

>> Susan DeSanti: We have a terrific morning coming up for you. But I need to quickly annoy you with a very few housekeeping items. For those of you who were here yesterday, you can sleep through this part. First, the security announcement we are required to read. Anyone who goes outside the building without an FTC badge will be required to go through the magnetometer and X-ray machine prior to re-entry into the conference center. In the event of a fire or evacuation of the building, please leave the building in an orderly fashion. Once outside of the building, you need to orient yourself to New Jersey Avenue. Across from the FTC is the Georgetown Law Center. Look to the right-front sidewalk. That is our rallying point. Everyone will rally by floors. You need to check in with the person accounting for everyone in the conference center. In the event it is safer to remain inside, you will be told where to go inside the building, and if you spot suspicious activity, please alert Security. Second, here are the technology announcements. As you might have seen, the FTC's home page has a link to the news-media workshop Webpage, where you can find a link to our Twitter page, located at [twitter.com/ftcnews](https://twitter.com/ftcnews). People who are following the Webcast can send questions for panelists using Twitter via the @ftcnews. We will try to pass some of these questions to the moderators. You should be aware, as the General Counsel's office requires me to alert you, that your messages may be subject to disclosure under FOIA or other applicable laws. Also, there is Wi-Fi access available for those who want to write about the workshop in real time. You will need to get an instructional pamphlet with a log-in code, and those are out on the table, just outside these doors. Finally, I'm gonna describe how today's presentations and panels will work. As you can see, we have a crowded agenda, so we're going to keep the introductions short. But I do encourage you to read the bios that you have in your folders, because every one of our speakers has outstanding accomplishments. We have only a few breaks and a limited time for lunch. If you need to exit the room for any reason, please go ahead and do so. You don't need to wait for a break. For the panels, each speaker will have three minutes to give an opening presentation that highlights the main points that he or she would like to make. Unfortunately, we need to be strict on the time limits, given all that we have to cover. After the presentations, then we'll have a moderated discussion. And if a panelist wishes to speak, please turn your table tent up on end. If you have questions for the panel, use the question card that is in your folder and look for Suzanne Drennon and Suzanne Michel, one of the two people over there, and they will take your question up to the co-moderator, and we will try to make time for audience and Twittered questions to the extent possible. Okay, now we're ready to begin. The order of our first three speakers has

changed due to Representative Waxman's schedule, but not too much. First, we're going to hear from Tom Rosenstiel, then Jay Hamilton, and then Chairman Henry Waxman will speak at 9:30. He needs to be back at the Capitol at 10:00 a.m. for a vote, so we're really going to keep to that timetable. First, let me introduce Tom Rosenstiel. He designed the Pew Research Center's Project for Excellence in Journalism and directs its activities. The project studies the revolution going on in the world of news and information and has produced scores of reports since its inception. Basically, the Pew State of the Media study is essential reading for anyone who's interested in these issues. Tom?

>> Tom Rosenstiel: Thank you. I see I'm not quite the draw that Rupert Murdoch and Arianna Huffington were yesterday. [ Audience laughs ] Well, I will make it less personal, and hopefully that will make up for the lack of people who came to see me. What I want to talk about in the ten minutes that I've got here are -- is a definition of what are the essential problems facing what we think of as the news media. Because I believe that they are not necessarily the problems that everyone thinks they are or the problems that we expected. First of all, it's not really correct to say that the media are shrinking. A component of our media is more robust -- richer, deeper -- and is growing, and that is the discussion element of our media -- the commentary component of media that happens after the initial reporting, which is an essential, vital part of what the press is all about. The goal of journalism is to inspire public debate. What's shrinking -- what we're worried about -- is what you might call the reportorial media -- the component of the press that goes out and finds things out -- the searchlight, the bearing witness, a variety of functions which I'm not going to talk about today, but I do talk about a lot. And that's important because that expands the agenda. That tells the public what's going on. That grounds the public discussion that's becoming more robust in fact and accuracy and verification. So, what's going on? What is causing this reportorial media to shrink? The first problem -- And why should we care about this shrinkage? The first cause here is that the Internet has decoupled advertising from news. Many advertisers no longer need the news to reach their audiences. Whether it's Craigslist or Best Buy and their Website, you don't need to wait for the Sunday insert to find out what's on sale, how much that iPod is now. You can find out when you're so eager to buy it that you wake up at 3:00 in the morning to find out how much it costs or what is that flat screen now? You can go on their Website and buy it right then and there in your pajamas. So the media as an intermediary for advertising is disappearing, particularly in

larger markets where the retailers and the consumers are online in large numbers. The other problem with this is that, from a civic standpoint, the way that media worked when advertising was the primary subsidy was that the media bundled its information. We used classified advertising to subsidize coverage of the zoning commission. And the media, in a sense, could force-feed by delivering en masse information to the public. So if you were interested in the bridge column, you might actually glance across the front page on your way to it. And we had the creation of incidental news acquisition, a social science term that I sometimes use. The Internet has decoupled news acquisition -- has not only unbundled news acquisition -- the way we consume -- it's even unbundled it from a particular news organization. When I'm online, I may go in and look for the subject that I'm interested in and then find a variety of stories that answer the question that I'm looking for. We are hunter-gatherers for information online, and we're no longer frequently having a relationship with a news organization at one point during the day, saying, "'New York Times' or 'Washington Post' or CNN, tell me the news right now." Increasingly, people are going in surgically acquiring one story or an answer to one question within stories and departing. They are becoming their own editors. I'm skeptical about whether we're becoming our own journalists en masse, but we are becoming our own editors, our own aggregators, creating our own diet of media acquisition, learning only what we want to know when we want to know it. We are on-demand news consumers, and this has a civic implication. The irony here is that advertising improved journalism, because it made news organizations more independent from political faction or even any particular interest groups at all. The concept -- the ethical concept embed in the old economic model was "have so many advertisers that no one advertiser or even one category of advertisers could push you around." And every newspaper publisher in America, even bad newspaper publishers, had the experience of telling the car dealers to, you know, if they wanted to take their ads out for three weeks or forever, "Sorry, you're just gonna have to do it." The credibility of the news organization was their franchise asset, and they protected it, and they understood that, and they could get away with that because they had such a broad base of advertising. So advertising, which evolved in serious ways in the 20th century, actually allowed news organizations to become more independent to subsidize their journalism directly through their relationship with the consumer and then rent that relationship to the advertiser. Now, what's going on right now is that the old media is holding on, by and large, to its audience, particularly print. The problem facing the news media is a revenue problem, not an audience problem. But the audience is migrating to old

media's Websites, and there's no way to subsidize or monetize the reporting of news online at this point. If there's a model out there, we haven't figured out what it is. In print, roughly 50% -- it varies by newspaper -- Roughly 50% of the audience for many newspapers, particularly larger newspapers, is now online. But the industry makes only 10% of its revenue online. If newspapers were to eliminate print distribution -- the print edition -- they could probably cut their costs, by my estimates, by about 50%. Printing and distribution is about 40% of the cost of a newspaper. There would be some other economies that you could get. So you could cut your costs by 50%, but you would be eliminating 90% of your revenue. So the question is, for the news media, is there a new economic model to subsidize the reporting, the gathering of news, this reportorial media online? Are there new economic commercial models that can be invented? And if not, is there a way, then, to get larger contributions from a handful of sources and protect the independence of the news gathering? This is really the question that you're here today and yesterday to talk about. Imagine that, at least in print, and, by the way, in every community that I've ever studied, the print-news organization in that community has more reporters and editors than all the other news organizations in that community combined. So when we talk about the civic news -- the news that is not sexy, that's expensive to acquire, and has a specialized audience, but, you know, probably is the kind of news that's going to be the hardest to subsidize -- By and large, most of that reporting is done, at least initially, by the newspaper in any given community. Imagine that the newspaper today in its print edition, with the revenues that it has -- And most newspapers are cash positive -- They are making more money than they're spending. They're not losing money on an operating basis -- most newspapers. That revenue, that 90% of the revenue that's coming from print, is shrinking rapidly. In the last two years, 25% of ad revenue -- Ad revenue declined by 25%. This year, that number is gonna be even higher, I suspect, when the year is out. That revenue is like the sand in an hourglass. And that amount of sand is the amount of time that the newspaper industry has left to figure out what its economic model is. One these institutions vanish, it will be very hard to rebuild. Now, do we care? And I'll end with this point. Do we care whether these institutions survive? You know, we've survived without typewriters. We've survived without newsreels. Things do disappear. And we somehow manage to carry on. But I do think we have a stake as a civic society in the values that reside in these news institutions, the value that the news is there to inspire public discussion, that the journalist has his or her first loyalty to the citizen in a community, even above their commitment to their employer -- that they are not tied to a political faction, that their goal is not a

political outcome, that they're in it as a committed observer on behalf of the rest of their citizens, that they're there to make the news accurate, as accurate as they can, and to report it comprehensively and in proportion and in context. This is what we think of as journalism. What's growing, as traditional journalism shrinks in the reporting sphere, is more self-interested reporting - reporting from political interest groups and think tanks, special interests, even government looking like journalism, that has as its goal an attempt to manipulate or shape the public discussion toward a certain outcome. That component of our reporting media is actually growing -- just beginning to. But we're seeing more and more of that. So I think we have a vested interest in finding out a way to subsidize an independent press that works on behalf, or at least in spirit on behalf of all citizens, and that is the question in the table -- How do we continue to have what we think of as an independent press? Thank you. [ Applause ]

>> Female speaker: Thank you very much, Tom. I now need to ask all people who are gonna speak and be panelists to please turn your BlackBerrys off, because it's interfering with the microphone feed. So, our next presenter is Jay Hamilton, who is the Charles S. Sydnor Professor of Public Policy at Duke University and Director of the DeWitt Wallace Center for Media and Democracy. His scholarly work and numerous publications reflect his interest in the economics of regulation, public choice, political economy, environmental policy, and the media. He written, or co-authored, eight books, including "All the News That's Fit to Sell: How the Market Transforms Information into News." Jay?

>> James Hamilton: Good morning. Since this is a journalism conference, you might have expected people to talk about the five W's about what we're looking at -- who, what, when, where, and why. In "All the News That's Fit to Sell," I try to make the case that you should be thinking about an economic set of five W's, and those are -- Who cares about a particular piece of information? What are they willing to pay for it, or what are others willing to pay for their attention? Where else can advertisers reach them? When is this profitable? And that brings in the cost structure of writing the story. And why is this profitable? That brings in the question of the definition of property rights to information. And journalists -- and I know there are journalists in the audience -- rarely roll out of bed in the morning and say, "It's a great day to maximize profits." Although I think we met some people yesterday who do roll out of bed and say that -- "It's a great

day to maximize profits." But the set of stories that survive, the set of news outlets that survive, are going to be determined by the answers to those five economic "W" questions. So, if you think about the economics that drives the market for news or information, one of the things that I think you need to think about is the demand side. In particular, what are the different types of information that people demand. A long time ago, Anthony Downs, in a book called "An Economic Theory of Democracy," said that people demand four different types of information. One is producer information. That's data that helps you do your job. So when I was a management consultant, I read about hog-farm management weekly, and that helped me do my job. Consumer information -- that helps you get a better deal. Two months ago, I was living up to a stereotype and looking for a Prius, and so I went on edmunds.com, and I spent two days on Edmunds because that was gonna get me a better car at a lower price. Entertainment -- That's not necessarily TMZ or "People" magazine. Entertainment information is things that you like to know simply because it brings you utility. Things that are intrinsically interesting to you. In these first three types of information, the markets for them work fairly well, because if you don't get the information, you don't get the benefit. So if you were thinking about, say, going to a movie, you wouldn't hop in the car and follow somebody out of the parking lot and hope that they took you to a multiplex with a good theater. What you would probably do is go on movies.com, invest in getting that information, and then make your choice. But there's a different type of information. It's citizen or voter information. And what Anthony Downs pointed out a long time ago is that that type of information -- that fourth information demand -- things that help you be a better voter -- that's subject to a market failure. So, suppose you were a voter and you were thinking about gathering information about public affairs. It could be the case that more information would help you make the right decision as defined by your own preferences. You could actually learn something by getting information. And you might really care about a particular policy issue. But the fact that your vote has an extremely low statistical probability of determining the outcome of an election means that even if you care about an election, the fact that your vote doesn't matter in a statistical sense at an individual level means that many people decide to remain rationally ignorant about the details of politics. That's the phrase economists use. It goes against, totally, the Jeffersonian notion of an informed democracy, but I think it's very important to acknowledge. If I had taken those two days when I was looking for a Prius and, instead, studied the Obama healthcare plan, I would not get a better Obama healthcare plan, because I'm not the marginal voter on the Obama healthcare plan.

So for many people, they remain rationally ignorant about the details of politics. Some are you have been reporters. You've covered public affairs. And so, as an economist, I need a theory to explain what you were doing, okay? Where was the demand for what you were doing? And so I think of it in terms of the three D's -- duty, diversion, and drama. Some people believe they have a duty to participate in politics. I'm one of them. I take my kids to vote, and I try to convey to them that voting is what you do as part of a civic responsibility. But I'm not there from an investment perspective. I have no belief that my vote is gonna change the outcome of an election. I'm there from a consumption motive. I think that I'm consuming the idea of being a citizen and a partisan of a particular party. But that's a duty motive. Diversion? For some people, C-SPAN is like ESPN. And you're probably in this room, right? We have a biased sample. But, for you, the details of politics are inherently interesting. And some of you also have a producer demand. You're doing your job. You work for an association. So you have another demand. So we've got duty, diversion, and drama. Maybe I can't tell you the details of a particular bill, but I could tell you who's ahead and who's behind in the horse race. I could tell you about a scandal. I could talk to you about politics as a human interest story. And, so, if you stand back and say, "Why are we here? What's different about the market for public affairs reporting?" It's because the market for public affairs reporting has to deal with the problem of rational ignorance. Now, all information is a public good. The statement "The Wizards won last night" is a public good. You can consume it, and I can consume it at the same time. You can consume it without paying me for its generation. What's special about public affairs information, however, is that it creates a different type of public good -- accountability. The set of people who were willing to read those stories about the school board, the set of people who were willing to read those stories about suburban growth, the set of people who were willing to read the stories about immigration reform, they were holding officials accountable, and we can free-ride off of their efforts. So there is definitely a market failure in the market for public affairs. Economists would say it's generated by the public good nature of information and the positive externalities -- the positive spillovers that are generated by your consumption. That's enough jargon. What would a real-life example be? I live in the Raleigh-Durham area. It's the 30th-largest media market in the United States. The "News & Observer" did a story in December, 2008. It was a three-day story. I talked to the newspaper. It cost \$200,000 to produce that three-day series. And the story was about the probation system in North Carolina. It turned out, over the course of about eight years, 580 probationers had murdered people while they were out on

probation in North Carolina. Once that story was released and produced, it caused change in legislation, it caused changes in funding. And three years from now, there will be people walking around the Raleigh-Durham area who will not be murdered by somebody on probation because of that story. But does the "News & Observer" get credit for that story from the person who wasn't murdered? No, they don't. They're not able to monetize the benefit of the stories that they tell. Their stories generate positive spillovers, but the market doesn't reward them for doing that. And a story that cost \$200,000 -- the "News & Observer" can do that two to three times a year. So the main problem with the market for public affairs is the stories that go untold because a news organization can't fully monetize the benefits they bring to society. If you think about the incentives that are involved in information creation, it could be, "I want to sell you information." That's the subscription model. It could be, "I want to sell your attention to others." That's the advertising model. It could be, "I want to get your vote." That's partisan information. It could be, "I want to change what you're thinking about." That's the nonprofit model. Or it could be pure expression. If there is a problem with commercial media in generating a certain type of information, I think that it would be interesting for us to try to examine those other motives. So if you think about nonprofit media -- the nonprofit ownership of news organizations or subsidiaries -- that's trying to tap in to a different motive. If you think about the things that we'll be talking about later today, lowering the cost of journalism, that takes the demand problem as a given but tries to address it in another way. 150 years ago, partisan information helped solve this market failure. 30 years ago, news organizations were owned by people. They were owned by families. And, actually, if you think, in the 1970s, there were two industries that were dominated by family ownership -- news organizations and sports franchises. In both of them, being the owner provided you psychic income, psychic benefits, and provided a return to the community. And so today what I'd like you to think about -- Is there a market failure? I think there is. Economists would use the term "positive externalities." Other people would think about it in terms of benefits that a news organization generates that it cannot monetize. And when we look at the sessions that are coming up, part of it will involve tapping into a different motive, maybe the nonprofit motive. Part of it would involve lowering the costs. That's issues like computational journalism. Part of it might involve raising the return to people who are interested in public affairs. That's that debate about privacy versus behavioral-advertising targeting. I want to be sure and stop and yield my time to the Congressman. Thank you. [ Applause ]

>> Male speaker: Thank you, Professor Hamilton, for that excellent summary. I'm honored to introduce Henry Waxman, who is, as you all know, the Chairman of the House Committee on Energy and Commerce. He has represented the 30th Congressional District of California since 1974 -- a Watergate baby and still youthful. And he has been critical to much of the important -- most important legislation for American consumers. It has been passed since the mid-1970s. Involving the food we eat and the air we breathe and the pharmaceuticals we need to stay healthy. Chairman Waxman is very well known in these parts as one of the authors of the Waxman-Hatch Act. A few people mistakenly invert that name. Which is a law that speeds up introduction of generic drugs into the market and lowers drug prices for American consumers. He has also been a champion for rescuing the regime he helped to create from some unfortunate decisions by some very conservative, very misguided circuit courts, according to our Bureau of Economics. When this problem gets fixed, and we have every hope it will in the healthcare legislation that he has helped to shepherd, consumers will save at least \$3.5 billion a year. Right now, Chairman Waxman is at the center of some of the most pressing legislation moving through Congress, addressing healthcare reform, global warming, consumer financial protection. That's what makes it even more of an honor to introduce the Chairman. He is a very busy man, and his presence here today is really a testament to the importance of this issue, which is, of course, the future of journalism. And, Mr. Waxman, the podium is yours. [ Applause ]

>> Henry Waxman: Thank you very much for that very kind introduction, and I want to thank Chairman Jon Leibowitz for inviting me to address this group today. It's a personal as well as a professional privilege to be able to work so constructively with the Federal Trade Commission. The FTC deals with issues that affect the economic lives of all Americans. And over the past several months, the chairman has made it clear that the FTC will aggressively protect American consumers using both the agency's competition and consumer protection jurisdiction. And today's workshop is another example of the FTC's vision of that, under its new leadership, we can tackle the 21st-century consumer issues. And I want to acknowledge Chairman Janikowski. He has brought bold vision and strong executive leadership to the Federal Communications Commission. And I know his agency is looking very carefully at the public interest, at the future of the media and the context of the agency's proceedings on broadband, an open Internet, and related issues, and he

certainly has my support for these important initiatives. I wanted to attend today precisely because of the reasons Chairman Leibowitz expressed in his call for this conference. We have important matters to consider. Now, I've been Chairman of the Energy and Commerce Committee for less than a year, and the big issues that have dominated our attention so far have been healthcare and the energy/climate change bills. We've had other issue that are important, not of the same magnitude. We've been trying to get tobacco under FDA regulation and revise our food-safety laws. We passed both of these into law -- both of these through the House -- and the Tobacco Bill into law. At the same time, the committee, with jurisdiction over the FTC, we've been working with the agency in wide-ranging concerns about consumer-protection matters and, most significantly, we have legislation that will come to the House floor next week and hopefully pass very soon, which will give the FTC the tools it needs to effectively protect consumers during this economic crisis. Meanwhile, thoughtful and concerned people who know the jurisdiction of our committee have expressed the concern that a significant and troubling trend is occurring in the media sector. Developments that threaten the very existence of something very precious to our democracy -- the continued existence of a critical mass of quality journalism in this country. All around the country, the people are facing this issue. And they're facing the issue which is a really tough question. When they look at "The New York Times," "The Washington Post," and the "L.A. Times," people wonder whether those newspapers will be around five to ten years in the future. People in Denver, San Francisco, and Seattle already know the answer to that question. Newspapers in those cities have closed, and their communities are worse off because of it. The newspapers my generation has taken for granted are facing a structural threat to the business model that has sustained them. Professor Hamilton just talked about the different ways we can make up for that structural failure -- that market failure. And I want to go into some of that in a minute. But the newspapers and other publications that have relied on advertising revenues have been particularly hard hit with the decline by over 40% and more in those revenues, as the Internet has cannibalized advertising, particularly classified advertising. The loss of revenues has spurred a vicious cycle with thousands of journalists losing their jobs, which reduces the quality of the paper and other publication. It triggers the need for additional cost cutting. As newspaper managements attempt to cope, their publications are suffering, snowballing declines in circulation. As audiences shrink, advertising revenues fall off further. Even greater consolidation of the business has not helped. We are seeing this market failure go on and on and on. Journalism on the Internet could try to fill the void. But

it's not certain it can generate replacement revenues of such an extent as to ensure restoration of the resources devoted to journalism by mainstream media over the past several decades, or, quite frankly, anything close to it. This recent depression in the media sector is not cyclical. It is structural. We are not looking at -- As our recession and our economy ends, we are not looking at the changes in the depression in the media area. Revenues will continue to be squeezed, and that, in any event, will see audiences fragmented in direct proportion to the number of URL addresses. Indeed, if anything, it appears these trends will continue to accelerate. While this has implications for the media and the livelihood of people associated with it, it also has implications for our democracy. We have seen journalism playing an intrinsic role in getting the facts, reporting them, and making accountability possible in the public interest. A vigorous free press and vigorous democracy have been inextricably linked. We're here today because of these bonds and what they mean, and that's why this conference is so important, and I thank Chairman Leibowitz for bringing us all together. We cannot risk the loss of an informed public and all that means because of this market failure. With so much at stake, there have been numerous responses inside and outside of the industry, and they focus on a number of areas, and these have been discussed already, but I want to go over them as well. One, we can have establishment of new legal or tax structures for publishers that can cushion the blow by permitting media companies to have the option of choosing other structures such as nonprofit status that would remove the pressures faced by publicly listed companies. Two, we can have more philanthropic support for media outlets. Three, examination of the antitrust laws and whether changes there might be of assistance. Four, review of the cross-media laws and other ownership restrictions that may constrain the commercial vitality of the industry. Five, the exploration of new sources of journalism from universities operating news organizations to new hyperlocal Web-based journalism enterprises to deliver local news and information and reporting. Six, the prospect of public funding for quality journalism as a means to preserve a critical mass of resources and assets devoted to public media. This has been articulated by Len Downie and Michael Schudson in their report commissioned by Columbia University's Graduate School of Journalism, the Free Press Organization, and others. Now, Congress responds to market failures. In fact, our job this year in trying to enact a health bill is to make up for the failure of the market, which excludes so many millions of Americans from getting health insurance, either because they have a pre-existing medical condition or the affordability is not available to them. In the environmental area, government responds to the market failure that would occur if we

asked one enterprise to reduce pollution and they found their competitors were not required to do the same thing. We need level playing fields. In 1967, Congress made the judgment that public funding for radio and television was important because it would ensure the provision of content deemed valuable in the public interest to serve large societal goals -- content that the market would be unable to produce without some government support. Now, some argued that this model applied -- that this model applied to media publishers, could preserve and maintain key functions of modern journalism, investigative reporting, foreign news bureaus, wide-ranging coverage of the arts, culture, science, and social trends by cushioning the economic squeeze publishers are facing. Others, of course, have raised red flags about the dangers of government support of the press and whether support means government control or interference with the press. I have an open mind in all of these different proposals. In the face of continuing closures of mastheads across the country, I see every reason for us to discuss all of these various proposals. As this vital discussion proceeds, I'd like to suggest several criteria for evaluating any proposed response. First, there needs to be a consensus within the media industry and the larger community it serves that the proposal is in the public interest. Congress can't impose a solution to this issue. It needs to emerge from a consensus-building process involving the industry and the larger public. Second, these initiatives require bipartisan support, vigorous endorsement from both sides of the aisle. Those advocating for public funding need to address additional questions. They need to articulate the scope of such support, in terms of the activities to be supported and the dollars required. They need to respond to the concern that government support of journalism would lead to government control of content. And they need to explain the source of the revenues. The Internet is replacing the public square as a place where people in cities and towns across America go every day to absorb news and information and to reflect on issues and their meanings for our lives. The atomization of content has resulted in the fragmentation of audiences so that the commercial basis to support a critical mass of authoritative and informed news and information is melting away, and this is creating a public policy issue of profound import for our future. It's not our job to plug dikes and deny the evolution of media. Indeed, there has been an explosion of hyperlocal journalism along with the proliferation of Websites, and many of them are doing an excellent job. But for all of their energy and entrepreneurial verve, do they address what is at stake here? Jim Lehrer was interviewed by "The Post" in Monday's paper. He talked about the value of original reporting. He said the shouting and opinion and jokes don't exist if there isn't first a story. And that's the issue. An

ongoing critical mass of original reporting. Mr. Lehrer talked about all the commentary on the health bill, and then he observed, "But what was actually in the legislation?" We hear a lot of commentary. We hear a lot of talking heads. We hear a lot of statements, but if somebody wanted to know what was in the legislation, where would they go? Well, you go to a serious news organization. And what has been discussed here over the past two days is the future of serious news organizations in this country. At the White House Correspondents' Association dinner last May, President Obama said, "You help all of us who serve at the pleasure of the American people do our jobs better by holding us accountable, by demanding honesty, by preventing us from taking shortcuts and falling into easy political games that people are so desperately weary of. And that kind of reporting is worth preserving, not just for your sake, but for the public's. We count on you to help us make sense of a complex world and tell the stories of our lives in the way they happen, and we look for you for truth." Well, we have to figure out together how to preserve that kind of reporting. As the Chairman of the House Committee on Energy and Commerce, which has primary jurisdiction over the FTC, the FCC, so many interstate issues, which originated the Public Broadcasting Law, we have to watch carefully the things that are being said here at this conference. I want you to know that my door is open for the best ideas and proposals, initiatives that you have to offer, especially where government may be involved. And I more and more think, as we look at these various solutions, government's going to have to be involved in one way or the other. And for those who articulate, "Let us solve our own problems, just give us money, just give us an exemption from antitrust, just give us new tax treatments that will make it all easier," eventually government is going to have to be responsible to help resolve these issues, and our whole society depends very much on reaching some resolution of a problem, like so many other problems, that, if left alone, will not be solved by itself. Thank you all very much for this opportunity. [ Applause ]

>> Female speaker: Thank you very much, Congressman Waxman. Next, we're going to have a presentation from Matthew Gentzkow, who is Professor of Economics and Neubauer Faculty Fellow at the University of Chicago Booth School of Business. He studies empirical industrial organization and political economy with a specific focus on media industries. And his work has been published in leading scholarly journals, such as "The American Economic Review" and "Econometrica." Matthew?

>> Matthew Gentzkow: Thank you. So, thanks very much to the commission for inviting me to come and talk. I was asked to come and speak very briefly about some recent research that I've been doing with Jesse Shapiro, who's a colleague of mine at the University of Chicago, and Mike Sinkinson, who's a PhD student at Harvard. This work isn't really addressing the question -- What is the future of journalism? Or how is journalism gonna change? But, rather, why should we care if it does? And, so, as Congressman alluded to, as Jay Hamilton alluded to, a lot of the motivation for being concerned about what's happening in the media over a long period of time, the motivation for regulating media in a different way from other industries is the view that there's some unique relationship between media and democracy. The effects of media on the political process. And what we're trying to do in this paper is, in a small way, quantify one piece of why we should care about what happens, in particular, to newspapers. So we're trying to think about what happens, what should we expect to happen to the political process if daily newspapers become smaller, if daily newspapers close. And in this paper, we look at a variety of political outcomes. But the one I want to talk about today and focus on is -- I apologize if these are a little small -- how newspapers closing -- If newspapers shut down, how should we expect that to effect participation in the political process? How many people are voting in elections? So, along with that, there are a few related specific questions we want to address. The first is, how different are monopoly newspapers? How different are the effects of monopoly newspapers from competitive newspapers? If a second newspaper or a third newspaper in a market closes, how should we expect the effect of that to be different from the only newspaper in a market closing? How different are the role of newspapers in local politics, local Congressional elections, as opposed to national politics in presidential elections. And I think, very importantly for what we're talking about today, how have the effects of newspapers changed over time? How do the effects of the role of newspapers in the political process depend on what other alternative sources of information are available? So we might that think newspapers had a critical role in American democracy at a point time there where few other sources of information. You might also wonder how the advent of cable news, the Internet, the increase of alternative sources have changed the importance of newspapers. Are newspapers still relevant in a world where we have lots of alternatives? So this is the broad set of questions that we're trying to look at in this paper. And what we do to try to get -- Again, some small piece of this is, in a lot of ways, pretty simple. We've put together new data that covers all of the daily newspapers in the United States over a very long period of time. So we can follow all of the

newspapers in the United States from 1870 up until 2004. The reason -- One of the reasons that that's useful is because, over that period of time, there are a huge number of newspapers that have opened -- new newspapers -- and a huge number of newspapers that have closed. There have been competitive cities that lost their second newspaper. There have been towns that had one newspaper, where that newspaper closed. There have been towns that never had a newspaper before that got one. And we see, literally, thousands of such events over this long period of time. It also allows us to say something about, again, as I said, these changes over time, and how has the role of newspapers evolved as radio was introduced, as television was introduced, as cable was introduced? There's an obvious cost or caveat to go with, looking at things in such a historical perspective, as we're not going to have a lot to say about how is 2004 different from 2002, or what is the role of particular Internet sites? But, I think, hopefully this longer historical perspective will be useful. So the basic strategy here is to use the fact that these are sharp changes in these markets. There are many cases where you have a newspaper that has a circulation of 100,000, 200,000, which shut down in a market, and overnight the availability of information changes dramatically. There are many cases where a new newspaper starts up and very quickly has 20,000, 30,000, 40,000 readers. And, again, it's a sharp, dramatic change in the information people are exposed to, and we can look and see, do voting patterns in those cities change at the same time? Do we see those big changes in newspaper markets associated with similarly large changes in voting patterns? So that's the basic idea. Let me summarize for you what we find. So the, I think, overall message of this part of the paper is when newspapers close, fewer people vote. So there's a strong, robust relationship between the presence of daily newspapers in a market and voter turnout, the number of people voting. We also find that almost all of that effect comes from monopoly newspapers. So we see big, clear, strong effects of a community that never had a daily newspaper before getting one; big, clear, strong effects of the only daily newspaper in town closing. We see significantly smaller and, in many cases, indistinguishable from zero, the effects of a second newspaper closing or a third newspaper closing. So there's not -- There are other reasons that we might care a lot about competition. There are reasons different from this why having a competitive as opposed to a monopoly media market can be important. But on this particular dimension, there's no real evidence in the data to support the view that there's something special about competitive newspapers that we should be especially concerned about preserving second and third newspapers. We find in the early part of our sample that newspapers are important for both national and local

elections. So if we go back to the period before television, before radio, when daily newspapers in this country really were the only -- or at least by far and away the most important source of information about both local politics and presidential politics, it's pretty much the only way you wanted to learn about the presidential election was to read the daily newspaper. In that period of time, when newspapers closed, you see both local turnout and presidential turnout decline significantly. Over time, as we follow this from the late 19th century across the 20th century, the importance of newspapers for presidential turnout has declined basically to zero. So, since the introduction of television in 1950, newspapers no longer have any detectable effect on who votes in presidential elections. When a newspaper shuts down, presidential voting changes not at all. That is intuitive if you think about the fact that these alternative media, like television, provide a huge amount of information about national politics. And if you look at opinion surveys where voters are asked, "Where do you get information about particular elections?" people overwhelmingly say that television is their main source of information about presidential politics. Voters also say that newspapers are a much more important source of information for local, Congressional races. And, so consistent with that, we find the importance of newspapers for presidential turnout has declined quite rapidly. However, the importance of newspapers for local elections has remained strong and is close to today where it was in 1890 or 1920. So newspapers continue to be important for local politics, and that's something that echoes things a lot of speakers yesterday and today have talked about, that there really does seem to be a particular -- that the importance of local newspapers is especially clear for local politics. There are many communities where still the daily newspaper is the only or the vast majority of the journalistic resources devoted to covering City Hall, to covering the State House, to covering local races. So that's an overview of what we find in this paper. I have a few more minutes. And for those who are interested, I want to give you a little more flavor of the kind of nuts and bolts of how this analysis happened. How we do this? This will be a little bit more technical, but, hopefully, clear. So to tell you a little bit more about what the data is that we're using to do this, we take this data on newspapers from directories that have been produced in this country since 1870, when our sample begins. So, every year, there has been published a directory of all of the daily newspapers in the United States. These things exist because newspapers have, for a very long time, been funded by advertising. Advertisers need to know where the newspapers are so they can send their ads to them. And so these directories were initially published by early advertising agencies that wanted to connect their advertisers to the

newspapers. So these directories list every daily newspaper in the country, along with their circulation, their prices, the city where they're located, and so forth. We've digitized these four-year intervals so we can follow all of the newspapers in this country over this time, and we're going to combine this with data on county-level voting patterns -- county-level voter turnout, which is available over this period as well. This is -- If you can see this, this gives you just a flavor of what's in this data. So the years here run from 1872 up to 2004. And this is just the number of daily newspapers in our sample over that period. So you can see we follow the growth, the kind of rapid explosion of newspapers in this country that happened in the late 19th century. This was a period where the cost of paper fell dramatically because of wood-pulp paper being introduced. There were huge drops in costs. that were associated with the rise of the penny press and the rapid growth of newspapers. A gradual decline and then a long, flat period up to 1980. And then a slow drop in the number of newspapers that's happened since 1980. 2008 isn't on that picture. But if you put 2008 on that picture, it follows right on that trend line. So you couldn't look at that picture and see any effect of the Internet. There has not been any unusual decrease recently in the number of newspapers. The number of newspapers that closed in the last four years is similar to the number that closed between '96 and 2000, for example. And, incidentally, if you looked at circulation, several people have alluded to this, too. If you look at newspaper circulation, you would see the same thing, which is the trends in circulation that are happening right now are trends that have been happening for a long time. And there's no detectable, clear effect of the Internet just in that time series. So when we say that we want to try to pin down how these exits and entries of newspapers affect voting patterns, there's a critical challenge in doing that, which is, it's not random where new newspapers open and where newspapers close. Newspapers tend to open in communities where newspapers are becoming more profitable. They tend to close in places where profitability is decreasing. In this data, the overwhelming thing that drives entries and exits of newspapers is simply population. Cities that are growing get new newspapers. Cities that are shrinking lose newspapers. Population is also associated with changes in voter turnout. And so you could easily find a spurious relationship between these things because voting is responding to the same things as the newspapers. There are several things that we do to try to address this. To say quickly, I think the most important is, based on prior evidence and our own analysis, all of those forces tend to push against what we find. So it turns out that newspapers tend to enter communities where voter turnout and political participation is falling. Why? Because they enter communities where

population is growing, and population growth is associated with reduced political participation. It's intuitive. If you think about it, when cities are growing, new people are moving in. New people tend to have less attachment to the local community. People who have recently moved vote less. And so where population is growing, voter turnout is falling. So that bias, if anything, works against what we find, and the more we correct for those changes in demographic trends, the stronger our results become. We also do some other things, which I won't talk about. I think, in the interest of time, let me just have a few more pictures here that just sort of show you what's in this data. This picture, if you can see, to explain it -- This works? This shows changes in voter turnout in years relative to the entry of a newspaper. So zero on that picture is the year when a newspaper entered. Things to the left are, how was voter turnout changing before the newspaper entered? Things to the right are, how does it change afterwards? And the thing I just want you to notice is there's one dot on that picture which is different from all of the others. That is the year that the newspaper entered. There's a sharp increase in voter turnout, which is not part of some broad trend that's happening before or after. It's really uniquely at that point in time, and it's pushing analysis like this further that allows us to disentangle these different things. So, the implication to turn this into numbers -- How important are newspapers? A new newspaper in a market, on average, increases turnout by one percentage point. That sounds, you might think, small. You might think big. Among those who read the newspaper -- Not everybody reads a new newspaper when it opens. That increases four percentage points. And among people who read the newspaper who would not otherwise have voted -- those are the only people whose behavior can change -- that increases 13 percentage points. So this isn't a huge change, but it's a significant and very clear, statistically, change and big enough to influence a lot of election outcomes. So, just to conclude, I think the summary is, if newspapers close today, we should expect to see local participation, most likely, decline in cities that lose newspapers. We should expect to see no major effect of second newspapers closing, third newspapers closing. There are other results in this paper, which we'll make available. How does ideological diversity of papers matter for these effects. Is it important to have a Republican and a Democratic newspaper? How do partisan papers shift party vote shares? And how are newspapers related to the advantage of incumbents and incumbents the advantage in elections? Thank you very much. [ Applause ] Sorry.

>> Female speaker: Thank you. Thank you very much, Matthew.

>> Matthew Gentzkow: Sure.

>> Female speaker: Next we're gonna hear from Karen Dunlap, who is the President and a Trustee of the Poynter institute. She's also a member of the Board of Directors of the St. Petersburg Times Publishing Company, the Board of the Newspaper Association of America Foundation, and the Eckerd College Board of Trustees. She has devoted more than 30 years to the education of journalists and aspiring journalists and has three times served as a Pulitzer jurist. Karen?

>> Karen Dunlap: Thank you, Susan, and thank you for the fine way you've organized this workshop. Much of the information here has appropriately focused on the economic side of journalism of the industry today. My topic is the importance of journalism to civic involvement. And I want to turn the conversation just a little bit to thinking about the people -- the people involved. Tom Rosenstiel started by talking about the shrinkage of reportorial media, and I'll follow along that line. I want to talk about the people who are involved in producing journalism, engaging communities in journalism, but, more than that, the people who are called on to act in the role as citizens. Now, since journalism is often presented through news and feature stories, I want to make my comments about civic engagement through stories. Last week, Lebrew Jones was released from prison because of a reporter, Christine Young. Now, that type of action by a reporter is not unheard of, but the circumstances of this case were unusual, and they are instructive in the discussions that we're having today. This is an excerpt from a column last week in the "Times Herald Review" of Middletown, New York. It says, "Lebrew Jones would still be behind bars for a murder that experts are convinced he didn't commit if Christine young hadn't investigated his questionable prosecution and conviction. Jones walked out of prison Thursday after spending 22 of his 53 years behind bars, even though there never was a shred of evidence to prove he killed a young New York City prostitute named Michaelanne 'Mickey' Hall." Here's what happened. Let me tell you the story. Christine Young was a college intern in Manhattan reporting on runaway prostitutes over 20 years ago when she heard about a murder from two unrelated sources. And what she heard convinced her because of discrepancies in the time of the death in those two stories. It convinced her that the wrong man was convicted. Now, during the next two decades, she reported for television, and she reported for newspapers around the country, but she never forgot

the murder, and she gradually developed a file on Jones, and she carried it around in a plastic basket, as she moved in various jobs. But in 2005, she moved back to near New York to work in Middletown, and she decided to track down Jones. When she did, what she learned was that at about the same time she moved back there, he was transferred to a prison within 20 miles of her. Young interviewed him. She read volumes of transcripts of the trial. She checked evidence and talked with those who were involved, including the mother of the victim. And the mother immediately said she thought the wrong man had been convicted. The newspaper produced a multimedia presentation on its Website about the case. Others got involved, and Jones was released. My Poynter colleague, Al Tompkins, brought this story to my attention last week, and he wrote about it in [poynter.org](http://poynter.org) in his blog, and the story is worth a close look for a number of reasons, but two stand out in light of our discussion. It speaks to two important qualities of journalism. It required reporting skills, and it required the investment of time by individuals and by organizations. The best reporting requires training and experience. And great works often require resources, particularly the resource of time. And those are some of the things we are concerned about in the changes in the industry today. The story speaks to civic involvement, and let's define civic involvement as "moving others to act in ways that better a community, a group, or the life of an individual." Good journalism is still about comforting the afflicted, and it's still the business of writing wrongs. I want to briefly mention three stories that are nontraditional approaches to journalism but that also serve civic life. The first is the Chauncey Bailey project in Oakland. When reporter Don Bolles was murdered by a car bomb in 1976 while he was investigating the Mafia in Arizona, reporters flocked to Phoenix and continued the investigation. When journalist Chauncey Bailey was shot down on the street of Oakland in 2007, a coalition of media representatives formed to continue his investigation of violence and fraud associated with an Oakland business. Sandy Close of New American Media and Dori Maynard of the Maynard Institute convened the coalition. And it crosses media platforms. It includes representatives of a number of media organizations and associations. It includes free-lancers, university professors, students, and others. The continued reporting of the project, continuing the work of Chauncey Bailey, presents a stand against fear, and it shows a commitment to the community. That engagement invites residents to also act for the good of their community. Open is the base of [spot.us](http://spot.us), and some of its stories also show the importance of community engagement. As you know, [spot.us](http://spot.us) is an innovative approach to financing specific stories from public donations. One story,

"The Green Movement Comes to Inner-City West Oakland" is an audio report told by members of the community. It traces the history of the area and ties history to the community ecological efforts. Speakers tell what they've learned from generalizations past about farming, and in the middle of the city, they are creating farms to improve health and the environment. They are leading their community by telling their own stories. By the way, both of those projects received funding from the Knight Foundation, and in their recent report, they talked about the importance of news and community, the community needs, the news needs of communities. Eric Newton will speak later and we'll talk about that. The third example I'll mention is PolitiFact, and I'll make a point here to also keep that brief because you'll hear from Phil Adair later. PolitiFact was developed by the "St. Petersburg Times" to move citizens past apathy and cynicism when faced with elections, when faced with lies, half-truths, countercharges. It's proven to be a useful step in holding figures accountable for what they're saying and sorting out the truth for the public. Innovative approach. It won the Pulitzer Prize this year for national reporting, and in all fairness, I should mention that the Point Institute owns the "St. Petersburg Times," so I'm not a dispassioned observer of it. But in each of these three people I've mentioned, journalism improves civic life because it encourages people to act in the role as citizens. It encourages people to act in their role as citizens. That means going beyond personal interests, going beyond trivial pursuit, sometimes going beyond self-interest to focus on that which serves communities. I'll give one more example. Last year, the "St. Petersburg Times" ran a series of stories on a child from Plant City, which is a town just east of Tampa. The title was "The Girl in the Window." Maybe you've heard of it. Here's how part of that story starts. "Three years ago, the Plant City police found a girl lying in her roach-infested room, naked except for an overflowing diaper. The child, pale and skeletal, communicated only through grunts. She was almost 7 years old. The authorities had discovered the rarest of creatures -- a feral child deprived of her humanity by lack of nurturing." It was reporter Lane DeGregory and photojournalist Melissa Lyttle who traced the life of Danielle after she was found in a waste-filled, roach-filled, closet-sized room. Neighbors knew that a woman and her two adult sons lived there in the filthy house, but they didn't know a child lived there. One did recall seeing a little girl peek through a broken window once. But they never saw the child again -- until someone called police. The story followed Danielle through the hospital, foster homes, school, and finally to a couple that adopted Dani, and who, with their son, helped her thrive. DeGregory also wrote about the woman who kept her daughter in a closet for years with only enough food to survive. Here's some of the

results of the story. The Children's Board reported a 30% increase of calls reporting cases of possible child neglect. The "Times" Website had over a million page views, which was a record at that time. Large numbers of those who saw it online sent comments, sent e-mails, and commented other ways. Calls to adoption agencies went up, and one couple reported adopting a son after reading the story. It was translated in at least seven languages and appeared internationally, including in a newspaper in Tel Aviv and in a South African mother's blog. Educators used it in college classes. One woman who had been adopted said she sent part of her retirement funds to Dani. And some said they were shocked that a child neglect like that could happen in the United States during the 21st century. It's the last comment I want to focus on in terms of civic life.

Journalism allows us to look through a window and see ourselves, see our communities, to come to grips with who we are and what is going on around us. The story I described and the effects are well known in many other stories in many other communities. They include, for instance, the Washington story on Walter Reed Hospital, a Las Vegas story on the injuries and deaths of construction workers. They are familiar to us, but sometimes we lose track of the real effect of journalism. And we can lose track of the information that we have now might not be journalism. I've given examples that show the best of journalism, but let me quickly mention that news reports today are false, also. News reports today include many questionable stories -- story choices. I can only hope that I have heard the last of a couple who invaded a Washington dinner. [ Laughter ]

Many stories are poorly reported, poorly edited, poorly produced, and we wonder why citizens don't understand them. Some communities are still ignored or underrepresented, and, yes, sometimes facts are wrong. No doubt some of you have been misquoted once. And, yet, day in and day out, society is served by outstanding journalism throughout the nation, throughout the world, on various platforms and traditional and newer forms of news media. The examples that I've given show that journalism goes well beyond information and observation. I'm concerned that some others have indicated that we could gain a volume of information and opinion and we could have extensive channels of social interaction and lose the news -- lose the civic-focused news. I'm concerned about that. And by the way, I'm also concerned with some of the discussions of new models that suggest that we could move to a more elitist approach to news -- higher costs, consume a fewer number of people, and therefore have a few people who are well informed and masses who are misinformed or underinformed. There's a huge social cost in that, including the possibility of unrest. Journalism brings communities together. It inspires individuals and groups to act

constructively. It still seeks to right wrongs. It opens a window so that we can see ourselves as a society, and it points a path to improvement. I don't know the answers for the financial problems in media right now, but I know that the bottom line -- and we talked yesterday, it's not newspapers, it's not, I would say, even journalism. The real bottom line is democracy. Our interest should be in providing the journalism that serves civic life in a democracy. I also know that we need to involve the people more. They need to invest financially in the news organizations that serve them, and they need to be intellectually invested in the outcome of news. Congressman Waxman asked about solution. The public needs to be a part of finding those solutions. And finally, I'm grateful to this commission for convening this workshop. I hope you will continue to involve many voices in preserving journalism. [ Applause ]

>> Thank you very much, Karen. Now, I'm going to invite the panelists to come up, and I'm going to introduce the co-moderators for -- come on up. Your name plates are out there. Table tents. We have two people who will be co-moderating this panel. One is Tom Krattenmaker, who has been a dean of a law school. He's held senior positions at the D.O.J., the FTC and the FCC. The other is Jessica Hoke, who is on my staff and has done a terrific job in helping to put together this workshop, and once again, I have to ask that all -- this time I'll be more specific. All attendees turn off your PDAs and cell phones because it's interfering with the webcast audio recording. Thank you.

>> Tom Krattenmaker: Yeah. This on? Good. Good morning. Thank you for the coming. The title of this panel is "Public and Foundation-Funded Journalism." If you want to know the questions we're gonna try to get at, it seemed to me it could have had a subtitle. I think maybe the people who organized it through that the subtitle for "Public and Foundation-Funded Journalism" might be "Niche or Substitute." It occurred to me that a different question might be put there. Public and foundation-funded journalism -- two oxymorons. We'll discuss both those topics sometime today. As Susan kindly said, I'm Tom Krattenmaker. I'm a recovering academic, a federal pensioner, and a consultant to the director of the Bureau of Competition here at the FTC, and I'm -- my associate, Jessica Hoke is a graduating law student. I asked her how she wanted to be introduced, and she said, "Graduating law student sounds like the best." We have here the most wonderful panelist and a short period of time. We've got a surfeit of talent and a paucity of time.

Our solution to that is that everyone's going to begin -- we've all drunk the Kool-Aid on this -- with a four-minute statement. Because we've all been so good, we added a bonus moment in there. I want to say I was able to do something for you today. I can't speak for everybody here. I know I've never given a speech that only lasted four minutes, so this is gonna be a first for me.

Everybody's going to try to follow along with that. As part of that strategy, we have sitting here our timekeeper who has an office next to me -- Dan Gilman -- but for present purpose, he's to be known as the Grim Reaper, and Dan will let us know when our time is up. For those of you in the audience, first of all, I apologize if you feel like you're in a rushing subway train. We certainly have been moving things along very well today, but I shouldn't apologize for either the quantity or the quality of everything that's been covered so far today, and I know this will follow along in the same vein. For those of you, we are -- one reason everyone is keeping our remarks short is that we are going to have a long period for questions and for dialogue among the panelists. If you'd like to contribute to that, there are cards where you can fill out for a question that you'd like to have posed, and Chris, are you a recipient of cards? Chris Grengs, back with the computer? I'm sorry.

Suzanne Michelle and Suzanne Drennen. Okay, any woman named "Suzanne" will be happy to take your card in the back. Just wait it around, and she'll pick it up. In order to give people time, we decided not to put in a break, and so I do want to say right now the etiquette of this is if you need to go out and have a cup of coffee, you just go out and have a cup of coffee. Nobody's gonna take umbrage at somebody walking out. There are full bios for everybody in the handouts, and so I'm also not going to spend 20 minutes reading everybody's biography. Rather, I assume you came to hear from them, not of them. With that, I'll turn it over. We're not going to go in alphabetical order because of scheduling issues. We've rearranged it somewhat. Our first speaker for today is Vivian Schiller, and she is the President and C.E.O. of National Public Radio. Thank you for coming.

>> Vivian Schiller: Thank you. Thanks, Tom. Thanks for sharing your microphone with me. Anyway, I'm delighted to kick off this section on public and foundation-funded journalism and to be here with so many of my friends in the industry who represent various aspects of the public-media landscape, including content creators, funders, educators, and, of course, all great thinkers in this field. I've spent my career in commercial media at CNN, at Discovery, and most recently, at "The New York Times" where I was general manager of nytimes.com. But I came to NPR almost

one year ago because I recognized the great potential for public radio amidst the current, shifting landscape of the news business, a potential to build on our already-considerable strengths to serve a public need in bigger, bolder, and better ways. We are a good news story amidst all of this sea of troubles that we have been discussing over these last couple of days -- a good news story, of course, with an asterisk, which I'll get to in my four minutes. NPR is advantaged with a -- and public radio is advantaged with a huge and really ridiculously loyal audience. We have almost 30 million listeners a week and growing who listen on average -- on average -- the medium listening 4 1/2 hours a week. This is not a niche. This is not an elite audience. Our "Morning Edition," for instance, has a larger audience than any of the broadcast morning television shows by a significant margin. We have hundreds of journalists doing original reporting in 36 bureaus, 17 of them overseas. Our member stations are nearly every community. A number of them have very, very strong newsrooms. My friend Jon McTaggart from Minnesota Public Radio has one of the strongest. And many of the stations are the only locally owned and operated news organizations in -- left in their communities. NPR's nearly 500-member stations know their local audiences and are able to serve them with NPR's news programming as well as their own local programming in a way unique to their local communities. That's all just radio. We've also become an indispensable source online at npr.org, at every local station website, at iTunes, on iPhone, soon on Android, and that's not just audio, but text, photos, you name it. Our revenue is diversified, which give us strength in a down economy. Our stations count on government funding and audience support, which is at an all-time high, by the way. And they, in turn, fund NPR, which is also supported in addition to this member stations by underwriting -- corporate underwriting, foundation grants, gifts from individual philanthropists, and other sources of income. So now, we look to build on this foundation of strength, both because we can, and because we must, for all the reasons we've been discussing these few days. First, we will build on our already strong reputation for balanced, independent, serious, original reporting with more investigative reporting, more reporting on -- at the national and international level on serious themes like health care, like energy, like the economy. More foreign coverage. Second, we will build on our existing efforts to beef up local news in partnership with our stations. We have various training programs and partnership with the CPB. And the Knight Foundation, by the way, was also represented here -- where's Eric? -- on a project called Argo, which is to beef up local online content at the station level, and in partnership with other public media players, new not for profits, who are represented in the last two days.

That's a very important point. And third, we will build upon our effort to make content universally accessible. 18 months of experience with an open API has shown us that we can do more in partnership with all of the public media partners. We are now prepping to broaden it in to a larger public media API, a public media platform, if you will. It is NPR organized, but it is to the benefit of stations with partners in all of public media, including our partners in radio distribution, APM, PRI, and also PBS, and many of the start-ups -- not-for-profit start-ups throughout the country. All of these things take funding. We are pushing on all of our revenue streams, including philanthropy, but we are counting on continued or increased government investment for stations and infrastructures in order to build on our original promise. This is not your grandfather's public radio. We are nimble. We are stronger than ever. We engage our audiences. We work with partners. We are eager to bring more like-minded partners into the tent of public media and better serve the public. That's our mission and why we're here. Thank you.

>> Tom Krattenmaker: Thank you. Fortunately, Vivian left a little bit of time on hers, and since she is the head of National Public Radio, yes, I thought you'd like to hear witty and charming stories about my growing up in a small town in Quincy, Illinois, on the banks of the Mississippi River, so if everybody would like to listen. No. Our next commentator, Joaquin Alvarado, is the Senior Vice President for Diversity and Innovation at the Corporation for Public Broadcasting.

>> Joaquin Alvarado: Good, um -- whoa. The voice of God.

>> Male Speaker: There you go.

>> Joaquin Alvarado: At the Corporation, we're heavily focused -- and to echo what Vivian sort of ended with -- on the possibility of creating new kinds of ecosystems around the public investment that goes into journalism currently. Supporting local communities in the relationship with national initiatives through NPR and American Public Media and Minnesota Public Radio and PRI. We're in a unique moment, though, to take a step back. When you look at what's happening out in the country around this question, I've been on now -- this is, like, my seventh panel related to this issue. We have very strong transactionally coming from the public-media field. There are things to build on. What we are doing better now is actually opening the door through this public-media platform

for software developers to participate in the question. Do we have any software developers in this room right now? Two. So, this...exists the old business model for journalism is the innovations occurring in the broadband space, in the mobile broadband space. We need to bring them into the conversation as quickly as possible in a way that leverages our strength, which is the content that we've got and this 40-year infrastructure that has been built up on the lowest funding of any industrialized country. When it comes to public-media funding, we've managed to do a heck of a lot. So, there's a lot further that we can go, but one of the initial things that I've been tasked with and have been working with Eric and some of the other major foundations is if just actually we pool our money in a more collaborative way and look for targeted opportunities to fund innovation, we can do a lot more than we've done ever before. So, the Argo Project represents that, and if we can also start to map the investments that are currently happening in this country and the innovations that are succeeding, we can figure out ways to move resources through them more effectively. So, we can just do better with our current set of resources, and then I think that starts us at the platform for if there's going to be infusion of additional public moneys, we don't want to fund legacy systems. We want to fund the innovative practices which bring more community members in to the fold. I was really glad that the Chauncey Bailey example was cited. I'm from Oakland. I'm familiar with that. That had a deep impact in our community because it brought diverse community members to the question of what journalism can do to have that impact. And when you look at innovation and how minority audiences respond to media, they are at the most innovative edges of how media's getting distributed, and that's mobile, that's the Internet, that's broadband, that's even gaming, which also tends to be stunningly absent from our conversations around innovation. We are a good wave if we do things right at the Corporation of moving resources in to public interest content development. ITVS is a great example of a relationship we have with the independent community that has worked stunningly well at extremely low costs, drives local engagement around critical issues in documentary filmmaking. We can go further than that, and we could really take something on in the journalism space that, I think, would make a significant difference in all of this, so I'll just stop there.

>> Tom Krattenmaker: Okay, thank you, Joaquin. I was so interested. Senior Vice President for Diversity and Innovation -- such an interesting combination, and I realize -- I guess the point is that you -- both of those tasks require that you be able to look into the future and not think it's just

gonna be a repetition of the past, so thank you for those remarks which really elaborated that point. Our next presenter is Jon McTaggart, who is the Senior Vice President and Chief Operating Officer for the American Public Media group which includes Minnesota Public Radio and Southern California Public Radio, and he's also President of Classical South Florida.

>> Jon McTaggart: Thank you.

>> Tom Krattenmaker: Thank you.

>> Jon McTaggart: Yesterday, if you were here and sat through all of the presentations, I think we heard from more than 30 panelists and presenters talking about the business of journalism, and talking about strategies and pursuing all the ways that we can meet the desires or the needs of consumers. American Public Media doesn't really think about it that way, and I want to talk a little bit about why and what informs our thinking. For American Public Media, journalism's not a business. It's a public service. And it's foundational to our mission, and it's why we do it. We don't serve shareholders. We don't serve consumers. We serve citizens, and the tone and I think even the content of today's conversations have already started out fundamentally different from yesterday, and that's really appealing to us. Chairman Leibowitz yesterday, in his remarks, reminded all of us that markets for public good may work imperfectly, and Representative Waxman used the words, "market failure." As a civil society, we don't trust the open market or the free market for public education. At least we don't trust it entirely. We don't leave to only the free market our needs for public safety, our needs for public health. And American Public Media believes that public information -- the information necessary for an informed democracy -- should also not be left only to a free market. The federal government has been investing in the public media for more than 40 years. They've built infrastructure with taxpayer funds. We've created a network of television and radio stations and now internet services that have the capacity and the content for free and universal access to public media for virtually every American in the country. That's an important investment. Public media attracts, as Vivian mentioned, a large and growing audience of Americans, cutting across every cross-section of the demographics in the country. We have a sustainable business model. It is thought that government funding provides a substantial amount of the resources for public media. My organization alone, federal funding, state funding --

all government funding combined accounts for less than 8% of the resources that we use to operate American Public Media stations. Public media is far ahead of the start-ups. We believe in a diversity of voices. We believe there's more than one news organization needed in every community to serve our citizens well. This is not about making a case only for public media, but it is to make part of a case for public media as part of the dialogue and solution. New start-ups, digital or otherwise, have to build infrastructure, have to find new revenue, have to create ways to sustain their service. We'll encourage them, we'll do whatever we can to support them, but public media is 40 years ahead of that with a sustainable business model, with audiences that are already loyal and relying on us, and we believe that there is an important opportunity for public media to serve even more than we are. Continued and expanded public funding will strengthen local news organizations in every community where a public media station exists. Better public media organizations will make for better partners, and public media organizations in every community are ready to create content. They are creating content and distributing important public service programming as it exists now. I'm going to stop there and reserve time for the questions.

>> Tom Krattenmaker: Okay. Thank you, John. We've already had one question from the audience for you, and it is "seeing that you have jobs in Minnesota, Southern California, and South Florida, have you ever spent January in Minneapolis?" [ Laughter ]

>> Jon McTaggart: Northern Minnesota is even better.

>> Tom Krattenmaker: Okay. Our next presenter is Eric Newton, who is the Vice President -- excuse me, the Vice President of the Journalism Program for the Knight Foundation. Eric?

>> Eric Newton: Thank you. And thanks to chairman and the staff at FTC for having us here today. I would like to tell you about Cicero. When Cicero was sent out to the provinces, he was quite unhappy with the commercial news packets that were being sent out from Rome. Really. He wrote back complaining that what he needed to know were the votes of the Senate, but what he was getting were these weird stories about gladiators and ostriches. So Cicero's not alone. The Newspaper Association of America tells us that in 2007, there were 1,422 daily newspapers in America, but at the same time, there are 3,248 counties, 19,000 incorporated places, and 30,000

minor civil divisions like towns and villages. All that government is not being watched over by the fourth estate, and it wasn't before the Internet either. The newspaper I once edited, "The Oakland Tribune," got attention for its watchdog coverage. We watched over maybe 5% of the government within our region. That's the truth. So, the market is not suddenly failed. The market has always picked and chosen what it's done. That's why I tend to believe the -- the school of thought that's put forward by the Knight Commission and the commission report says, "Journalism does not need saving so much as it needs creating." "Journalism does not need saving so much as it needs creating." We need to care about not losing the current flow of news in the public interest, but at the same time, we really need to think about how to create a flow of maybe 20 times more, which is what we actually really need. And that's the line of grant-making we've pursued at Knight. We're agnostic about who creates the 20 times more flow, whether it's all of the different kinds of organizations you've heard about over the last day and a half here. But for the most part, our nation's media policies, when it comes to creating new forms of journalism, are just old and in the way. They're of the industrial age, not the digital age. They often block innovation, which is what our grants are trying to create. So, a couple of quick examples. Public media -- a lot of the government money that flows to public media is status quo money. Not good enough, you know? Change the rules, and then every dollar CPB gives out is free innovation. Nonprofit digital startups -- the old rules don't treat them fairly. They make it hard to switch to be a nonprofit. They don't give nonprofit news organizations equal access to press galleries, nor do the nonprofits -- were they able to exercise the community leadership that for-profits can in the way of writing editorials. Another example is university journalism. It's going on all over the place -- students are showing they can do great journalism. By the way, if the nation's 200,000 journalism and mass-communication students spend 10% of their time doing actual journalism, that would more than make up for all of the traditional media jobs that have been lost in the last 10 years. But our old rules don't treat student journalists fairly, either. Shield laws in main states don't protect them -- don't even consider them to be journalists. Final example is that the government itself is a huge mass-media producer today, because of the Internet. But in general, not a very good one. It has all of these freedom-of-information laws, but can't seem to figure out how to use the people's websites to actually provide the information it's supposed to provide under its own laws. So, I'm not really sure how much of this FTC can or should try to change. Hopefully, news literacy will create consumers that will demand more, but there is one big thing I think the FTC could do. Consumers

have to have universal broadband access to -- to do well in the digital age. If you don't have it, it doesn't matter what kind of journalism falls in the forest. You won't hear it. You aren't connected. You aren't there. So, the FTC could be out there saying, "you know, hey, FCC, we are going to dog you mercilessly until you deliver on universal affordable broadband access." That's the level playing field upon which everything, everyone at this table, and everyone else in the room depends on.

>> Tom Krattenmaker: Thank you, Eric. Although you did go over a bit, as I let you know, we did vote collectively to let you have some extra time, but you were supposed to spend it announcing grants to each member of the panel.

>> Eric Newton: That will be in the hall after the panel.

>> Tom Krattenmaker: That will be the follow-up, I hope. Our next presenter, Charles Lewis is a professor at and the founding Executive Director of the new investigative reporting workshop at American university School of Communication. Charles?

>> Charles Lewis: Right. Thank you, and I want to thank the commission for having this affair, and John Leibowitz, the chairman. Well, I think I'm invited here mostly because I've been deeply involved in foundation-supported journalism, including the Knight Foundation as a supporter. I didn't come to that easily, so one of the issues here, and one of the messages, I think, certain folks like Tom Rosenstiel and Eric just eluded to is we shouldn't exalt the past too much. I quit CBS, "60 Minutes" as a producer and started the Center for Public Integrity from my house. Why? Because I was frustrated that all of the important stories of our time weren't being investigated by the commercial media. The Iran/Contra story was broken in Lebanon and announced to the press by the Attorney General. That's a bad sign. The S&L story story was mostly broken in the regional press around the country -- not in Washington. On and on, I could give you, like, six other examples. We don't have time. So, I started the center from my house, and over 15 years, raised about \$30 million from foundations and individuals, and we disclosed our donors and did 300 investigative reports, 14 books, and at a full-time staff of 40 people, 25 paid interns a year and a network of 100 journalists in 50 countries called the International Consortium of Investigative

Journalism. And you know, I still have a skeptical view of the commercial media. Did the commercial media investigate the war contracts in Afghanistan and Iraq and disclose who had gotten the most money? No. Sorry. The Center of Public Integrity did. I could take a lot of nonprofits and tell you what they did that others haven't done locally and regionally and nationally and internationally. What is happening now is nothing short of thrilling and quite extraordinary. We are witnessing nothing less than the dawn of an emerging new investigative reporting ecosystem in the country. You know, in '99, David Proda started the Innocence Project. Now there are 50 Innocence Projects across the United States with journalism schools and law schools. There are now 10 to 12, at least, investigative reporting centers at universities. The one investigative-reporting workshop I headed here in D.C. was the only one in the DC area, but they're all over the country. There are now 25 or more investigative-reporting centers across the nation, many of them small -- local-, regional-, state-based groups, some started by the donors, and then they find journalists; some started by the diaspora of immensely talented journalists with nowhere to work. And taking a page from A.J. Leibling, "the only free press is the one you own, and if you can't own it, why not start a nonprofit?" And, so -- you know, but it is a really interesting thing that's happening. In July, an investigative news network was created of 20 of these investigative nonprofit centers. It will be incorporated and become the...C-3 in the next few months. That will become 50 to 100 groups by mid 2010. There's groups around the world that want to join it, not just the U.S. And what is happening? Well, the commercial media have recognized reality. They have opened up the Pulitzer Prizes to online news publishers back in December -- first time since 1917. Associated Press, the largest nonprofit journalism outlet in the world -- started in 1846 -- has asked for nonprofits to put their content available to all the clients -- first time since 1846. And the landscape is shifting, and there's a great study about the scalability and the capacity. It may surprise you. Jan Schaffer who runs the J-Lab, the Institute for Interactive Journalism at American University did a study in June called "New Media Makers," found that 180 foundations had given \$128 million for journalism and news initiatives, \$66 million of that for investigative reporting since 2005, not counting public broadcasting, which would be another few hundred million. So, there's something going on here that is growing and changing in response to the hollowed newsroom phenomenon we've been living through. So, I'll save the rest for questions but I find it all quite exciting, actually.

>> Tom Krattenmaker: Thank you, Charles. If you were following your bios, you notice that this is Charles' fourth nonprofit that he started that he's working on now, so I thought we could give those data points to Professor... Plug them in and see what it's done to participation at the local level. Our next presenter is Mark MacCarthy, who's currently teaching and doing research at Georgetown University's Communication, Culture, and Technology Program, and teaching about the economics of network industries.

>> Mark MacCarthy: Thanks, Tom, and thanks to Chairman Leibowitz for doing this wonderful workshop on the future of the news. I'm at Georgetown now, but I've spent many years on the Hill, working as a congressional staffer at the House Energy and Commerce Committee, and my ideas come from both the academic work that I'm doing now and that experience as a congressional staffer. I want to develop the idea that public funding is part of the future of journalism. Chairman Waxman gave us the path to legislative success in that area earlier today, and I want to do what I can to try to meet the challenge that he set down for the people who advocate public funding. Why do we need it? The conference has sort of set out the rationale. The internet has undermined the advertising and bundling mechanism that has supported news production. Charging online readers for access to news won't be enough. If the 80/20 split on revenue between ads and subscription is the same online as it is offline, then the most the strategy of erecting online payrolls could net us about 25% above the \$3 billion they currently get from online ads. That's about \$750 million. It's just simply not enough. So, what do we do? Congress should adopt legislation that would provide substantial additional resources to the Corporation for Public Broadcasting to support local news gathering by public-service media. This system of public-service media already exists. What it needs is the funding to hire journalists to cover local and regional news -- the school boards, the zoning meetings, the city council, and the state legislators. As you heard, CPB and NPR clearly recognize their opportunity to fill the local news-gathering role, a step in the right direction is NPR's new local journalism project with support from both CPB and the Knight Foundation. With several additional federal fundings, this initiative could be expanded. A supplemental CPB funding request for the fiscal year and all future funding requests should contain a provision for local news gathering. CPB already dispenses federal funds for news and public affairs for programs like "The News Hour" and "Frontline." One model for the new news and public-affairs grants is the independent television service that Joaquin made reference to. ITVS currently receives money

from CPB to fund public television programming produced by independent production entities. I was involved in the funding of the entity back when I was a congressional staffer 20 years ago. So what are the objections? Wouldn't the government control the news agenda and point of view? Not necessarily. Other countries including Great Britain have a tradition of publicly funded news organizations that are vigorous critics of government policies. We have this tradition here in the United States, as well, through the Corporation for Public Broadcasting. It has heat-shield provisions designed to prevent political interference with news content. Finally, should public support be conditioned on the grant of maintaining some variety of nonprofit status? Some might allow grantees to be low-profit, and there's there is a legal status called "L3C" that might permit this. My judgment to keep going is that their purpose has to be public. News-gathering grants would not preclude other support mechanisms including philanthropy, donations from the public, and even some revenue from advertising and subscription fees. If the revenues exceeded their costs, however, they would have to use all or most of their net revenues for their public purpose. I don't think all local news can be produced through government grants. Maybe it would be ideal to keep the center of gravity of the news business in the private sector with only a supporting role for philanthropy and public funding. I don't know the right mix of funding sources, but I do think that public funding is an essential element of the mix, and the time to start developing the specifics of this idea is right now. Thanks very much.

>> Tom Krattenmaker: Thank you. The next presenter, Tom Leonard, is University Librarian and Professor in the Graduate School of Journalism at University of California, and Tom's academic specialty is the historic development of the media since 1976, so if anybody's has to compress his time, it would be you, Tom.

>> Tom Leonard: Well, I'm gonna switch on you and kind of give a different perspective here. I think, at many gatherings of this type, we have some vivid impressions. We have a vivid impression, all of us, of the founding fathers in the First Amendment, and we're quite keen on that period of American press history. We have a vivid impression of the great comparative prosperity of the news media in the 20th century, and some of us may be nostalgic for that period. And we certainly have a clear vision of the funk -- maybe the promise, but certainly more pervasively the funk that news media are in today. Missing, however, is that 19th century, so this is sort of gonna

be a few words, or might be titled, "Mind the Gap." How do we get a prosperous media, the kind of prosperous media suggested by Matt Gentzkow's graph which we saw earlier of those bars marching up and the number of newspapers, presumably the profits they're making -- that was also true. And, by some measures, civic engagement at least measured by voting behavior. How did this start in the 19th century? You know, actually, if you look to the hard scrabble part of the 19th century, you will find voices that sound very much a part of our meeting today. In the 1840s, in his private correspondence, Horace Greeley, the famous New York editor, described the field as nothing more than an assemblage of pains, a title we could probably use for everything that's been presented here. It was an assemblage of pains because he was convinced owning a New York, New York, newspaper destined to make him rich that he would never get any money from it, and an assemblage of pains because he knew that in New York in the 1840s, only 5% of the talented reporters and writers could ever hope to make a living. Somehow this changed. What were the facts on the ground and why was this ground fertile? I want to draw our attention to three facts on the ground of the 19th century. The first concerns copyright protection. It was very little help to newspapers and magazines. Indeed, they benefited by its absence. American publications pirated British material until the 1890s. It was an immense help to our start-ups. By convention, as many of you know, the local papers that were the heart and soul of 19th century journalism were printed freely from one another through a system of changes. It's almost enough to say that 19th century newspapering was built on plagiarism. It's certainly the case that 19th century journalism was built on aggregators. And in light of Arianna Huffington's devastating presentation that to Rupert Murdoch yesterday, or post today, I'm expecting to see Bart Simpson write on the blackboard "I will now honor aggregators, mate," in the next "Simpsons." The second factor has to do with a pay wall. There was, of course, a pay wall in the 19th century. Virtually, nothing was published intending to be free, but what pay wall? Americans ignored it, jumped over it, laughed at it, drove editors and publishers to distraction. Nothing is more common in the 19th century press than verses of this type. "Would you know the cause, dear readers, why the paper stops today? 'Tis because so many of you owe the printer and won't pay." That's from Iowa of 1872. I think many of the people who've made presentations about charging for content on the web will want to look up that verse and borrow from it. The third factor in the 19th century that made things go was government subsidies, and Jon Leibowitz has already pointed out correctly how the postal system and the publication of legal notices mattered. We might also mention the happy impressment of

young children to work in the newspaper industry as newsboys, something allowed in the 19th and 20th century, and, of course, the broadcasting licenses which handed newspapers enormous benefits in the early 20th century. So, because my time is up, I'll just say, if you want prosperity in the news and you want to learn from the 19th century, you have to understand three things -- it didn't happen because the press was protected by strict limits of intellectual property, it didn't happen because payment schemes worked well, and it didn't happen because the government stayed out of the picture.

>> Tom Krattenmaker: Thank you. And our next presenter is Josh Silver, who is the co-founder and executive director of Free Press. For those of you that don't know it, Free Press is a nonpartisan organization that's dedicated to engaging citizens in media policy debates and in creating a more Democratic and diverse media system. Josh?

>> Josh Silver: Thanks, Tom. I just want to go on record that this Tom's joke about Bart Simpson may be the most underappreciated joke of the day. [ Laughter ] I come to this issue of subsidy for journalism, how we're gonna pay for it, with a very clear eye about the simple economic question, and that's what I want to sort of impart to the room, and that is at the end of the day, we can theorize as much as we like about, "Well, do I like government subsidy of journalism? Do I not? There's obvious liabilities in it." But according to the data that we see, there's simply no choice. It's not as if we have this option that we can allow the market to prevail, to keep the government out, as many people have eluded to and spoken in support of what I'm saying. It's not like we can do that and have any kind of confidence that we are going to not see the significant erosion of the fourth estate and what's left of it. And I think it's important that we understand that there needs to be a commence for a sort of psychic shift, if you will, the same principles that say, "You know, our safety is so important, we have to have public subsidy of the police, and our safety at home is so important, we have to have subsidy of the fire department, and our children are so important, we have to have public subsidy of the educational system. And it's that same line of thought that due to market forces, due to many kinds that have been discussed at nauseam over the past several months, that the government is gonna have a role in it. Now, I do want to cast a little bit of perspective about -- for people who say "Woe is me. I don't want my tax dollars going in to journals." For folks with me in Minnesota, I apologize. I have to reiterate some stats that are really

staggering. One company, AIG, has received 175 times more money in the past year or so for the bailout than the corporation for public broadcasting received last year alone. We're looking at, for the total bailouts, they're 1,223 times higher than the CPB's annual budget. 2008 earmarks coming out of the Congress, 41 times the budget of CPB. And finally, the US government did spend 3 1/2 times more money on office furniture than the budget of the CPB, and, so, we have to keep that in mind when we think about scope and scale of what we want to and what we propose to be spending. If that increases, there are obvious conditions that have to be in place. First of all, if we are to increase subsidy, we have to know that the firewall is rock-solid, and Mark, who's my new BFF, he alluded to this, but it has to be improved. I mean, we have to know that the kind of shenanigans that happened with Ken Tomlinson a few years ago cannot happen again, and that's absolutely critical, and structure is part of that. We have to know that the system nationwide is better run, especially at the local level, that we have station managers committed to producing journalism. We have to have a greater diversity of audience and content and we have to have a broader definition of what public media is with more of an attitude of abundance and less of scarcity. It has been said here, but I do want to echo, if you doubt the ability of public broadcasting and public media to conduct enterprise, hard-hitting, critical journalism, just look at other systems in England and Europe where I would actually dare to say that they are more adversarial than the commercial and public media in this country in general. And, finally, we have to move from platitudes to policies. I don't have to tell people in this room. There have been so many discussions about where are we going, what do we want to be, but now we are getting to a point where we have to figure out two things -- one, what do communities really need? And we're getting there. There are these great reports that have been referred to, the Knight Commission report, the Len Downie report. And then we have to get down to the brass tax and really engage the public in what is going to be inevitably a political fight. My time is up. My last word is -- I want to echo what Eric Newton said -- we cannot ever look at any of this without also having an eye towards Internet policy and the fact that 1/3 of Americans still don't have broadband and they are disproportionately poor and rural, and that has to change at the same time.

>> Tom Krattenmaker: Thank you, Josh. What I'm going to do -- we now have an hour for discussion, and because everybody's doing such a good job of moving this along, what I want to start by doing is moving right down the panelists and asking them each to give me one more sound

byte. [ Laughter ] But I mean that. One sound byte. I'm gonna start down at the right, but because they weren't warned about this, I'll call on myself first, and I'll go first. As somebody whose academic background was in studying the commercial broadcasting industry, I'm aware both of how many billions of dollars the federal government gave to that industry and also the extent to which the federal government regulated it, and it was at best a very tame pussycat. So, like many other people in the audience, I am wondering how it is that the future vision that's being talked about of a vigorous independent publicly funded press fits with what we saw in the country in the '20s, '30s, '40s, and '50s. That would be my sound byte. Please, Mark.

>> Mark McCarthy: So, the one point that I'd like to emphasize is how traditional, mainstream, and all-American government involvement in content is. We all have experience with our local public libraries. We go to public venues where theatrical performances are provided. We go to museums that are funded by local and state operations, and these are all things that we accept, we like, we encourage, we enjoy. At the national level, the National Endowment for the Humanities, National Endowment for the Arts, the National Science Foundation, the Institutes for Health, all provide funding for content, scientific, artistic content. This is not some weird, strange aberration, an alien intrusion in to our life. This is the way we do things in this country.

>> Tom Krattenmaker: Thank you. Charles?

>> Charles Lewis: Well, I confess, unlike some of the other folks on the panel, I'm not an expert on media policy, but I am fascinated by certain ironies. We send out hundreds of millions of dollars to foster democracy around the world, including strengthening media. In recent years, we were doing that at the same time we were putting reporters in the US in jail and issuing 60 subpoenas. I found that incredibly interesting. I am also fascinated by the percentage of money that goes to the media in other countries, which I know is an old saw, but it's pretty interesting. It's a stunningly different landscape in other parts of the world. As an investigative reporter, I also know, like it or not, that journalists would never acknowledge that news organizations, whether they're commercial or otherwise, are not famous for biting the hand that feeds them, whether it's advertisers, foundations, or government money, and that is an issue where I have some ambivalence, and I don't know the answers about some of these things, I'll candidly acknowledge.

>> Tom Krattenmaker: Eric?

>> Eric Newton: On the commercial side, I think tax laws matter a lot. Tax laws helped the family owners of newspapers feel good about selling to the companies. Tax laws could help the companies feel good about selling back to local families. I guess I first became aware of the strange American feelings about news and information when I was editing the newspaper and the state started putting in sales taxes on newspapers, and I just found it odd that -- I mean, here you had chocolate doughnuts and the newspaper taxed the same, treated the same. One is supposed to have to do with the first amendment, the lifeblood of democracy. The other one, you know -- One quick fix to help America's commercial press is to drop these sales taxes on news and information, and if you need to make up the money, you can double the taxes on chocolate doughnuts. I think society would be better off. I know I would be better off. [ Laughter ]

>> Tom Krattenmaker: It's an interesting thought. You know, the Supreme Court has held it's okay to tax the newspapers as long as you tax them the same as you tax the chocolate doughnuts. Joaquin?

>> Joaquin Alvarado: I can't speak to the question of chocolate doughnuts. We're going to put \$7 billion in to broadband stimulus in this country over the next 14 or 15 months. That's federal funding going in to the infrastructure for broadband. We should be about the innovation of public interest content on that. And I think journalism and education are the two core strengths that the entire public media feel at large can lay claim to. Those are two key needs that will drive broadband adoption in poor, rural, minority communities. There's a win there. And it's coming in the next 12 months if we get it right. So when the broadband plan comes out, if we can speak to this issue within that plan, then I think we can create a framework for smarter, more focused investments, and start to make the case that meets the criteria that Congressman Waxman laid out earlier this morning.

>> Tom Krattenmaker: Jessica, a sound bite?

>> Jessica Hoke: I don't have a sound bite as much as something that I'm looking forward to from the panel today. Yesterday, we heard from panelists and presenters that government should stay out of funding the news. And I think from the opening statements we've heard today, that's not the opinion of the panel. So I think it will be interesting to hear how we can find ways to have government funding help the news and still find ways to keep the government from interfering.

>> Tom Krattenmaker: Vivian.

>> Vivian Schiller: Yeah, as a newbie to public media, I've got convert syndrome about it, and I'm kind of insufferable at parties because I'm, you know, so rah-rah about it. But I just have to say that public media, the infrastructure of public media -- Sure, there are things that are little things that could be corrected or fixed. But we have an incredibly strong, powerful, sophisticated infrastructure between the national organizations and all of the stations around the country. We have a strong system. We have other revenue streams. Investment by the government as it's always been, but an increases investment in the public media, the ROI on that, to use a business term, in support of this public service will go further than I can imagine of any other sort of so-called bailout of the commercial newspaper industry or even -- not that I want newspapers to go away -- I love newspapers -- or any of the other industries that are going in. The system is there. It works. It needs support so that we can develop the kinds of infrastructures and systems to be able to deliver on the digital age.

>> Tom Krattenmaker: Thank you. Josh.

>> Josh Silver: To the skeptics that have spoken in previous panels and yesterday about government subsidy, I think it's really important to keep reiterating there is simply not enough private money in the form of advertising revenue, subscription revenue, philanthropy and otherwise to support particularly the local journalism that our informed, participatory democracy requires. I think there are inherent challenges to it. Chuck, I agree with you. They are significant. But the people in this room, the people who are thinking about this, it's really crucial that many folks leave your comfort zone and start looking at policies and figuring out which ones make sense, embrace

the fact that there needs to be a role for government, as Congressman Waxman said. And it's like eating your broccoli. That's media policy reform.

>> Male Speaker: That's good.

>> Tom Leonard: I want to second Mark's very good suggestion that maybe we can learn something from libraries. These are upstart institutions in the 19th centuries. There had never been free public libraries before. They kind of rose in parallel with the great metropolitan newspapers that people could afford. And they could never have prospered without strategic philanthropy. Carnegie at the beginning of the 20th century, Gates at the beginning of the 21st. And although cultural wars certainly happen in libraries, it's remarkable the public trust they've earned, in part because they are places where people of varying beliefs believe they're respected. One of the reasons that library bond issues continue to pass and, for example, people on the right don't attack libraries the way they do media is, for example, that many public libraries now are a place for home-schooled children to get together. So that model of actually contributing to the civic good with a mix of public and private investment is a very interesting one. And the end of the story is if you count libraries and you count McDonald's, there are more libraries than McDonald's in the United States now. And if you begin to count school libraries, there are ten times as many libraries as McDonald's.

>> Jon McTaggart: Thanks. I want to pick up on a thread or a theme that's not as much public funding as it is about innovation and the -- I don't know, at least the tone that innovation cannot or will not happen within a legacy of media organizations. Two quick examples. I fully expected in my community of St. Paul and Minneapolis that Mike Sweeney, who's the publisher of the Star Tribune, he's going to innovate at the Star Tribune, and I expect the Star Tribune, to be healthy for quite some time. But two quick examples within my public-media organization, one from the earliest beginnings and one more recent. In the earliest beginnings, it was innovative for us to choose FM when everybody was on the AM dial. And I think that was the right choice. It was an innovative choice. It was a risky choice. It required a significant amount of investment at that time. And I think for many public radio stations and certainly commercial radio stations, FM has proven to be certainly the innovator's choice. But more recently, and thanks to a grant from the Knight

Foundation, we have invested in an innovation within news itself or within how we're going to -- how we're doing news. And at American Public Media, we call this news innovation the Public Insight Journalism. Very simply, it's the belief that someone in our audience knows more about the story that we're reporting than we do. We have a very smart audience. And if we can get that individual or those individuals who are the experts on that story to trust us enough to share their information and expertise with us, our journalism will be stronger. We now have over 80,000 of these experts in a trusted database and in a network. We have a growing network of news organizations that are partners with us in this. And we believe that by using these experts, both by their experience and their authority expertise, we can do much better journalism than we have been. And it's working. We've been doing it for about five years, and we're excited about it. So I think we have to make sure that legacy organizations, even the legacy radio organizations can and will innovate, and we shouldn't count any legacy media out too soon.

>> Tom Krattenmaker: Thank you. Jon, I have to say that you sort of typecast yourself a little bit there when you talked about the investment in FM. From my years of teaching, I can guarantee you, anybody in the room who's under 35 has no idea what you're talking about when you suggest that people use to AM radio instead of FM.

>> Jon McTaggart: 45 years ago, when our organization started, it was a risk.

>> Tom Krattenmaker: There you go. Absolutely. Most radios didn't even have that band at that time. The questions from the audience are running excellent ones, and they're running very heavily on the question of how do you do public funding and preserve integrity and independence. And so we need to talk about that. There are a couple other topics that have come up I thought I might throw out first for some discussion. 'Cause you all have been talking about that issue. One of them is -- I mean, Eric has mentioned a couple of times, and maybe this is just the old law professor in me, changes in law that might be helpful in order to bring about a more vigorous, more active public press. And another is both Josh and Joaquin talked about to some extent it's not an issue of money or maybe in any way an issue of technology about the extent to which we may be able to build on the technology. I think maybe I'll throw out the technology question first. This is perhaps the general question. But are we looking at money, or are we looking at technology. What do

others think about what it is that might be on the horizon with respect to new technology that may be providing increased opportunities for public-funded or for foundation-funded materials? Again - - and this reflects the question which was presented from the audience. If you had lived through my course in telecommunications law, you would have learned that virtually every cable company in this country is saddled with the requirement that they provide public-, educational-, and governmental-access channels, paid access channels. There's a huge investment in our country in those. I believe that -- I don't know, maybe Josh has the numbers. The viewership probably approaches zero on those.

>> Joaquin Alvarado: That's not true.

>> Tom Krattenmaker: Good. Okay.

>> Joaquin Alvarado: Not true. So PEG was the result of local governments making really important demands when cable got rolled out that there be universal coverage. And as statewide franchising becomes normalized when telecom companies go in to provide triple play, like FiOS or U-verse for AT&T, that is discombobulating the space within which PEG was possible. So if you speak to local governments who in many cases are really fighting the good fight to get broadband connectivity out to their communities, working with organizations like One Economy, they are actually figuring out how to preserve that PEG function in a broadband space but where the franchising is not working on their behalf. So I think that we confused or we don't give enough credit to what has occurred that's positive with PEG and what goes away when that no longer happens. They are the ones recording the city-council meetings so that they are in a searchable database to later be sourced by reporters who want to follow an issue.

>> Tom Krattenmaker: That's an interesting point. You get extra credit for marrying the legal change with the technology change. I wonder whether anyone else would like to comment on technological changes or investments that we see. Josh had mentioned universal broadband access. I don't know if there are others. Vivian, did you --

>> Vivian Schiller: Yeah. Well, I think technology is the key to everything. I mean, the point is -  
- The reason we exist as public media is to make our content available to people. If they want to listen to it, which they do, in large numbers on FM radio, that's great. But guess what. Technology is making and new devices are making -- giving people many more places where they go for content and we have to be there. That's why the formation of a public-media platform is so critical, because especially -- Tom Rosenstiel talked about the atomization of news content. We talk about these devices that are coming out. If we can't have the power of all of our original content, which hopefully will be growing over the years, available and accessible for communities, for software developers, and for others to access, to be able to manipulate -- I don't mean manipulate the journalism, but manipulate and select what they need and provide to our users on every device and in every form and in every niche way, then we will have failed to remain relevant. So it's at the center of everything we do.

>> Tom Krattenmaker: Thank you. Yes. Mark.

>> Mark MacCarthy: Quick comment. Paul Starr, when he talked about public funding in front of a congressional committee about six months ago made the important point that public funding should be platform neutral. It really has to be a matter of creating the content. And then the distribution, whether it's mobile, broadband, or television or radio or text on an Internet site is something that should be up to the content producer and the associated distributing partners.

>> Tom Krattenmaker: Anyone else want to comment on technology and opportunities that are out there?

>> Eric Newton: Technology or money, both. I mean, how do you -- The traditional media that survive in the 21st century, you know, will be the ones nimble enough to create cultures of continuous change and be able to keep up with the changes. And so it means new technology all the time and not just we're gonna move to the Web, and now we've fixed our problems. But how do you create that kind of a learning -- a learning organization, new technologies all the time, and a constant stream of innovation? You know, many news organizations survived the 20th century. Many will survive the 21st. But instead of the big ones surviving, it'll be the nimble ones.

>> Tom Krattenmaker: Joaquin, did you want to talk some more about the Internet and how it's affecting CPB?

>> Joaquin Alvarado: Well, we are asking the question of when money goes out into the system, how does it live on beyond just its traditional broadcast basin, and we don't do a good enough job I think as a group of people talking about this, of understanding what local stations are actually doing and not doing. We have been surprised -- I have been surprised at CPB to find out that there are many local journalism initiatives that stations are just bootstrapping because they feel compelled to do so as connected organizations. So, if we can do better at preparing the public-media field for a broadband space, and that's everything from the public-media platform, the PIJ, the Public Insight Journalism Network, represents the killer wrap in my opinion for melding social networking with broadband in a journalistic fashion. If we do better on that, if we do better with broadband in terms of the stimulus money going out and stations getting fiber connectivity, we can actually create the kind of space where developers at low cost can write applications for our stuff. And we've got to make sure that we don't have any more panels where there's only two software developers in the room. It's like trying to solve climate change without having India, China, the U.S., and Europe all in the conversation together. It's not gonna happen this way.

>> Female Speaker: Quite an analogy.

>> Tom Krattenmaker: Josh, I wonder if you wanted to elaborate a little bit more on the point about universal broadband access and the importance of that.

>> Josh Silver: Sure. There's another divide that occurs that's often age-based. And that is this understanding that virtually all media will be delivered by high-speed Internet or broadband connection in just a few years. It's already happening now. It's notable that TV sets being sold in box stores at this moment connect directly to the web, and it completely revolutionizes how people get their news and information, and we must remember that video, television continues to be by far the dominant source of news and information. That trend is not changing substantially. That's important. We're looking at a parallel challenge here. And the parallel challenge is that in the same

way that we have to figure out how to subsidize and support a robust fourth estate, we also have to figure out how to subsidize fast, competitive, neutral broadband deployment nationwide. And once again, as with media, we have a rich, national history of doing this. We did it with roads. We did it with phone service. We did it with electricity. And now it is absolutely critical that it happens in broadband. Tom, probably the most important point to note -- In the last nine years, this country has slipped from 4th to 22nd in broadband adoption and speed internationally. And that's because of a failed policy. So that has to move at the same time as the media policy moves.

>> Tom Krattenmaker: I want to put explicitly on the table now the question that some of you have addressed about what if, any, changes in law would you welcome from your point of view to make more accessible, more valuable, or even to build up the trustworthiness and integrity of public-funded or foundation-funded journalism? I'm inclined to -- Eric, I know you talked about this, but should I come back to you to begin with that? I know you've got a list.

>> Eric Newton: Well, you know, I mean, I said the ones about equal treatment of student journalists, equal treatment of nonprofit journalists, you know, more innovation and money in public media. All of those are, you know, rules, and the rules determine, you know, the outcome of the game a lot of the time. So I'm not one of those who thinks that -- who has the mythology that the government has never been involved in media, very much involved from the very beginning. And the question is maintaining sort of the fire wall between that involvement and the content. But anything that we can do to level the playing field and give all of the new kinds of emerging folks and the existing folks who want to innovate a chance to do it I think would be good change, good law change.

>> Tom Krattenmaker: Anyone else want to answer this?

>> Vivian Schiller: I'll just chime in to say we need a re-examination and reauthorization of the Public Media Act. When was the last time we were --

>> Joaquin Alvarado: '92. It ran out in '96.

>> Vivian Schiller: Right. So a lot has changed since then. And we need to reauthorize reflecting the new realities.

>> Joaquin Alvarado: I think amending -- Yeah, I mean, addressing what has to -- what the authorization should look like given all of the things that are happening right now is one critical question. Another is you don't want to reauthorize it and make it a zero-sum game. If we change the language and don't increase the funding, we're gonna really be hamstringing the whole initiative. So we have to address how much funding to do how much and what in the language needs to be different to do that. I would love to see a scenario where stations can have a pathway to absorb the innovations that Knight and other major foundations have been putting into the field in a way that builds towards the sustainability of the small, great nonprofit journalism innovation start-ups. They're going to run into the same wall that stations run into. How do we make this sustainable over time? And that means that you've got to diversify your funding anyway. This is already the situation we have in public broadcasting. So if we can get a ramp there and preserve the species of journalists, professional journalists, before we lose them -- This is like the California Condor Project. Just get mating pairs together, and just whatever it takes over the next few years. We can't take forever. We got to go right now if we're going to pull it off.

>> Tom Krattenmaker: Mark, did you want to add to this?

>> Mark McCarthy: Yeah, just to emphasize the urgency of the situation. I like the image. It's going to be hard to get out of my mind. But I think the diversity of funding is a key element. We've all known that funders have a way of wanting to have their point of view reflected in the entities that they fund, and it's been true of the advertiser support of media for generations. And the way you fix that is by diversifying so that no one entity can call all the shots. And I think that's gonna have to be true in public media as well. Funding that comes from the government is never going to be the whole ball game. It's going to have to be other sources as well. Beyond that, I think you have to write right in to the statute. You know, the requirement that this is -- that there is an independence of the entities that are funded. You have got to put it right in the statute. You have got to have congressional oversight. You have to have media oversight over that. And you have got to build a culture in which the principle of independence is part of the DNA of the whole

system. You do that, and you'll get over time the same sort of resistance to government control in the publicly funded media that you currently have in the commercial media. It's just a matter of developing the tradition, developing the habits, and writing it in congressional statute with media and congressional oversight.

>> Tom Leonard: Tom, can I add? On the issue of law and public policy, it's extraordinarily important in this environment of more and more, if you will, freelance news operations that access to knowledge not be priced outside their capacity. And a lot of taxpayer-funded research has traditionally gone into commercialized journals where it was inaccessible, for example, to science writers unless they worked at a university or work for a rich news organization that could pay the toll. The National Institute of Health has instituted a very enlightened policy of bringing back that taxpayer-funded research into a repository, PubMed Central, where six months after publication or now 12 months after publication, anyone can see what the research was and use it. The content providers are not so happy with this reform. They would like to roll back that access. These are companies with 34% profit margins in some cases. It's a good business to be in but not a good business for the new landscape of journalists and writers who need access to material. Another aspect of this would be the mass digitization-project such as Google. But that's another topic.

>> Tom Krattenmaker: Okay. I think we need to open this up explicitly to the question of government and foundation funding as opposed to private markets. I think it's important to begin by the point that Eric and others have made, which is there never has been a complete government absence from funding of the media or interaction with the media. We do not live in an anarchic society. So if you're running a newspaper down in your basement, you're still probably relying on intellectual-property laws. Tax laws have an effect on what you do. The way in which the communications -- I'm sorry, the transportation infrastructure is laid out has something to do with how it is that you deliver whatever news you create. So it's not possible in this day and age to imagine any kind of a business that exists entirely independent of government. That's just not something that can happen. But the questions that we're getting here are rife with -- without reading any particular one of them -- how in your own world, if you are in the journalist world, or in the world that you're observing, if you're someone who is observing journalism from the outside in a professorial way, do or should the public-funded or the foundation-funded media maintain

independence and integrity? If a principle function is to be a critic of government, how does one be a critic of that which funds one? That's a long question which you can break down in to pieces. And I sort of think everybody should have something to say about this. So I just want to move down. And this time, I'm going to move out from the center. So, Vivian, you're going first.

>> Vivian Schiller: Thank you for giving me time to prepare. No, I mean, the proof is in the pudding. I mean, as journalists -- You know, any journalist gets a little oochy, to use a technical term, about direct government funding of content. But the fact is if you take a step back, if you look at the commercial world, I mean, you know, this is not a new concept. I mean, advertising appears in newspapers. Advertising subsidizes the newspaper and all commercial media. You know, does that mean that newspapers have pulled their punches about those advertisers? Certainly not. Quality news organizations have not. You know, no news organization worth its salt is going to accept money with any kind of conditions attached. We didn't do it in commercial media. We don't do it with advertisers. And we certainly don't do it with foundations. I would ask anybody in this room to say any instance in the history, at least, of NPR where a story has been slanted or, you know, favorable to a foundation funder. Government money's the same thing. I mean, if you look at our coverage, we do plenty of criticism of the U.S. government and any government institution. And I -- There's no reason to believe that that would happen. If you spend any time in a newsroom and you spend any time with journalists, you'll know that, you know, if anything, the opposite problem is true. "Oh, they're funding us? Well, let's look even more deeply into them." That's sort of the instinct of most journalists. So, yeah, it's a little -- I mean, as someone that comes from commercial media, it takes a little bit getting used to. But, again, if you really pull it apart, the analogies to all funding mechanisms are pretty similar.

>> Tom Krattenmaker: I remember when that "Car Talk" show led the opposition of the Vietnam War. Work from the outside. Did you want to respond to the -- I'm sort of moving out this way.

>> Eric Newton: Yeah, I want to jump in. It's about professional ethics. And one of the great things about the commercial newspaper industry is how many hundreds of major newspapers have fantastic codes of ethics that they do hold each other accountable for and the professional organizations and journalism schools do hold them accountable. But it's the same thing in libraries

and schools. And, I mean, how do you keep the libraries independent, how do you keep the schools -- the teachers with academic freedom? And it's the building of these fire walls. And I think that, you know, rather than worrying so much about that, where we have a society with more than a century of professionalization in these fields, it seems to me that using that as an excuse not to increase funding is sort of like saying we can't give more money to libraries because somehow that's gonna influence libraries, or we can't give -- we can't have the schools teaching news literacy because somehow that's going to, you know, hurt the kids. I think it's a bogus argument that just keeps us from doing the right thing.

>> Tom Krattenmaker: Josh.

>> Josh Silver: I think there are three structural changes that should be made right out of the gate that would greatly protect public media from undue political influence. Number one is to abandon the appropriations process, which was the recommendation of the Carnegie Commission, and Congress rejected it in the late '60s. That is absolutely critical, because in the current system, you have a regular parade of politicians bemoaning coverage that they see as biased or unfair. And that is a position that someone like Vivian should never have to be in. Number two, I think we need to change the way that the Corporation for Public Broadcasting's board is appointed. It's currently appointed by the president, and no offense to the president's office, but that's too political. And there are other ways to do it that just make more sense that would avoid that problem. Number three, I think we want to bolster the role of the ombudsman at the CPB and across the system. That would be helpful. There are great -- Like, for example, NPR has a great ombudsman, but it could be better. There could be more resources allocated to it if the funding were there. And as far as the funding, those independent funding mechanisms go, I think it's absurd that the public airwaves, which we all in this room and everyone across this country owns, that the revenue from the auction of those, that spectrum, shouldn't go to public media. It should. That's one method. Another would be a very small device tax on electronic-media devices. There's many ways to do it. Those are not specific recommendations but examples.

>> Charles Lewis: Yeah, I would -- from the other end, at the grassroots, I mean, nonprofits that operate and they're growing every minute like rabbits, there are certain --

>> Tom Krattenmaker: Condors, rabbits.

>> Charles Lewis: Rabbits, condors, sorry. Yeah. There are a number of obvious things that commercial newsrooms have done that many of the nonprofits but not all do, which -- obvious things like a wall between the fundraising part or advertising, but in this instance -- Actually, some nonprofits also advertise. So they are blended. But a wall between the staff doing the journalism and the folks who are more in this traditional publishing function of making it work financially. No conditions. I agree with Vivian completely. Of course you have to -- You know, one rule of thumb is often, "Is it my idea or someone else's idea?" which sounds basic, but transparency, I think, is fundamental. A good number of nonprofits do not disclose their donors. I happen to think they should. The work ultimately, if you are doing your job and you're investigating subjects that are inconvenient at a receiving end, if you're doing investigative reporting, the work will stand on its own. And if it doesn't, then you actually won't get anymore funding and you'll start to dry up as an entity. So your integrity is reflected in the work. And finally, ethical standards. There are multiple ethical standards in this country. I mean, there are the Society of Professional Journalists. There's a number of other standards. I think each organization should decide what their standards are. I think the SPJ standards are too weak, actually. And so those are the ways that at the grassroots level, an organization, whether they're getting foundation funding or corporate funding or, yes, government funding. So there are ways to address this, I think, that are not surprising.

>> Tom Krattenmaker: Tom.

>> Tom Leonard: I guess I want to second the suggestion that Josh made that in an institution in some ways is in decline, the ombudsman or the public editor needs to be taking another look at and, you know, beefed up both from the point of view of news organizations and from the point of view of government agencies in the business of funding. I think that that airing of different points of view and the transparency of, you know, surfacing a criticism and seeing what the facts are is just about the best hygiene we can imagine.

>> Eric Newton: I think it's a temporary situation that whatever kinds of funding we're talking about, because the primary relationship is between the news organizations and the people formally known as the audience. You know, if they can manage that interactive relationship, they'll thrive. If they depend too much on any kind of -- any source of funding, be it advertising, government, foundations, they won't do well. The relationship has to be between the news organization and people.

>> Tom Krattenmaker: Thank you. Mark?

>> Mark McCarthy: I think these are all good suggestions. One that I think might be achievable at the same time as you actually increase the funding is to, as I said before, write directly in the statute the requirement for independence. And maybe a mechanism that creates maybe a little of additional complexity might also act as a fire wall. If you think about the way ITVS works, the money goes from the government to the CPB and passes through to ITVS. And then from there, it goes to the independent producers. So there's an extra layer that provides an extra layer of insulation that could very well prevent any kind of rogue interference by people at the funding agency itself. And that might help a lot.

>> Tom Krattenmaker: And, Jon, since you've come all the way from South Florida, Southern California, and Northern Minnesota, you get the last word.

>> Jon McTaggart: Just a couple of additions to this. I think additional factors in this are diversity of funding for the organization that's receiving the funds. And an accountability to the community -- I agree with Eric -- a demonstrated accountability to the community. And there's any number of mechanisms that would allow that to sort of come together, whether it -- and not have to be sort of formulaic or even entitled. But a demonstrated support from the community or the organization that is the journalistic organization that then justifies or triggers or leverages support from the public. So diversity of funding and remembering, as I think Mark just said, government funding not flowing to the individual journalists. The government funding flowing to organizations that then employ journalists, and I think that any serious news organization has a fire wall in place where organizational funding is certainly distinct from the activities of the journalists themselves.

>> Tom Krattenmaker: Thank you, Jon. I'm sorry. I inadvertently skipped Joaquin. He's too tall, so I missed him.

>> Joaquin Alvarado: Just speaking on behalf of the corporation, our C.E.O. Pat Harrison has said repeatedly, now is the time. We have to be open to these conversations. We have to go further than we've gone before. I think all of these are the right conversations to have. It's just a matter of critical mass, a timeline, what is the path, how many federal agency players need to be in the conversation at the same time. We have a coordination issue. But there's more opportunity than not, I feel. And we have to remember there's something called American ingenuity, which Americans like to talk about. And we keep having this conversation about what's going away, not the possibilities in front of us. And I think the possibilities are for more news, more reporting, more interaction, and transparency, and more engagement from diverse Americans. That's the possibility. And until we get to that narrative, you're not gonna get the general public excited about saving the dying patient. We got to be about birthing the baby.

>> Tom Krattenmaker: Thank you. I believe we have one more person to hear from. Being from the government, I believe in treating everybody equally, and so apparently we're going to hear. I think the chairman, Leibowitz, would like to make a comment. You've been sufficiently by all this talk of rabbits and condors. Mr. Chairman, we would be pleased to have you come to the podium. All you're doing is keeping people from getting to their lunch, Jon. Please.

>> Jon Leibowitz: No need.

>> Tom Krattenmaker: Okay, you're declining. Susan?

>> Susan DeSanti: You still have time, until noon.

>> Tom Krattenmaker: Okay. Join me, if you will, in thanking these extraordinarily talented, thoughtful people who came a long way to help us out. Thank you.

>> Jon Leibowitz: Let me just do one -- I will do one other thing, which is first of all, I want to thank Jessica Hoke and the legendary Tom Krattenmaker, who we are delighted to have back, for running this panel. And then also Susan DeSanti, Chris Grengs, Suzanne Michel, and really Susan DeSanti, Susan DeSanti's team for doing just a spectacular job in putting together these panels. So please thank everybody.