UNITED STATES OF AMERICA

FEDERAL TRADE COMMISSION

FROM TOWN CRIERS TO BLOGGERS: HOW WILL JOURNALISM SURVIVE THE INTERNET AGE?

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NATIONAL PRESS CLUB
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JON LEIBOWITZ: I want to welcome all of you here today to the concluding FTC workshop about the future of news.

Let me also thank the National Press Club for allowing us to use this historic venue, which reflects so much of the history of journalism in America.

And I just want to say how honored I am to be here with my colleague and friend and partner Tom Rosch, who has been a strong voice for public policy initiatives and really for the Commission.

As we've pursued this project over the past year, we have learned a great deal about both the opportunities and the challenges facing journalism. And I would say especially in the last week, we've learned a lot about the passions Americans have, to their immense credit, for preserving freedom of the press without government interference.

Now, much of the criticism we've seen from the far right and the far left in the past few weeks is, of course, based on misinformation. After all, the document that staff circulated was only a compendium of proposals proffered by people who participated in our workshops or written on these issues. The staff didn't endorse any of the ideas in the draft, including any proposal to tax anyone. And the Commission, of course, would oppose any taxes to support journalism, or subsidize a particular brand of journalism.

Nonetheless, let me assure you, we do understand the notion of a limited government role here. Of course we do. But the FTC also does have a policy function going back to our origin in 1914, when Congress gave us the authority to investigate and make public developments in the marketplace and, where appropriate, to make recommendations.

Pursuant to that public policy function, we've looked at a wide array of market developments from healthcare, to patent reform, for marketing of violent entertainment to kids. And we've done seven reports on that and they've been enormously helpful, I think,

and greeted, I think, with appreciation by basically every stakeholder, from kids' groups to the motion picture industry.

To making sure generic drug competition isn't unfairly stymied. And our initiative on drug competition, for example, led to a series of cases in support for legislation that, if we're successful, will save consumers $3.5 billion each year by stopping so-called pay-for-delay pharmaceutical settlements in which branded drug companies literally make pay-offs to their competitors, their generic competitors, to sit it out and not compete. It's a win/win for drug companies, of course, but it's lose/lose for consumers, who are left footing the bill and have to pay for far more expensive branded drugs than less expensive, but equally effective, generics.

Now we're looking at the future of news, a topic that is vital to the future of our democracy. Without the kind of journalism that holds government, business and others accountable, through thorough fact-checked reporting, we can't be the well-informed citizens necessary to a well-functioning democracy. I think we all know we can't.

So, to those who say we shouldn’t even be looking at the future of news, my response is, we're doing exactly what we should be doing. We almost have an obligation to look at this critically important issue.

And many who participate in our workshops agree. From Rupert Murdoch, who was the keynote speaker at our first hearing and complimented the FTC for its "timely and important workshop," to Henry Waxman, who thanked us -- thank you, Bruce -- for holding a workshop reflecting "how vital a vigorous free press is to a vigorous democracy."

To be sure, journalism is going through a period of so-called creative destruction with the old business models dying and new ones emerging. And the creative part has been just truly astounding and immensely beneficial, I think, to all Americans. There's a much

greater access to a wide variety of news sources -- from bloggers to news sites all over the world -- than has ever before been possible. And we experience this really almost every day.

People can help create news stories. They can share them. They can react to and comment on them in ways that many of us never would have anticipated. The news is truly interactive now. And a whole world of mobile publishing has opened up with consumers able to get the news they want,

But you guys are nevertheless doing great work. And your business plan -- I hope I'm not revealing inside information -- is to have three people covering Cook County, three people covering the State House in Springfield, and three people covering City Hall.

And as I understand it, if you-- when you, because I'm sure you will, get to that level, you will have more people on each of those beats than the *Chicago Tribune*. Now, to me, that's astonishing. And I don't know if I told you this, but when I left your office, I went back and I called the chief operating officer of the Small Business Administration, and I said to her -- who used to work at the Federal Trade Commission, that's Eileen Harrington -- and I said to her, "Are these guys eligible, this wonderful site eligible for a small business loan?" And she said no, because you're a non-profit.

Again, when we talk about some role for government, it seems to me why shouldn't new start-ups, like yours, like others, be eligible for loan guarantees from the Small Business Administration? There are some non-profits that are eligible.

And another role for government could be putting more information online, just to make your jobs easier. It seems to me that that's a useful role, from our perspective.

So this inquiry that we are doing, this initiative has always been about the future of journalism, not about saving the past. We recognize it'll take a myriad of approaches from crowd sourcing -- and we've begun to see this, I think, even in protests in Iran -- to bloggers, to subscriptions for online local high school sports news to sustain the journalism of the future. We support all of these efforts, none of which involve government. Moreover, we have no desire to see a bailout of newspapers; that is, no preference for one medium or one platform of news delivery over another.

So before we move to Commissioner Rosch and then to our first panel, let me again thank all of you -- it is an esteemed group of people here today -- for being here. And let me also thank the many folks who are not here, but who have generously shared their

time and expertise on these issues. We are enormously grateful to all of you, and we are looking forward to learning more.

And now I want to turn to Commissioner Rosch, again, a strong voice for the Commission's public policy work, and really a strong voice for the Commission. Commissioner Rosch. Thank you. [Applause]

TOM ROSCH: Thank you very much, Mr. Chairman. And let me echo my view, or your view about me. John has been a wonderful leader of the FTC, and it's been a great privilege to work with him on these matters.

Why am I here? Well, apart from trying to keep John Sturm's seat warm, which is quite a task in and of itself, I'm here because the Chairman has asked me to say a few words about the recent spate of publicity.

But before I get to that, let me, first of all, welcome all of you and thank all of you for your participation and attendance, and thank the National Press Club for making this wonderful venue available to us.

I have been really interested in this project -- and Susan can testify to this, because she's briefed me on several occasions -- because in around 2000, I represented the *San Francisco Chronicle* in a contested acquisition by the Hearst Corporation. The *Chronicle* had been around for 100 years. It was a wonderful institution in San Francisco. And I was really quite sad to see it go to Hearst at that time, only to see it shrink the last several times I've been out in the Bay Area.

And so, the survival of traditional journalism is something that is near and dear to my heart. I can guarantee you of that. That said, as John has said, there has been a spate of publicity in the last couple of weeks, which I think is most unfortunate.

Some newspapers and articles and blogs have implied that through a summary that Susan and her outfit disseminated for purposes of discussion today, that the FTC has somehow endorsed taxation and/or copyright changes as a means to keep traditional journalism alive. And that implication, I think, does need to be corrected.

The authors of those articles and blogs don't know the agency. And they've misdescribed what the agency's done and what this workshop is about. The summary does not reflect the views of either the Commission or its staff. It's merely a summary of third-party perspectives that have been submitted to spur discussion at today's workshop.

The agency frequently conducts workshops on cutting-edge competition and consumer protection topics, including industry-specific policy debates. In doing that, the agency is careful to summarize a range of viewpoints cutting across the ideological spectrum. But that's a far cry from saying that the Commission has endorsed or sponsored any of the suggestions or testimony discussed at this or other workshops.

We're a bipartisan agency. That means that a majority of the agency's commissioners would have to agree before the Commission or its staff would ever endorse the proposals contained in the draft, in the summary, such as taxation or copyright changes.

You've heard the Chairman say that that hasn't happened and the chances of it ever happening are nil. I want to echo his views entirely. Thank you. [Applause]

JON LEIBOWITZ: Thank you, Commissioner Rosch. And Susan, do you want to move to the next phase?

SUSAN DESANTI: Thank you very much, Chairman Leibowitz and Commissioner Rosch. I think we now have a much clearer idea of how the agency works and what the Commission thinks.

I'm going to give you two small notes before we start. First, if you haven't yet registered for today's National Press Club luncheon, where the featured speaker is Paul Steiger, you can do so at the table just outside this room.

Second, the wifi code is, if you go to your wifi and click on it, you want the choice that says "NPC wifi." And your password is, all in lower letters, "wireless4freeNPC," and that's all together.

And now I'm going to ask the first panel to please come up and join us.

Panel 1: Proposals Regarding Copyright and Antitrust Law

SUSAN DESANTI: Now, as any of you who have looked at the agenda know, we're already behind, and we had only scheduled 35 minutes for this panel. So what we're going to do is, I've asked each of the people on all of the panels to just do a three-minute summary of their reactions.

I'm not going to do introductions. On the agenda we have brief biographical highlights for everyone. In addition, we have bios. These are all very accomplished people with very long bios. But I encourage you to read them, because you'll be quite impressed.

And now I'd like to just start with the three-minute summaries. And Sri, would you please start us off.

SRINANDAN KASI: Let me see if I can cut this back in the interest of time. Good morning. I wanted to start by thanking the Chairman and the staff of the Commission for this opportunity to participate in this discussion as the FTC considers the future of journalism.

On the demand side, you've got various surveys that'll affirm that interest in news, news readership, if you will, is on the increase, not on the decrease. But as the Chairman pointed out, choice is not necessarily there. People are availing of the news from fewer and fewer outlets, and that's because those who are able to influence where the consumer gets the news. People who provide the search and aggregation services are able to condition how consumers get access to the published news.

And so, most producers of news content who are one or two or three clicks removed from where the consumer starts the news engagement activity really have no way to participate in this economic opportunity. And no surprise, then, that the ad revenues are fractions of what others who otherwise access to broader audiences are able to avail of for this content, the content produced by original news suppliers.

A number of efforts have been put in place to try to solve this. I won't go through all of them, but I think it's useful to just point out

Thank you.

SUSAN DESANTI: Thank you very much, Sri. You've certainly put a lot of provocative ideas on the table. Sherwin, can I ask you to follow up, please.

SHERWIN SIY: So I was encouraged to hear the Chairman say that amending copyright law wasn't one of the prominent-- that the chances of that were so low. I think that I'll have done my job here today if I can emphasize why that should be so.

In terms of just addressing the copyright proposals within the discussion draft, I have to say that my immediate reaction to all three of them was actually quite negative. Largely because I think we need to be clear about what it is that we're trying-- what problems that we're trying to solve and how these proposed solutions fit in. I don't think they do particularly well.

They not only don't solve these problems, but they create new ones of their own. And I think that's, in part, because copyright is an extraordinarily powerful tool and hot news along with it. Because what we're talking about in these cases is a restriction upon free speech. I don't think that's an overstatement. I mean, copyright is a narrow restriction of speech, speech that's creative and originated by others.

And in order to ensure that we have that legal restriction in place, and that it operates, we need to ensure that it also is balanced against the First Amendment. And we do that in a variety of ways. We do that by limiting its scope and its definition of what we can and can't copyright. And we do that through the operation of limitations and exceptions, like fair use.

So I think to address each of these, the proposals in the discussion draft, on the hot news front, I think it's important to emphasize and not to confuse hot news with copyright law.

And one of the ways in which hot news as a doctrine stands out is that it explicitly covers ground that copyright law explicitly refuses to do, which is granting a property right in fact.

And this is a distinction between the fact and the expression, between the idea and the expression that long predates the current Copyright Act. It goes back at least 100 years or so. And it's in place because without that, property rights and ideas would impede just ordinary conversation. It'd impede correspondence. And that's clearly something we don't want to do.

I think hot news is limited in time I think its proponents say. How long is really sort of up for grabs. And I think it's important that if we look at the origins of that doctrine in the United States, if we look at the original case, if those facts were ported in to today's world, I think the question we'd be asking -- the facts of it being the AP was sending cables on war bulletins in World War I to the East Coast. INS was taking those published bulletins, taking the information in them, rewriting the stories and wiring them to the West Coast before AP's information got there, taking advantage of the time delay and of the different time zones -- I think the question, if that happened today, we'd be asking is, well, why wasn't the AP on the West Coast in the first place? Why weren't they getting there first, and why were people reading these INS reports instead?

I think that same question, if there are parasitic organizations that are riding, free-riding cheaply, they are providing some sort of value to the consumer. There's a reason consumer are being drawn to that. Is it in the packaging? Is it in the aggregation? Is it in the curation of particular types of information that consumers want? Are they looking for a particular selection?

And I think if it is in fact that cheap to do that, then there's something there. But what there isn't though is a case for copyright.

SUSAN DESANTI: Thank you, Sherwin. I think we're going to move on now to Barbara, and you'll have a chance later to expand on your remarks.

BARBARA WALL: In the interest of time, I'm not going to go to my prepared remarks. I just want to first echo what the Chairman said about the FTC report, i.e., I don't think there was any confusion in the report that it was meant to be a recommendation of the FTC. And in fact, we heard from one of our shareholders, simply because I was appearing here this morning, that I was endorsing all the views in the report, too. [Laughter] So I want to set the record straight on that. But I thought it was clear myself.

Anyway, I come here to represent the interests of our local newspapers. Gannett is probably best known for publishing *USA Today*, but we also have 82 daily newspapers in 30 states. And we believe that local watchdog journalism is our future.

And in our communities, we're now distributing our reporting -- I don't have to go into all the different devices -- in a lot of different ways. But we're doing some other things, I think, that may help sustain the business model that we hope will sustain journalism, which is what we're talking about today.

One is, we are looking at niche audiences. We are looking at specialized audiences, whether it be in print or on the Web. We're in the business locally of aggregating audiences for our core watchdog reporting, for special interests, like in Tallahassee, where it seems we can't produce enough content on the FSU Seminoles to satisfy anyone in the community. [Laughter]

We have MomsLikeMe sites that are attractive to young mothers in our communities. We have highschoolsports.net. We are aggregating so many people that our statistics show that in most of our communities, we are able to provide access to 70% of the adult market audience in any seven-day period. In many of our newspapers, it's 80%. And in some, it approaches 90%.

And when you couple that with actual ad sales representatives who know the needs of advertisers, you have a potent combination. And it's far more effective than the national sites that come up with local sites of various stripes, it seems like every week or so. But they don’t have any connection to the communit

So what I did yesterday was submit to SUSAN DESANTI -- who's posted it, and in the interest of time I will not go over it -- kind of

Now, it's very hard to do because all the tracking is done by private firms, so you can't reconcile methodology. But even if you take a considerable discount or overlap of this, what is amazing is how much this has ballooned in the last 20 years, enabled by the interactivity of the Internet, and how much larger it is than traditional advertising, and how much faster it's growing than traditional advertising.

Now, that is also confirmed by talking with dozens of advertisers, courtesy of a McCormick grant for rural newspapers. And I will tell you, even the smallest advertiser no longer thinks of advertising and marketing separately. It's all one big pot. And they are more than anxious, because local newspapers still have the credibility, to give some of that money in a different sort of way, other than the clickthroughs and the CPMs we've been condemned to sell advertising with on the Web, provided we give them the opportunity.

I make this point just because I think as we look, we may be in fact measuring the wrong thing. And I'm a businessperson by extensive training, and there are two business adages I think that end up ruling the world. One is, you always head for where your customers are headed. And, you go where the money is, you follow the money.

And if we don’t follow it, someone else will. This is not to say-- but having done that, you can then-- I can then envision a business model for both the largest news organizations and the smallest, the local ones, in which the business model in the 21st century will evolve into something not too different from what we've seen in the 20th century.

It will be a different sort of revenue. It will be revenue from the non-traditional advertising, so to speak. But what worries me is that I am totally stymied by what happens at the state and regional level. And that is vitally important.

Also, like the Chairman and his disclaimer about the press coverage of the report, everywhere I go, when there are lights on, I have to say the following: For the record, the newspaper industry does not seek any direct or indirect government subsidy to underwrite the production of news content. In addition to being impractical, it's simply inappropriate for a lot of different reasons.

It's been fashionable for some time to talk about the digital divide, the difference between the broadband haves and have-nots. I'd like to suggest there is another form of digital divide between those who create the content we seek to foster here and those who exploit and monetize that content for their own benefit. Unfortunately, there is a divide between these functions, and at some point that has to change if journalism is to flourish over the long haul.

However, we may not be in the position yet to suggest a real perfect solution. First, in my opinion, content creators need to know where and how much of their product is being used by others without permission. We are on the threshold of this knowledge, which is an important precondition for everything that follows.

Second, the free market should be allowed to function in the normal course by allowing a period for negotiating licenses for commercial use of this content.

The other things that publishers need right now are an up-t

Google's a great example, even in countries where they have 99% market share, they still give their product away for free. And it costs billions of dollars to produce. Why? Each consumer who comes to a search engine site generates more incremental advertising revenue, and it's more profitable to attract more consumers than it is to limit the flow of consumers by charging them directly.

Of course, there's lots of other examples where content providers do charge, but these seem to be for items that are very unique or very popular or very timely, that have a lot of ability to differentiate themselves.

So commentators have noted that newspapers can't cover their fixed costs through advertising revenue. That may be true, but that's perfectly consistent with the view that the revenue optimal price to charge consumers is zero. That just means you can't cover your fixed costs that way, and that's a big problem. But it doesn't mean that charging it and reducing your revenue will help the problem. Instead, you might need to think about alternative business models and approaches, rather than just charging consumers.

It's certainly true that it's more likely for a large collection of publishers acting in a coordinated manner to be able to be profitable charging than if they were acting independently. But it doesn’t necessarily mean that it would be in practice. After all, news stories, even in the presence of stronger copyright, would still be relatively easy to copy. And so, even if a large collection of newspapers coordinate on prices, there's nothing to stop a bunch of copycats.

Nonetheless, it seems possible that, if established, quality newspapers had a better product, better presentation, better writing, that consumers might be willing to pay a little bit. And so, it does seem to make sense to think about the prospect of micropayments.

I'm not sure myself if that's going to work, but it seems like a reasonable thing to consider. I certainly can't foretell the future that it won't work. And that would be a

market with strong market externalities. In order to work, you would want a lot of adoption. And so it does seem reasonable to think about the establishment of an entity that would help coordinate the invention of such a system of micropayments.

But it doesn't mean that we would necessarily need to coordinate on price. Like in radio, there was a lot of transition costs. You wouldn't want to be looking up different prices every time you played a song. But on the Internet, that's not really a problem. I don't really see the benefit of coordinating on price. There's no need to.

And in any case, the situations where competition would drive prices to be too low would also be the same kinds of situations where people outside of the micropayment system could also find it easy to copy content.

At the end of the day, if you want to charge, we need to have a differentiated product, and that's what's going to allow you to charge sort of reasonable prices, if you like.

I want to turn my attention, lastly, to an antitrust solution that I think will have an impact, and is very important, and is actively being debated today. And that's the antitrust surrounding online advertising platforms. In the end, as advertising gets more and more efficient, and as consumers browse more and more widely on the Web, newspapers themselves have less information about the consumer, what ads they've seen recently, and who they are, they're going to need to rely more and more on advertising platforms and other coordinated ways to know the consumers and get information about them and serve them the right ads and the most efficient ads.

Of course, ad platforms can also cut down on the cost of an advertising sales force, which is helpful for newspapers trying to lower costs.

However, there's no reason for ad platforms to share a lot of that revenue with the publishers. And it's only competition among ad platforms that drives the benefits of advertising to the publishers.

And there have been a lot of cases coming up recently where a dominant platform has tried to buy its competitors or extend its dominance to new venues. And that can really have an impact on publishers.

So in the end of the day, to the extent that you are relying on advertising and you may be more and more relying on advertising platforms, I think that the newspaper industry should care a lot about how much of that they're going to share in. And the competition in the Internet industry and the competition among portals, among aggregators, and especially among advertising platforms who have all the information about the consumers that allows you to monetize, is going to be crucially important.

SUSAN DESANTI: Thank you very much, Susan. And thank you very much to all of you.

I just want to, for the record, say, that although some people have referred to an FTC report during this discussion, which of course you're all used to seeing FTC reports, what was on the Web was only a discussion draft. So we'll just make that point one more time.

Chairman Leibowitz, is there anything that you would like to ask or add to this panel before we move on?

JON LEIBOWITZ: No, it was merely-- just for those of you who aren't attuned to nuance, it was merely a compendium of proposals by others. Is that what you were saying, Susan?

SUSAN DESANTI: Yes, that's what I was saying. [Laughter]

Now, why would that be the case? Because the role of technology and media in the United States is changing so rapidly that whether or not we had had a crisis in the newspaper industry, policy written in 1967, for an analog television age, which itself was cautious in its embrace of the television age, is no longer able to serve the needs of American democracy, or quickly add American interests abroad.

So I just wanted to ask a series of questions that I thought might proceed from that observation. If you want to argue against changes in public policy, then it seems to me you have to make a case for the status quo. And the status quo is funding and policy around the Corporation for Public Broadcasting, which, left or right, avid consumer of public media or not, I think it would be difficult to say is adequate to the needs of its audiences in rural America, in reference to education, in reference to coming changes in the delivery of health services, in terms of access and equity.

Do we think that we have a system of funding and incentives in that system that is adequate to the digital changes that are going to shape the access that American consumers have to information about their government, as well as about their health and education?

So I think-- I'm asking these questions rhetorically; obviously, I have views about the answers. But because I think the frame is so often distorted, and that if you're going to make-- and the FTC's discussion draft has generated reaction that is typical of the distorted frame, it seems to me, because it proceeds from the assumption that we have not inherited policy. We have inherited policy. The question is, do we really have a national consensus that the policy we've inherited is adequate to our future needs? And I think the answer is no.

SUSAN DESANTI: Thank you very much, Steve. I'm skipping out of order for a moment to Joaquin Alvarado, who is going to have to leave shortly for his daughter's graduation.

JOAQUIN ALVARADO: Thank you, Chairman. I'll tell her you said so. [Laughter]

I agree with all that Steve has laid out. And I actually commend the FTC for engaging in this conversation. I think it's an important one to have, and I think there's opportunities in front of us. So I'll address just three quick things.

First, we absolutely need to look at the public media policy in this country. Everybody would agree with that, so why don't we go ahead and do it?

Two, the Web is driven, unless it's a core, novel technology, by fan culture, by participatory culture. And newspapers struggle with that, period. They don't have the people inside of their companies typically, and they don't know it. They don't understand

it. And until we bridge that gap, I don’t think we'll get the kind of scale of transformation online that we'd all like to see in terms of preserving journalists and their jobs.

Three, public media, specifically public radio has actually developed a really intense fan culture, where a free service is mostly supported by people paying for what is essentially a free service. And that's membership support around the country. It's taken us 40 years to build it to the point where it's at, and it's not nearly strong enough.

But the ascendancy of NPR and a few of the public media companies out there, who are successful and well governed and well capitalized and able to invest in innovation speaks to the possibilities. If we had some targeted funding, we could do more. If there were incentives from the funding community, not CPB alone, but the entire foundation community, for greater collaboration, we could do more. All of those are achievable right now if we focus on it.

What we have done, or what's in my portfolio is something known as Public Insight, which is about seven years old at this point, but with Knight funding, we are building an open source platform to drive citizen engagement in their local journalism by providing sourcing into stories and feedback and contextualization. And that is heading towards 100,000 citizen participants in what will be 50 newsrooms by the end of the summer.

So we're investing as a company in models that reflect the realities online. We could do more with more funding, obviously.

One just observation though. Funders get away with a lack of clarity. If you are a journalism start-up in a major market, there is going to be a fair amount of competition for a limited amount of foundation funding for these kinds of activities. And until the foundations really create incentives for collaboration, don’t expect to see it.

I'd like to just say I'm the probably relentless optimist in the room, compared to a lot of folks. Yes, there are some problems, but the panic feels really premature to me. And I just look around and see all the wild experimentation going on in methods and business models, and I come out of it thinking we're on the way towards something quite good.

I'm worried about the protectionist proposals that I keep seeing, and I'm glad to hear that they're probably not on the table for the final report, or not likely to be.

I do favor, however, a federal taxpayer piece of a mission that would, I think, have enormous value, not just to journalism -- that would almost be a byproduct, a wonderful one -- but to communications and commerce in a general way. I've posted a long piece yesterday on Salon about this. I won't read it, obviously not enough time. But there are two historical precedents of note. And actually there are many more, but this is in the area of projects that the nation has undertaken.

One is recent. The interstate highway system, which private industry and local communities could not possibly have put that together. There was just no way to do that. And there was a national purpose involved.

The second one goes back to the early days of the republic, which is the postal system, which became the conduit for communications in our early days and was a direct subsidy, in part to journalism, but to a lot of other commerce and media. It was what Bruce Bimber, the political scientist, called the Manhattan Project of communication. Maybe that's something we could do today.

What I'm suggesting is that instead of any direct subsidies, especially for journalism, what we might think about is getting the taxpayers behind putting broadband out ubiquitously to every home and business in America, not doing what seems to be the policy, which is a duopoly approach. Or, if we're lucky, some mobile broadband wireless in there, too. I don’t think that's going to work for many reasons.

as politics and the functioning of government, where the Constitution envisions the media as a watchdog.

As some have mentioned, and I certainly agree with this, I recognize that the history of

the subsidy went, not to media giants like Time Warner, Disney, or News Corp, or NBC Universal, but to start-ups and modest donors.

Even so, the journalist in me requires me to raise the issue of whether supporting serious news coverage, as important to democracy as I believe serious news coverage is, can compete with a wide range of urgent societal needs as pressure to cut deficits mounts. That's a question I'll leave to others.

SUSAN DESANTI: Thank you very much, Paul. Jan?

JAN SCHAFFER: Thank you, Susan. I agree with Steve, that policy needs to be addressed. Just yesterday, in a search of the Web, the US is inviting proposals for $50 million in funding for media programs in places like the Palestinian territories, the Congo, Afghanistan, and elsewhere. I think we need to revisit how and what we want to support, but I do see some valid opportunities for modest government support for the future of news, particularly in areas where bottoms-up innovation is flourishing.

I think much of J-Lab's work has helped to create community news sites. So I'm going to unabashedly focus my recommendations there. We funded 62 new start-ups in the last five years with only $1million to great social return. And I think these proposals that we have received -- we received 2,700 proposals -- reflect a kind of robust reality that was not at all reflected in the draft report, which is that hundreds of communities right now are getting news and information about their towns that they have never received before, not even in the heyday of American journalism. They are rural communities, they are bedroom communities, and they are suburbs of metro areas.

Moreover, I think investigative journalism is undergoing a rebirth in discrete non-profit projects. According to a report last year we issued, they are the darlings of the foundation world, receiving more than 50% of the grants that we have tracked since 2005.

So who's generating much of this news? Well, sure, some of it's citizen journalists, but a lot of it is independent journalists, no longer associated with the mainstream newsroom. Is all the journalism going to make up for what we lost? No, not yet. Will the projects be sustainable? Time will tell. I think those that are good stewards of their communities, or their niche areas will probably be sustainable.

But we think that the government should consider some modest support in this area, because we think there's a bigger social return to be gained. We think the government, and I agree that major taxes for funding journalism is a no-brainer. But we think it's fair to consider some public support for public participation.

And we suggest that a lot of the new participation in media is a new form of civic 0.0003 Tc -0.0rwp( )Tj8j0.00l. I thirc1guation.

We'd like to see these projects be supported with a public media participation fund. And frankly, I'd like to see it accompanied by an ad campaign, a public service ad campaign to make it cool to be a community watchdog.

It could be funded with a buyer tax, say a dollar, on each cell phone, laptop or TV purchased. Manufacturers could be asked to match these contributions, enticed with tax deductions if necessary. This could create a media pool of as much as a half-billion dollars that could fund start-up operations.

We also, and I agree with Paul, urge the use of tax credits to support these new forms of journalism. Allow news contributors to receive a tax credit for their civic media work. Allow mileage deductions for citizen reporters at a rate of 50 cents a mile, instead of 14 now allowed for charitable operations.

And finally, I think we also would urge the Corporation for Public Broadcasting to be recast as the Corporation for Public Media.

And as a condition of taxpayer support, we urge the government to require that public radio and television stations demonstrate very active collaboration with quality local news sites. How? Through content sharing, licensed content, microgrants, or serving as fiscal agents or providing co-working spaces for journalism start-ups in their communities. Local broadcasters could be the hubs of local news networks if we incentivize that.

We very much suggest, keep it simple, keep it modest. Nurture innovation and go for high social return. Thank you.

SUSAN DESANTI: Thank you very much, Jan. And now I'll ask Gil Klein to please--

GIL KLEIN: Thank you very much. In 2008 and 2009, the National Press Club sent me across the nation to hold forums on the future of journalism and how to protect its core values. I felt I was one step ahead of the Grim Reaper. At every stop I said I was there to hear ideas of how to transform the news business. And the reply was always the same -- "We were hoping you had come here to tell us."

You can find the results of that re

Tom Fiedler, the dean at Boston University Journalism School, was just beginning his program when we held the forum there in October 2008. He reported to me last week that his center is fast becoming an important source of investigative journalism in the New England region. It has provided stories for the *Boston Globe*, New England Cable News Network and WBUR-FM, the NPR affiliate.

It is operating with a grant from the Knight Foundation. He does not favor direct subsidies from the federal government. However, anything the government can do through the tax code to encourage private donors would be appreciated, as would scholarship help for students.

Right here in Washington, at the American University, Dean Larry Kirkman told me last week that the investigative reporting workshop his department the 001 that 001 with PBS reporting 96 513

First, newspaper circulation is declining. People in their 20s and 30s aren't subscribing, so their children may not know what one is. Yet, everywhere I went on my tour, I heard over and over that the printed newspaper still provides the best way to organize and present news, and it still is the best way to raise money through advertising to support quality journalism.

Second, civic literacy and knowledge of current events among our students is terrible and getting worse. This is the basis for our democracy. It can't be shunted aside as a frill in our schools. We believe newspapers can play a dramatic role in improving civic education with the help of the federal government.

When No Child Left Behind is reauthorized, it should contain a civic literacy requirement. And to meet that requirement2ÞDEt3.0018 Tft Bj0s0ill provides the best988 757.044ryaper

employ journalists. They're not looking for answers because they even particularly like newspapers. Many of them have moved on.

I just did the keynote at the International Federation of Journalists event in Spain. Looked out over 300 journalists. I asked how many of them had brought a newspaper into the room with them. Only four had. Virtually everyone had a computer. Or a phone.

And so, the reality is that this is not about a particular platform, and it's also not about a particular craft or way of practicing it. What it is about is making sure that we produce the information that citizens need to govern themselves, and to make sure that that information comes in a free flow from many sources, consistently and at every level.

I was especially pleased to hear someone say today that they were most concerned about the local and state level. That's critical. Too much of our discussion is about great innovations, like ProPublica, that work largely on the national level. We will have sufficient journalism for wealthy people who can afford expensive newspapers and paywalls.

What we won't have is sufficient journalism for the vast majority of Americans if we don’t step in and make innovative interventions in the coming months and years.

To that end, I would suggest just a couple of things. First off, supercharging or funding of public and community broadcasting is an essential step. I don’t propose anything radical or extreme. I would only suggest that we come at a per capita level similar to that to a developing nation, and recognize that the United States has trailed every other developed nation in the world in this regard.

Second, I would recommend that we see broadband buildout as rural electrification for the 21st century, and that we take it to every home. Of course you need Net neutrality. Anybody who would say not is obviously trying to make a lot of money off this game. I

working with not-for-profit, and in some cases for-profit, and particularly educational institutions that are focusing on the area of computer applications, or apps.

Apps are the vehicle by which we, the people, can go into the cacophony of the Internet and get what we want. Unfortunately, the smartest people in the world who are developing apps right now are doing so with the purpose of steering the American people away from news sites and away from news content, and toward advertising. You make your money as an innovator in technology by getting people directly to the commercial content, not steering them through someplace they have to pay to get to the people. The idea of selling advertising is something that the industry now militates against.

So I think that the federal govern

concentrated media in general, because of high barriers to entry, we'd have no barrier to entry now.

So I'm cautious about the idea that we need to be pushing for these bigger things, rather, as Jan has done so well with J-Lab, the more we do to help and have an infrastructure for the small stuff, the better off we'll be.

PAUL STEIGER: The answer is yes, we do have a de facto policy.

JON LEIBOWITZ: And do you think it's antiquated, Balkanized?

PAUL STEIGER: Yes. But I also don't think that the answer is to try to do a top-down--

JON LEIBOWITZ: Well, that was going to be my next question, but go ahead you can answer that.

PAUL STEIGER: Instead of a top-down, creating an orderly government-driven system for news. I think I'm more with Dan on this, that what we have is a tremendous outburst of creativity. And government should foster that, not by trying to control it, but by trying to support it.

JON LEIBOWITZ: So the role of government from your perspective should be pretty limited?

PAUL STEIGER: Yes. And it should be non-directive. In other words, I like the notion of tax deductions and credits way better than setting up big controlling enterprises.

JAN SCHAFFER: I also agree that it's Balkanized, uncoordinated and we need to revisit it, but I would hope that nothing-- that everything else is not put on hold while that

would happen, because you need to be nimble in this environment. And you need to help nurture innovation. And it can't wait.

SUSAN DESANTI: Okay, now we're going to move on to a panel that will talk about the potential for new ownership models. And thank you all very much.

Panel 3: Proposals Regarding Tax and Corporate Law

SUSAN DESANTI: This panel is discussing proposals for potentially revising the tax code, to make it clearer, that there can be non-profit news organizations. And also exploring an idea for a "hybrid model" or a for-benefit corporation, which allows both profit making and a focus on a social purpose at the same time. And of course, everyone is free to talk about anything they want to, in any case.

And we're going to start with Jim O'Shea.

JIM O'SHEA: Thank you very much, Susan. As a lifelong journalist, I should say that I'm leery of anything that involves the government involvement in journalism. But that's not to say that you don't have a role here, and I applaud the FTC for basically tackling a sensitive subject.

I am the editor and chief executive officer of the Chicago News Cooperative. It is an organization that was formed by some journalists and concerned citizens in Chicago to focus on providing this community with high quality public service journalism.

We want to develop several streams of revenue and be self-sustaining within five years. And we've been producing two pages of Chicago news for the *New York Times-Midwest Edition* for the past eight months. And we're in the process of upgrading our website with stories, features, blogs and other things for citizens in Chicago.

remove barriers so that start-ups can achieve this non-profit status with the IRS, or other government agencies, through steps of clarification, and basically knocking down some of the barriers that exist.

And I'd also urge you to bring clarity to the confusion surrounding establishment of the L3C, limited liability low-profit corporations

And I think this is an especially good fit because many of these organizations range in size from small to very small. And to burden them with the complicated lawyerly efforts to set everything right with the IRS may be expensive and onerous.

The political endorsements ban strikes me as not all that problematic in its early form. Certainly, public radio flourishes without making political endorsements. Some traditional newspapers, in fact, are backing out of the endorsements business.

And I do see possible negative effect should that ban be lifted, which is that we're all obviously aware of the presence of big money in campaigns. Dummy organizations taking out attack ads, that kind of thing. I just think it would be unfortunate to open this field to basically politically motivated lobbying groups.

Two further quick thoughts. First of all, I have 25-plus years in the *St. Petersburg Times* organization and Poynter. And I'm certainly not unbiased, but I think that structure -- that is, a for-profit newspaper owned by a non-profit school -- has produced a lot of good journalism at the paper, and some very important support for great journalism and the work we do at Poynter.

But it's a complex form of organization, difficult to replicate, especially in the way that Mr. Poynter chose to actually give his life work and his savings to a non-profit institution. There's not too many folks willing to do that. And it was put together by the best tax lawyers Mr. Poynter could find at the time, and is still sustained by that kind of work.

So that kind of doubles my wish that we make it possible for ventures in this field to do so simply.

drives the price of the advertising down and means that the only players who will succeed in a low-price environment are the ones who don't spend a lot of money on the content.

So for those kind of high level reasons, I'm not very optimistic about advertising-supported journalism. And many of you know why. It's a big challenge to figure out how to get the readers to pay.

So at MinnPost, just one little thing more about background. We've been at it two-and-a-half years. We have now reached the point where we raise more than half-a-million dollars a year from members and donors, about a quarter-of-a-million dollars from advertising. Non-profit, okay? We're spending over a million and we make up the difference from foundations.

But we are trying to get to a point, in a couple of years, where we can break even without foundations, and use foundation support only for special projects. Not all my peers have that goal, and I'm not saying they should. But we're trying to figure out if that could be done.

To me, the most important thing that a government could do is the thing that Rick was talking about, is to clarify that publishing is an okay non-profit activity. We got our 501(c)(3) status, but we had to write on the form that we were an educational institution, or that at least we were an institution whose purpose was educational.

Well, we're a publisher, okay. And we're a non-profit publisher. I'd like to be able to just put that on the form and leave it at that. I would like it to be clear that we can accept as much advertising as we can sell.

We do sell advertising, but many of my peers, as I talk to them around the country at the local level, are afraid to sell advertising because they don't know whether-- MinnPost is going to be challenged by the IRS because we're doing that.

We also accept political advertising. We accept advocacy advertising. We're taking the view that we're a non-profit publisher. It would be nice if the IRS would just make it clear that that was okay.

I think it's imperative that the IRS do this, because non-profit publishing is going to become a bigger and bigger source of serious public affairs journalism, and those kinds of rules ought to be cleared up.

I don’t think it's critical that we be able to do editorial endorsements, but I do think it's critical that it be clarified that when individuals write for us and take advocacy or political positions, that doesn’t endanger our status.

We ran an op-ed type piece by somebody explaining why they had switched-- after John Edwards dropped out of the race, why they switched-- a woman, why she switched from John Edwards to Barack Obama, instead of to Hillary Clinton. And we got somebody who complained to us that running an article like this from a person in the community, it was a violation of our 501(c)(3) status. They didn’t challenge us on it, they just warned us.

But as I said, we've been aggressive about this, but I think it's very important that rules about that be made simple and clear, that non-profit publishing is a legitimate 501(c)(3) activity, and that as long as you're structured not to make monTdhnd thTJ0.0003 Tc -0.001 ihBT/Am222

government should consider some content-neutral measures." And it listed a number of tax measures.

And it did not publish a memo that we received from a woman named Stephanie Hoffer, who's a professor at Ohio State University, but I am going to hand it to you, because she has six very interesting proposals in the area of tax reform, several that were mentioned by the previous people here in terms of protecting non-profits and the need for clarity.

But suggested state sales tax exemptions for subscriptions. Tax credits for investigative journalism, which I personally think poses a problem of how do you decide what's investigative journalism and have the government in that.

She talked about the L3C, but also something called the community interest corporation that Great Britain uses, which she thinks has greater clarity than the L3C. It's something you might look into and recommend.

But the last three recommendations are ones I'd really like to point out. And they really go to the role of non-profits emerging in this competitive and experimental marketplace that's arising in new journalism.

The first would be to have a full, or at least a 50% deduction for a contribution of a journalistic enterprise to a non-profit. Today, I think it's 30%. We should suggest that.

And what she suggests is that you consider a Section 1033 Exchange, which is like, as if Congress made you give up this property and in exchange-- what the tax treatment for that kind of transaction is, is that you defer your gain as long as you invest in a like property. So if somebody sold to a non-profit, they could then reinvest in some kind of media stock or whatever they want to do, and they don't realize a gain until they sell that subsequently.

So the point is to put non-profits on the same footing as for-profit organizations in the sale or acquisition of a journalistic enterprise.

And the last item being that you consider tax-exempt or tax-reduced bond financing for the non-profit acquisition of a journalistic enterprise. Again, this would be-- it really goes to non-profit law and tax treatment, but it tries to allow these non-profits to get into this business, where I think they're headed.

And especially as we see some of the public service media expanding, which is what we're certainly hoping, as they get into more interactive and expanding their operations and starting to bring in more and more journalistic people and enterprises, that it's important that they get an opportunity to be treated equally to the for-profit sector.

SUSAN DESANTI: Thank you very much, Charlie. I'd like to just clarify one thing for the record, which is when Charlie was referring to the Commission, he was referring to the Knight Commission, not the Federal Trade Commission.

And also, I'm going to turn now to Heerad Sabeti, who has been working for a long time on this issue of for-benefit corporations and what might be necessary to make them possible. This is a much broader movement than has simply to do with newspapers, L3C are only a small part of this. I'm hoping that Heerad can educate us some on this today.

So the focus of this panel is to talk about organizational forms, and I think directionally the proposals that are outlined in the draft make a lot of sense, and the idea of applying fourth sector approaches to journalism and news organizations makes a whole lot of sense. But I'm not sure the specific approaches that are outlined in there are necessarily the right ones. They may well be, but I'm not sure we have enough information and there's been enough basically analysis to know.

On the plus side, these hybrid forms, I think, hold great promise for the future of news organizations. They can bring new sources of capital on more suitable terms. And they can go a long way towards eliminating or reducing bias in journalism because of the structural sort of incentives inherent in the models. But I don’t think they're ready for prime time.

A lot of the corporate forms that have been cited in the document, that have been recently adopted by different states -- L3Cs, flexible purpose corps, benefit corps, and others -- are relatively nascent and untested. And none of them were basically designed with journalism in mind as an application.

I do think though that directionally, as I said, fourth sector models merit more investigation. And my suggestion would be, in addition to looking at the surgical changes to the tax code, to PRI statutes, and so forth, that are outlined, that we sort of step back and take a more comprehensive look at the application of new organizational structures to journalism.

So basically, you would assemble a pretty diverse set of experts. You look at emerging business models. You look at the policy in capital markets and other sort of landscape infrastructure around those models. And you do an analysis of what kinds of-- if we're going to design the optimal sort of class of organizational structures, for-benefit organizational structures, tuned to the needs of news organizations, what attributes would

that class h

I also share the concern that at conferences such as this -- and this is not a criticism of the FTC, it's a general observation -- tend to lack diversity, and are particularly underrepresented with respect to the interactive nature of the evolving technologies. People upload and download, and new institutions need to be defined, taking those factors into account.

With respect to what's been said, let me try to pull a couple pieces together. The Internal Revenue Code is, for good public policy reasons, rather inflexible, and the Internal Revenue Service is rather inflexible about how it enforces it. It is resistant to change for good reasons, from a broad public policy standpoint.

However, as a practical matter, the obstacles that the Internal Revenue Service pose to getting non-profit, as well as for-profit, limited profit journalism ventures under way are considerable. Reference has been made to PRIs, or program-related investments. The problem is that a foundation or a philanthropist faces great danger in going ahead and funding something in the absence of a blessing from the Internal Revenue Service. If retroactively, IRS disallows a program-related investment, the penalties and the tax consequences are dramatic.

So the philanthropic sector and the for-profit journalism industry, for reasons I'll explain in a second, need to step up to the plate. We need legislation and we need an aggressive new way to help accommodate the tax code to promote the future of journalism.

I do want to speak again specifically to something that has been referred to several times, the L3C corporation model. This is a way to help benefit for-profit journalism. L3C low-profit limited liability corporations permit the creation of classes of ownership. So you can take altruistic investors, local philanthropists, people who are committed to their community, who are willing to take a lesser rate of return than they might otherwise get through a program-related investment in a journalistic entity. And they can combine that

ownership with more traditional investor and bond holders who are interested in a market rate of return through a corporate model that combines those ownerships.

The Internal Revenue Service is not going to let this happen, is not going to recognize the states where this is being done in the context of journalistic ventures without intervention.

So I think that we need to make reformation of the tax code, with full involvement from both the for-profit journalistic sector and the philanthropic sector, a major priority. Thank you.

SUSAN DESANTI: Thank you very much, Andy. And I'm going to thank everyone on this panel and invite the last panel of the day focusing on lower costs of journalism to please come up.

Panel 4: Proposals to Lower the Costs of Journalism

SUSAN DESANTI: Thank you very much. We're going to start talking about ways in which to reduce the costs. We've been talking about different revenue sources. Now we're talking about how to lower the costs of journalism.

I first heard about these kinds of ideas in connection with Jay Hamilton, who was doing a lot with-- what is it that you call it?

JAY HAMILTON: Computational journalism.

SUSAN DESANTI: Computational journalism, and I thought what on earth is that? And Jay will no doubt speak to that later. But today, we're going to start with Jonathan Miller.

And as I was saying, I did invest in Semantic Web companies and things that are called CMSs, content management services, and things like that. So I've been trying to crack this in a lot of different ways. And I don't want to take everybody's time, but I have one suggestion that-- with a company that I was involved, am involved in, it predated News Corp. I've been there 14, 15 months. So I had some investments prior to.

It's a company called Vencore and it's around another emerging technology, collaborative innovation. I'm not here to talk about the technology, but what we did was, it's a commercial platform and it puts together people who may have ideas around certain companies or technologies.

But the relevant thing is we have gifted that technology. We created a dot-org, in addition to our dot-com. We have gifted that technology to the US government, first being used now through the DOE and the Department of Transportation as well. And the General Services Administration process has blessed it.

But the point is, we took this, and in essence we're open sourcing it and giving the non-profit aspect and use of it to the government so that it can be used more broadly in support of hopefully many good endeavors.

But I wonder, related to the stuff that's in the briefing, and the different kinds of things that could be done, there are probably many technologies and technology organizations out there that if it was going to be-- if those technologies were going to be used for the future of journalism, support of journalism, companies might be very willing to see that open sourced, and therefore provide a low-cost base for many different processes that could take place.

I personally don't believe the government should be anointing the winners in that, per se. So I think there's a level of interop that would need to take place. But there are many different technologies around content management, things like Semantic Web, things like

storage, and all of that kind of stuff that I think could greatly enhance, that could lower

The change of technology has not stopped. We have only begun to see the creative contributions of the generations who've grown up with this technology. And I think that's a hugely important point. Most of this discussion is being had by people who are only familiar with the old models. And we are distinctly uncomfortable, most of us, I think are distinctly uncomfortable with the new models just because they're different. So I think we have to keep that in mind.

To me, it is statistically illogical to think that this will not ultimately yield a richer journalistic ecosystem. It is currently chaotic and filtered and awkward, no question. But the potential is clear, and I think the potential is vast.

I would suggest that the real question, for those of us in the news business, is not how do we prop up old media models, but how do we guide and harvest this bounty of expression and participation? To me, the successful news entities of tomorrow will be those who develop the skills to manage and vet and source and present content from the hundreds of thousands and millions of those who are willing to contribute and participate in the journalistic ecosystem.

Salon alone has a network of 100,000 bloggers that we've begun to leverage and is now a significant contributor of our content. This is only one aspect of the innovation that I think both old and new organizations must explore as the next-generation news models are pursued.

Most of the proposals discussed today, and I think most of the ones that make us most uncomfortable, or me uncomfortable, particularly those relating to copyright, antitrust and government funding, are driven largely by traditional news publishers.

However, the decline of the print model should not be the issue here. The real question is, are we seeing a substantial and long-term reduction in the corpus of journalistic content? And if so, what might be done to address any deficits and coverage?

And I think the answer to that is far from clear. And I think we have to be careful about grand statements that the market has failed. I don't believe that's the case at all. It may fail in certain areas, and even then I don't think it's clear to what extent that is actually the case. And I think it's dangerous to draft public policy absent very thoughtful audits of what precisely has gone missing, and in what quantity.

Such audits have not yet been done, to my knowledge. We simply are making, I think, fairly general statements. I'm looking for audits that consider non-traditional as well as traditional sources of journalism, audits that make notes of positive as well as negative trends. Let's understand the precise deficits and then craft surgical solutions to those deficits.

But for the most part, when I look at newspapers that I've seen over the last decade, 95% of what we've seen in traditional metropolitan papers, you can find in greater quantity and depth from other sources online today. Is there a portion not there? Absolutely. But let's figure that out, let's understand it in detail and address it accordingly.

To the question of journalism at lower costs, I would offer the following:

First, I think we need to recognize that the world of online publishing demands a rethinking of every aspect of the business, from the business side to the editorial side. From the design of the news product to how we gather information to how we process it on a daily basis. Frankly, outside of new ventures, for the most part this has not yet happened.

And so, I think when we express concern about the decline of the business models, we have to recognize that we have addressed the overall structure of the news organization to fit the models as they evolve, instead of trying to force fit the old model into the new world.

Being an effective news operation also means an aggressive consideration of how we leverage new participants in the ecosystem. At Salon, for instance, we consider search engines and aggregators, for instance the likes of Google News, as opportunities, not enemies. To me, a headline and a snippet in Google News is the equivalent of the

more complex world. Hugely important, and I don't think it gets as much focus as it needs.

We endorse any and all efforts to stimulate innovation in a platform-neutral, content-neutral fashion.

We do not support antitrust exemptions to allow collaborations on pay models. It would, without doubt, have a harmful effect on the innovative efforts of entrepreneurial new players.

We do not endorse changes in copyright law. We don’t see the public benefit, and it is largely antithetical to a journalistic ecosystem that is layer upon layer of derivative work.

Last, the exponential increase in Internet publishing is referred to as the long tail. There has always been on the tail of the curve of participation, but it used to be a whole lot shorter. The tail has also typically been a major source of journalism that challenges those in positions of power, because they're beholden to no one.

I think this is a very important consideration. Think back to the legendary muckraker, I. F. Stone. His audience was tiny, several thousand at the most. But his indirect impact on the news agenda reached far beyond his circulation. Think of I. F. Stone as the prototypical blogger.

We have created the most open and accessible communications infrastructure the world has ever seen. The potential for journalism's future is huge. But it'll be a far more varied ecosystem than we currently know in every way -- in how it's supported, in how it's operated, in who gets to participate.

And as a result, it'll likely be uncomfortable for those familiar with the more structured model of the past. Let's not let that discomfort

One of the things that we also believe would be important in the FOIA recommendations is that there be training for people at all levels in how to administer the documents for the people who are requesting them.

We also think it's wise to begin thinking about ways digital government information can be organized for search by humans as well as machines. The proposal to collaborate in the development of a common taxonomy of metadata and tags for government information, we believe is the right idea at the right time.

In fact, as API looks to its future and the best role it can play in serving the needs of news organizations, we've considered the need for a non-profit research and development consortium that would pursue advancements in communication technologies and help the news media integrate them into their operations.

The concept is based on CableLabs, the successful R&D partnership in the cable television industry that developed common standards for the set-top box. We see developing metadata standards and a shared tag vocabulary as a part of this initiative. Others, most notably Associated Press and most recently a group of Midwest publishers and state press associations meeting later this month in Missouri, are addressing metadata as a way to track and archive content for research, historical and commercial purposes.

Other government agencies have tackled taxonomies, particularly as they relate to scientific information, and the time has come to apply the new rules to civic information, and this proposal has particular merit in our regard.

The costs involved in all these proposals are part of doing business in this transformative digital age. When all these proposals do is promote a culture of openness and transparency, which we applaud, lowering the cost of journalism is a side benefit. All Americans, not just journalists, have come to expect that information of all types be

accessible and delivered in the format they can use. The real impact of these proposals comes from using the latest digital tools to empower and inform American citizens.

SUSAN DESANTI: Thank you very much, Mary. And now, Jay Hamilton.

JAY HAMILTON: Thank you. Lowering the cost of discovering stories is a content-neutral, platform agnostic way to support accountability in journalism. If you think about it, government already funds the development of software tools that are related to public goods in fields such as national security and education. And the same logic of supporting public goods in positive externalities should lead agencies to support efforts to lower the cost of reporters who are covering public affairs.

There are many great ideas in the draft working paper, such as support for the transparency, movement to push raw data to the Web, many improvements in the FOIA process, and regularizing the release of information that has often been requested by journalists.

On this panel, I'd like to make two additional points that aren't in the working paper. The first is that journalists are often interested in administrat1(l-F-1.725b1(journalists ar)4(e of)4(ten int4uu

example, if you think about optical character recognition challenges, such as hand-written responses to forms, often with redacted information, that greatly hinders your ability to scan and analyze financial disclosure forms, crime and punishment records, administrative records.

Or if you think about the hundreds of hours that city council meetings or recorded court hearings or state legislative committee hearings or floor debates, it's very hard for you, if you're a reporter, unless you're willing to sit through that, to find the particular part of the debate that you're interested in. And it's hard today to create transcripts of those meetings because of difficulties with multiple voice automatic transcription software.

And then if you do have a text in a transcript, you often face further challenges of name and entity recognition, or topic clustering, or sentiment analysis.

So today, if I had a stack of 100 documents and I told you that they were dealing with the war on terror, the government has already funded software to help you pull information out of that. They funded great work at Carnegie Mellon and Georgia Tech, many other universities.

And if I said I've got a stack of recordings and they happen to be in Chinese or Arabic, the government has funded great software to help create automatic transcripts of that and pull information out of there.

But if I said I have a stack of documents and they deal with pensions in California, or they deal with contracting in Alabama, or they deal with oil and gas regulation in Louisiana, we don’t have the software for that readily available to reporters.

There are many government agencies, including the NSF, the National Endowment for Humanities, the National Archives and the Library of Congress, who are developing tools

to do great content analysis and to help you pull information out and make sense of what government is doing.

And I'm hoping that some part of the government, it could be the FTC or it could be the FCC, some part of the government will serve as a focal point to help those agencies realize that what they're really trying to do could also help journalists hold government accountable.

SUSAN DESANTI: Thank you very much, Jay. Next we'll move to Kevin Harold.

KEVIN HAROLD: It's always good to be one of the last guys before lunch. [Laughter] I'll try to keep this as quick as possible.

The section of the document that I was looking at had to do with maximizing an easy access of all the government information for journalists, making it interactive, tagging it and leveraging other government IT resources for journalists.

And I would endorse almost all of the proposed ideas in the document. Not so much because I think they're going drive down the cost of journalism, but because I think they're going to be the enabler to get to the next level of journalism, where we're going.

Journalism, I think, is shifting from being the pure provider of information to the facilitator of information. We're seeing this a lot now in the blogosphere and it's starting to get more and more talked about than even traditional print operations.

There's a lot of different words for one of these parts-- I don’t mean to describe this next thing as being the overarching thing, but rather as a plank or a part of it. A common name I've referred to it that makes kind of sense to me is data journalism.

And data journalism, by my definition, simply means the object of the journalist is to sniff through the macro and find the story in the micro. For example, NJ Spotlight, that I publish, we work at the state house level, but we only cover those areas we believe are going to have a high impact on local communities.

So if our reporters are looking through the vast corpus of information that's being kicked around in the state house, we want to pick out those mega or macro things that are going to impact Morristown. We want to be able to get through the ocean of data and bring it down to the level where it becomes relevant to an individual living in an individual community.

So the ability to sift through all of this data is now becoming more critical than ever. And the people, ironically, or not so ironically, maybe very apparently, who are best at this are the kids coming right out of college. These people, they're not intimidated by it. And they are more readily adaptable to the tools and work with them without fear.

It's interesting to watch a young person work with a piece of electronic equipment and then watch a middle-aged person do it. The young person will just take it and fiddle with it and go, "Well, I don’t know why I did that." And then they'll keep fiddling with it, and they'll bang it a couple of times until they get what they want.

Because they grew up in a digital world, they're not afraid that a mistake is irreversible. If you watch a middle-aged person fiddle with a piece of electronic equipment, they're afraid. They're afraid of making a mistake, because in the mechanical world, you make a mistake and you'll sheer all the gears off.

We think that moving forward the government's ability to help us access these enormous amounts of data is extremely useful. Again, not because it drives down cost. It hasn’t demonstrated that yet. But that it enables where we need to go as a business entity.

I'll give you one example of this. In Rutgers University, the incoming class, coming in next fall, the next semester beginning, for the first time ever will be-- the white students will be the minority. Hispanics and Asians will be the majority.

Now, if you take an entire constituency, and I believe the census is going to reflect that is happening across the entire citizenry. I think the next census will show that, in the state of New Jersey, the whites are now the minority and Asians and Hispanics are the majority.

That means they have an entirely different suite of information needs. Information needs surrounding healthcare for Hispanics, around immigration, around law, around education are much different than they have been for several generations of whites residing in the same geographic area.

And the same is also true of Asians. That's going to mean, if we can sift through this enormous amount of government output and craft new, more relevant information servings to our audience, this is what we want to do.

One final note. Again, in the corpus of information that was provided to us, there was a passing reference to tools. I think the government does a lot with tools, information technology tools that could be transferred to other sectors. And I'll give you one brief example and then I'll get off it.

The Department of Energy has a site called DSIRE. I think the University of North Carolina actually puts it together for them. But it is a quick and easy to use calculator for people who are contemplating adapting to clean energy, both in the green sense, i.e, conserving energy, and in the energy generation, i.e., using solar or wind or micro hydro, or anything that would get down to the retail residential level.

And this tool is a calculator. And it enables the user to calculate what they're currently paying for electric, what they're currently paying in other areas, and what the state

incentives are. Some of these state incentives are very generous. New Jersey is very generous, and so is Connecticut. And some of them aren't so generous.

So it's another example of if the user had to do that themselves, they'd have to take a night course at MIT and devote 90 days to this. And here they have it.

So those kinds of areas where the government's already producing easy-to-use tools, we would also endorse and encourage. And that's all I have. Thank you.

SUSAN DESANTI: Thank you very much, Kevin. And last, but certainly not least, Alan Bjerga.

ALAN BJERGA: Hi, my name is Alan Bjerga, and I'm a reporter. I do this every day. I was also born in the 1970s. We've had discussion about diversity on these panels. I'm speaking last. I'm standing between you and your lunch break. I appreciate your time.

I'm also the president of the National Press Club, the building, facility that you're standing in here right now, and I hope that you're enjoying your time and getting a lot out of this morning.

The National Press Club has 3,500 working journalists and communications professionals in its organization which is a range from major news organizations with deep pockets, to one-man bands that actually work in the ethernet connections that we've set upstairs this year because we have freelancers who need a place to do their jobs, where two years ago their news bureau was employing them.

So this is real stuff. And the solutions we're coming up with here are to real problems. And I appreciate the FTC for having this discussion here today, because this is important stuff, and I'm glad we haven't lost sight of that and that people are having this conversation.

What we're talking about here is trying to make journalism less expensive, which thus means more accessible, which means more opportunity for people to do good work. And as a reporter, I appreciate that. There is a journalism mythology of the lone journalist who is working doggedly for truth. You see that everywhere from *All the President's Men* to the idea that with everyone being a publisher now, everyone has an access to their own truth.

There is some truth to that, but there's also the truth that it's not often the case that such things can happen. The bad guys will have lawyers who will bleed your organization dry if you are a freelance journalist. Sometimes the government FOIA desk just really can't get around to fulfilling your request. And if they do get around to fulfilling it, it may be very, very expensive. And it could take some time.

Stonewalling, obfuscation and sometimes a simple lack of time can impede the public's right to know and the ability of a journalist and a news organization to fulfill its important civic purpose. So before us we have proposals to lower journalism's costs. I think we can

Once the initial costs were spent, the start-up costs would decline rapidly once more robust systems are in place. Government would be more transparent, the public would be better served. And certainly I think that many folks in the media community can support those efforts.

It's not a pipe dream. Examples abound of governments who actually have made themselves more open, everything from THOMAS being launched in the 1990s, which simply saves you the time of finding bills, to things like recovery.gov today.

There are frustrations as a working journalist though that remain. And since there are representatives of the United States government here today, it may be worth pointing that the biggest, maybe the toughest to eradicate, because it's based on human flaws, rather than technological -- what happens when the owners of data don’t want you to have it?

FOIA, which is meant to give reporters fast access to vital public information is clearly a mixed bag, varying from agency to agency. And I see some of the journalists in this audience giggling or nodding their heads at this. We all have our war stories to tell. Happy to share them with you.

It's still too easy for someone, and I found this especially when I was a beat reporter in Sioux Falls, South Dakota, and Wichita, Kansas, folks in offices who should give you information just simply aren't going to because they aren't informed of the rules. And as soon as it seems this clarity is mandated, a new technology or a new exception comes into play and creates another barrier.

Just as the quality of a story is only as good as the information received, so will the openness of giving this information only be as great as the demands of a society that that information be available.

And that's the point that I would like to make, and this actually is appropriate for rounding out this session. So I'm glad I'm speaking last here.

Ultimately, the question of making journalism less expensive through being more open via the government isn't necessarily an economic question. It's often a social and political one. If people want it, if people understand and value good journalism, federal, state and local governments will fund these initiatives and create them.

If they don't, journalists will bang their heads against closed doors. A few always will get through. Good work will continue, whether by pluck or by luck. But that will mainly serve to further the myth. The reality for news gatherers and the public will be much more painful.

And with that, enjoy your time at the National Press Club. Thanks.

SUSAN DESANTI: Thank you very much, Alan. Well, I really appreciate everyone who's spoken this morning. We will reconvene here at 2:30, after the National Press Club luncheon. And please join me in thanking everybody who has spoken this morning. [Applause]

Begin Panel 5

SUSAN DESANTI: I'd like to begin the afternoon by noting for you that the OECD issued a report yesterday on the future of news and the internet. And I haven't read it, but the description says, "It provides an in-depth treatment of the global newspaper market and its evolution with a particular view on its economics, the development of online news, related opportunities and challenges and policy approaches." So for those of you who are interested in these topics, you may want to check it out. The OECD website is www.oecd.org.

Now, this afternoon I'd like to both narrow and broaden the discussion. First, I'd like to narrow the discussion to see if there is a consensus on some of the points I thought I heard this morning. First, in terms of the news coverage that's out there. I think we can all agree that there's more news than ever available online. And people now have access to news, for example, specifically about crimes in their neighborhood on local sites than they might have had before.

But there are still news gaps. And Richard Gingras had an idea that we should do an audit, which is a perfectly sensible idea, but I don't think the FTC can do that. So I'd like to get input from all of the afternoon panelists on where do you see the gaps? Are there gaps, and what are the most important? Is it geographic? Should we think about it in terms of national, state or regional, or local? Should we think about it in terms of the types of journalism, should we think about it in both of those categories and there are different things that are missing. It would really help us to get information input on that.

Second, Jan Schaffer, I think, put it very well in terms of saying that she would encourage government to look at what kind of policies there might be that would encourage or nurture the innovation that is just widespread in the news business these days. And she was contrasting that with a top down government policy versus a government policy that nurtures the grass roots. And I think that's a helpful concept.

What I'd like to know from the panelists this afternoon is do you agree with that, or do you think that there is no role for government here? And if you agree with Jan, which out of the many ideas we've talked about so far today, including new ideas that were put on the table this morning, which of those do you view as most important?

Finally, I'd like to broaden the discussion in the sense of broadening it beyond public policy. We have many people here who have thought a lot about for profit, the business of for profit journalism and what insights can you offer on what you think is most likely to be successful, at least at this point in time.06 Tweo2eahe disultoIpu'en thetapuTj0.0.0015 2 /Paginat m

I think the number of professional journalists covering serious issues in communities is much lower. And the quantity of reporting being done for purposes of that definition is indeed reduced. And that is part of the problem that I was alluding

that be more cost effective? I don't think we've given any sufficient time for the new ecosystem to shape itself. And it will shape itself.

Quickly on what Jan said, I'm largely in agreement with Jan because Jan is one of my heroes on these things. But as with the notion of the infrastructure that I'm hoping we would do and leave it at that, I want to see innovation of every kind, not just journalistic, supported because then that will include the journalistic. And again, I don't see a lack of innovation out there now anyway. My God, look at all the stuff that's going on.

So again, I'll just say that I'm not prepared to-- there's some things that we have to worry about, but an awful lot more I think we have to celebrate.

SUSAN DESANTI: Sri?

SRINANDAN KASI: Well, I think that there are sentiments here that I could pick up that-- and I agree and disagree-- but it boils down to this. I think if you're talking about generating information clearly the barriers are lowered and you can have that across topics, across geographies, across 24/7. But to turn that into something that actually puts it into the context for a community, for a person, providing that social context, I think, is where I think that traditional journalism has done an important role and perhaps is wanting.

If you use the number of professional journalists, it was interesting in a recent engagement of a different kind, I was using an expression such as professional journalism, and they said, "What does that

And it was also an accident of changes in society and culture. The rise of social sciences, the rise of profession, the rise of the empirical method in the social sciences. All these things created the profession that journalists had and define and now try to argue about the value that it creates.

I think that there's no doubt that the value it creates in a democracy is related to its watch dog function. So it may be that forensic accountants can replicate that watch dog function, but I just close by noting, I appeared at this rather odd Senate Commerce Committee hearing that John Kerry held maybe six, eight months ago. And David Simon was there, and Arianna Huffington and a lot of other people. And David Simon brought the house down by saying that this was the-- he pointed to the senators and said, “This is your apex. This is going to be the great era of public corruption. You're in the right profession.”

And Claire McCaskill, who’s a senator, I guess, from Missouri, was on the panel. And she said when she was a public prosecutor, ran a U.S. attorney’s office, I guess, in St. Louis, if I'm remembering it correctly. And she said every day she came to work, and like every U.S. attorney, she had incredibly difficult judgment calls to make about prosecutorial discretion, about the conduct of colleagues in her office, whether or not-- how to supervise them. And she said every time she made a difficult judgment, which is (tiffiss the-- he2

SUSAN DESANTI: Thank you. Joaquin?

JOAQUIN ALVARADO: So, I'd like to just focus on where I think some positive pressure could be applied to sort of me and some of these challenges. I absolutely agree that broadband and its deployment in this country is going to be critical. I think that's an enormously complicated proposition just given where we are both in terms of BTOP stimulus, the market dynamics, the net neutrality issue. We can't hold our breath.

Public media and the question of what is our policy and should the government do more around that I think needs to be contextualized with the fact that it's not a fringe community that consumes and supports public media. It's 40 to 50 million Americans who vote. So we're not isolated, we're actually an important part of the culture and the life of this country. And I think that if you were to make some targeted investments at bolstering the journalistic assets, people inside of public media companies and/or incentivized collaboration with journalistic startups, you could get a toehold that would be significant and realistic and sustainable.

I think that there are numerous collaborations that we can point to all the time. We've collaborated with many people. The system right now in public media is collaborating on what's known as the public media platform, which I'm sure Vivian will talk more about. There's plenty of collaboration going on. We need much more of that. But we have to identify some points. And there is a precedent here I think is important. ITVS is the independent television service. It was created as a targeted bolt on to CPB's funding to support American independent long-form documentary filmmakers. It is a phenomenal success and it produces some of the best long-form documentaries in the world. But certainly tells the story of this country in a significant way and supports American filmmakers. I think something that is narrow scope like that premised on building on top of the existing infrastructure so you don't have to start over, is a really important first step.

I think when you look at baby "J" journalism, a really overlooked part of the ecosystem is, for any of you who live in neighborhoods, very robust. Neighborhood "listserves" that have extremely high utility, extremely high efficiency, high civility, much more than the comments on any blogs. And they are providing a hyper local usefulness that we have not seen before. If anybody were to create the algorithm that would begin to scrape neighborhood listserves, you would begin to develop the patterns that could lead to Big "J" journalism.

So there's a lot of connective tissue here, and opportunities of things that could happen. I think when you talk about innovation, though, people tend to look at applications or new business models. And I think that probably the focus for innovation is really almost more in different processes. So that it becomes how do you define journalism? And is the definition of journalism broken in a way that it doesn't achieve the utility that news consumers need. So it's not just the business model, but are scorecard stories effective? Are false equilibriums effective for us? Is there a better way to serve the needs of citizens in a democracy than what we have been trained to call journalism?

In the citizen media world, a news story is a misdemeanor, not a felony. What does that mean in a community when you start geo tagging teenage drinking parties? Well, there's a whole other kind of thing happening here, whole other different sets of issues that I think we're not paying attention to and we need to pay attention to. I think processes or how do you crowd source stories, how do you get people to pay attention to stories. I think crowd sourcing is how do you define and get feedback on stories?

So, we have to expand the definitions of innovation and I think it will be content sharing and collaboration, will fall under that innovation rubric as well. Let me just leave it there for now.

RICHARD GINGRAS: And Jan, I couldn't say it any better than what you just did in terms of, I think, the need to really redefine things and reconsider the definitions of

And I'm not saying by any means that when I talk about leveraging our 100,000 bloggers that they're going to be investigative journalists. I understand the skill sets of professional reporters and I hold them in aw

and older people and younger people. and the younger people, some of them just out of school, some of them with a year or two under their belt. And the younger people can take a piece of information and they can put it all over the place and it's spellbinding to me. I've never seen anything like it. They can put it on Facebook and this book and that book and all over the place. If I had to do that, I'd be lost.

But if I said to one of them, "All right, go out in the streets of Chicago, the crime capital of the world, governor's in jail, everybody-- and in 24 hours come back with a story," it's deer in the headlight time. They don't have a clue to how to go report a story. And I think that's a big gap and I think it's getting worse. And I keep telling them, "We report, we don't just repeat." And that's a value that I try to instill in them and I'm getting there. But I think that's making the gap in the skill sets and the levels worse.

And I agree with you, I think there's room in this for a lot of different people and a lot of different reporting styles, but there's not room for no reporting. And I think that's a big problem. I don't really find the innovation part of it a problem. I believe very strongly that journalists can solve this with help from other people. And if we, as I said this morning, remove some of the barriers that are inhibiting the ability to raise the kind of initial capital to try some of these experiments, I think some of them can work. And I think the audience is going to change, a lot's going to change. There's a transformation, it is as sweeping as anything I've ever seen.

But it's not impossible. Journalists are some of the smartest people I ever worked with. I mean, they really could figure almost anything out. They could find out some of the most arcane details that I've ever seen. And if they can do that, they surely can solve these problems. They just have to be put in the atmosphere and given the kind of encouragement and not viewed as some sort of wooly-eyed idealists that don't understand how to add two and two. So I think that could be.

And then I think there are models out there. You'd look at an offshoot of the OSI called the Media and Development Loan Fund. They started 15 years ago with $500,000. They

first time they'd ever really felt that they had a role in democracy that was and it was a really revealing and enlightening moment for them.

And I think they'll still have a role to play. But now, even traditional media companies such as the ones that API works with day to day are looking at diverse revenue streams. Is nonprofit journalism the answer? In the short-term, I think it may provide a link to new kinds of business models as creative people keep experimenting with new ways forward. And I think the best role for government now is to make it easier for these nontraditional businesses to succeed.

SUSAN DESANTI: Sherwin?

SHERWIN SIY: So, in terms of where there are gaps, I think it's important, agreeing with a great deal of what I've heard, I think it's important, though, to keep in mind that the gaps aren't necessarily just the gaps that have appeared in recent years through downsizing of newsrooms. There are gaps that have persisted throughout the ages that have just never been served in minority communities and other underserved communities. Not just that, but also in terms of niche communities that have been far too distributed until recently to show a need for coverage of their particular issues.

So I think just in keeping in mind where gaps might be, I think it's important not to just take as status quo a status of a few decades ago and assume that that is the beginning point.

In terms of the role for government, I think one of the things about the caution that everybody is eager to express about the role of the federal government in media is this fear of bias, this fear that the government either will or will have the appearance of having a thumb on the scales in reporting, having influence over those institutions that are supposed to hold them accountable. I think that's an entirely reasonable caution and a reasonable fear. I think it's also a reasonable caution if you're to worry about the

influence of intermediaries other than the government that are involved. I think net neutrality has come up in a variety of contexts, and I think that's another level of insurance that not only government interests, but also larger corporate interests don't overtake or don't influence reporting.

And finally, I think just since I'm here, I suppose mostly to talk about copyrights, I think because copyright is such a ready hammer, it's a very easy tool to grab at when things seem to be going wrong. I think we've seen this happen in cases where defamation really is the issue at hand, where trademarks really are the issue at hand instead of actually copyright. And I think that tendency to reach for that ready hammer is a little-- is a very strong one and one that ought to be resisted.

SUSAN DESANTI: Thank you all very much. I'd like to pursue this idea that Richard and others have introduced of you don't need-- on the one hand, yes professional journalism is very important. On the other hand, there are ways in which citizen journalists or crowd sourcing, or whatever you want to call it, can help. And I'd like to ask a little bit more about that. But before I do, speaking to Dan's point about the watch dog journalism and the forensic accountant to work with citizen tips, one of the things that we heard at our December workshop from Paul Bass, who runs the *New Haven Independent*, an online news site, is that when hi

mind as to how things work. That's very important. But on the other hand, are there some things that you can't really get a forensic accountant to take care of?

So, I wanted to start out by asking you, Richard, you have, I think, what, how many bloggers? But how do you find that you're able to use that in connection with your journalism?

RICHARD GINGRAS: Well, here's what we're doing to date. And I fear that I come off as extremely critical and somehow suggesting that these are easy things to do. They're not. We've not cracked the nut of effectively operating this business. We've made a lot of changes in the last year. We've shaved 35 percent of the cost and increased audience by 35 percent. So we made progress, but we're nowhere close to being there. And it's hard stuff. We don't know the answers. But I know the only way we'll find the answers is to try stuff, experiment, learn from it.

I know the only way we'll get our organization to adopt things is to try things, show them how they work and they will adopt them. Initially, the whole notion of SEO was like saying the very wrong thing at a party. But once they understood what it really meant and how they could simply by careful acknowledgement of search analytics tune what they did to drive usage against the content that they carefully created, they went, "Ah, okay. I get that. We can do that. I like that." My audience goes up. So give them examples, show them how they can be effective and folks will typically follow. Perfectly understandable on their part.

But to the point about the bloggers, I mean the basic way we've started, and there's a lot more we want to do, is we crafted a system that, one, helps us organically through internal signals, surface the better content. It generates, I don't know, five, six hundred articles a day. We don't have the resources to read them and surface them ourselves. So we largely let the organic mechanism surface that. And then we have an editor who does

it, but to get 5,000 people who understand it and who are willing to participate? That's a powerful thing.

And I think that same model can be applied to certain areas of journalism. The school board meetings might be a good example. Can you guide people to actually go to a meeting and report the basic facts and submit it? There are a hundred other examples like that, where there's enough structure to the approach relating to the type of information being covered that it can be reasonably replicated by a reasonably smart individual who's willing to spend their time doing it.

And if there's one thing that the web has told us over the last ten years is people are willing to do things because they like to express themselves and they like the recognition they get. They want to participate, so let's figure out how best to take advantage of that.

JAMES O'SHEA: I guess I'd like to just raise a question about this because the best journalism that I saw over my career usually was often a beat reporter who covered something every day and would see something going on. And the best example I could take would be the police reporter at the *Chicago Tribune* who basically kept watching all the racial mix of people being sentenced to death and decided to take a systematic examination and look at whether a poor black man in Illinois had a greater chance of being sentenced to death. And in fact, it was true. He documented it through painstaking detail. And literally for his stories, not only saved people's lives, but it really kind of-- the parameters of the death penalty debate changed because of some of he coverage that he did. And that took a long time, and it took a lot of work. And I just can't figure out how anybody can do that. That's hard. That's hard work. It's boring, it's dull sometimes. You're sitting there pouring through records.

And I think that's what's disappearing. I think that's what's going away, is that systematic examination of institutions, both civic and government, that it's crucial to having a democracy and having them function efficiently and fairly. And I can't see-- I can see

how some stories could be done in crowd sourcing and all sorts of other things. But that's the thing that's bothering me. That's what I'm afraid is going to go. Give me your view on how that's going to get done?

RICHARD GINGRAS: Again, I'm not saying there are approaches that are perfect for every area. But speaking to that, and looking at approaches to computational journalism, look at the kinds of things that Adrian has done at EveryBlock, for instance, and others are beginning to do as well. Does suggest that in certain areas like that, to the extent that we can get unified access to data and so on, that a lot of that actually can be automated. Again, I'm not saying it's the answer to all of the challenges and all of the things we want to do as journalists. But there are systematic approaches that I think can be effective and people are beginning to explore them.

JAMES O'SHEA: In all due respect, I just wanted to add one little point and then I'll get out of this thing. In all due respect to Adrian, and I know Adrian and I admire what he's done. But that is not--basically, it's reporting without names half the time. There's no detail, you don't know if it's a trend in a neighborhood or what. It's very raw data and they put it up, but it's not reported. And I guess I think-- and that's why I say, nobody has been able to answer the question for me, who's going to do the dirty work?

SUSAN DESANTI: Joaquin?

RICHARD GINGRAS: And I guess I should step out as well, but that's why I say we are very early in this. The one thing I look forward to is like two generations hence. When we get two generations of the folks of the ilk of Adrian Holovaty who've been digging into this and who know it in their bones and can take entirely new approaches, I want to see what results from that.

SUSAN DESANTI: Okay. Joaquin and then Jan and then Andy?

JOAQUIN ALVARADO: So I think we have to be careful when we project that available open data sets is going to somehow solve the data opportunity or problem. You really need to have certain requirements. You need human resources to manage that data, to get at that data, to frame that data. But one thing that we don't leverage very well is in the open source community, open source developers are highly disciplined, do rigorous work in a very destructured, decentralized way and their work is worth billions of dollars, Linux being one of the key often-cited examples. But in content manage, Drupal and learning management systems. Mootal, they all sound a little funny but essentially you've got tens of thousands of coders working on architectures, data and code. So, could we look at building a community ecosystem where the hacker and developer community comes together just like they do with some Anticweb, Meetups or you name it, and it becomes a resource for journalists getting access to public data. Could we require that any federally funded project has to report their data in a certain way? Yeah, we could do that in a state and local level also. Foundations could do that as well, and then everybody else could opt in.

create sponsored blogs which are not identified to pursue particular policy objectives. The BS detector that professional journalists have are not necessarily shared. Covering legislatures, even school boards, understanding that an amendment to substitute a study for an appropriation is a way to get to be able to vote for something and appear to look like you're voting for something when in fact you're against something is not a thing that a nonprofessional journalist will always understand in a straightforward, just the facts, kind of reportage that may happen from citizen journalists. But they work together. There is no question that these new functions and these new distribution mechanisms improve the overall quality and amount of information that's available to us. But they are not substitutes for each other.

SUSAN DESANTI: Thank you very much for an extremely interesting panel. Now, I will ask the next panel to come up, and please join me in thanking this panel. [applause]

End of Panel 5
Begin Panel 6

SUSAN DESANTI: With our next panel, which is going to have one additional person on this, Vivian Schiller will be joining us. And the people on the last panel who are willing to stay until 5:30 will get more time to talk because there will be fewer people on that panel. I think that's fair. So at any rate, I throw out the same questions I did before. But in addition, there was one audience question which is what about the role of journalists as sort of representatives of the public? In a sense, doing jobs for citizens, helping us all become well informed for the purposes of democracy? So I'll put that issue on the table as well. And I'll ask John Nichols to please start.

JOHN NICHOLS: I'm delighted. I think we may have reached the point where the panelists outnumber the crowd. We can take ya! If need be. [laughter] Well, I'm going to come off right where Susan began in a second after I say that I'm just absolutely

delighted by what's happening here and by the dialogue that has occurred. Because we don't all agree, by any measure, but this is such an exciting moment.

A lot of us who are working journalists have argued for a very long time that we need to have rich, nuanced dialogue about the future of journalism and it ought to be done in the context of the future of democracy. These are not unrelated entities. Certainly the founders understood a connection between journalism and democracy.

And that goes right to Susan's question of journalists as representatives of the people. I have been working in journalism since I was 11 years old, always for newspapers and magazines. And always paid a little bit, less now than when I was 11, but the thing that I've been passionate about from the beginning of my time in this field is to never be called a professional. I think that's a horrible word. And I think it is a word that conveys elitism. I think it also conveys some sort of separation out from the community.

I also am equally offended by the term citizen journalist. I think that's a horrific term. Every journalist is a citizen. All of our rights and privileges as journalists, all of our ability to do things extend from our citizenship. We do what citizens can do as well. The only difference is that we have hopefully the time and the resources to do it. And so this dialogue has to always come back to those core questions. How do we assure that the people who practice journalism, whether they call themselves citizens or professionals or whatever, are able to do so in the daytime with their clothes on, not their pajamas, and with a little bit of resources and a little bit of the security that comes from that.

And I think that this is what concerns me so much about some of the-- I'm always fascinated. I transitioned daily newspapers from print to online, I've done these things. I worked for regional and small dailies. And the fantasy that somehow small dailies are doing well is, of course, comic. They're not. They've laid off enough journalists so they can turn a profit, but that's not doing well. The fact of the matter is that we've seen a massive disappearance of journalism in this country as the representatives of people who

are going out and covering meetings that people would like to go to, but maybe they can't do so.

And so yes, we see a diminishing of journalism. And the worst part is the big change hasn't come yet. The years 2000 to 2010 were really a period where advertising left the field. The next big shift is going to be where subscriptions and payments leave the field. Every time an ambulance goes by, it's either somebody who's willing to pay for media dying or somebody who will absolutely be unwilling to pay for media being born. That's just the simple reality. And anybody who doesn't think that is so is probably an awfully lot closer to the person in the ambulance that's going the wrong way.

And so we need to understand that the resources are not going to be there in the traditional forms. And so all of our dialogues, all of our dialogues ought to be about how do we make sure that journalists, whatever we call them, have the resources to go out and do the job in the 21st century, to cover government, to ask questions, to challenge power? If we don't do that, if we don't do that, we will have a very elite journalism that serves very, very wealthy people and gives them the information they need. But this dialogue ought not be about a person who reads the *New York Times, Huffington Post* and watches MSNBC. Or a person who reads the *Wall Street Journal*

VIVIAN SCHILLER: Well, first I want to thank you for not including NPR in that first group that you described with the *New York Times* and the *Huffington Post* and MSNBC.

JOHN NICHOLS: This goes right up the middle, my dear, yes.

else. So I want to put a good word in for editors. They go by many names. Sometimes they're curators, what have you. But at the end of the day, they're all editors.

The second point I want to make is, just to be really blunt, I think where crisis in journalism has become such a cliché, but I'll use it now. Where the crisis in journalism is specifically, mostly not exclusively, but mostly, local and foreign. I really, despite the latest report about how few reporters there are covering every department of the federal government, I'm not too worried about there being a deficit of Washington coverage or economic coverage or certainly coverage of Hollywood or anything else. But I'm very concerned about both the local and the foreign, which is an area that, frankly, public media has started to-- including NPR is trying to fill in because of the shrinking ranks of professionals. And as Steven Coll pointed out, American journalists abroad, I think that's an important distinction, that it is American journalists who are tying what's happening abroad to make it relevant to American audiences.

Two recommendations I want to make in terms of-- although if you drill down they're not wildly specific at this point in terms of the role of government-- I will, perhaps not surprisingly, make the case for continued support and increased support of public

but what David Carr recently in the *New York Times* called the tyranny of small numbers. And the fact is, we've got to be realists and there are so many entities out there that have small audiences and how will they survive?

Now, this does not mean, just to be really clear, I'm not advocating that only public radio should exist, not all of these entities. On the contrary. I think the new not-for-profit startups is one of the most wonderful things that's happened to public media writ large, at least in my professional career. And what I've been trying to evangelize is collaboration and deep partnership, not merger, it's important that there be independent news organizations. But deep collaboration and support between established public radio entities in every community and the new not-for-profit startups.

If I had more than three minutes, I would give you a whole bunch of ways of how that could work and why that's important. But in public radio, like it or not, we have the megaphone and I would like to see us use that megaphone to expand the wonderful reporting that's going out to our audiences to include not just NPR and public radio news and information, but news and information from all of the new not-for-profits. We are beginning to collaborate a lot, but I think at the local level that could happen and it could be very strong.

The very last thing I want to support is something that also, and forgive me that may not have been brought up here, which is news literacy for young people. You know, we focus so much on the-- most of this conference based, I can hear, has been focusing on the supply side of journalism and not the demand side. And there is a critical need for in secondary education, and even in college education, to teach the critical thinking skills so that young people who are the future of our democracy will-- not to tell them, "Oh, you should only read the *New York Times* or listen to NPR or log onto ProPublica," but rather to make sure that they have the skills, are taught in school, so that they understand what it is they're looking at. And I re

But nonetheless, I think it's an important thing for us to support. There are several excellent organizations out there that are beginning to do this. Thank you.

SUSAN DESANTI: Thank you, Vivian. Barbara?

BARBARA WALL: Well, Vivian just mentioned the bricks and mortar public radio stations in the communities that might partner with the new entrants. But let me also remind everyone here that most communities in this country do still have a newspaper and reports of our death, I think, have been greatly exaggerated. As I mentioned this morning, we do, at least at Gannett, we have 82 daily newspapers around the country in 30 states. We do have a plan for monetizing content. It involves with watch dog local journalism at our core finding niche audiences as well, aggregating those audiences for local advertisers. We're reaching 80-plus percent of the adult members of our markets. And with that, we think we have a business. And that business can sustain journalism.

And as I think I also mentioned this morning, watch dog local reporting is what we believe to be our future. And by that, I mean something very specific. It's the accountability reporting people have been pining for in the comments today. And I think rightly so. We think it's important because it's what we have and what's unique and what we can offer that nobody else has. NPR has terrific reporting and they have local radio stations, I don't mean to use you as an example of something, but we have the local reporters, the feet on the street, the editors who know the community, the reporters who have beats, who have sources.

I think it was Dan Gillmor, I appreciated Dan's comment that there's sort of this mythology that local communities were always well covered and now they aren't. And, of

to them

Washington that is specifically geared to them. So, was that a great innovation? As I toured the country, I found this over and over again. The staffs are being cut, but who's ever left has got to blog, has got to do this, got to Tweet and they're getting burned out. I had the St. Louis reporter said he covered a debate and he was required to Tweet and to blog during the debate and then to write the story after the debate. And he said, "There were 14 people following my Tweet. What is the advantage of this?" He said, "I went to the editors and said tell me the economic sense that this makes, that I have to do all this extra work. The quality of the final product is not as good, for 14 people following my Tweet? Where is this making money so that we can hire more reporters?" And of course they can't come up with it.

So, the other thing-- let's see-- so it's hard to get out of the office. People are not doing the type of reporting that they used to, like Jim O'Shea was talking about. I'm also worried about the loss of mentors. It used to be they'd keep a few old reporters around to train the new ones coming in. Now, all those old reporters have got their buyouts and they're in their pajamas and they've got their blogs, but there's no one left training the new reporters coming in.

The Washington bureaus are gone. Cox, Newhouse, Media General, Copley. The Copley Bureau won a Pulitzer Prize by ferreting out corruption of their congressmen. The first thing they did was get rid of the Pulitzer Prize winners and then they closed the bureau completely.

AUDIENCE MEMBER: I fired them.

government may not be highly demanded and news outlets cannot fully monetize the benefits of the costly investigations that they undertake.

I think it's important to acknowledge that the market is less likely to provide ideal amounts of public affairs coverage, especially at the state and local level. And acknowledging this market failure may, in turn, alter how you think about different public policies. And I'll name just two. One is behavioral ad targeting. The FTC has recently hosted three roundtables to discuss the valid privacy issues that are involved on the internet. And one of the topics that they've talked about is behavioral ad targeting, which essentially entails use about your surfing and searching on the internet to target you for particular online ads.

I live in the 27th largest media market in the U.S., Raleigh-Durham, and Yahoo! has partnered with McClatchy, which means that the *News and Observer* in my neighborhood is able to charge a higher ad rate because it's using behavioral ad targeting information that it has from Yahoo!. So, as the FTC does conduct future debates about privacy on the internet, one thing that it should take into account is that that behavioral ad targeting can help provide revenues that help prevent another market failure, which is insufficient provision of public affairs reporting.

A second public policy that's involved here is campaign finance laws. And if you think about the incentives people have to create information, it could be, "I want you to pay me money." That's the subscription model. Or, it could be, "I want to sell your attention to other people." That's advertising. It could be, "I want to change the world by changing what you think about." That's the nonprofit model. It could be, "I want your vote." That's the partisan model. Or it could be, "I'd like to express myself." And we focused a lot today on four of those incentives, but we haven't really talked about the provision of information that's meant to get your vote.

And if you think about campaign finance laws, one way to think about campaign finance laws is that they try to, in some ways, restrict or alter the expenditure of money that is

And the same could be true for newspapers who once did have a very nice monopoly and aren't the most interesting monopoly anymore if one could think of them at all as being a monopoly.

And so let me talk about some of the issues, though, that I think will arise because I do think that we will see some publishers grow quite large. As a participant in the online services industry, I'm acutely aware of all the economies of scale in providing any kind of online service. Just creating a website, creating algorithms to understand the people coming to your website, predicting their clicks, optimizing the use of your screen real estate, understanding your users so that you can sell advertising to them. Understanding them well enough to do behavioral targeting. All these are things that bring a lot of value and that have huge economies of scale. You can have a programmer create a statistical algorithm and that's going to work just as well for one city worth of users or 50 cities worth of users.

And so if we're trying to cut costs, people can't cover their fixed costs. We're going to see a natural consolidation occurring here. There are lots of benefits to being large in terms of participating in an ecosystem as well, especially an ecosystem that has other big players like large ad platforms. If you are a bigger publisher, you're going to get better revenue shares from Google on search indication, you're going to get better terms with ad platforms. You're also going to be able to provide a larger reach to advertisers, which makes you more attractive. You can control waste of impressions by making sure that you don't serve the same ad to the same consumer 50 times. And that's going to make you more attractive to the advertiser base. So these are all things that help you.

You learned the examples from Gannett were very nice. You create a mother's group in one city and it's very popular and then you can take that model and apply it to other cities

And the revenue from auctioning it off for broadband could establish a very significant endowment for public media. It shouldn’t be limited to television, it should be used for all kinds of public media at the local and state level.

The public broadcasting system has done a tremendous job of doing national news, but except for some localities where there are strong chiefly local public radio stations, it doesn't really have the local journalistic resources. But those could potentially be created by repurposing the broadcast spectrum for these uses. And that could be done in stages, first by selling off the white spaces, repacking the spectrum. But then ultimately, I think, getting rid of the broadcast channels all together and monetizing those assets and then using them to support public journalism.

SUSAN DESANTI: Thank you, Paul. Alisa?

ALISA MILLER: Interesting comments across the panel. I'd like to focus on two

So that leads me to say let’s strengthen not-for-profit media. And I know that's a shocker considering I work in not-for-profit media. So as a part of that, I think you can't ignore that more funding for CPB is important, and

However, I don’t see that there is such a model and I don't see any smart, new money going into the business of trying to support high quality journalism, private money. There are many established media companies trying to figure out how to survive and sustain themselves. There are new media startups, but they don’t, in my mind, have a serious focus on high quality, serious journalism. And the reason is it’s not that there aren't smart entrepreneurs out there, there are lots of very smart business people, lots of very smart techie people. But they go to things where if they're in the for-profit mode where they can

KEVIN HAROLD: Thank you. I just have a couple of thoughts I wanted to share. I'm one of the few guys on the panel that's purely from the business side. I'm a publisher, I've been a publisher for a very long time. And just want to share a few thoughts on journalists as opposed to journalism. And then my recommendations for what the government might do to help us out.

I have occasion, and have had occasion over the last 10, 15 years to meet with a lot of recently graduated students of journalism, with degrees in journalism. And I almost always ask them, I'm very curious about what they're teaching because the industry's changed so fast, and always has changed so fast. And I agree with Alisa, it was never that great in the old days. New Deal, it wasn't new and it wasn't a good deal.

Now, the reason we broke the story is because our reporter had covered energy for 30 years and he had sat in on the hearings. The defense of the utility right away was, “No, no, we were allowed, we were given a waiver from the governing body on that.” Our reporter had been at those endless, boring meetings and knew that that was not the case. They had not. If we had used a young reporter or if we had used someone without that experience, we would have not broken that story. So I see the old shoe leather tough guy Mickey Spillane guys with the thing sticking out of their back-- I don't see them going away. I think they're going to play a vital role going forward.

Now finally, and I'll get off this, my final thing on recommendation, what the government may do to help us, we have to access capital. The difficulty in accessing capital is nearly insurmountable. One of the speakers this morning said, “Why are there no VCs in the room?” Because the VCs are not interested in the kind of return media profits are going to give them. So neither are private equity guys, neither are institutional investors. We have to be able to make-- and the bond market did this, other markets did this. Years ago, the tranche-- am I pronouncing that right?-- tranche investing was formed when they wanted to move bonds 150 years ago. So they break apart the instrument to less risky elements. And then they disaggregate it and farm it out to the investors and then reassemble it.

So if the government can help us, I think in the most immediate, concrete way, it would be to help lower the risk of investing in media companies and investing in news organizations. So that's all, thanks.

SUSAN DESANTI: Thank you, Kevin. And Alan, you get the last word.

ALAN BJERGA: Well, that's what I'm here for. It's fascinating, listening to this discussion and all the different pe

shows up is the local newspaper and that person isn't showing up, that is a failure of the market, that is a failure of the community, that is dangerous for democracy.

And there are a lot of solutions here, and no one of the other problems that I discussed are not serious or not real or don't need to be addressed. But when I'm looking at some sort of hierarchy through my own experience as journalist and having had a bit of a career at this point, I'm looking at these proposals, different forms of media organization, the benefit model which is sort of the hybrid for profit, nonprofit, it seems interesting in that that is kind of what newspapers always said they were to begin with anyway. And an organization that might reflect that reality has a certain thought with it.

The expansion of public broadcasting operations into local communities, if that helps a person cover city hall fairly, that's something to look at as well. There are other proposals there to look through and look at. But when I go back tonight and reexamine everything that has been suggested in that document, having had the discussion today, I will be looking at it and asking the question, "Will this change that is being proposed help city hall get covered independently and fairly by journalists who know their communities, that 30 year old guy, excuse me, or 30-year guy?" Thirty year olds can know these things as well. That is how I will be personally evaluating these proposals. Because looking at the hierarchy of market failures and the possible solutions, that is a framework that personally I would endorse people examine seriously going forward.

SUSAN DESANTI: Thank you very much, Alan. And I want to thank everybody on this amazing panel. Today has been fairly amazing in terms of the breadth of the ideas and the visions and the insights. And I would ask that all of you join me in thanking this panel. And then the next panel can come up. [applause]

End of Panel 6

Begin Panel 7

SUSAN DESANTI: The last panel to please join us so that we can perhaps even get out of here before 5:30. Thank you very much. I'm going to hope this last panel will feel free to speak on anything that you think is important that's sort of related to both public policy and the future of news. And I think I'll start with this side, with Charlie Firestone, please?

CHARLES FIRESTONE: Well, thank you and I'm just amazed. This is the real hard core, the people out here. Thank you for staying around. So this morning, I mentioned a couple of provisions we thought would help nonprofits. And what I want to do this afternoon-- that was really representing the views, at least of the Knight Commission and what they hoped that the government would consider, thought they didn't endorse it, any one of them specifically.

This afternoon I'd like to just

Now of those, the philanthropic gifts-- got it right finally-- the philanthropic gifts and possibly corporate underwriting, though that's basically advertising-- but those are available solely to nonprofits. And I would suggest that any time we can get any revenues, any form of revenues, we're in a period where it really is important to get whatever revenues you can, that that's useful. So we should allow and encourage nonprofits as an organizational form.

So what's the difference? That gets to the question of nonprofits competing against for-profits. There's a concern. One group is taxed and one isn't. And on the other hand, the nonprofits who aren’t taxed, and I certainly would endorse a lot of those comments that

SUSAN DESANTI: Thank you, Penny. John?

JOHN STURM: I'm going to be mercifully brief with my comments because I bet you didn't know this Susan, but actually next door in the First Amendment Lounge they're going to have free cocktails at 5:00 this evening.

SUSAN DESANTI: Oh wow, I'm outta here. [laughter]

JOHN STURM: There you go. Seriously. I just want to pick up on a couple of points that actually Penelope and Susan from Harvard in the last panel made, who I'd like to

for anyone who expects to have an advertising return on the web, it's what the advertisers

with regard to privacy. But there is

where people are fully informed and the advertisers can get what

rankly, the consumer al- nk in the long run will actually like the

is essential to the future of online journalism that that be allowed

ourish.

at government has

today's world, especially online, scale does really mean

is going to be consol idation in a lot of these businesses as we

And let us hope that government recognizes the fact that it's a

Last point, I'm just going to tell a story. And that is that even in today's world, with the changes that we've had, good reporting, editing, credibility, and certainly brand mean something. And let me try to illustrate that with a story. During the Iowa caucus primary, Iowa caucus prior to the last presidential election, the *National Enquirer* reported in a little-noted story that a senator from North Carolina named John Edwards was having an affair. That story went nowhere. No one picked up on that. And without going down that road any further, everyone in this room knows what happened to that story thereafter.

Let me suggest this to you. Had that story been reported by the *Wall Street Journal*, the *New York Times*, the *Washington Post*, the *Des Moines Register* or even the *Ottumwa Daily Citizen*, we probably wouldn't have the first African-American president in this country, we'd have the first female president.

SUSAN DESANTI: Thank you, John. Paul?

PAUL STEIGER: I think I will just pick up on where I left off this morning. I was very interested in the last panel to see old friends Andy Schwartzman, who goes back to my time in Washington in the '70s, and Dan Gillmor, both on completely opposite sides on Andy saying there's been a market failure and it's the prospects for serious news are a disaster and snakes will bite us and squeeze us and carry us down into the grave. And then Dan Gillmor, who loves the web. Loves the internet, and the internet will provide anything you need including a forensic accountant so that you won't have to have a journalist. And it seems to me that they're both right and they're both wrong.

them would cover things like the monthly meeting of the open market committee. And in a budget of $100 million, one could do a serious amount of investigative reporting and still serve an audience in a broad fashion.

The *Wall Street Journal* still hangs together as a department store. The *New York Times* still hangs together as a department store. There's some other institutions that are like that. But in more and more cases, people are getting their news just on one floor of the store, from one boutique. And as a result, serious public service journalism, investigative journalism, accountability journalism, is isolated and there's no way to pay for it other than through either government support or philanthropy.

So, what is the answer? I don't think that there is a sort of government economic planning solution. Government imposes a system with public television, radio at the center and maybe a few satellites hanging off them. I mean, first of all, it would take much too much money. Secondly, it would stifle innovation. And third, I don't think the American people would stand for it.

So what are we left with? I think what we're left with is what government can do, and I heard some very good ideas this morning, is strip away some irritants that are not quite on the edges. They can get in the middle of the road, such as outdated antitrust constraints, an IRS regime forcing a 501(c)(3) that requires something that's really in publishing to call itself educational. Seems to me if you said public service journalism or something like that, is a sufficient quality to merit a 501(c)(3), you would solve a lot of problems and make-- you would certainly reduce the legal bills of starting an enterprise like ProPublica.

I am in favor, as I said this morning, of expanding support for public broadcasting, particularly public radio. I've just found in working with them that the potentials are enormous. But I don't think it should go so far that we create these as instead of the thousand pound gorilla, the fifteen thousand pound gorilla leaving no room for anybody

for people to manage their-- for individual journalists to manage their content, to have system-- and I don't want to get too technical on that here, but systems of taxonomies and ways they could be indexed and the search engines much more facilely. And just many, many of these things will become commonplace.

So I think we're on the verge of seeing a lot of that. And as I commented earlier today, I also think there's things that could be done between public and private sector, such as an example I gave of something I'm involved in where we open-sourced some technology on behalf of the government. And as I mentioned, I think many companies would be – investors – would be willing to do that.

But let me describe a couple of things at News Corp. that I think are relevant. One is you got to believe in content, and we do believe in content. There's differentiated levels of content. For example, you could make a movie about ten foot tall blue aliens that could have been really tacky [laughter] and not a lot of people would have come to see it, even at a drive-in. Or, you could invest and you could have a true creative – an artist who believed in a certain technology development that he spent a decade on in quite a brilliant, obsessive fashion. And you could make the highest grossing film of all time.

But content isn't the same. There's a real difference in the product. And someone this morning mentioned Upton Sinclair. Upton Sinclair was great. You know, it was great writing. It wasn't just that he was an investigative journalist, it was great. So I think we have to remember that there's something about great journalism and great content that has value. We can't just discount that, and all content isn't created equal. I think that's an important tenet. And so something that News Corp. in the last six weeks, the *Wall Street Journal* has introduced a New York edition in print, which some people question whether anybody should be doing anything new in print. They're trying to make a great New York metropolitan edition to the paper in print. And, obviously, online as well. We'll see how it goes, but the early indications are pretty good, and frankly, the advertising has been strong.

HEERAD SABETI: Sure, thank you. Well, I'm going to sort of come at this from an optimistic perspective. I think that the internet age will ultimately be really good for journalism. And for preserving all the qualities that we're all very concerned about. High quality independent reporting, the watch dog function, the breadth of coverage, local, and national and special interest, and so forth.

And when I think about the policies that are on the table and the role government should play, I sort of come at this from three different lenses. I think the first category is to dismantle legacy processes and outmoded policy regimes that are based on technologies and business models that are basically on their way out. So this includes the ideas around making government information more accessible and available, rewriting software and so on.

The ideas, though, around copyright, sort of tinkering with the copyright, antitrust laws, I think, give me some pause. I think that's ripe for all kinds of unintended consequences and given the rapid rate at which the landscape is changing, I think these fixes, even if they work, are likely only to work in the short term.

The second role I think I see for government is to provide a bridge through this sort of period of transition to preserve the things that we can't do without. So again, back to quality independent journalism, local coverage and so forth. So there's a slew of ideas providing-- creating a journalism arm for AmeriCorps, the national fund for local news, tax credits for hiring journalists, the university grants that support investigative journalism. So I'm not sure about any of those particular ideas on their merits, but that class of ideas, a bridge for a period of time that temporarily through this unsettled landscape preserves some important aspects of the industry, I think could be important.

And third category I see is for government to support and get out of the way of innovation and experimentation and entrepreneurship. So there are basically all kinds of

long. And I think there's been an excellent agreement on a number of rather measured responses. But I particularly don't think this is a great time for government to jump into copyright, the dispute with aggregators.

And I don't think it's a good time to make big government investments in creation of content. And I particularly don't think it's a good time for government to get in the business of trying to pick winners among the various competing approaches we've heard. If there's one thing I've heard again and again today, it's that the disagreement about the relative contributions and the potential of traditional media, traditional reporting styles and new media, remains unresolved. And it's being worked out in the marketplace and we also heard the claims for public media and the ambitions of public media to play an even bigger role.

But for government to try to pick among these, support one at the expense of the other right now, I think would really be misreading the state of play. It reminds me a bit-- and I'm not going to be able to date this exactly. I think it was the late '80s or early '90s, there was a progressive group that called themselves the Atari Democrats who believed in strategic investments in up and coming industries. And as some of you who may recall, or fill in the blanks, it wasn't so long after they christened themselves this that Atari basically went out of business and was supplanted by other gaming companies. So there are wrong times to try to do that.

I won't go on at any length, I think you know the situation of newspapers. But I'm not sure newspapers are accurately represented in what's reported in terms of how much commitment there is to exploring innovation. Newspapers are certainly much more stable now, they didn't go out of business in droves, they're profitable enterprises. But they have very difficult decisions between doing more for their shareholders, which is a logical thing after the events of the last couple of years, rebuilding news staff, both online and in the traditional print and essentially creating more content, and doing meaningful

I think that as the commission looks at the record that we have compiled, they will look at it very cautiously and carefully, mindful of everything that's been said today about avoiding government entanglement and recogn