

To Protect and Extend Democracy, Recreate Local News Media

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“The moment we no longer have a free press, anything can happen. What makes it possible for a totalitarian or any other dictatorship to rule is that people are not informed; how can you have an opinion if you are not informed? If everybody always lies to you, the consequence is not that you believe the lies, but rather that nobody believes anything any longer.”

■ Hannah Arendt¹

Introduction

The Jan. 6, 2021, armed attack on the U.S. Capitol by insurrectionists who were determined to overturn the results of a free and fair election shocked most Americans, including members of Congress who were forced to flee from the floors of the House and Senate. Not since 1814 had the Capitol been breached so jarringly and violently. The last attackers were soldiers of an invading army. These new attackers were American citizens bent on preventing the Congress from performing the most basic of its constitutionally mandated duties. Where did these people come from? What accounts for their delusional and dangerous beliefs? What could possess them to believe that the 2020 election, which Joe Biden won by more than 7 million votes, had been stolen? And with the embrace of far-right conspiracy theories that spawned the insurrection by prominent commenters and ambitious figures within the high ranks of the Republican Party, how can anyone imagine that this attack will be the last? Or that “Big Lies” will not continue to spread and metastasize in the years to come?

In 2021, the Stockholm-based International Institute for Democracy and Electoral Assistance, which generally has a highly favorable view of U.S. governance, characterized the United States as, for the first time ever, “backsliding” from democracy, alongside nations like Hungary and Poland. As its annual report stated: “The declines in civil liberties and checks on government indicate that there are serious problems with the fundamentals of democracy.”²

What can be done to avert a threat that strikes at the heart of the American experiment?

An accurate explanation for the rise of this American authoritarianism has many elements. Any campaign to purge fascism from the mainstream of American politics will, necessarily, require multiple interventions. But there is one piece of the puzzle that is essential for addressing the crisis: the free press, which has provided the underpinning for American democracy since the birth of the republic.

The essence of the information crisis facing America is not the emergence and dominance of propaganda, baseless claims, and cynical conspiracy theorizing from unidentified and sometimes lavishly funded sources. This tsunami of misinformation, and the extent to which it now permeates our politics, results from the much larger problem, which is the collapse of local journalism as a viable institution in cities, villages and towns across the nation.

¹ “Hannah Arendt: From an Interview,” *The New York Review*, October 26, 1978.

<https://www.nybooks.com/articles/1978/10/26/hannah-arendt-from-an-interview/>

² “U.S. added to the list of ‘backsliding democracies’ for the first time,” *The Guardian*, November 22, 2012.

<https://www.theguardian.com/us-news/2021/nov/22/us-list-backsliding-democracies-civil-liberties-international>

America always had propagandists and conspiracy theorists, but they have not always gained traction. Now, they are doing so because a vacuum has developed in the news deserts of the United States. For the first time in U.S. history, most Americans lack access to what used to be considered their birthright: well-established, competing and accountable local news media covering their communities and drawing the citizenry into public life. The information void created by the disappearance of local news media provides the opportunity for propagandists, charlatans, and enemies of democratic governance to enter the fray and warp public discourse, with the goal of confounding the public and rendering it either powerless or putty for the propagandists.

This point has been long understood. “Men who have lost their grip upon the relevant facts of their environment are the inevitable victims of agitation and propaganda,” Walter Lippmann, considered a main architect of professional journalism, wrote a century ago. “The quack, the charlatan, the jingo, and the terrorist, can flourish only where the audience is deprived of independent access to information.” The inevitable result of a journalism-free environment, Lippmann concluded, was degeneration into a “dictatorship either of the Right or of the Left.”³

In this paper, we propose a solution to this problem: The Local Journalism Initiative (LJI). The LJI will establish well-funded, competitive, independent, locally based and uncensored nonprofit news media in every town, city, and county in the United States

Why emphasize local news media, rather than national news media? The reason is simple: Powerful local news media are the prerequisite for viable national news media. When American national news media were at their strongest, say in the mid-20th century, the driving force was local news media that covered national politics on their own. It is not enough to maintain a trio of competing cable TV networks that feature commentators pontificating in predictable ways on a handful of stories, along with a narrow spectrum of billionaire-sustained national newspapers. A genuine counterbalance to today’s propagandistic clamor of many private and selfish interests requires journalism at the regional and local levels of a vast country where one-size-fits-all reports from Washington and New York will never be sufficient to counter an increasingly sophisticated and targeted spew of misinformation. National journalism requires a foundation of local journalism not merely to flourish, but to exist.

Unless the collapse of local journalism is addressed directly and successfully, it is impossible to see how the threat of a more authoritarian, even fascistic, future can be subdued – or, put another way, how functional self-government and the rule of law can survive. Accordingly, this is a political problem that must be addressed and solved. That resolution must come quickly, before the challenge of answering all the other urgent calls for action – to address racism, xenophobia, political corruption, economic inequality, militarism and a scorching climate crisis – becomes so overwhelming that people lose faith in the functionality or usefulness of democracy.

This is a global crisis, too, both for the survival of journalism and democracy. In its 2021 “Freedom in the World” report, Freedom House surveyed democratic and human rights activists in more than 100 countries to ask them what measures were needed to arrest and reverse the decline of democracy in their nations over the past 15 years. Freedom House noted that

³ Walter Lippmann, *Liberty and the News* (Mineola, NY: Dover Publications, 2010, reprint of 1920 book), pp. 18, 35.

“providing the public with access to fact-based information was a top response,” which the report concluded meant requiring democratic governments to commit to build a viable, independent news media.⁴

In 2021, UNESCO convened an international conference to discuss the “existential crisis” for accountable governance due to the collapse of resources for journalism worldwide, making the case that news media must be regarded as a public good.⁵ Reporters Without Borders characterizes the 2020s as the “decisive decade” for the survival of independent and functional news media.⁶

We propose the LJI as an American solution to an existential crisis. To make the case for the LJI, we see six questions that must be addressed:

1. How severe is the collapse of local news media?
2. What caused this collapse and will the system ever recover?
3. Is the renewal of a free press an issue government should take on?
4. What does the LJI look like?
5. How much will it cost taxpayers?
6. What are some upsides to the LJI?

How severe is the collapse of local news media?

“Thousands of local newspapers have closed in recent years. Their disappearance has left millions of Americans without a vital source of local news and deprived communities of an institution essential for exposing wrongdoing and encouraging civic engagement. Of those still surviving, many have laid off reporters, reduced coverage, and pulled back circulation. Over 65 million Americans live in counties with only one local newspaper—or none at all.”

■ *The Brookings Institution, 2019*

The collapse of local journalism in the United States has its roots in the patterns of media consolidation that emerged in the final few decades of the 20th Century, and then exploded with the emergence of the Internet and social media in the first two decades of the 21st Century. It is now in its final stages, standing at the edge of the abyss after the coronavirus pandemic and the economic crisis that extended from it. Most communities in the United States are now at the point

⁴ Freedom House, “Policy Recommendations,” *Freedom in the World 2021*

<https://freedomhouse.org/report/freedom-world/2021/democracy-under-siege/policy-recommendations>

⁵ “UNESCO calls for global support for independent journalism amid funding crisis for media,” UNESCO, November 17, 2021. <https://en.unesco.org/news/unesco-calls-global-support-independent-journalism-amid-funding-crisis-media>

⁶ Reporters Without Borders, 2020 World Press Freedom Index. [https://rsf.org/en/2020-world-press-freedom-index-entering-decisive-decade-journalism-exacerbated-coronavirus?utm_source=Watchdog&utm_campaign=3291b470b1-EMAIL_CAMPAIGN_2020_04_24_04_58&utm_medium=email&utm_term=0_ffd1d0160d-3291b470b1-100021233&mc_cid=3291b470b1&mc_eid=\[41930be442\]](https://rsf.org/en/2020-world-press-freedom-index-entering-decisive-decade-journalism-exacerbated-coronavirus?utm_source=Watchdog&utm_campaign=3291b470b1-EMAIL_CAMPAIGN_2020_04_24_04_58&utm_medium=email&utm_term=0_ffd1d0160d-3291b470b1-100021233&mc_cid=3291b470b1&mc_eid=[41930be442])

⁷ Clara Hendrickson, “Local Journalism in crisis: Why America must revive its local newsrooms,” *Brookings*, November 12, 2019. <https://www.brookings.edu/research/local-journalism-in-crisis-why-america-must-revive-its-local-newsrooms/>

where there are virtually no paid journalists in competing newsrooms covering governance in a manner that is sufficient to sustain vibrant democratic institutions. Only in a handful of metropolitan areas does a semblance of semi-sufficient journalism remain, and it is invariably carried on by rapidly shrinking newsrooms that openly admit they are struggling to survive. In many communities there are no paid reporters or newsrooms whatsoever. There were virtually no “news deserts” a generation ago, or at any other time in American history; now they blanket the country.

The best place to start to understand the magnitude of the loss of local journalism is to simply look at the data. The relevant financial data comes from daily newspaper revenues, because daily newspapers have done and still do the preponderance of local journalism. Local broadcast journalism generally has taken cues from daily newspapers – and that remains the case in an Internet age when what were once newspaper newsrooms have been repurposed as “digital information” centers. Research has put the amount of overall original local reporting that comes from journalists employed by newspapers or local broadcast media that often feed off daily newspapers at around 90 percent.⁸ The most comprehensive recent study of the role of daily newspapers in local news production from 2019 concludes that they remain, by far, the most significant news producers in their communities, even in their depressed state.⁹ Some of this “content” is still found in print, but increasingly it appears online—often exclusively so. That means newsrooms must rely on digital revenues to survive. We are fast approaching the point where nearly one-half of newspaper revenue is digital. Unfortunately, the muscular advertising and circulation revenues that once sustained multi-section daily newspapers are not being reproduced.

It is vital to consider newspaper revenue in explaining the crisis of local journalism. We understand that not all newspaper revenue goes to pay for journalism, but this is the source from which funding for the preponderance of local journalism flows. If the well dries up, journalism shrinks and then disappears at the local level.

One way to measure the status of journalism is how much is being spent on it as a percentage of the Gross Domestic Product. For generations, as the economy grew, budgets for local journalism increased proportionately. Local journalism was a major employer and economic sector through most of U.S. history.

⁸ Research shows that the number of original news stories produced by the *Baltimore Sun* decreased by 73 percent between 1990 and 2009...but the Sun still provided the majority of all original news stories in Baltimore in 2009 and the local broadcast news which feeds off of the Sun provide almost all of the rest. New “online” media news media did not fill the void in Baltimore whatsoever; the amount of original news just collapsed. And 2009 looks like a Golden Age in comparison to 2021 in Baltimore and nationwide. See Pew Research Center’s Project for Excellence in Journalism, “Study of the News Ecosystem of One American City,” January 10, 2010.

<https://www.pewresearch.org/journalism/2010/01/11/how-news-happens/>

⁹Philip Napoli and Jessica Mahone, “Local Newspapers are suffering, but they’re still (by far) the most significant journalism producers in their communities,” *Nieman Lab*, September 9, 2019.

<https://www.niemanlab.org/2019/09/local-newspapers-are-suffering-but-theyre-still-by-far-the-most-significant-journalism-producers-in-their-communities/>

**Annual combined circulation and advertising revenues of U.S. daily newspapers
as a percentage of GDP (includes digital revenues)¹⁰**

<u>YEAR</u>	<u>Percentage of GDP</u>
1956	1.016 percent
1960	0.974 percent
1965	0.869 percent
1970	0.777 percent
1975	0.721 percent
1980	0.709 percent
1985	0.757 percent
1989	0.722 percent
1995	0.600 percent
2000	0.578 percent
2005	0.462 percent
2010	0.238 percent
2015	0.172 percent
2018	0.123 percent
2019	0.110 percent
2020	0.095 percent

In the immediate postwar decades, and, from what we can determine, for most of American history, the United States devoted around 1 percent of its GDP to daily newspapers. In the 1970s and 1980s, during a wave of newspaper and media consolidation, daily newspapers accounted for around three-quarters of 1 percent of GDP. As anyone who lived through that era can testify, no one was bellyaching during these decades that there was “too much” local journalism. It was during this period that Pulitzer Prize-winning journalist Ben Bagdikian published and regularly updated his groundbreaking book, *The Media Monopoly*, which warned the accelerating consolidation of corporate ownership of news organizations was undermining journalism at all levels, and especially locally.

The collapse accelerated through the 1990s and early 2000s, and the bottom fell out with the emergence of social media 15 years ago.

The pandemic has only accelerated the process. Jon Schleuss, the veteran journalist who heads the NewsGuild-CWA union, characterized COVID-19 as an “Extinction Level Event” for what remains of American journalism, and for every institution that relies upon journalism.¹¹ All signs point to the percentage of GDP accounted for by local newspaper revenues will be at an all-time historic low in 2021. Based on the trend line, it is unimaginable that the pattern of job losses in existing newsrooms will abate, not to mention reverse, unless we adopt a bold new system.

¹⁰ Sources: <https://www.pewresearch.org/journalism/fact-sheet/newspapers/>;
<https://www.measuringworth.com/datasets/usgdp/result.php>

¹¹ For excellent research and analysis on the collapse of local news, see Penny Abernethy, *News Deserts and Ghost Newspapers: Will Local News Survive?* University of North Carolina, 2020.

This is the nub of the problem. While digital technologies reduce production/distribution costs for journalism dramatically, and also provide exceptional tools for doing better journalism — and provide the format for virtually all journalism going forward — there is no substitute for human labor competing and working together to cover communities and produce news. To suggest otherwise goes against everything we know about journalism in the past, the present and the foreseeable future.

The issue goes far beyond just the concern about citizens getting the information necessary to monitor and participate in governance. “We know what happens when a community loses its newspaper,” Elaine Godfrey, a journalist who has studied the issue in Burlington, Iowa, recently wrote in *The Atlantic*. “People tend to participate less often in municipal elections, and those elections are less competitive. Corruption goes unchecked, and costs sometimes go up for town governments. Disinformation becomes the norm, as people start to get their facts mainly from social media.”¹² And as has been well-documented, the collapse of local journalism does grave damage to the vitality of local economies.

But, as Godfrey writes, the elimination of local journalism also reveals “a quieter, less quantifiable change”:

When people lament the decline of small newspapers, they tend to emphasize the most important stories that will go uncovered: political corruption, school-board scandals, zoning-board hearings, police misconduct. They are right to worry about that. But often overlooked are the more quotidian stories, the ones that disappear first when a paper loses resources: stories about the annual Teddy Bear Picnic at Crapo Park, the town-hall meeting about the new swimming-pool design, and the tractor games during the Denmark Heritage Days.

These stories are the connective tissue of a community; they introduce people to their neighbors, and they encourage readers to listen to and empathize with one another. When that tissue disintegrates, something vital rots away. We don’t often stop to ponder the way that a newspaper’s collapse makes people feel: less connected, more alone. As local news crumbles, so does our tether to one another.¹³

¹² See, for example: Danny Hayes and Jennifer L. Lawless, “As Local News Goes, So Goes Citizen Engagement: Media, Knowledge, and Participation in US House Elections,” *The Journal of Politics*, Vol. 77, No. 2 (April 2015). <https://www.journals.uchicago.edu/doi/abs/10.1086/679749>; Meghan E. Rubado and Jay T. Jennings, “Political Consequences of the Endangered Local Watchdog: Newspaper Decline and Mayoral Elections in the United States,” *Urban Affairs Review*, Vol. 56, No. 5 (April 2020). <https://journals.sagepub.com/doi/abs/10.1177/1078087419838058>; Pengjie Gao, Chang Lee, and Dermot Murphy, “Financing Dies in Darkness: The Impact of Newspaper Closures on Public Finance,” *Journal of Financial Economics*, Vol. 135, No. 2 (2020). <https://www.journals.uchicago.edu/doi/abs/10.1086/679749>

¹³ Elaine Godfrey, “What We Lost When Gannett Came to Town: We don’t often talk about how a paper’s collapse makes people feel: less connected, more alone,” *The Atlantic*, October 5, 2021. <https://www.theatlantic.com/politics/archive/2021/10/gannett-local-newspaper-hawk-eye-iowa/619847/> For a discussion of these issues, see also Victor Pickard, *Democracy Without Journalism? Confronting the Misinformation Society* (New York: Oxford University Press, 2020), pp. 159-160.

As Americans increasingly lose their connection and attachment to their neighbors, and their communities, they become isolated, depressed, and defenseless, making themselves easier prey for propagandists.¹⁴

What caused the collapse and will the system ever recover?

“We are, for the first time in modern history, facing the prospect of how societies would exist without reliable news.”

■ *Alan Rusbridger, former editor-in-chief of The Guardian, 2018⁵*

Advertising, which provided from 60-to-100 percent of the revenues for local newspapers, has abandoned journalism. Advertisers, including classified advertisers, were never wed to bankrolling newspapers or journalism; it was simply the price they had to pay to reach their target audience. With the Internet’s mindboggling surveillance capacity, advertisers have found far more efficient, effective and less expensive ways to market their products and services online. The traditional means of placing an ad in a specific medium is passé. Advertisers can now pay firms like Google or Facebook to locate potential members of their target audience wherever they may be online, specific websites be damned. They have eliminated all the “waste” in traditional advertising when money was spent advertising to people who would never buy your product. This explains why online news sites are in the same boat as traditional newspapers when it comes to getting advertising support. They get, at best, pennies on the dollar compared to the glory days of the 20th century.

As advertising declined, newspapers decreased in size and value, and consumer demand understandably plummeted, accelerating the departure of advertisers and consumers. It bears repeating that this is about more than the print paper, however; even on the most dazzling local news website, it is difficult to keep readers from noticing the dearth of fresh, original and relevant content. The shift is now nearly complete, and it means that it is all but impossible to make a profit in local journalism today. “Just at the time that we need an independent, credible journalism — a free press — the business model is being undermined,” said Joseph Stiglitz, Nobel laureate economist and professor at Columbia University.¹⁶

The market has spoken loudly, and we should listen. When the venerable but bankrupt McClatchy newspaper chain desperately attempted to find local buyers even at rock-bottom prices for its iconic newspapers in 2020, it came up empty-handed. Instead, McClatchy was sold to a hedge fund that specialized in laying off reporters. “It’s a sad moment,” a professor of digital innovation told the *New York Times*, “because that tells you that people who traditionally might

¹⁴ Facebook and social media are not effective substitutes for actual local news media. See Brandy Zadrozny, “In a Pennsylvania town, A Facebook group fills the local news void,” NBCNews.com, April 5, 2021.

<https://www.nbcnews.com/tech/social-media/pennsylvania-town-facebook-group-fills-local-news-void-rcna577>

¹⁵ Jill Lepore, “Does Journalism have a Future?” *The New Yorker*, January 21, 2019.

<https://www.newyorker.com/magazine/2019/01/28/does-journalism-have-a-future>

¹⁶ “UNESCO calls for global support for independent journalism amid funding crisis for media,” UNESCO, November 17, 2021. <https://en.unesco.org/news/unesco-calls-global-support-independent-journalism-amid-funding-crisis-media>

have supported local journalism — including people with local connections, local stakeholders — were not there.”¹⁷

Journalism is no longer considered a profitable investment by investors, and the market has delivered a resounding thumbs-down to local news. Indeed, the investors that continue to purchase newspapers, like the hedge fund Alden Capital, are accelerating the pace of the extermination of local journalism. In its latest move, just last week Alden announced its plans to purchase Lee Newspapers. “The model is simple,” McKay Coppins wrote in *The Atlantic*. “Gut the staff, sell the real estate, jack up subscription prices, and wring as much cash as possible out of the enterprise until eventually enough readers cancel their subscriptions that the paper folds, or is reduced to a desiccated husk of its former self. With aggressive cost-cutting, Alden can operate its newspapers at a profit for years while turning out a steadily worse product, indifferent to the subscribers it’s alienating.”¹⁸

After two decades of having investors, tech innovators, desperate journalists, consultants, foundations, and billionaires experiment with every possible notion to create a commercially viable local news media, the verdict is in: Nothing has come remotely close to providing the foundation for the broad-based local journalism that is required to sustain the civic discourse in American cities and towns, let alone the effective democratic governance that is supposed to extend from that discourse. The market has failed, and technology has exacerbated, not solved, the problem of local journalism.

The tragedy here is that there are countless experienced professional reporters and editors desperate to remain active all across the country. They are being forced to leave the field and abandon their careers. And behind them there stand thousands of young Americans who have studied (or currently are studying) the craft of journalism so they might follow in the footsteps of Ida B. Wells, Barbara Ehrenreich or Woodward and Bernstein, only to realize their career choice has a professional future about as promising as that of the members of the International Union of Journeymen Horseshoers.

If the United States does not act soon, it will lose an entire generation of journalists who understand how to do journalism and recognize its manifold importance, along with succeeding generations that are prepared to uncover the facts that people need to know in order to be their own governors. This will be uncharted territory not just for American journalism but for American democracy.

¹⁷ Marc Tracy, “Hedge Fund Takes Reins of Family-Run McClatchy Newspaper Chain,” *New York Times*, August 5, 2020, p. B3.

¹⁸ McKay Coppins, “A Secretive Hedge Fund Is Gutting Newsrooms Inside Alden Global Capital,” *The Atlantic*, October 14, 2021. <https://www.theatlantic.com/magazine/archive/2021/11/alden-global-capital-killing-americas-newspapers/620171/> For research on the specific points Coppins raises, see Jonathan O’Connell and Emma Brown, “A hedge fund’s ‘mercenary’ strategy: Buy newspapers, slash jobs, sell the buildings,” *Washington Post*, February 11, 2019. https://www.washingtonpost.com/business/economy/a-hedge-funds-mercenary-strategy-buy-newspapers-slash-jobs-sell-the-buildings/2019/02/11/f2c0c78a-1f59-11e9-8e21-59a09ff1e2a1_story.html ; Lloyd Grove, “The Gordon Gekko of Newspapers: A Vulture Capitalist Kneecapping Journalists,” *The Daily Beast*, April 19, 2018. <https://www.thedailybeast.com/the-gordon-gekko-of-newspapers-a-vulture-capitalist-kneecapping-journalists>

Fortunately, there is a way out of this morass. There are solutions that grow directly out of the U.S. Constitution and America's magnificent and underappreciated historical record of sustaining journalism.

Is dealing with establishing a free press a government issue?

Without a free press there can be no free society. That is axiomatic. However, freedom of the press is not an end in itself but a means to the end of a free society. The scope and nature of the constitutional guarantee of the freedom of the press are to be viewed and applied in that light.

■ Supreme Court Justice Felix Frankfurter, *New York Times*, Nov. 28, 1954

Because daily newspaper publishing was so immensely profitable in the 20th century, the notion developed that the government had no role in the creation of a robust and competitive free press, except to get out of the way and let the market work its magic. The claim was always absurd, as state and local governments still helped to sustain many small papers with legal advertisements and other benefits. Yet it took hold, even among working journalists who should have known better. As a result, there was fierce resistance to any suggestion that the government could or should step in to assure that Americans would have the information they needed to govern their own affairs.

Now that journalism is no longer profitable, we can shelve this misguided notion and look at the true history of the American free press. That history tells us that the framers were obsessed with making certain a significant press system would develop in the new United States. To Benjamin Franklin, Thomas Jefferson, James Madison, and Thomas Paine, "freedom of the press" did not simply mean that the government would reject censorship. It meant that the government had the fundamental obligation to see that journalism actually existed, that there was something that the government could not censor. A free press required a literate population that had ready access to newspapers. For the first several generations of U.S. history, there was no sense at all that journalism could exist on its own courtesy of market forces without enormous government support.¹⁹

What did the Federal government do to encourage and make possible the publication of newspapers all across the country in first century of the republic? It began by establishing the Post Office, which had as its primary function the distribution of the vast majority of newspapers to Americans until deep into the 19th century. Newspapers accounted for around two-thirds of all Post Office traffic, and over 90 percent of weighted traffic. All newspaper distribution was heavily subsidized — and between 10-15 percent of newspapers were delivered for free — by the Post Office in the first century of the republic.

Postal subsidies for newspapers were a cornerstone of federal budgeting throughout the first century of the republic, and the Post Office was by far the largest and most visible federal

¹⁹ This case has been made most recently, and powerfully, by Martha Minow, law professor and former Dean of Harvard Law School, in her 2021 book, *Saving the News: Why the Constitution Calls for Government Action to Preserve Freedom of Speech*. Martha Minow, *Saving the News: Why the Constitution Calls for Government Action to Preserve Freedom of Speech* (New York: Oxford University Press, 2021.)

department.²⁰ It was the postal subsidy that made newspapers ubiquitous in the 19th century, before advertising assumed the role of being the primary means of support by the early 20th century. As a result, the number of newspapers in the United States dwarfed that found anywhere else on the planet, such that when Alexis de Tocqueville visited the new republic in the 1830s he marveled at the proliferation of publications and speculated about the ways in which they underpinned democracy in America.

The genius of the postal subsidy was that it was content and viewpoint neutral: All newspapers received it regardless of what they published and their political positions. The rare exceptions, including the refusal of southern Post Offices to deliver abolitionist newspapers, became national scandals of such consequence that they earned attention in books such as Harriet Beecher Stowe's *Uncle Tom's Cabin*. The Post Office did not pick winners and losers; it granted virtually free distribution to anyone who met minimal qualifications. It was not only a boon to democracy. It was also the policy upon which American democracy flourished and expanded. Every major advance, from expanding the franchise to opening up the debates that would lead to the end of slavery, was driven by newspapers that existed only because of the postal subsidy.

The postal subsidy declined in importance with the emergence of advertising as a source for the lion's share of newspaper revenue by the end of the 19th century. Initially, this led to a highly competitive market and the creation of more newspapers – in 1900 New York counted its daily papers in the dozens – published in more languages and in more places. Even the smallest towns in the smallest counties had weekly papers with editorial pages that promoted not just liberal and conservative views but everything from prohibition to socialism.

As newspaper markets became monopolized at the local level during the 20th century, newspaper publishing became an extremely profitable industry. But when advertisers jumped ship after 2000, it quickly became clear that the era of flourishing commercial journalism was the exception, not the rule.

And not the requirement.

As Supreme Court Justice Potter Stewart put it in 1974: “The free press guarantee is, in effect, a *structural* provision of the constitution.” (Stewart's emphasis) “The primary purpose of the constitutional guarantee of a free press,” he added, was “to create a fourth institution outside the government that was a check on the three official branches.” It was not, to his view, the *right* of the government; it was the *responsibility* of the government to assure a functioning independent press.²¹

This understanding – that *the first duty of a democratic state is to guarantee that there be an independent and substantial free press* – has been frequently referenced in the seminal decisions of the Supreme Court regarding freedom of the press. In his majority opinion for the 1945 *Associated Press v. United States* case, Justice Hugo Black wrote: “It would be strange indeed however if the grave concern for freedom of the press which prompted adoption of the First

²⁰ Subsidy is a loaded term, suggesting a bailout to dubious recipients. Investment is more accurate, as it suggests a thoughtful plan to create something of importance and value that would not exist otherwise.

²¹ Potter Stewart, “Or of the Press,” *Yale Law Report*, 21, no. 2 (Winter 1974-75), pp.9-11.

Amendment should be read as a command that the government was without power to protect that freedom. ... That amendment rests on the assumption that the widest possible dissemination of information from diverse and antagonistic sources is essential to the welfare of the public, that a free press is a condition of a free society.”

In the 1971 Pentagon papers case (*New York Times v. United States*), Justice Stewart wrote that “without an informed and free press, there cannot be an enlightened people.”²² Or as Supreme Court Justice Anthony Kennedy put it in a 1994 opinion, “Assuring the public has access to a multiplicity of information sources is a government purpose of the highest order.”²³

What does a solution to the problem look like?

State support for media is not a new concept. There are plenty of examples around the world where governments are financially supporting media in the public interest – ideally without wielding editorial influence. Particularly in democratic countries, government intervention to preserve and promote public value dimensions of news and quality journalism is structurally formative.

■ Global Investigative Journalism Network²⁴

After every scheme to recreate a commercially viable local journalism has failed, we return to the condition facing the founders of the United States. They understood that journalism is what today is termed a public good. It is something society requires but that the market cannot provide in sufficient quantity or quality, like education or fire departments or national defense.

This is the public policy imperative facing the United States regarding journalism in 2021: We need the funding to support independent, competitive, professional local news media. That money must come from the government. It is the only viable option at a point when the market has showed that it cannot begin to sustain existing media, let alone usher in a renewal of bold speak-truth-to-power journalism.

Of course, we cannot allow the government to pick and choose who gets the money, or engage in censorship. Any viable policy to support local journalism must allow the people to make of it what they will and trust them in the process of self-government. It is time to stop pretending that can be done without public funding.

²² For a longer discussion of this, see Robert W. McChesney and John Nichols, *The Death and Life of American Journalism: The Media Revolution that will Begin the World Again* (New York: Nation Books, 2010).

²³ Cited in Donald R. Simon, “Big Media: Its Effect on the Marketplace of Ideas and How to Slow the Urge to Merge,” *John Marshall Journal of Computer and Information Law* 20, no. 2 (Winter 2002): p. 273.

²⁴ Paul Clemens Murschetz, “State Aid For Journalism: Should Governments Provide Subsidies to News Media?” *Global Investigative Journalism Network*, August 13, 2018. <https://gijn.org/2018/08/13/state-aid-for-journalism-should-governments-provide-subsidies-to-news-media/>

The very good news is that Congress has begun to turn its attention to this issue and accept that government has a central role in rejuvenating journalism in the United States. In 2021, Congress is giving consideration to the Local Journalism Sustainability Act, which is included in the Build Back Better infrastructure legislation. This measure uses tax credits possibly amounting to several hundred million dollars annually over five years to help existing news media to keep and rehire reporters.²⁵

The core problem is that this approach maintains the illusion that for-profit news media are the essence of a free press, and they simply need a temporary helping hand until their downturn ends, in the face of overwhelming, incontrovertible evidence that the commercial model is dead and never returning. Although it's important and necessary to stop the bleeding in America's newsrooms, getting the newspaper world briefly back to, say, 2017 employment levels isn't anywhere near satisfactory. We must also begin to imagine a viable journalism for the decades and generations ahead. Congress needs a fresh approach that acknowledges the economics of journalism in a post-advertising, post-profit era.

Enter the Local Journalism Initiative. Imagine a stable system that would have numerous competing, independent, locally based news media in every county in the nation, serving all notable constituencies within that county. That is what the LJI is designed to deliver. Under our plan, policymakers in Washington would provide a lump sum to every county in the nation annually based on the county's population to pay for nonprofit journalism within that county.

Once every three years, people over 18 will be given three "votes" on how their county's funds should be distributed to three different LJI candidates based in their county. Why three votes for each person? A main objective of the LJI is to have multiple well-funded news media in every county, so people should get multiple votes. In lightly populated rural areas, several counties could be merged to generate a sufficient population base. In large metropolitan areas, where suburban counties are fully integrated into a broader metropolitan area, counties could be merged if the residents of the counties so desire. In the most populous counties, people may get four or five votes to guarantee diversity of voices.

How the money will be allocated will be determined by people in each county for qualified applicants. To be a qualified applicant for LJI funds, an enterprise must:

- Be formally identified and understood as nonprofit
- Be functioning for six months prior to the election, so voters can see what the applicant actually does
- Be based in the home county with 75 percent of its salaries going to employees based in the home county
- Be completely independent; not a subsidiary of a larger nonprofit group

²⁵ Marc Tracy, "Local News Outlets Could Reap \$1.7 Billion in Build Back Better Aid," *New York Times*, November 28, 2021. <https://www.nytimes.com/2021/11/28/business/media/build-back-better-local-news.html?referringSource=articleShare>; For a response to the legislation by Free Press, see Craig Aaron and S. Derek Turner, "How Congress Can Truly help Local Journalism," [freepress.net](https://www.freepress.net/our-response/expert-analysis/insights-opinions/how-congress-can-truly-help-local-journalism), August 3, 2021. <https://www.freepress.net/our-response/expert-analysis/insights-opinions/how-congress-can-truly-help-local-journalism>

- Produce and publish original material at least five days per week on its website

Those newsrooms getting the most votes get a higher percentage of their county's LJI budget. No single applicant can get more than 25 percent of a county's annual budget, regardless of its vote total. An applicant must get at least 1 percent of the vote to qualify, or 0.5 percent of the vote in counties with over 1 million people. Diversity and competition are crucial.

Everything produced by federal funds must be made available immediately to everyone online and for free. In short, the principle is that journalistic organizations will be paid in advance, and what they produce primarily with public monies will be instantly put in the public domain and made available to all for free. The best check on abuses will be popular voting to determine the recipients.

The process will be overseen by the U.S. Postal Service, with elections taking place online and with print ballots available at or through the Postal Service. This is a renewal of the Postal Service's historic mission of sustaining independent and competitive journalism—a mission initiated by the founders of the American experiment and encouraged by their successors well into the 20th century.

There will be no content supervision by the government, no monitoring content to ascertain that it is “good journalism,” or even journalism at all. The stipulations above will go a long way toward eliminating fraud, and they will be easily enforced. And if people elect to have disingenuous local news media? Just like elections in general, that is a possibility in a democracy. At the founding of the United States, newspapers produced great journalism that informed the debates that framed the American experiment, but there were also scandalous publications distributed by the Post Office that led the great champion of freedom of the press, Ben Franklin, to bemoan the ways in which “the court of the press” could resemble the Spanish Inquisition.²⁶ Frustrated as he may have been, Franklin accepted the bad with the good because this country is premised on the notion that given the opportunity people can govern themselves; it is the risk we must take, because there is no other choice in a democracy.

The ultimate goal of the LJI is not simply to equal the optimum performance of the U.S. press system through history but to surpass it. Even at its best, U.S. journalism has reflected the view of large property owners and the well-to-do, and left dispossessed communities underserved, especially communities of color. One almost certain positive development from the LJI will be that communities of color across the nation will be in a position to have local news media that actually cover the issues in their neighborhoods, towns and cities seriously and thoroughly, produced by journalists from those communities. The LJI makes real a fundamental civil right, one at the heart of the American experiment: the right to a free press that gives everyone the information they need to make real the promise of democracy.

²⁶ Mark Jacob, “News Unchained: More Outlets Going Back to Local Ownership,” Local News Initiative, Northwestern University, July 21, 2021.

<https://localnewsinitiative.northwestern.edu/posts/2021/07/26/increasing-local-ownership/>

The immediate beneficiaries of the LJI will be the numerous local nonprofit news media that have already been formed, often by working journalists, in communities around the nation over the past decade. The LJI will prove to be an oasis for them. It will also make it practical for local journalists to take over dying local news media and convert them to nonprofit status. This is already happening in communities across the country, but often with much difficulty. The LJI would provide encouragement and support for journalists and their communities.

The Poynter Institute recently published a list of 23 newspapers that the Gannett chain—which owns more than 250 daily newspapers and almost 1,000 weekly newspapers in 43 states—had sold back into the hands of local owners. According to Mark Jacob, who wrote about the trend for Northwestern University’s Medill Local News Initiative: “As chain consolidation brings new uncertainty to an already fluid news landscape, another trend is emerging in which local investors buy news outlets from large chains and seek to reverse what they see as decades of disinvestment.”

With LJI support, we believe this trend could accelerate rapidly, and extend to larger cities. For instance, the current proposal for a partnership between *The Chicago Sun-Times* and the parent company of public radio station WBEZ to create a robust nonprofit news organization would be a classic beneficiary of LJI funding. Having passed through the hands of multiple out of town owners—including Rupert Murdoch and Conrad Black, as well as various local consortiums—*The Sun-Times* would finally have the support that’s needed to sustain a newsroom sufficient to the task of covering America’s third largest city.

In big cities where historic daily newspapers are struggling to survive, and in smaller towns where weekly papers are shadows of their former selves, LJI could help local journalists and editors buy, sustain and reinvent publications that have withered under chain ownership.

Maintaining an existing publication, which has name recognition and contacts in the community, gives journalists a head start. But they won’t have so much of an advantage that other journalists cannot start competing publications. Indeed, we believe that, under the LJI, numerous new nonprofit news media outlets would be created in short order.

The LJI is not hostile to the remaining for-profit local news media. We recognize how important it is to stop the bleeding in for-profit newsrooms, even as we build a necessary and more viable noncommercial system. To help make the transition, in its first six years (two terms) of existence, the LJI would allow local for-profit news media to compete for LJI funding in their county elections, providing they set up distinct nonprofit branches and use their LJI funding under the exact same terms as nonprofit LJI recipients. All remaining local for-profit newspapers and news sites are desperately searching for a workable business model, and if this grants them a lifeline to find a new way to operate in the black doing journalism, more power to them. And if profitability eludes them, they will be better positioned to transition to nonprofit status.

After the first six years, commercial news outlets — whether they are legacy media or startups — would close their nonprofit arms and become ineligible for LJI funding, unless they convert to full nonprofit status. This proposal has no interest in creating an army of investors and commercial lobbyists preying permanently on the government to bankroll their ventures.

At any rate, the right for anyone to launch their own news medium, commercial or otherwise, at any time will always be inviolate. Indeed, we can imagine how commercial news media could thrive alongside nonprofit journalism. Commercial firms, like anyone else, will always be able to publish anything produced by non-profit LJI recipients at no cost upon publication.

The recent adventures of Baltimore billionaire Stewart Bainum are encouraging and enlightening, and possibly instructive. Bainum lost his bid to purchase the iconic *Baltimore Sun* to Alden Capital and has elected to move in a new direction. As McKay Coppins described it in *The Atlantic*:

Convinced that the *Sun* won't be able to provide the kind of coverage the city needs, [Bainum] has set out to build a new publication of record from the ground up. In recent months, he's been meeting with leaders of local-news start-ups across the country—*The Texas Tribune*, the *Daily Memphian*, *The City* in New York—and collecting best practices. He's impressed by their journalism, he told me, but his clearest takeaway is that they're not nearly well funded enough. To replace a paper like the *Sun* would require a large, talented staff that covers not just government, but sports and schools and restaurants and art. "You need real capital to move the needle," he told me. Otherwise, "you're just peeing in the ocean."

Next year, Bainum will launch *The Baltimore Banner*, an all-digital, nonprofit news outlet. He told me it will begin with an annual operating budget of \$15 million, unprecedented for an outfit of this kind. It will rely initially on philanthropic donations, but he aims to sell enough subscriptions to make it self-sustaining within five years. He's acutely aware of the risks — "I may end up with egg on my face," he said — but he believes it's worth trying to develop a successful model that could be replicated in other markets. "There's no industry that I can think of more integral to a working democracy than the local-news business," he said.²⁷

We fear that Bainum will soon discover, like countless publishers before, that subscription revenues alone will not be sufficient, and having a "paywall" will repel those with limited funds and undermine the point of the exercise. Now imagine how helpful it would be to *The Baltimore Banner* to compete for the LJI funds that would be allocated to Baltimore City and Baltimore County, either separately or merged into one unit. That would all but guarantee a workable business model if the *Banner* can earn public support, and its work would be seen by anyone who wanted to see it at no charge. Imagine that for every city and county in the nation.

How much will it cost the taxpayers?

It is imperative that any system to solve the crisis must have a budget sufficient to get the job done and done well. Daily newspapers have been a massive industry in the U.S. economy until the past

²⁷ McKay Coppins, "A Secretive Hedge Fund Is Gutting Newsrooms Inside Alden Global Capital," *The Atlantic*, October 14, 2021.
<https://www.theatlantic.com/magazine/archive/2021/11/alden-global-capital-killing-americas-newspapers/620171/>

15 years. As noted above, the total revenues of U.S. daily newspapers constituted 1 percent of GDP as recently as 1960; that would amount to \$232 billion in 2021. In 2000, the total revenues accounted for by daily newspapers was just under 0.6 percent of GDP. At that rate, the local journalism income for 2021 would be \$133 billion. In 2021, the total daily newspaper revenues (including digital) will be less than \$20 billion, and every year that number continues to plummet.

So providing the nation with a credible free press costs money, but, thanks to immense cost savings provided by the digital revolution and by being nonprofit, we do not need hundreds of billions of dollars. But we do need tens of billions, because the single most important and indispensable element of journalism remains skilled human labor, in competing newsrooms.

It is also the American way. A government audit of the Post Office for 1840-44 determined that the U.S. subsidy for newspaper distribution amounted to \$17 million in those years. That figure accounted for 0.21 percent of GDP from 1840-44. A subsidy like that would amount to around \$46 billion based on the projected 2021 GDP.²⁸

To be effective, the LJI would require an annual budget in this range. The best way to assure that there are sufficient resources for newsrooms across the country would be to set the annual budget at 0.15 percent of the previous year's GDP. Keeping the budget to this formula would account for economic and population growth, as well as inflation in coming years, and provide stability for planning. So for 2022, the budget would be just over \$34 billion. After initial set-up and administrative costs, we estimate that would leave at least \$33.5 billion to go directly toward local news production.

The LJI funds would be distributed at the same rate for every person, so a county's LJI budget would be determined exclusively by its population. An annual budget of \$33.5 billion divided by the US population of 333 million people, equals just over \$100 per capita. Therefore, a county of 250,000 people would get \$25 million to produce and sustain local journalism. A county of 1 million people would get \$100 million. Stewart Bainum's nonprofit *Baltimore Banner* could compete for LJI funds amounting to around \$140 million for Baltimore City and Baltimore County, were they to merge into one unit for the purposes of the LJI.²⁹

If people decide not to vote, the amount of the budget would not be affected; it only means that fewer people would determine where the money goes.

The response of many when presented with a proposed budget like this is sticker shock, followed by "the cost is too high." The correct response, the one that guided our Founders, is what will the cost be if we *don't* do it? We can see signs all around us of what that looks like. We can no more lowball having a credible press system as our democracy crumbles than we would lowball military spending in the midst of a foreign invasion. The expenditure we propose is just over 4 percent of the 2022 Pentagon budget.

²⁸ For details see Robert W. McChesney and John Nichols, *The Death and Life of American Journalism: The Media Revolution that will Begin the World Again* (New York: Nation Books, 2010), pp. 339-340. GDP estimates for those years come from: <https://www.measuringworth.com/datasets/usgdp/result.php>

²⁹ Were they to remain separate entries for LJI purposes, Baltimore City would have a 2022 LJI budget of \$57 million, and Baltimore County would have a 2022 LJI budget of \$83 million.

To extend the comparison to the military budget, much of the congressional enthusiasm for military spending is based on the economic stimulus that military spending provides in numerous states and congressional districts across the nation. Likewise, military contracts provide considerable profit and income to investors and executives for defense contractors, hence creating a powerful lobby to increase the size of the Pentagon budget. The LJI, on the other hand, spreads more than \$30 billion equally across every county of the nation, and none of it is spent overseas. The preponderance of LJI money will toward creating hundreds of thousands good-paying middle-class jobs that will exist in every county of the nation, where the money will be spent in local businesses. On purely economic grounds, even before considering the civic value, this is a positive program for the economy, especially in neglected and impoverished areas.

International comparisons are useful here, too. When we were growing up, we were led to believe that government funding of journalism was, at best, a dubious undertaking fraught with danger. At worst, government involvement with the press could well lead to a propaganda ministry that turned the population into a herd of sheep being led to slaughter a la *1984*. That may well be the case if the nation in question is already a dictatorship or highly authoritarian.

But what about when democratic nations with the rule of law support independent and diverse journalism, similar to the manor proposed above? What is the track record then?

The answers to those questions are enlightening. Consider nations like Norway, Germany, Canada, Denmark, and Sweden that are ranked as among the very most democratic nations on the planet in 2020 by *The Economist* in its most recent Democracy Index. This annual index ranks nations based on widely accepted political science criteria. The United States ranks a woeful 25th, now finding itself in the category of “flawed democracy” alongside numerous nations never considered especially democratic.³⁰

What is striking is that these same “most democratic nations” all tend to spend the very most on public broadcasting and supporting journalism per capita of all the nations in the world! There has been extensive research on the effects public service broadcasting, and particularly its journalism, has on political knowledge and participation in democratic nations, and the findings are universally positive.³¹ What Norway—the single most democratic nation in the world, according to *The Economist*—spends on public media and journalism per capita is very close to the budget we propose for the LJI.³²

That’s not all. Reporters Without Borders ranks all the nations of the world annually on the basis of how much freedom journalists are afforded in order to do their work; i.e., whether conditions encourage or weaken independent and critical journalism, an important measure of the quality of a free press. The very top of the list is dominated, again, by those same democratic nations with the

³⁰ https://en.wikipedia.org/wiki/Democracy_Index

³¹ For a summary of research documenting the social benefits of public media, see Victor Pickard, *Democracy Without Journalism? Confronting the Misinformation Society* (New York: Oxford University Press, 2020), pp. 159-160.

³² Timothy Neff and Victor Pickard, “Funding Democracy: Public Media and Democratic Health in 33 Countries,” *International Journal of Press/Politics*, Forthcoming.

largest government support for public media and journalism. The United States in 2021 ranked an embarrassing 44th.³³

In sum, government support for journalism and a feisty independent free press will go hand in hand in a democracy, if the plan is well structured.

The price tag for having a free press in a vibrant democracy is only “too high” if America does not choose to have so free a press, and so robust a democracy, as the countries with which we should want to be compared.

What are some upsides to the LJI?

“The people must know before they can act, and there is no educator to compare with the press.”
■ *Ida B. Wells, 1892*

Many details must be fleshed out to make the LJI practical, and any plan must be flexible enough to account for unanticipated problems and issues. But there are some current institutions that will immediately benefit, and a few are worth noting.

Local PBS, NPR, and community media services present a special case for the LJI. The stations all do a variety of programming where journalism is generally a small percentage of the programming produced. Indeed, on these local stations, the journalism that is broadcast tends to be national in character, as opposed to local. LJI support seems appropriate, because it will create more local journalism where little or none existed before.

Therefore, local NPR, PBS, and community stations can compete for and receive LJI funding, but it must go to dedicated journalism that is specifically within the home counties of the stations – in other words, toward journalism they are not doing much of at present – and it must meet all of the LJI criteria otherwise. Public media will retain its existing budget allocation separate and apart from this legislation. The LJI is a tool for enhancing, as opposed to replacing, existing sources of public funding.

Likewise, there are numerous high schools, colleges and universities with student news media and, often, formal journalism education and departments. These programs are often filled with students eager to enter the field and make their mark, but they have nowhere to get gainful employment. Now these programs and these students, of which there remain tens of thousands of optimistic participants every year, will have an important purpose again and an institutional basis for existence, much like schools of education.

Then there is Big Tech. Facebook, Google, and other Internet platforms have become the main purveyors of journalism to people in the United States. This has led to considerable controversy over these companies’ political power and their editorial judgment. With the LJI, Internet platforms will have popularly approved authentic local media to distribute in counties across the United States. The Internet platforms need simply acknowledge the popular news media choices

³³ <https://rsf.org/en/ranking>

in the counties people reside. This would seem to be in their own best interest. This also means the news produced through LJI funding can become ubiquitous in short order. Think of how Google search was able to help put Wikipedia on the map overnight.

The LJI also will offer philanthropists and foundations a way to effectively promote journalism at the local level. For the past 20 years, the philanthropic community has spent a good deal of money attempting to build up nonprofit journalism all across the nation. Most of these ventures have stagnated or failed because philanthropies seek to launch ventures but are in no position to support them in perpetuity. Now a philanthropy can give a two- or three-year grant to get a local newsroom up and running and, if it is well received, the LJI funds can kick in and take over thereafter.

One built-in outcome of the LJI is that it will result in numerous well-funded journalism outlets in each community, as had been the case for much of American history. By the final decade of the 20th century, this tradition of journalists competing to get stories, and to provide distinctive takes on the news, was deep in history's rear-view mirror. One-newspaper towns – with the newspapers increasingly owned by large chains with no particular interest in the community or in journalism – were the order of the day in all but a handful of communities. The LJI will allow for a renewal and extension of the diversity and competitive vigor that is essential for a muscular free press. In doing so, it will foster the honest, fact-based debates that have the potential to bring us together.

We wish we could conclude this paper by politely asking you to file these ideas away and then, when and if the time is more welcoming for this discussion, you can consider them as a contribution to an eventual reform effort. But we cannot do so. This nation has been praying for the market and technologies to magically solve the collapse of journalism for going on two decades and look where we are and where we are heading. The evidence is in. The time to act is now.