

Statement by Steve Coll
To the United States Senate
Committee on Commerce, Science, and Transportation
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Thank you for the opportunity to testify before the committee about the rapid changes unfolding in American journalism and what steps Congress might consider in response.

American journalism has entered a phase of what the economist Joseph Schumpeter called “creative destruction.” It is an apt framework in this case because both creative and destructive forces are at work on American journalism simultaneously – and at a stunning pace.

On the creative side, there is much to celebrate. The World Wide Web has collapsed the barriers to entry in publishing and broadcasting, and by doing so opened American public discourse to countless new voices. In journalism, since the late 1990s, we have witnessed the advent of skilled new public-minded Web publishers and entrepreneurial journalists across the United States, some working in for-profit settings, and others in nonprofit settings; the spread of new technologies that aid investigative reporting; the development of low-cost documentary and video journalism of excellent quality; and a new era in which American readers can directly access reporting by courageous journalists working in their own national systems, from Pakistan to Indonesia to South Africa. No doubt these and other new iterations of journalism and its consumption ushered in by the digital revolution will expand innovatively, and will make many important contributions to our culture and constitutional system in the years ahead.

Unfortunately, at present, the rate of destruction of professional journalism – and its output of independent reporting on American public institutions and on international affairs – is far outpacing the ability of new institutions to reproduce what is being lost, particularly in its civic functions. Secular and cyclical economic forces have suddenly combined to dismantle the business models that have for decades supported independent, public-minded reporting for large general audiences about local and state government, Congress, the executive branch, and international affairs. According to one organization that tracks newspaper job losses, the industry shed an estimated 15,970 jobs in 2008 and 8,484 through April of this year. The rapid and large-scale loss of independent reporting by many of these professionals, without any prospect of its replacement by new institutions in the foreseeable future, is an urgent matter of public interest.

It is uncomfortable, even counterintuitive, for a journalist to suggest that Congress might consider a crisis in journalism as a venue for legislation. The independence of journalism from government is an obvious strength of our constitutional system. For a free press to remain free and to carry out its constitutionally sanctioned role of informing

the public and holding private and public power to account on behalf of citizens, journalists and the institutions that house them must retain and protect this independence.

Nonetheless, in limited but important and appropriate ways, Congress already shapes the environment in which American journalism is practiced. For example, in authorizing the licensing of scarce broadcasting spectrum, Congress has correctly insisted that the public interest be considered in those licensing processes, alongside private interests. Also, for four decades, year in and year out, through the Corporation for Public Broadcasting, and through the National Endowment for the Humanities, Congress has overseen arms-length systems of federal funding that touch upon journalistic institutions and practice, albeit with mixed results. And in the tax code governing public charitable activity, Congress and the Internal Revenue Service have appropriately designated as charitable the activities of some educational and nonprofit journalistic institutions, although they have done so without an adequate degree of clarity.

The essential question is whether the current crisis in journalism has brought forward matters of public interest sufficient to warrant review and adjustment of those journalism-shaping policies that Congress already oversees – and whether those reforms can be undertaken without reducing the distance between government and journalism.

There are opportunities of this character. The principles for congressional action and the specific suggestions I would like to make all involve areas of policy where federal law and appropriations already touch upon journalism. The standard against which these and other comparable suggestions for reform should be judged is whether, in a period of upheaval in a sector of our economy that is part of our constitutional design, the reformed policies will advance and protect the public interest better than current policies do.

Where does the public interest lie in crisis of newspapers and journalism?

Uniquely in the history of journalism, the United States witnessed the rise of large, independently owned, constitutionally protected, civil service-imitating newsrooms, particularly after the 1960s. These newsrooms and the culture of independent-minded but professional reporting within them were in many respects an accident of history.

At newspapers, demographic, economic and technological factors created an era of quasi-monopolistic business models; to preserve their quasi-monopolies, owners of these properties had incentives to create journalism that would be seen as credible and attractive by the greatest numbers of readers. Thus the owners invested in “objective,” politically neutral reporting. They also enjoyed high profit margins that allowed the more public minded among them to invest in expensive foreign bureaus, national bureaus, and investigative teams. Then, too, newspapers’ unassailable profit margins encouraged owners to support journalism that reported without fear or favor on powerful interests, public and private.

In broadcasting, something similar evolved during the pre-cable, pre-digital period of licensed spectrum. Here the culture of large, professional newsrooms was more explicitly influenced by Congress, which insisted that recipients of scarce spectrum incorporate notions of fairness, objectivity and the public interest in their news and public affairs operations.

At the same time, more broadly, the United States witnessed during the postwar period a rise in self-conscious “professions” and the codification of professional standards, such as in law, accounting, teaching, medicine, and so on. This civil service-influenced culture and aspiration of professionalism leached into journalism, and strengthened its practices. Similarly, there was an increased emphasis on scientific method in all areas of the social sciences – this trend, too, migrated into journalism and generally strengthened its practices by fostering an emphasis on peer review, editing, and evidence-based reporting.

As in law, accounting, and medicine, the results have been far from perfect, and yet, in the aggregate, journalism during the postwar period achieved higher standards of professional performance, and produced more independent and constitutionally relevant reporting on public institutions and public issues, than ever before. We tend to memorialize the role of journalism through examples involving national episodes such as the civil rights movement, Vietnam, Watergate, and the Global War on Terror, but arguably, it was through the less visible role of independent reporting at the local and state levels – the constant and increasingly sophisticated watch-dogging of local school boards, zoning boards, mayors and state legislatures – that the postwar era of professional journalism made its greatest contributions.

The institutions that that have nurtured this accidental era of large-scale, well-resourced professional journalism at every level of American governance are now contracting at a remarkable rate of speed. For example, according to a recent report by the Pew Center’s Project for Excellence in Journalism, the number of newspapers accredited to cover Congress has fallen by two-thirds since the 1980s. Newspaper chains and television networks have closed or drastically reduced staff in their Washington bureaus. There have been similar reductions in overseas bureaus and in the numbers of professional foreign correspondents reporting independently on the countries where the United States is making or considering large, risky investments of blood and treasure. At the state and local level, the picture is, if anything, even worse; newspapers have dramatically reduced their coverage of state capitals, school boards, utility regulators, medical licensing boards, city councils and other institutions whose decisions shape the lives and welfare of every citizen.

The loss such reporting cannot be rationalized as merely the result of the free market’s role in arbitrating economic winners and losers. The current crisis in journalism has many causes, and failures by newspaper owners and journalists alike are certainly factors – but in reference to the sudden loss of so much independent reporting, these failures are only minor factors. It is important to be clear: Technological change and its

impact on advertising markets, compounded by a steep recession, are much greater factors than reader preferences in the crisis that has produced these losses of independent reporting. The current crisis in journalism is not fundamentally a crisis in readership – it is a crisis of profitable readership.

In time, perhaps new journalistic institutions and practices will make up these sudden, yawning deficits of independent reporting on public institutions. But even the most optimistic practitioners of the new journalistic models tend to accept that a world in which Web-based publishers or aggregators could afford, for example, to simultaneously fund and operate professional journalism bureaus in Baghdad, Kabul, Islamabad, Europe and Asia is simply not foreseeable at present. These new practitioners do hope to fill some of the gap at the local and state levels, but even there it is clear that their replacement reporting, as it were, will be at best a small fraction of what is now being destroyed.

By far the most important reason that new institutions have not yet been able to replace the independent reporting of the old institutions is cost. A single foreign bureau operating to the highest professional standards may cost \$500,000 per year; in a war zone, many multiples of that amount. A veteran Statehouse reporter trained in public records research and experienced enough to sift through the complexity of public policy formation would typically be qualified for government jobs at the level of a GS-12 to GS-15 level; private sector pay scales in newspaper journalism have generally been similar, with regional variations. The new business models of Web-based publishing and content aggregation, with rare exceptions, simply cannot yet afford such costs, even if they might see value in such reporting and investigation. We can posit that new media publishers will commission such reporting when their business models permit it, since American news consumers demonstrate an undiminished – arguably, a growing – appetite for professional journalism.

How long it may take for such business models to emerge is simply unknown. It could be five years; it could be fifteen; it is unlikely to be twenty-five. In the meantime, we face the prospect of a lost generation of American journalism and the collapse of its civic function – and at a time when the country is facing a grave economic crisis; inflective changes in government activity, in response to that crisis; and a complex international scene where American power, lives and treasure are at risk.

What should Congress do?

In this narrative of the crisis of journalism lies a definition of the public interest that should frame and galvanize Congressional attention. At issue here is a sudden, disruptive, shock-producing transition from journalism's old, dying order to a rising, new one. Congress should consider how it might review and reshape the policies it already oversees to reinforce a stronger bridge from the old order to the new one – a bridge constructed to serve the public interest.

Some of these bridging policies involve shaping technology to ensure that public access and the public interest are protected in the emerging new media order. For example, in the stimulus legislation, Congress has shaped investments that may, if well implemented, insure that disadvantaged and rural communities can compete to win greater access to broadband technology, and through that access, develop new roles as publishers, broadcasters and enfranchised citizens. More generally, to shape the digital revolution in the public interest, and to ensure that monopolizing private interests do not capture the revolution, Congress should enact policies that promote open access to both the public airwaves and to non-discriminatory broadband networks, open source technology, and inclusion of underserved populations to the greatest possible degree.

Other bridging policies, however, can more directly address the sudden loss of independent, professional reporting on public institutions and international events, at least for a temporary period. The policy suggestions I have to offer should be seen only as a framework for further investigation and development. In addition to this list, there are undoubtedly other ideas of a similar character that I have failed to think about, but which members and expert advisers could develop.

Congress should consider impaneling a commission or review body to consider its options for constructive action in greater depth. Such policy refinement should be guided by two questions: 1) Without reducing the distance between government and journalism, how can Congress support independent reporting in the public interest during the temporary but disruptive transition in journalism now underway? 2) What policies does Congress already oversee that could be reviewed and reformed to address this goal?

In the meantime, here are some specific suggestions:

- Clarify section 501(c)3 of the Internal Revenue code so as to ease the potential conversion of for-profit newspapers and newspaper divisions of corporations to charitable status.

The question of whether existing for-profit newspapers could be converted successfully to nonprofit status, and to enjoy the tax benefits accorded to public charities, is in some respects untested. Senator Benjamin Cardin has already introduced the *Newspaper Revitalization Act* which is intended to fully clarify this question, and by doing so, make it easier for individuals or foundations to convert newspapers or newspaper divisions to 501(c)3 status, so that they could operate as many nonprofit magazines and publishers do today. Congress might also consider whether there are mechanisms in the tax code or otherwise that could temporarily provide incentives to encourage such conversions and the establishment of supporting endowments.

There has been much public discourse about whether newspapers might rescue themselves by converting to nonprofit status and developing endowments or other charitable funding, similar to the strategies of many public broadcasters or

nonprofit publishers. This approach certainly is no panacea. There are dozens of newspapers with large circulations threatened by changing technology and the bad economy; even in the best case, very few of them can be expected to make this transition to nonprofit strategies. Also, in the end, only the owners of these newspapers are in a position to decide whether to pursue this avenue, and only philanthropists can decide whether to support them; in this sense, a marketplace function, rather than government policy, will ultimately determine the outcomes, as is appropriate.

However, Congress can at least reduce the barriers in the tax code that may be sources of hesitation for these independent decision-makers. In the end, if even a handful of newspapers find the vision and support necessary to attempt to protect and adapt their newsrooms in this manner, their survival and more gradual evolution into the new order will preserve some independent reporting; help to preserve professional reporting standards during journalism's period of transition; and by doing so, serve the public interest.

- Reform and strengthen the Corporation for Public Broadcasting so that its investments in public broadcasting stations more fully and successfully address the losses in independent reporting on public institutions and international affairs experienced by for-profit newspapers and broadcasters.

Created by the Public Broadcasting Act of 1967, the Corporation for Public Broadcasting is an independent entity that has been the principal vehicle for federal investments in American public broadcasting and journalism. Since its formation, C.P.B.'s investments have been miniscule compared to those made by the governments of many other industrialized democracies. Still, the corporation offers a significant and tested vehicle for congressional action. Although debates about the C.P.B.'s activities have sometimes become politicized, there has long been a bipartisan commitment to the corporation's independence, evident in special funding mechanisms that allocate its budgetary resources two years in advance. Today, C.P.B. describes its mission as the promotion of "an educated and informed civil society through significant, high-quality content and services." However, neither C.P.B.'s funding levels nor Congress's support for its mission are today adequate to address the losses of independent reporting at newspapers and elsewhere.

In its next round of appropriations to C.P.B., Congress should increase its investments in the corporation substantially, and in tandem, it should order the Corporation's leadership to undertake a strategic review designed to direct those increased investments to support independent reporting about public institutions and issues at the local, state, national and international levels, consistent with C.P.B.'s statutory mission. This strategic review should consider, among other things, how to direct C.P.B.'s investments so that they more purposefully support

innovative Web-based strategies that emphasize independent reporting on public matters, based at local public stations. Unburdened by the legacy costs of newspapers, local public broadcasters could develop cost effective strategies for Web-distributed, multi-media, networked independent reporting on local and state government that could at least partially replace the loss of such reporting for general audiences by newspapers. Congress should also consider new measures to further insulate C.P.B. from political interference.

- Reform and strengthen the National Endowment of the Humanities so that its arms-length, competitive, peer-reviewed grant making helps to incubate the skills, careers and new media forms necessary to fill the reporting gaps created by retreating old media.

N.E.H. was created as an independent agency in 1965 to fund social sciences, humanities and public culture that served the public interest but which did not find adequate support from private institutions. At the time, there was no need to consider journalism or journalists as part of its mission. That has changed.

Congressional appropriations to N.E.H.'s grant making are small, currently in the range of \$85 million annually. Congress should consider substantial increases in that amount, and in tandem, it should order N.E.H. or an independent, bipartisan advisory body to consider how these increased investments could best be managed to provide competitive, peer-reviewed grants to enhance independent, nonpartisan, evidence-based reporting about public institutions, public issues, and international affairs. The Knight Foundation's News Challenge Grants, a \$5 million competitive grant making program designed to "improve local online news, deepen community engagement [and] bring Web 2.0 tools to local neighborhoods" is one example of what a redirected and expanded N.E.H. might support.

- Instruct the Federal Communications Commission to strengthen the public service requirement for broadcasters operating with licensed spectrum, perhaps allowing this requirement to be satisfied by contributions to a fund that would be used to finance reporting on public institutions and public issues.

With this suggestion I am relying on policy work that has been developed by a group of journalism school deans, as described by Alex Jones, director of the Joan Shorenstein Center on the Press, Politics and Public Policy at Harvard University. I understand that the deans' particular idea involves using the contemplated fund to support reporting by journalism school graduates in state capitals, initially in North Carolina, Texas, and California.

Obviously, there are potential variations on a theme here. The particular forms of independent, nonpartisan reporting supported by this mechanism could come in many flavors, and the financing mechanism could also be integrated with reform and reinvestment at the C.P.B., in particular. Most appealing about this formulation is that it essentially creates a user's fee on self-selecting licensees of public spectrum and directs that revenue to support independent reporting in the public interest. The user's fee model is potentially attractive both as public policy and as a mechanism to further insulate the financing of independent reporting from political influence.

Some of these ideas are ripe for immediate consideration in the current session. Others might be developed by a more deliberately, perhaps by commissioning the nonpartisan, expert review referred to above. Obviously, the federal government cannot and should not by itself "solve" the crisis in newspapers and the loss of independent reporting this crisis is creating. Even the most expansive portfolio of reforms of the sort outlined here would only make a partial contribution to the loss of independent reporting that has shaped American politics, governance and foreign policy since the Second World War.

Ultimately, the next era of journalism – like the last one – will be shaped first and foremost by private investment; secondly by philanthropic and educational institutions; and only in a tertiary way by federal policy and a handful of relatively modest direct investments. Nonetheless, the public interest that is located in the current crisis should move Congress to creatively reconsider the role it already plays. It can make a significant difference.