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KEY FINDINGS

WHY AMERICA NEEDS TO FIND NEW WAYS TO SUPPORT LOCAL JOURNALISM

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Bell, California, is a working-class community of about 35,000 residents – and a textbook case for why U.S. democracy needs serious journalism to hold public officials accountable. For years, Bell's city councilors awarded themselves exorbitant pay increases without transparency. They claimed stipends for serving on boards and commissions that seldom met. The city administrator took a salary of nearly $800,000, with benefits that brought his annual compensation to $1.5 million; and the police chief enjoyed an annual salary of $457,000 plus benefits, more than twice what the New York City Police Commissioner earned. Glaring corruption continued unimpeded – until 2010 when the *Los Angeles Times* blew the whistle in a well-researched expose.

Declining Newspapers and the Accountability Deficit

Public accountability is only one of several functions served by local information media and professional journalists. Coordination, problem-solving, and connectedness are other vital local functions to which journalism contributes – and all are likely to face growing deficits as America experiences what a 2011 Federal Communications Commissions Working Group on the Information Needs of Communities called a crisis in "local, professional accountability reporting."

The decline of local newspapers – the community anchor institutions primarily responsible for local newsgathering throughout the twentieth century – is a well-documented story. Of the roughly 55,000 newspaper newsroom positions filled in 2006, roughly a quarter were gone by 2010. At least 204 daily and weekly newspapers closed between 2007 and 2011. Surviving papers often operate on bare-bones budgets, with a quarter of spending on journalism cut as newsroom budgets took a plunge between 2006 and 2009 alone. These days, a not-so-unusual recent headline reads: "Pittsburgh Post-Gazette expected to lose $22M this year."

From the standpoint of democracy, these figures understate the crisis, because even before the recent fiscal freefall, thousands of U.S. communities went without newspapers. According to a report from the Knight Commission on the Information Needs of Communities, as of 2007 the 49,000 or so cities, towns and villages in the United States vastly outnumbered 1,422 daily newspapers. Even before the economic downturn, thousands of communities received only "scant journalistic attention" on a daily basis, and many got none. As the Commission concluded, "journalistic institutions do not need saving so much as they need creating."

Of course, civic information is also produced and circulated in blogs, neighborhood list-servs, and social media, with "citizen journalists" playing an increasing role. But none of these is a substitute for newspapers that serve as community anchors and employ journalists with the training and resources to track officials and cover courts, school committees, zoning boards, and

the like. A blogger with an iPhone is not likely to be able to expose City Council self-dealing or pursue leads that reporters follow only if they know their employer has a good libel lawyer.

How Journalism Produces Civic Information

A great deal of journalistic innovation is happening on the Web. Discuss the future of journalism with any knowledgeable observer and you will learn quickly about *The Texas Tribune*, *MinnPost*, *The Voice of San Diego*, and the *New Haven Independent* – each of which lives exclusively online to serve a major metropolitan area or an entire state. *ProPublica*, perhaps the best known online news venture, investigates news stories of national significance. Nevertheless, most web news operations are very small and the number of online ventures that combine significant beat and investigative reporting with long-term sustainability is tiny. The reason is simple – the economics does not work.

Consumers of local civic news have never paid anything like the full cost of its production. Civic news exhibits the properties of what economists call "public goods" – that is, once they are produced, anyone can consume them without helping to pay the cost of production. A citizen may be fully aware that the vigorous hometown newspaper keeps local politicians honest, but he or she has never had to pay the newspaper anything for furthering "honesty in government."

Newspapers were once able to subsidize civic information. Readers who wanted a newspaper for local sports news or movie times – for entertainment, that is – nonetheless had to buy the entire newspaper. In addition, newspapers sold advertisers access to the newspaper's readers. In both ways, the traditional newspaper's status as an indivisible bundle of services helped it serve some civic functions that could not pay for themselves on their own. But the advent of the Internet has upended this business model. Readers no longer need to buy news to get to entertainment, and advertisers no longer need to underwrite news to find people looking for cosmetics and clothing.

Finding New Ways to Support Journalism's Public Functions

It is an inescapable economic reality that public goods – including national defense and public health services as well as watchdog journalism – are normally supported at least in part through means other than free markets like taxes, regulated monopoly, or philanthropy. Given the decline of market subsidies for local news, it is now imperative for those who care about the future of American democracy to think creatively about new ways to subsidize and sustain accountability journalism at the local level.

Taxes are unlikely to be appropriate, so we must explore nonprofit philanthropy, citizen membership programs, and investments in investigative journalism by foundations, libraries and universities. The Internet will help, because it allows more diversity in commentary and analysis and reduces the costs of distributing content and connecting citizens to civic news. But the Internet cannot do the job alone. As a recent study put it, an "abundance of voices does not necessarily mean an abundance of journalism." Journalism itself requires committed professionals with jobs and sustained institutional support – and these, in turn, require money. With cross-subsidies gone, American democratic ingenuity must figure out a new institutional formula to sustain professional journalism and allow it to serve its vital civic functions.

Read more in Peter M. Shane et al., "Informing Communities: Strengthening Democracy in the Digital Age – Final Report of the Knight Commission on the Information Needs of Communities in a Democracy," Aspen Institute, 2009.