especially the law professor C. Edwin Baker. Putting the journalism crisis in historical context, Baker argued that the founders of the American Republic recognized early on that the market would *never* provide adequate support for the news and information that a democracy required. Reminding his audience of the founders' support for postal subsidies to guarantee wide dissemination of news—equaling roughly $6 billion in 2009 dollars—Baker proposed targeted subsidies in the form of tax credits to news organizations for half of their journalists' salaries. Such subsidies would remove the incentive for newspapers to lay off journalists and would lead to higher quality news reporting.[8] Most of the other witnesses agreed with Baker's assessment, arguing for aggressive government intervention, including a variety of media subsidies for public service journalism.

The very existence of both of these hearings implies that at least some policymakers believed government had, and has, an important role to play in ensuring public access to a vibrant press. In its willingness to address matters of political economy, however, the House hearing proved the exception to a conversation that rarely acknowledged, let alone addressed, the structural causes of the crisis in journalism. Despite the sense of urgency in 2009, the US government still has taken no meaningful action to address the ongoing journalism crisis. This tremendous "policy failure," as I termed it in my previous book, deserves much more attention.[9] Clues that help explain this inaction appear in those early months of the modern journalism crisis. In this chapter, I explore how Americans' inability to move beyond a libertarian discourse has limited our capacity to envision and enact alternatives to a broken media system.

Origins of the Crisis

To understand such a strange political moment, it is worth pausing to consider why newspapers were suddenly collapsing. Although the newspaper industry had been, by some measures, in slow decline for decades, four major factors sparked its abrupt descent in 2008–2009.[10] First, as I will discuss later in this chapter, for more than a century the US press system has been inordinately dependent on advertising revenue, leaving it vulnerable to economic and technological disruptions. This preexisting structural condition differed from many other news industries around the world.

Second, the news industry suffered from self-inflicted wounds. Many newspapers were over-leveraged, with many already carrying extensive debts from earlier buying sprees.[11] Instead of reinvesting profit margins of 25 percent or more back into newsrooms, these papers' investors had grown accustomed to acquiring new assets in anticipation of big payouts—decisions that often turned into devastating losses. To give just one example, the *New York Times* bought the *Boston Globe* in 1993 for $1.1 billion, among the highest prices ever paid for a newspaper. It sold the paper in 2013 at about a 93 percent loss.[12]

These media companies, in other words, had already been neglecting their newsrooms for years before the third contributing factor hit: the 2008 financial crisis. The worst economic downturn since the Great Depression eighty years prior, the crisis hit many industries hard, but especially those with structural vulnerabilities. Furthermore, there was no social safety net for this massive market failure; public media (such as NPR and PBS) and the nonprofit sector were woefully unprepared to step into the breach.

The fourth and most noted contributing factor to the journalism crisis was a new set of economic relationships ushered in by digital media. While news organizations increasingly invested in digital content, online ads generated a mere fraction of revenue compared to their paper-based counterparts. With the loss of local advertising monopolies, the business model for journalism suddenly collapsed. A particularly major blow was the loss of classified ad revenue. With websites such as Craigslist offering free classified ads, newspapers held no hope of ever returning to the heady days of making advertising money hand over fist. A study by the Pew Internet and American Life Project found that classified advertising revenue fell by approximately $7 billion between 2005 and 2009.[13] An oft-cited study shows the detrimental effects that Craigslist alone had on newsrooms, costing the newspaper industry $5 billion between 2000 and 2007 in lost classified ad revenue.[14]

Of course, to blame the journalism crisis largely on Craigslist—as some have done—is to overlook key contextual factors.[15] Local newspapers had grown accustomed to exploiting their market power and charging exorbitant monopoly prices for advertising. If anyone wanted to advertise to a given population, they had little choice but to go through a local newspaper or other local media. With the shift to digital, however, newspapers faced tremendous competition and struggled to monetize their online content. Making matters worse, newspapers ruthlessly disinvested in news and cut costs as they chased the increasingly elusive goal of maintaining obscene profits. Many outlets reduced or entirely dismantled their foreign, Washington, and statehouse bureaus. More generally, the immediate effects of this economic shift, exacerbated by the financial downturn, was the dramatic loss of news jobs.

Employment across much of the news media industry was hurting, but newspaper jobs were in free fall, shedding thousands of positions between 2008 and 2009. Advertising revenues and circulation numbers plummeted. In 2008, the value of newspaper stock dropped by a stunning 83 percent. In a six-month period, the one hundred-and-seventy-eight-year-old *Detroit Free Press* cut home delivery to three times a week; the one-hundred-and-forty-six-year-old *Seattle Post-Intelligencer* went online only, cutting all but a handful of employees; the one-hundred-year-old *Christian Science Monitor* went online only; and the one-hundred-and-fifty-year-old *Rocky Mountain News* shut down. With many other papers in various stages of bankruptcy, some media commentators warned—correctly, as it turned out—that a major city would soon not have a daily newspaper. Within the next two years, Detroit, Cleveland, and New Orleans would all lack daily papers.[16]

As almost daily news accounts around the country documented the industry's downward spiral—including the website Paper Cuts that kept a constant tally of lost jobs—the growing panic about the future of journalism was palpable. With this multiplying "body count" as a backdrop, bold actions were demanded, experts were assembled, and a raft of reports were published. The seemingly progressive politics of newly elected President Barack Obama led many observers to hope that good government would devise reasonable plans for tackling the crisis—even, perhaps, launching a new New Deal of government activism. Many (myself included) dared to dream that those in government would recognize the limits of a laissez-faire approach to the market and step in to preserve public service journalism from the ravages of capitalism. Once unassailable verities about the magic of the market had suddenly collapsed; even former Federal Reserve Chairman Alan Greenspan announced publicly, shortly after the financial crisis began, that he had been tragically mistaken to assume that markets were self-correcting.[17] At last, we thought, clear-headedness would prevail over the libertarian madness that had driven our economy into a ditch. Progressive change seemed imminent.

Subsequent events did not transpire in the way many of us had hoped or expected. The alarm bells quieted, plans for bold reforms receded, and the status quo quietly but assuredly reasserted itself. Nevertheless, it is important to recall that none of this was inevitable; it could have gone quite differently.

Immediate Responses to the Crisis

Given the resignation that many feel today, it is easy to forget the sense of great urgency when the journalism crisis first erupted in 2008 and 2009. The fear of institutional collapse especially gripped Washington, DC, where I was working during that time as a research fellow, first for a major think tank and later for a leading media reform organization, focusing specifically on policy approaches to the journalism crisis. It was remarkable to witness firsthand various transformations as our nation's politics seemingly underwent a paradigm shift. With the economy imploding and the Obama administration in the White House, policy ideas previously relegated to the discursive margins were now bandied about within mainstream circles.

During what appeared to be a political and intellectual realignment, early 2009 witnessed a rare window of opportunity for government interventions in redesigning the nation's media system.[18] Policymakers frantically turned to media reformers and scholars (even historians!) for advice on how to address the structural collapse of ad-supported journalism. Policy experts dusted off old books and articles to resuscitate arguments about the dangers of unregulated commercial systems. Politicians began proposing policy options not entirely under the sway of market fundamentalism. Lessons from our grandparents' generation came roaring back.

Amid this tumult, an inchoate policy agenda quickly emerged, one that sought to unhook news and information from commercial pressures. To give one example, Senator Ben Cardin sponsored the Newspaper Revitalization Act of 2009, which offered tax benefits to news organizations as well as to the philanthropies that donate to them.[19] His bill proposed revising sections of the Internal Revenue Code to qualify newspapers as nonprofits with an "educational purpose." The bill would have also exempted qualifying newspapers from paying corporate taxes on their advertising revenue and would allow donations to these newspapers to count as tax-deductible charitable contributions. Although well intentioned, the Cardin bill fell short in some key areas. While it mandated that qualifying newspapers contain local, national, and international news stories of interest to the general public, the bill seemed to preclude funding for smaller community-oriented papers and other news organizations. Nonetheless, it was a remarkable bill despite its failure to gain any traction in Congress. After being referred to committee, it never received a vote—and now has been almost entirely forgotten.

A raft of major policy reports also came out during this early stage of the journalism crisis,[20] many endorsing an aggressive agenda for press subsidies, an expanded public media system, and other measures that legitimated an activist state in support of public service journalism. A report published by the leading media reform organization Free Press (I was the lead author of this study) was the first out of the gate.[21] It helped set the tone for prescribing a number of structural policy interventions, including new ownership models (such as low profit and nonprofit), new tax incentives (such as a minority media tax certificate), a journalism jobs program, a journalism research and development fund, and subsidies for a robust new public media system.

While many of these reports came from foundations, think tanks, and scholars, government regulatory agencies also felt pressured to act. The

Federal Trade Commission (FTC) was at the forefront of these discussions, launching a series of high-profile workshops on "How Will Journalism Survive the Internet Age?"[22] A number of invited speakers and consultants—including Robert McChesney and C. Edwin Baker—advocated for aggressive structural interventions in response to a systemic journalism crisis. These discussions informed the FTC's draft report, which considered a wide range of direct and indirect subsidies for journalism.[23] The discussion draft, however, encountered fierce backlash the moment it was issued. It especially drew the ire of conservatives and libertarians who were newly emboldened by the ascendant Tea Party movement. After much bad press and political pressure, the report was set aside to languish—an outcome that arguably had a chilling effect on subsequent reports.[24]

As foundations, advocacy groups, and government agencies began responding with high-profile hearings and reports, the FCC joined the fray by announcing an inquiry into the future of journalism. Its interim chair, Commissioner Michael Copps, helped initiate a discussion that would later become a months-long, expansive study on the state of US news media. Commissioner Copps, who refers to President Franklin D. Roosevelt as a personal hero, was one of the most progressive commissioners ever to have served on the FCC.[25] He was sympathetic to an aggressive public policy program for addressing structural problems in commercial news media. Given the growing severity of the crisis, media reformers and the D.C.-based public interest community held high hopes for this greatly anticipated report. Copps himself hoped it would deliver "hard-hitting action recommendations that can be implemented before the end of this year. A report falling short of that," he warned, "will have failed the public interest."[26]

As we shall see, the report certainly fell short. Nonetheless, it is instructive to examine what this report found and prescribed—and, more importantly, what it did not. The report's framing of the crisis and its many blind spots hold clues as to why there has been no policy response to the US journalism crisis.

The FCC Report

The FCC did not formally launch its study on the future of journalism, the "Information Needs of Communities," until the fall of 2009.[27] By that time, a more industry-friendly FCC chairman, Julius Genachowski, had taken the agency's helm. Chairman Genachowski commissioned his one-time Columbia classmate Steven Waldman, former editor of the *Washington Monthly* and co-founder of *Beliefnet*, to author the report. Early on, Waldman initiated a kind of "listening tour," meeting with various scholars and practitioners to discuss the journalism crisis.[28]

The comprehensiveness of the FCC's research was truly admirable. They ultimately conducted more than six hundred interviews with people from a diverse range of professions, including journalists, scholars, industry representatives, lawyers, activists, philanthropists, government officials, and many others.[29] The FCC also held full-day workshops focusing on questions related to the future of journalism and media ownership and examined more than a thousand submitted public comments. FCC staff conducted an extensive literature review of other reports and studies on the future of journalism. An informal working group of respected scholars and consultants conducted research and contributed studies on specific subjects.

The FCC released the report in early June 2011. Weighing in at 468 pages, it contained a vast review of scholarship on the journalism crisis. Although it overlooked some political economic scholarship, the study did not hedge in its critical analysis of the depth of the crisis. Using employment census data from the American Society of News Editors (ASNE), the FCC concluded that the decline in jobs from 2006 to 2010 was particularly alarming: "In just four years, newspaper employment fell from 55,000 to roughly 41,600—about where it was before Watergate."[30] Page after page of the report documented in critical detail how market downturns had devastated the press, causing a wide array of social harms. Financially struggling news organizations were increasingly cutting costs, resulting in "less time to investigate, to question, to take a story to the next level." Fewer reporters to work on labor-intensive and investigative stories led to lower-quality journalism and "less daily beat reporting about municipal government, schools, the environment, local businesses, and other topics that impact Americans' future, their safety, their livelihood, and their everyday life." The report grimly observed that "the dramatic newspaper industry cutbacks appear to have caused genuine harm to US citizens and local communities."[31]

Like the 1940s Hutchins Report that came before it, the FCC report offered a timely critique of overall press performance as well as a trenchant analysis of structural problems, such as a loss of "local accountability reporting."[32] Parts of the report seemed to reject market fundamentalism with references to public goods, even mentioning the term "market failure," albeit tucked away in an endnote.[33] Yet, as was also the case with the Hutchins Commission, there was a glaring disconnect between the report's diagnosis of what was wrong and its proposed solutions. Most problematically, the report ruled significant policy intervention out of bounds from the start: "In crafting recommendations, this report started with the overriding premise that the First Amendment circumscribes the role government can play in improving local news. Beyond that, sound policy would recognize that *government is simply not the main player in this drama*" (emphasis added).[34] The report reiterated this statement several times, almost like a catechism. Its language reflected the market-libertarian paradigm that established the parameters of permissible policy reform and left little room for government intervention. The report even cautioned that a study about the media crafted by a government agency "could be met with suspicion," since it is the media's job to examine government and not the other way around.[35] Such an ideologically loaded stance conveniently ignored the long history of the US government's affirmative role in maintaining a healthy news media system, from creating the postal system to subsidizing the development of the internet. This unfortunate framing constrained the report from the get-go.

The report did state that the FCC "has not only the authority but the affirmative duty to look at these issues." But even this move was framed as a *deregulatory* intervention, arguing that it would amount to "public policy malpractice for the [FCC] to simply assume that the current (voluminous) set of public policies about communications—some crafted before there was an internet—are well suited for the twentieth century." Because the media landscape was changing "so rapidly and so dramatically," the FCC would examine "whether its assumptions and rules are still operating." It also cautioned that identifying "a particular problem does not mean that we believe the FCC has the responsibility or authority to solve it . . . In some cases, the role of this report is simply to describe things—to stimulate discussion and to suggest new paradigms for understanding local media markets."[36] The report made clear that, beyond outlining problems and removing "obstacles confronting those working to solve the problems of providing robust local news and information," there was little for government to do. It declared that most "solutions to today's media problems will be found by entrepreneurs, reporters, and creative citizens, not legislators or agencies." The report asserted that "Government cannot 'save journalism'" because the "media landscape is evolving so rapidly that heavy-handed regulatory intervention dictating media company behavior could backfire, distorting markets in unhelpful ways."[37]

The FCC carefully hewed to a non-interventionist approach to the journalism crisis and instead placed its trust in the market. This strategy, however, had significant limitations. One of the few media scholars to scrutinize the FCC report, Christopher Ali, notes that its limitations became clear when the report raised a key question and then failed to address it: "Markets usually respond to consumer demand. But what happens if consumers don't demand something they essentially need?"[38] This question encapsulates a core tension within the FCC report and within modern liberal thought more broadly: relying on the market to provide public service journalism ignores both the public-good nature of news media and the market's inability to produce such goods in sufficient quality or quantity.

Despite the report's reluctance to argue for affirmative government intervention, it did not hesitate to recommend deregulation, including the removal of the much-maligned and long-defunct Fairness Doctrine, which had mandated that broadcasters air contrasting views on controversial and socially significant issues. According to the report, staff researchers came to realize that remnants of the Fairness Doctrine—repealed since 1987—remained on the books. Thus, they felt compelled to "eliminate any outstanding uncertainty about our intentions—about the localism proceeding, about enhanced disclosure, and about the Fairness Doctrine. We therefore recommend that the Commission consider cleaning up its books by repealing what's left of the Fairness Doctrine."[39] It is curious that they were moved to suggest such actions since the already-dead Fairness Doctrine posed little threat to anyone, but it seems consistent with the report's overall deregulatory thrust.

To be fair, the FCC report was prescient in underscoring the depth of the local journalism crisis, and it offered an incisive analysis of the social implications of losing local accountability reporting. Furthermore, had it pushed for more aggressive policy interventions, it likely would have been attacked in the same fashion as the FTC report had been. In a recent conversation, Waldman reflected that he did not want the report—if the perception were that the FCC aimed to reregulate media industries—to "become a political football" and overshadow the important research his team had conducted for nearly two years.[40] Given the shifting political landscape at the time, this caution may have seemed tactful and prudent. Perceived constraints—especially from the perspective of Waldman's boss, the relatively conservative FCC Chairman Genachowski (who himself may have been reading signals from the White House)—as well as compromises that inevitably come with a group project, also may have contributed to such modest recommendations. The report's four proposals mostly called for using more precise measurements and language in defining and regulating news media.[41] A more meaningful policy reform that the report did advance was to require local television stations to post transparency records online about political advertising purchased on their channels.[42]

Overall, however, the report's concrete policy proposals were tepid. First Amendment absolutism lurked just below the surface, with narrow definitions of press freedoms mostly benefiting corporations' negative liberties instead of communities' and the public's positive liberties. The report valorized the private sector's role in supporting journalism: "With a terrain more hospitable to local media innovation, the private sector—both for-profit and nonprofit entities—can increase the production of local programming, including accountability reporting." It implied that if we simply let the private sector operate freely, "The resulting media system could be the best the nation has ever had."[43] In reaching these conclusions, the FCC report's default position of accommodating the market would not have sat well if it had engaged more with critical scholarship. For example, there is no citation or mention of C. Edwin Baker, who had, prior to his sudden death in late 2009, written extensively about the future of news media and its relationship to markets and democracy.[44] Two scholars who remained engaged with the FCC's ongoing policy work, noted that "None of the conclusions or recommendations in any way questioned—or suggested alterations to—the status quo." The report devoted much research to illustrating "the magnitude of the changes, challenges, and problems" facing journalism, yet "concluded with a set of relatively inconsequential policy recommendations."[45]

Immediate reactions to the report zeroed in on some of these weaknesses. Given its lack of structural analysis and prescriptions for public policy interventions, leading progressives such as Michael Copps (no longer chair, but still an FCC commissioner at the time) decried what they saw as a huge missed opportunity. In his official FCC statement, Copps observed that, while the report seemed "aware of a serious problem," it lacked any serious recommendations for strong programs that could immediately begin undoing "generations of media injustice."[46] More specifically, he felt it focused too "little attention on what proactively reform-minded FCCs, like the ones we had back in the 1940s, can do when they put their minds—and a majority vote—to it." Instead, Copps was "sorely disappointed by the timidity of the recommendations given the breadth of the immediate problems the Report itself tees up."

In contrast to his more diffident colleagues at the FCC, Copps presented a bold counter-narrative for government's necessary role in supporting a healthy news media system:

> There are two schools of thought on what role government should play in providing the infrastructure to inform our citizens. One school would say let's leave this important task up to the free market and deregulate the entities that serve this purpose. This school has been in charge of the classroom for most of the past 30 years. We have been through an ongoing orgy of private sector consolidation with a few mega-media companies buying up small, independent broadcast stations and newspapers and then downsizing—and often shuttering—newsrooms and firing journalists in order to pay the huge debts these merger transactions always entail. The private sector found a willing accomplice in an FCC that was only too happy to bless it all and encourage even more, almost never saying "No" to whatever merger the financial wizards could conjure up. To make things even worse, successive iterations of FCCs vanquished from the books most of the public-interest rules and guidelines that could have imposed some discipline on broadcasting run rampant.

Challenging the First Amendment absolutism proudly championed by those who saw little role for government in protecting the Fourth Estate, Copps invoked the actual authors of the First Amendment who saw government provision of postal roads and subsidized delivery of newspapers as a "perfectly legitimate public policy." Seeking to reclaim this progressive vision of the First Amendment, Copps exhorted his fellow reformers to not "cower in the corner when the Do-Nothings try to shout us down."[47] This vision of positive rights to essential services such as a democracy-enabling press system was a cornerstone of Copps's envisioned alternative. In an essay published just weeks before the release of the FCC report, Copps implored the public to demand a healthy media system, for it was government's duty to protect the "conduit and shaper of our democratic dialogue."[48]

Elsewhere, immediate reactions among media reformers and journalists were swift and damning. Free Press issued a press release calling the report a "major disappointment," charging that it embraces "policies that would make this problem even worse" such as abandoning the rule "that requires broadcasters to report how much or how little local news and programming they air."[49] Ryan Blethen of the *Seattle Times* wrote: "It is as if the authors . . . did not know what fixes needed to be made so they put forward the easiest and mostly meaningless solutions for the FCC."[50] Similarly, media analyst Rick Edmond observed that despite some strong analysis, when it came to recommending what the FCC or Congress could actually do, "they pretty much punt."[51] Speaking to this regulatory retreat, a *Wall Street Journal* story interpreted the FCC report as an indication that "government's interest in helping the newspaper industry appears to be waning."[52] Media critic Eric Alterman lamented, that the report's "proposed solutions are actually more amenable to conservatives than to liberals or even moderates."[53]

As if to prove this last point, it is telling that the report received its most positive responses from the trade press and from free market ideologues. The well-known libertarian Adam Thierer reported that his first reaction to the FCC report was relief: "For those of us who care about the First Amendment, media freedom, and free market experimentation with new media business models, it feels like we've dodged a major bullet." He congratulated Steve Waldman for his "impressive achievement" and expressed delight that the report was "far removed from the radical Free Press/McChesney agenda that guided the FTC's controversial report."[54] Likewise, the Republican-appointed FCC commissioner Robert McDowell assured readers that the report would not lead to new FCC rules, but instead would stimulate "deregulatory action that better fits a competitive and dynamic marketplace."[55]

During a debriefing phone call a few days after the long-awaited report was issued, public interest advocates confronted Waldman (I was on the call), demanding to know why the report expressed such an impoverished notion of government support for journalism. Waldman defended the study's laissez-faire approach by arguing that more aggressive policy intervention was inappropriate for two reasons: First, because the government should not be choosing winners in the market, and, second, because the First Amendment forbade it. What is remarkable about this defense is that it perfectly captures something that C. Edwin Baker once said to me over lunch, just weeks before he passed away. "Two arguments," he said, "that media owners typically use to fend off regulation. One is that government must always stay out of markets. And the other is that the First Amendment forbids it." Indeed, the arguments that Waldman invoked in his defense reflect a tacit libertarianism that leaves little room for meaningful public policy interventions. Ultimately, the FCC report's implicit message is that the market caused this crisis, and the market will solve it.

We Are All Libertarians Now

While the FCC report internalized the logic of market libertarianism, reformers nonetheless tried their best to build on some of the report's recommendations. They seized on the report's otherwise critical analysis of journalism's dire predicament to vindicate arguments they had been making for many years. And they pressed the FCC to be more proactive in studying the problem and suggesting policy interventions. The FCC eventually issued a public call for a new study in February 2012 that sought to find out how Americans meet their critical information needs and whether the existing "media ecosystem" serves them.

In addition to identifying barriers to obtaining such information, the FCC mined relevant studies to arrive at a working definition of "critical information needs." Commissioner Mignon Clyburn, who was the interim FCC Chair, made clear that she hoped this study would help support the FCC's efforts in boosting minority and female media ownership.[56] A group of reform-minded scholars comprising the Communications Policy Research Network (CPRN) won the bid to carry out the study.[57] Ultimately, the scholars produced a large-scale literature review that clearly defined journalism as a public good vulnerable to specific market failures. They drew from this report to identify eight critical information needs, ranging from emergency communication infrastructure to having reliable access to political information.[58] The study also called for more research to assess whether these needs were actually being met.

Mark Lloyd—a media historian, public interest advocate, and former FCC Associate General Counsel (focusing on diversity and localism) who was deeply involved in these policy debates as a core member of the CPRN research team—has chronicled the entire episode in fine detail.[59] As an expert agency, he notes, studying problems in our communication systems, identifying barriers to critical information needs, and formulating policy responses is well within the FCC's established purview—in fact, the Commission arguably had both a congressional and a court obligation to do so. Accordingly, the FCC followed through on the CPRN's recommendations to conduct a new study to assess the public's critical information by collecting and analyzing relevant data. Lloyd observed that all too often this research is limited to "questionnaires posed to FCC-regulated media and telecommunications industries and tallying up the replies." However, he noted that once in a great while the "Commission actually seeks information about how its 'public interest' policies and various licensees actually serve the public."[60]

This was the case when the CPRN and the FCC sought to understand whether media outlets were providing critical information needs to representative communities. After a long debate over who would lead this study—and despite industry interests continuously trying to derail the process—a new report was proposed to further study "critical information needs." The study aimed to conduct a "media market census" based on all media content in a designated market, including broadcast news, newspapers, and local internet news. The study would also include a voluntary survey of local media providers to gather information pertaining to ownership characteristics, employment, and barriers to entry. This "community ecology" study would canvas the general population to survey actual and perceived critical information needs, including in-depth neighborhood interviews.[61]

As soon as these plans became public, however, the right-wing press—with an assist from conservatives in Congress and at the FCC—immediately condemned the FCC's proposed study on communities' information needs. First, Tucker Carlson's *Daily Caller* published an article (drawing from an industry-inspired critique), with the headline: "FCC to Police News Media, Question Reporters in Wide-Ranging Content Survey."[62] Then a group of Republican members of Congress wrote a letter to FCC Chairman Tom Wheeler condemning the report, referring to it in their press release as a "Fairness Doctrine 2.0."[63] (In the conservative imagination, the Fairness Doctrine represents extreme government interference in the nation's communication systems.[64]) This letter was soon followed by an op-ed in the *Wall Street Journal* by then-Commissioner Ajit Pai (Pai later became FCC chair in 2016), who also likened the study's aims to that of the Fairness Doctrine and charged the FCC with taking the country "down the same dangerous path."[65]

Pai's op-ed unleashed an onslaught from conservative media. Lloyd recalls: "Soon scores of conservative radio hosts and other right-wing bloggers were spreading the word that the White House was ordering the FCC to police newsrooms and that this amounted to a return of the Fairness Doctrine." Some of these false stories targeted the CPRN professors' home academic institutions, which "resulted in a barrage of threatening calls and emails from angry citizens," according to Lloyd. Fox News even devoted an entire prime time segment on the FCC's supposed plan to police newsrooms.[66] In response to this pressure, the FCC first distanced itself from and then completely disavowed the study.[67] One CPRN member wrote in a subsequent op-ed that such hyperbolic accounts were toxic to the nation's policy discourse: "To conservative media from Fox News to Rush Limbaugh, [the proposed study] was an attempt to reintroduce the now-lapsed Fairness Doctrine and for President Obama to take control of America's newsrooms."[68]

This episode shows how the FCC's efforts to merely study these issues in greater depth posed a threat to established commercial interests. These media industries and their proxies—including the Republican-appointed FCC commissioners—felt compelled to delegitimate the very idea of collecting and analyzing data that might reveal deficiencies in the commercial media system. Simply gathering information on critical information needs—topics such as civic participation, consumer welfare, and public safety—triggered industry associations to question the constitutionality of such endeavors. The fear, of course, is that verifying such deficiencies might mandate government regulation and therefore threaten commercial media firms' prerogative to put profits above democracy.

But this episode also casts into stark relief another contributing factor to the status quo: how quickly liberals shade into libertarians when pressed on their allegiance to market fundamentalism and First Amendment absolutism. Indeed, the speed with which liberal policymakers and intellectuals caved to right-wing accusations of heavy-handed government speaks volumes about the relationship of policy discourse and power. On the rare occasions when liberal policymakers call for governmental affirmative action to guarantee media access to communities underserved by the market-driven media system, they quickly fall back on libertarian talking points the moment commercial forces push back. Until we find a way to inoculate progressive policy discourse from such attacks, many of our media crises will only worsen.

This failure to confront the journalism crisis with any meaningful policy response is reminiscent of previous failed reform efforts, such as the 1940s Hutchins Commission. Then as now, policy discourses defined US news media's structural problems as beyond government's reach. Both in the 1940s and today, society's response to a journalism crisis spurred discussions about media's normative role in a democratic society and the government's regulatory role in guaranteeing a healthy press system. Both the Hutchins and FCC reports leveled a strong structural critique about the commercial news media system's failures, and both reports concluded with only weak reform proposals that essentially punted on confronting these failures' structural roots—only to ensure their likely re-emergence in subsequent years.

This recurring pattern of policy failure recalls the phrase "nervous liberals" featured in media historian Brett Gary's book of the same title.[69] Gary used the phrase (first articulated by the Hutchins Commission's Archibald MacLeish) to describe postwar liberals whose selective adherence to First Amendment freedoms allowed them to switch seamlessly from targeting fascists during World War II to blacklisting leftists during the Cold War. These intellectuals compromised democratic principles for war-related imperatives in fighting a homegrown nativist movement in the United States and a fascist threat abroad. Supported by Rockefeller grants, many of these men were pioneers in the field of communication who became willing conscripts in the propaganda wars against perceived domestic and foreign threats.

Over the decades, liberal policymakers and intellectuals have consistently applied classical democratic theories—the stuff of "public spheres" and "marketplaces of ideas"—to a commercial media system that systematically underserves these ideals. In theorizing this failure, liberal thinkers sometimes arrive at a structural critique of a market-driven media system. However, once they find themselves arriving at the kinds of social democratic conclusions that would necessitate government intervention in media markets, they tend to retreat to extolling the comfortable sanctities of the market and its propensity for innovation and efficiency. Any concession that government may need to intervene in the face of overt market failure must be accompanied with sufficient caveats and qualifiers that dissuade accusations of statism, authoritarianism, and anti-capitalism. These are the nervous liberals—liberals made nervous by their own conclusions.

Meanwhile, the political and ideological landscape of the early Obama years quickly shifted, closing the discursive window of opportunity for structural reform. Conservative and liberal policymakers alike concluded that little could be done at the policy level to support journalism. By shying away from bold interventions and focusing instead on small-bore, market-friendly proposals, initiatives such as the FCC report were emblematic of this policy inaction. Ultimately, policymakers did little to confront the underlying structural causes of the commercial journalism crisis. Today we all reap what was sown by these earlier policy decisions and indecisions.

These patterns of critique and inaction bring into focus what I refer to as the "discursive capture" of policy discussions in the United States about the proper relationship between media and government.[70] This discursive paradigm is constrained by an implicit market fundamentalism that renders government incapable of intervening against significant social problems—such as the collapse of the Fourth Estate. Certain logics and value systems become so internalized that claims and arguments falling outside acceptable bounds become unthinkable. Over time, it leads to policy narratives with predictable silences that banish specific ideas from permissible discourse.[71] The result of these silences is a shrunken political imaginary about what is politically possible and desirable.

We will have to overcome these ideological blinders if we are to confront the "systemic market failure" that is driving journalism into the ground. We must first challenge the discursive constraints that limit how we talk and think about the role of journalism in a democratic society. Doing so penetrates to the core logic of liberalism—a logic that consistently conflates the "marketplace of ideas" with the commercial marketplace. In the remainder of this chapter, I will focus on some of the discourses surrounding journalism—what I suggest is a "market ontology" that delimits how we think about journalism—as well as antidotes to help guide us out of these discursive constraints.

Economic and Regulatory Discourses About Journalism

Discourses around US journalism are shot through with libertarian assumptions. This ideological orientation supports a "corporate libertarian" paradigm that sees the market as an expression of democratic choice and freedom, assumes technologies are inherently liberating, and renders government intervention illegitimate. The triumph of this policy discourse has helped perpetuate a commercial media system subject to little public oversight and few challenges from noncommercial media. This framework, which crystallized in the 1940s, largely remains the dominant paradigm for US media policy today.[72]

This paradigm helps explain the United States' remarkable policy failure in addressing the journalism crisis. It assumes that government has little legitimate role in intervening in media markets, which, as we saw in the last chapter, is an ahistorical, libertarian myth. This assumption ignores the fact that those suffering the most from these structural shifts are not large media corporations, but rather news workers who have lost their jobs and communities who no longer receive adequate news and information. This discourse, which combines a terrific excitement about digital publishing models with a deep trust in the market, tacitly assumes that technological fixes, the charity of benevolent billionaires, and bold entrepreneurialism—with the market as final arbiter—will somehow produce the journalism that democracy requires. We must unpack these narratives if we hope to weaken their hold on society's assumptions about journalism's future.

Crisis Narratives

In many ways, the crisis in journalism is as much about how we think and talk about journalism as it is about the institution itself. Few would dispute that journalism is undergoing a structural transformation in the United States. Yet narratives about journalism's future vary, with some scholars questioning whether "crisis" is even an apt way to describe its current state.[73] Most observers agree, however, that old business models are failing. Commentators typically ascribe this phenomenon to various factors: the inexorable march of new technology, the culmination of endemic structural flaws in the US news media system, a shift in how people (especially young people) consume the news, a loss of trust in mainstream news institutions, unforeseen financial downturns, media consolidation, or a mixture of all of the above. These differing emphases have produced a diversity of narratives about the crisis.

Since 2009, commentators have offered wildly variable predictions on how the journalism crisis will unfold. Some scholars have viewed this crisis as a kind of progression in which journalism is "evolving" into something entirely different, or "adapting" to a new "post-industrial" phase.[74] In the earliest period of the crisis, some observers even expressed optimism that journalism would emerge from the crisis leaner, nimbler, and tech savvier. Others assumed that the market and new technologies would eventually remedy the situation.[75] In recent years, however, this optimism has gradually given way to a growing resignation that nothing can be done to end journalism's demise.

These positions connect with particular discursive frames or "crisis origin" narratives. For example, business stories reduce the problem to a lack of profitability, while technological stories see a tale of progress and necessary die-off as the old print dinosaurs fade and new digital media ascend.[76] De-emphasizing journalism's indispensable public service mission, these narratives rarely frame a free press as an essential precondition of democratic governance. For commentators who operate within this ideological frame, the notion that government might subsidize public service journalism, for example, is immediately rejected as a "bailout" or "hand out" to incumbent news organizations. These kinds of narratives also often mistakenly assume that the present form of mainstream commercial media reflects popular taste.

Other crisis narratives use metaphors, such as a "perfect storm," that depict news organizations as history's innocent victims, caught unawares by the internet's wrath and economic shifts.[77] Yet other observers favor the metaphor of "self-inflicted wounds," blaming the crisis on corporate consolidators who impoverished newspapers and accumulated significant debt loads during buying sprees. In their myopic pursuit for unsustainable profits, media institutions privileged short-term gains instead of re-investing revenues into news operations and new technologies.[78]

That the journalism crisis resulted in part from news organizations' own mismanagement is arguably true. But it is wrong to assume, as many have, that media giants stuck their heads in the sand while new technologies snuck up on them. News organizations have been grappling with digital technologies for many years—albeit, often to cut labor costs—and tried but mostly failed to monetize their online content. Historical scholarship shows that newspapers experimented with different types of digital tools in the 1980s and 1990s.[79] Rather than just incompetence, their failure to monetize digital content suggests that digital technologies alone cannot overcome the growing economic gap between the capital needed to support news labor and the decreasing revenues generated by digital advertising.

Narratives about news organizations' incompetence often miss the bigger picture: this is a systemic crisis. The problems facing journalism are not simply the result of a few bad decisions or the ineptitude of traditional news organizations. Moreover, this crisis pertains not solely to newspapers but to newsrooms and newsgathering writ large. In other words, the crisis is not about the future of newspapers—it is about the viability of public service journalism. Unfortunately, we rarely hear discussions about the future of news framed in this way. Instead, by attributing the crisis in journalism to news organizations' incompetence, technological disruption, and business evolution, most crisis narratives divert potential policy responses to the journalism crisis.

Meanwhile, as news media institutions continue to search desperately for new commercial models, one central fact usually remains unsaid: There is precious little evidence to suggest that market-based initiatives and new media technologies can effectively replace everything being lost with the downfall of traditional news outlets. It is doubtful that new commercial models will *ever* be able to fill the vacuum created by the gradual implosion of our primary newsgathering organizations. But this distinct possibility is almost never pointed out. If we were instead to take this premise as our starting point—that the market cannot save journalism—we can begin to confront the depth of the crisis head-on by discussing true structural alternatives such as *noncommercial* models.

Discursive Capture, Market Ontology, and Policy Failure

The inaction toward confronting the journalism crisis stems from society's failure to see it as a public policy problem. "Future of journalism" discussions unfold within a constrained discourse that limits the range of policy responses. The discussions within these frameworks typically fail to acknowledge the structural problems facing media institutions. As I mentioned earlier, this is an example of "discursive capture" characterized by a "market ontology" that treats the journalism crisis as a problem of supply and demand, consumer preference, and profitability.[80]

In the United States, market fundamentalism prefigures how we think and talk about journalism. This discursive framework contains certain assumptions that depoliticize journalistic institutions, practices, and policies. For example, when we speak of news markets as responding to the straightforward calculus of supply and demand, we are treating news as a simple commodity, bought and sold on the market, rather than as a vital public service. This implies that, if journalism is unprofitable for publishers and media owners (usually a handful of wealthy white men), then we should simply let it wither away. Of course, supply and demand in the unfettered free market does not always reflect accurate assessments of social value or privilege concerns about what best serves democracy.

Reducing the journalism crisis to a supply and demand problem—although compelling in its elegant simplicity—risks naturalizing a commercial system of market transactions that treats media like a standard economic "widget" governed by consumer behavior.[81] News media are of course not simply widgets; they play a special role in a democratic society. But we nevertheless often talk about our information systems as if news were a "product" indistinguishable from other goods, like shoes or toothpaste. According to this market ontology, if news media consumers (or advertisers) are not willing to pay enough for journalism to make it profitable, we should resign ourselves to its inevitable decline. This discursive framework treats journalism as primarily a business, which presupposes a commercial relationship that treats newsreaders as only consumers, not citizens of a polity.

Another organizing discourse depicts the institutional collapse of journalism as beyond our control, like a natural disaster or an act of God. Media theorists such as Clay Shirky see newspapers' demise as simply the stuff of revolution, when "old stuff gets broken faster than the new stuff is put in its place."[82] According to this view, a period of painful transition naturally leads to something better, and it would be sheer folly to intervene as a society to preserve old institutions being crushed by the inexorable force of history. Such Schumpeterian "creative destruction" is at once awful and awesome, and presumably beyond the reach of human agency and intervention. We simply have to get out of the way and wait for what evolves organically. This seemingly radical argument is actually quite conservative, in that it essentially defers to the market and other powerful interests to decide what kind of journalism all of society should receive.

A related assumption holds that market forces and new technologies will somehow combine to guide us out of this predicament. Paradoxically, even though many see the internet (as opposed to an overreliance on advertising) as the primary impetus for the journalism crisis, they also see digital technology as journalism's savior. To be sure, new technologies and their affordances can greatly reduce barriers to entry, expand access to and participation in news production, and facilitate news dissemination. But these potentials can only be realized if public input and sound public policy prioritize them. Trusting in the market to automatically provide the news media that our democracy requires has always been, and is especially now, a risky proposal.

A kind of "digital exuberance" further obfuscates the structural roots of the journalism crisis, leaving market fundamentalism unchallenged and dismissing the possibility of collective action through policy interventions. This leads to ongoing policy failure and, ultimately, policy "drift." Jacob Hacker and Paul Pierson describe this concept as "systematic, prolonged failures of government to respond to the shifting realities of a dynamic economy."[83] For the journalism crisis, this drift amounts to ongoing disinvestment in news production and the dismantling of news institutions.

Collectively, these tropes reflect a "discursive capture" in which the possibilities for reforming the press are constrained by market-dictated parameters. Whether intended or not, this "market ontology" bounds discussions on the future of journalism. Within a market ontology, the journalism crisis is understood as something resulting from a lack of demand, changing modes of news consumption, and technological disruption. But these explanations elide a more basic story: We are witnessing an already-flawed commercial press system disintegrate as it migrates to a digital format where it cannot sufficiently monetize online content. Fortunately, there are antidotes for this market fundamentalism.

Economic Theories of Journalism: Public Goods and Market Failures

Ironically, mainstream neoclassical economic theory—which aims to understand how capitalist markets operate—can help us escape the confines of market ontology. Because even within such orthodox economic theory there is a recognition of the market's limitations. These understandings can help us make sense of media markets' inability to adequately finance and provide the high-quality news and information that democratic society requires.[84] Rather than thinking of journalism as a product to be bought and sold, we might instead think of it as a public good that society needs.

News and Information = Public Goods

News and information produced by journalism are in fact public goods.[85] According to a definition from neoclassical economics, public goods are non-rivalrous (one person's consumption of the good does not detract from another's) and nonexcludable (it is difficult to exclude free riders from consuming the good). Both of these conditions attach to digital media.

Countless people can access online news at once without detracting from others' ability to do so. Even when newspapers charge fees for accessing their online content, readers find ways to either circumvent the paywall or glean the information from another source. These qualities separate news media and information from other commodities within a capitalistic economy and make it exceedingly difficult to support them through standard market mechanisms.[86] For example, public affairs programming has traditionally not been a viable commercial product on its own and has required funding by the state, patrons, or advertising.[87]

News and information are not only public goods in an economic sense; they also serve "the public good" in a socially beneficial sense. Thus, journalism's value to society transcends the revenue that it generates. Put differently, journalism produces *positive externalities* (benefits that accrue to parties outside of direct economic transactions)—such as maintaining an informed populace—that are vitally important for a healthy democratic society. Many public goods—clean air, open space, artificial light, and knowledge, to name only a few—all produce tremendous positive externalities. A classic example of a public good is a lighthouse, which is a kind of essential infrastructure that ships need to navigate coastlines, but no cost-effective way exists to make people pay for it. Instead, people will "free ride," which takes away market incentives to provide the good.[88] Society requires these goods, but individuals typically undervalue them because they are unable or unwilling to pay for their full costs, which leads to the market under-producing them.

News and information should be further qualified as "merit goods" whose production should not depend on popular choice or "consumer sovereignty" but rather on social need.[89] Christopher Ali, a leading scholar on the subject, notes that "merit goods are based on a normative assumption that the good should be provided regardless of consumption habits."[90] Regardless of what the market or individual consumers demand, society as a whole benefits when local journalists report on school board hearings or highway infrastructure—decidedly unsexy stories that do not make for good clickbait. Nonetheless, this kind of information is vitally important for democratic societies. Such news media qualifies as a merit good because individual consumers, left to their own devices, are likely to underinvest in it. The media expert Karol Jakubowicz offers the example of commercial radio not producing the quality fare that democracy requires: "Good broadcasting is a 'merit' good—just as with education, training, or health," which means "consumers, if left to themselves, tend to take less care to obtain it than is in their own long-term interests."[91] Instead of leaving such decisions up to the market or individual consumer preferences, prioritizing merit goods places social value on social *needs* instead of individual *wants*.[92]

High-quality journalism—like many public goods that exhibit positive externalities—has rarely been supported by direct market transactions. News media traditionally have been funded by other means, such as public subsidies or, to some degree, advertising revenue.[93] The cultural and social benefits of high-quality news and information often far exceed their pecuniary value. Even members of society who are not directly paying for these services still benefit from their role in disseminating information about important socio-political issues. But unless commercial providers are incentivized or simply mandated by government to address those public needs, they do not reliably provide such content. Simply put: Producing high-quality information is often an unprofitable enterprise for media outlets. Many countries therefore ensure its availability via nonmarket-based mechanisms such as regulations and subsidies that range from public service broadcasting to content requirements.[94]

Given the structural constraints of market-driven media, public media can cover issues and regions ignored by commercial media.[95] For example, public media can focus on providing public affairs and cultural programming; serving the needs of children, ethnic minorities, communities of color, and other frequently underserved groups; as well as delivering services to rural areas that are commercially unviable. Studies show that a widely available public broadcasting system can actually reduce the overall cost of programs available to the public.[96] Universal access to high-quality news content is a social priority, but the market often fails to support this vital infrastructure for democratic society. This situation amounts to various kinds of "market failure" in our media institutions.[97]

Journalism Crisis = Market Failure

The crisis in journalism is more than an instance of failing to invest in a public good. A structural analysis suggests that the contemporary crisis in journalism should be considered an active market failure. The concept "market failure," a term I have used several times thus far, generally denotes the market's inability to efficiently allocate socially necessary goods and services. Market failures often arise when private firms do not adequately fund critical infrastructures and social services because the anticipated returns do not justify the expenditures.[98] Market failure is also exacerbated when consumers fail to pay for such services' full societal benefit. In the United States, large-scale public investments, for instance, in education, a national highway system, and other essential services and infrastructures have traditionally been justified through the language of market failure. For example, universal service in telecommunications is socially desirable but economically inefficient, particularly in sparsely populated areas, resulting in an urban-rural divide. For that reason, government may provide subsidies in the form of tax benefits to telecommunication companies to encourage universal access.

Commercial media models are particularly prone to market failure because news rarely pays for itself. For the past one hundred and fifty years, news media have been supported by what was essentially an advertising subsidy. Advertisers were not paying for news media directly; instead they were paying to have access to audiences' eyes and ears. News was a by-product—a positive externality—from the primary exchange between media owners and advertisers.[99] Advertisers were never especially concerned about whether their revenues supported foreign bureaus or good local news; they were chasing consumers. Large conglomerates, for their part, often have a fiduciary duty to maximize shareholder value. Therefore, it is entirely rational, given their economic incentives, for commercial media firms to underinvest in systems, infrastructures, and content that do not provide adequate—and often short-term—returns. In other words: What is good for the news business is often suboptimal for democracy.

Many democratic societies have long used a market failure rationale to maintain healthy public media systems, especially public broadcasting services. Policy regimes in these countries recognize that commercial media markets tend toward concentration and produce both negative and positive externalities that require government regulation.[100] In recent decades, however, the growing ascendency of a neoliberal political economy—one marked by privatization, deregulation, and increased commercialization of core social institutions—has weakened such policy arrangements and amplified market failure in many countries.[101]

Market failure is a central cause of the lack of quality journalism and the ongoing disinvestment in news production. While these trends are occurring around the world, they are especially evident in the United States. As I will further delineate in the next chapter, US news institutions—especially the newspaper industry—have witnessed a declining number of journalists, revenues, and circulation. Bankruptcies are on the rise, with leading metro dailies reducing or ending home deliveries as they convert to primarily web-based outlets. In addition to the underproduction of news media, limited accessible broadband internet services in poor and rural areas—sometimes referred to as "digital redlining"—is another market failure.

Various kinds of market failures that specifically affect media industries stem from structural problems, including oligopolistic concentration.[102] Profit-maximizing behavior can be particularly problematic in noncompetitive markets if it results in too little production and consumption because the price is set above marginal cost. Uncompetitive markets may lead to the abuse of market power and other perverse incentives that work against the maximization of social welfare, resulting in a media system's degradation. Another kind of market failure affecting news media access and dissemination is a lack of interconnection between communication networks, a long-standing problem for telecommunication, broadband, and cable television networks.

Specific challenges also arise because commercial media often involve two-sided markets since news products are sold to both advertisers and consumers. Commercial media often provide free or low-cost content to attract audiences' attention to sell to advertisers. Historically, this arrangement has invited market failure because advertising revenue typically outweighs the value of consumer payments (e.g., subscriptions), which privileges advertiser needs over those of audiences. Therefore, maximizing advertising revenue in turn incentivizes ownership concentration and consolidation because large media institutions can better reach mass audiences.[103] Other drawbacks stemming from dependence on advertising revenue are that advertising is biased against strongly held preferences by a statistical minority, and advertisers do not care about the utility derived by viewers, just the fact of exposure.[104] Another kind of media market failure arises from the economies of scale and scope, including high first-copy costs that disproportionately advantage large incumbents. Given the diminishing costs and increasing profits associated with making copies of media products, large companies benefit from being able to afford the higher costs for first copies of original news content, with subsequent mass production at much lower costs.[105]

Many of the scenarios described here represent what I refer to as "systemic market failure." In other words, these failures are endemic to commercial media. They are always present and can never be fully eliminated (unless media are taken out of the market entirely), but smart public policy can help control for them. Different market structures may experience different failures to varying degrees, and various incentives and subsidies can be built into a policy system to help minimize or offset these problems. A number of creative methods exist that can help compensate for democratic deficits created by the decline of commercial news media.[106] Systemic market failure has created a wide range of problems, from the loss of local journalism to a lack of affordable and accessible internet services. For too long, we have let market fundamentalism prevent discussion of potential government responses. The crisis in US journalism is rapidly approaching a "point of no return." Now is the time to push for nonmarket alternatives.

Beyond Market Failure

Using "market failure" as the central framework for understanding the journalism crisis should not imply that under normal circumstances, the market is working just fine. Again, these problems evidence *systemic* market failure—a few tweaks here and there would not return journalism to its former health. Market failure has never been fully eradicated in commercial news media systems, and the US experiment of expecting a commercial press to provide public service journalism has always been a fraught enterprise. After 2008, long-standing structural tensions within the system metastasized. The current crisis presents a tantalizing opportunity for structural change—an opportunity that thus far has been squandered. The journalism crisis must be recontextualized and reframed in a way that moves the debate toward implementing structural alternatives that can sustain independent journalism. Before doing so, however, we must first explore, in more detail, just how the contemporary journalism crisis is manifesting in newsrooms across the country. The next chapter explores these issues alongside the strengths and weaknesses of major alternatives to the advertising revenue model for journalism.