



How Efficient Internet Communication Undercuts American Civic Institutions

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The advent of the Internet era has created profound challenges for American democracy – paradoxically, because of the sheer efficiency of the new communications media environment. The Internet simplifies, speeds up, and specifically targets communications aimed at customers or citizens. There are gains in this, but also some worrisome downsides for citizen engagement and the production and spread of vital public information. The downsides have become apparent as disparate kinds of activities once bundled together in businesses or associations have fallen apart, leaving publicly vital activities to fall by the wayside.

A “beneficial inefficiency” occurs when a profitable or popular activity generates some extra resources to subsidize other activities that create important public benefits. For businesses and associations that have traditionally done such bundling – by producing a profitable or popular output in combination with a publicly vital one – the contemporary transition from analog to digital communications media has proved both profoundly disruptive and harmful to the public interest. Declining community newspapers and disappearing broad civic associations are both examples of such disruption.

Disappearing “Beneficial Inefficiencies” in America’s Newsrooms

Consider what has actually happened in America’s “newspaper crisis.” Daily papers in many U.S. cities have shut down, declared bankruptcy – or else they are pressing on with severely slashed staffing. This crisis has led to deep introspection among journalism scholars and practitioners, who ask whether there is enough public demand for hard news. But audience demand isn’t the problem. Blog sites are increasingly popular, and the readership of major news sites like *CNN.com* and *NYTimes.com* has *increased* over what it was in the pre-digital era. American news outlets don’t have a readership problem; they have a revenue problem.

In the pre-digital era, most resources for news reporting came through general advertising revenues. That old advertising system was, in important ways, economically inefficient. If a company wanted to reach potential customers in Boulder, Colorado, it probably had to broadcast or place ads aimed at the whole town. The local paper was one of the few venues available for doing this, and it used part of the advertising revenue to subsidize news reporting. Nowadays, those advertising dollars haven’t been stolen away by bloggers; and readers haven’t suddenly stopped wanting public news. Instead, it is cheaper and more efficient for ads to be placed online, so the advertising revenue for newspapers has disappeared. Real Estate advertisements, for example, can reach more targeted sets of customers through *Craigslist*; and local sales can be more cost-effectively advertised through *Google adwords*.

Overall, of course, more efficient communications is a good development. Even in the realm of high-quality journalism, the new media environment has enabled novel experiments like ProPublica. But the old

advertising system provided flexible extra revenue that enabled many newspapers to afford public interest journalism, in a system Clay Shirky has pithily summarized as “Walmart subsidizing the Baghdad Bureau.”

Now, it is much harder for news outlets to support costly, not inherently profitable endeavors like investigative reporting, international reporting, and news about local government. News outlets get higher margins from entertainment and sports reporting than from sending a reporter to cover a public works subcommittee meeting. In an era of stable or growing ad revenues, profit-conscious news conglomerates could afford to pay for public-interest journalism, but once the certain, flexible revenues disappeared, the types of journalism that society needs most were first on the accounting department’s chopping block.

More Efficient but Less Inclusive Civic Associations

A similar pattern has unfolded for American civic and political associations – in successive stages. Again, unintended consequences flow from communications shifts.

- First, the interest group explosion of the 1970s brought a proliferation of specialized, professionally run advocacy organizations that attracted supporters through direct mass mailings rather than enrolling dues-paying members in groups that held regular meetings. Ordinary citizens were less involved henceforth, but by redefining membership as check-writing advocacy organizations developed revenue streams to pay for office space, lobbyists, and policy specialists. Direct mail donations, often nicknamed “armchair activism,” were not the sole support, but they became the foundation of nonprofit funding.
- Now the direct mail model itself is in steep decline, as organizational support is again redefined through the use of Internet communications technologies. The 1970s-era public interest groups labeled all small donors as members, but now Internet-based advocacy groups like MoveOn.org apply that label for everyone who signs an electronic petition or takes some other simple online action. Hidden costs accompany this shift, because direct mail appeals tended to be generic (“please support our work for the upcoming year”) while the most successful online fundraising appeals are urgent and targeted (“here’s an advertisement that responds to our opponents’ controversial statement this afternoon. Please donate to help us put it on the air.”) Nonprofit advocacy has undergone a kind of Kickstarter-ification, in which small donors get to choose, moment by moment, what they want to support. This makes it easy to raise money for attack ads, but very hard to ensure sustained support for volunteer training or ongoing community organizing.

In both the newspaper world and the realm of civic activism, in short, stripping away beneficial inefficiencies has reduced general funding to pay for infrastructure and cross-subsidize valuable public activities. A better understanding of what beneficial inefficiencies once did clarifies an important challenge for our time. Americans cannot return to an era of less-efficient media, but we must recognize how faster, narrowly targeted Internet communication diminishes resources for public news and multipurpose citizen endeavors – and look for alternative, innovative ways to support these vital public goods.

Read more in David Karpf, *The MoveOn Effect: The Unexpected Transformation of American Political Advocacy* (Oxford University Press, 2012).