

Statement to the Federal Communications Commission
Workshop on the Future of Media and Information Needs of Communities:
Serving the Public Interest in the Digital Era
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Thank you for the opportunity to bring a historical perspective to bear on the choices that America faces about the future of the media.

At various times in our history, changes in politics or technology have opened up different alternatives for the media and confronted us with constitutive choices—core decisions—about the framework of communications. At those moments, Congress, the courts, and this and other executive agencies, as well as private organizations and citizens, have had to ask at the most basic level what values our laws, institutions, and technologies should embody. Now is such a time, as we are in the midst of one of the greatest upheavals in the history of communications. And so it makes sense to consider the experience of the past when Americans dealt with decisions of similar magnitude—sometimes wisely, and sometimes not so well.

This country was especially fortunate in the choices about communications that our founders made, not just in the First Amendment and other provisions of the Constitution and Bill of Rights, but also in the legislation that came soon afterward, in 1792, establishing the framework of the postal system.

From the beginning, the United States followed a distinctive path of development in communications that reflected an interest in maintaining a republican form of government and building a prosperous nation on a continental scale. The contrast between European and American policy could not be clearer. Britain and other European states typically operated postal networks that connected only their major political and commercial centers, and they used the post office as an instrument of surveillance, espionage, and censorship. Newspapers were subject to heavy taxes and circulated through the mail only at the discretion of government officials.

¹ For purposes of identification only. This testimony represents my own views alone, not those of Princeton University or any other organization.

In contrast, the United States created a comprehensive postal network, reaching into towns and villages and out to the frontier, and it guaranteed freedom of postal communication to all, without any central surveillance. Perhaps most relevant to our discussions today, instead of taxing the press, Congress built into the structure of postal rates two kinds of subsidies to newspapers: cheap rates for sending copies to subscribers and a right for newspaper editors to exchange copies of their papers with one another at no postal charge whatsoever. The result of that policy in the early republic was to create a national news network, yet without any government control of the press. Postal subsidies were later extended by Congress to magazines and long served as an important means of government support of the press and public discussion.

In other words, the United States did not just guarantee freedom of the press as a negative liberty--that is, the government did not just refrain from political censorship. Rather, Congress deemed it a public interest to provide positive economic aid to the press. And, partly as a result of that support, even by 1840, when the United States was still a largely rural society, it nonetheless had, according to the limited data available, the highest newspaper circulation per capita in the world.

These postal subsidies were not entirely content-neutral. Congress refused to extend to advertising circulars the low rates it gave newspapers and later magazines. The postal subsidies were, however, viewpoint-neutral: they did not favor one party over another. Nor did Congress make postal subsidies conditional on the press being nonpartisan. In fact, most newspapers were partisan. These policies reflected a belief that government support for the press, including the partisan press, served a vital national interest because the circulation of news and free political discussion throughout the nation could help to sustain a republic on a scale that had no historical precedent. And those newspapers did, in fact, help to create a vibrant democracy with public debate that was uninhibited, robust, and wide-open.

With the advent of new technologies--the telegraph in the 1840s, the telephone in the 1870s, and radio in the early 20th century--the United States faced a series of new constitutive choices in communications. And, again, America's choices and path of development departed from the pattern in Europe.

It is hard to say that these decisions were governed by any consistent and deliberate conception of the public interest. And I do not want to suggest that they all worked out as well as the founding decisions about the postal system. In particular, the decision to leave the telegraph to private development, at a time when there were neither antitrust laws nor common-carrier regulations, allowed one company, Western Union, to gain a national monopoly over the medium and then to enter into an exclusive arrangement with one wire service, the Associated Press, greatly restricting the free circulation of news in the country.

But the saving grace of American communications policy from the mid-19th century to the early 20th century was a pattern of intermodal competition. In European countries, the same state agency that controlled the postal system was typically given control of the telegraph and telephone. Still later, most European governments also set up broadcasting as a state monopoly.

In contrast, though monopolies developed here too, the United States did not give control of any newly emerging medium to the incumbent that dominated what at that point was the country's major communications network. In the mid-1840s Congress decided not to put the telegraph under the control of the Post Office, despite Samuel Morse's initial desire to sell his patent to the federal government. And although Western Union gained control of the telegraph, it did not succeed in controlling the next network--the telephone--partly as a result of its own mistakes. And, similarly, although the AT&T came to dominate the telephone industry, it also did not succeed in gaining control of the next great innovation--radio broadcasting--though it came close to doing so in the early 1920s.

So, even as the control of particular industries became highly concentrated, the United States maintained what was in effect, if not by design, a policy of intermodal competition. From the 19th to early 20th centuries, that competition contributed to higher levels of technological innovation and more rapid roll-out and ubiquitous penetration of communication networks in the United States than in other industrializing countries.

Others this morning, I have been told, will address the definition of the public interest in communications policy since the establishment of the FCC in 1934. I want to

turn, therefore, to a more focused question highlighted in the title of today's workshop--the "Information Needs of Communities" and specifically the public interest in the provision of news at the state and local level.

Comparative research on political corruption indicates that where the circulation of news diminishes, corruption increases. Other research suggests that where regular news coverage diminishes, the more difficult it is for challengers to unseat political incumbents. This isn't necessarily the result of a decline specifically in investigative journalism. Without the ordinary flow of news to the public, the political system is more likely to become entrenched, sclerotic, and unresponsive.

In the United States, the federal system has been a feature not just of government, but of the news media as well. While the press in many other countries became concentrated at the center of power, newspapers developed on a more decentralized basis here. Similarly, while national broadcasting authorities dominated radio and television elsewhere, the United States gave a more important role to local stations, whose local news programs have complemented the national news produced by the networks.

For a long time, this system was so profitable for the news media that—except for a few rules such as limits on media ownership and the relatively modest resources devoted to public radio and television—it seemed the market could be left to meet the information needs of communities. That is no longer clear.

As the digital revolution unfolds, three distinct problems are emerging in the provision of news. The first—the problem that gets the most attention—is the financing of journalism. Advertising has traditionally represented about 80 percent of newspaper revenue, but in the age of the Internet, many advertisers no longer need to piggy-back on the news to reach their markets. Paid circulation is also in a long-term decline. Yet newspapers have long paid for most of the original reporting at the state and local level, and as both their advertising revenues and circulation drop, they are cutting back resources for original reporting more rapidly than new resources are emerging online. Their traditional ability to cross-subsidize public-service, accountability journalism out of their profits from classifieds and other ads is disappearing.

At the national level, taking all platforms into account, the potential market for news is probably large enough to sustain diverse and competing news media on a

primarily commercial basis. But at the state and local level, the market may not sustain anything like the level of reporting our federal system requires. According to a survey by the *American Journalism Review*, statehouse coverage has dropped by about a third in the past five years. In an intensive study of the news in one city—Baltimore—the Pew Research Center’s Project for Excellence in Journalism recently found that 95 percent of the news stories that contained new information came from traditional media, mostly newspapers, but those papers now publish less than they once did. In 2009, according to the Pew study, “the [Baltimore] Sun produced 32% fewer stories on any subject than it did in 1999, and 73% fewer stories than in 1991.” New online media are not making up for this decline.

And this shrinkage in original reporting is not our only challenge. A second problem has to do with the exposure of the public to news. Many people have bought and read their local paper primarily because of their interest in sports, stocks, the comics, or job opportunities, but they have nonetheless still scanned the front pages and learned something about their community. Online, however, anyone interested in sports, stocks, jobs, and so on can go to specialized, free sites that are typically better than what their local paper offers—except that those sites don’t expose them, even minimally, to the news of their community. The incidental learning of a bundled metropolitan paper disappears, just as much of the incidental learning from exposure to local radio and television news is dropping with the fragmentation of television and audio audiences.

The third problem that grows out of the present upheaval is the loss of effective means of political accountability. Newspapers and broadcasters have had the resources to stand up to both government and private business and to serve as a powerful check on them, but their capacities are being weakened, and online news sites may not have the deep pockets that the traditional news media have had—for example, to fight lawsuits.

There are many promising innovations in online news, but the dominant trends are disturbing. The decline in both advertising and circulation for newspapers is unlikely to be reversed once the recession is over. Newspapers are surviving on an aging readership that buys a paper out of habit, and they are facing a catastrophic loss of readers among young adults. Nor is that decline in news consumption limited to newspapers. Between 1998 and 2008, according to surveys by the Pew Research Center,

the number of Americans who say they don't get the news in any medium on an average day rose from 14 percent to 19 percent. Among 18-to-24-year-olds during the same period, the share who get no news on an average day rose from 25 percent to 34 percent.

As these data highlight, a more fragmented media environment is developing where an increasing number of Americans get no news, in part because they do not incidentally encounter it in a newspaper or on radio or television. So the challenge isn't just to strengthen the resources for journalism, but to shape the media environment in a way that leads more people to bump into the news even if they do not search it out.

The remedy for these problems isn't going to come from government policy alone; private nonprofit organization and new commercial ventures will be critical. But what our history shows is that it is possible to have government subsidy and support of the press without government control as long as those subsidies are viewpoint-neutral and provided in a way that leaves little discretion to public officials. What our history also suggests is that we should be wary of designing policies that benefit the incumbents that dominate older media. The aim should be to strengthen news and journalism, not necessarily the organizations that happen to have produced them in the past.

The digital revolution threatens the very existence of incumbents in one communications industry after another. With universal broadband, the basic rationale for some media such as television broadcasting will be thrown into question, and new constitutive questions will arise—for example, about the re-use of spectrum. The growing use of cell phones and mobile devices for a multitude of purposes may provide an opportunity to give local news some priority. As the digital revolution opens up new choices, we should be thinking of ways to build into policy support for the press and requirements or incentives to encourage the widest possible exposure to news and public discussion. That is what the nation's founders did in another era when they designed the postal system. We need to find the digital equivalent.