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THE FUTURE OF THE NEWS INDUSTRY

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P R O C E E D I N G S

MR. TALBOTT: Good afternoon, everybody. Bon appétit, to those of you who are enjoying a sumptuous Brookings lunch.

I'm Strobe Talbott. It's my pleasure to welcome you here this afternoon for a discussion of the future of the news industry.

Never mind the future. I think it can safely be said about the present that the news business is in crisis. And you can just ask any of the staffers, or for that matter the readers, of the *Rocky Mountain News*, the *Chicago Tribune*, the *Minneapolis Star Tribune*, the *Philadelphia Inquirer*, the *Boston Globe*, and I might add *Time Magazine*.

And a number of us up here in front of you this afternoon have worked for *Time Magazine* in the past, and Karen, of course, is holding down the fort at *Time Magazine* at the moment, and I hope for a long time to come, for the good of the magazine.

When Walter and Michael and I wrote for that magazine 20 or so years ago, the bureau here in Washington consisted of 30 people. Karen tells me that today there are eight, and that's not because what's happening in this city or on the various beats is any less important or any less complicated.

Now whether this crisis rises to what I wall call the Rahm Emmanuel standard, that is, whether it will prove to be a terrible thing to waste, that is to say an opportunity for something new and better and even more in the public interest, is a question for our Governance Studies Program, headed by Darrell West, who is part of the panel, and his

interest and Brookings' interest reflects our belief that a healthy media is absolutely essential to a healthy democracy.

It's also a question very much on the mind of Senator Cardin, who will be talking about his perspective and some innovative ideas that he has, which Karen will tell you about in a moment.

And to introduce the panel and sort of frame the issues, I will now turn the proceedings over to Karen. And, Karen, since you're having to do the work in your day job that three people used to do back when Walter and Michael and I were there we're all the more grateful to you for being with us today.

Over to you and thank you.

MS. TUMULTY: Thank you. Yes, that's -- it's true. We're not only a third of the size we used to be, but we also are doing three times as much work and that typically now a news magazine reporter is also, you know, I'm writing for the website, blogging, and I'm even on Twitter.

So it is -- we are about as stretched as thin as it's possible to be. And that's why I'm just going to be fascinated to hear what our panelists today have to say.

I also probably come from the worst hedged household in America in that both paychecks in my house come from this business. So.

Anyway, we're going to start today with Senator Cardin, who is on a lot of committees, and holds a lot of roles in the Senate. He's on the Foreign Relations Committee, the Judiciary Committee, the Environment and Public Works, the Budget Committee, and the Small

Business Committee.

Small business may be the reason he's here, because we're getting smaller every day.

But he’s actually here because he has a proposal in this season of government bailouts. It isn't quite a bailout, but it is a proposal to acknowledge with the tax code what a lot of us are acknowledging with our bottom lines, which is that, for so many newspapers in this country have effectively become non-profit.

So would you like to describe this, Senator?

SENATOR CARDIN: Well, Karen, thank you very much. It really is a pleasure to be here. I was looking for a quiet place to hide out from what's going on on Capitol Hill with Supreme Court appointments and things like that. And I thought this would be a convenient place to spend the afternoon.

So let me thank you for having this topic about the future of our newspapers. It concerns me greatly. Newspapers across the country are closing. We know that. We know it's happening.

Strobe talked about the great papers that are in trouble. He left the most important off his list -- the *Baltimore Sun*, which, for a person who has been in government for a long time like I have in the state legislature of Maryland and representing Baltimore in the Congress for many years, I must tell you I very much miss the robust newsrooms that some papers used to have.

It's been cut back to a point where the coverage is really very, very modest. And I think we've lost a lot.

Jay Leno was joking about it when he was talking about the *New York Times* winning five Pulitzer prizes, which he said he read about it on Google News; that it's difficult for us to get used to what's happening around the country as far as so many papers changing their models, laying off their news staff.

In 2008, there were 5,000 newsroom jobs lost in America, about 10 percent of the total newsrooms in our local papers.

Over half our papers cut back on their local news coverage.

Over half the papers no longer have a bureau covering the Congress of the United States.

And this was before the recession hit it. This is not an issue of the recession. We've seen a real loss of local journalism in America.

And I would just tell the business model doesn't work. The business model, which depends on two primary revenue sources, subscriptions and advertising, will not sustain a metropolitan newspaper today or certainly not tomorrow.

Revenues are down, dramatically. Circulations since 2001 on daily papers are down 13.5 percent; on Sunday papers, down 17.3 percent.

Advertising revenues in 2008 dropped by 25 percent and is [sic] projected to drop another 17 percent in 2009.

Well, I happen to think local papers are important. I think they're important because that is where we get our investigative reporting.

That's where we get the source of so much of our news that you may read on the Internet or you may see on television or listen to on

radio, but the source has been local journalism, those who work for local papers.

They have been the ones that had the relationship with the reporters that are so important. They nurture their sources. They work their sources, and they get the information.

They act as a check and balance, not just on public institutions, but private institutions. They actually are our conscience.

It was H.L. Mencken who said, “Conscience is the inner voice that warns us somebody is looking.”

Well, journalism, especially print reporters, are the ones who are looking and do provide that check and balance.

There’s been studies that have done -- that have reflected this.

There is a 2003 study by Law, Economics, and Organization that showed a direct relationship between daily circulation and corruption. As daily circulation of the paper went down, corruption went up.

And the Princeton University report on the *Cincinnati Post* closing, on December 31st, 2007, found -- now the *Cincinnati Post* was a second paper in the community; and it was the smaller as far as circulation, but it covered about 80 percent of the local news; it was critically important -- and they found the local elections less competitive when the *Cincinnati Post* closed its doors.

And I’m just quoting from the report, “The voter turnout and broad choice of candidates and accountability are important to democracy. We sob with those who lament newspapers’ decline.”

Now I understand the news industry is going through a major transition -- the expansion of the Internet.

And that's good. That's something that we all feel is a very positive sign, and we certainly don't want to do anything that would discourage that growth.

But we need to preserve local journalism. And that's why I introduced the Newspaper Revitalization Act.

And let me explain what it does.

It provides a different economic model for a local newspaper -- for a newspaper to continue, a 501(c)(3), a non-profit, similar to churches or educational institutions or other non-profits.

It gives another source of revenue to a local newspaper -- contributions from the community, whether they are maybe a foundation or educational institution or individuals who believe it's worth saving the local investigative reporting in their community and are willing to provide a source of support.

It’s not going to be for all. But it may be for some.

This model would preserve newspapers of independence from government interference. And I want to underscore that. It’s critically important for our democracy that we have an independent press.

A 501(c)(3) will preserve that option. Churches are 501(c)(3)’s. Their independence is not challenged. Brookings Institution is a non-profit. And government is not interfering with that. Aspen Institute is a non-profit. And government doesn’t interfere --

MR. WEST: Walt?

MR. ISSACSON: Government interferes with -- no, I'm kidding.

SENATOR CARDIN: But government doesn't -- this preserves it. I don't want to see government interfere with our press.

That's why I oppose any direct bailout. A direct bailout would be wrong. It would compromise it.

And the last point I would like to make is that what I am preserve to local journalism, I think it is part of a package that can come together to save local journalism. I think there's [sic] other issues that should be looked at.

In 1970, we did look at the Newspaper Preservation Act that modified the antitrust laws so that two papers could work together in a local community as long as they had independent news bureaus.

Well, we may need to revisit that, and Attorney General Holder has said he's willing to do that.

I think we also need to look at how we compensate reporters for their news that gets broadcast in so many different areas.

What I'm interested in doing is preserving local journalism, investigative reporting. And I think we've got to get a different economic model if it's going to work.

And that's why I introduced this bill. And I hope that we can continue the type of dialogue that's taking place today at Brookings, because I think it will lead, I hope, to a way that we can preserve this very important part of our democracy.

MS. TUMULTY: Thank you, Senator. Our next speaker is

my former boss, Walter Issacson, a former managing editor at *Time Magazine* before he went on to run CNN and do a number of other things before he landed where he is now, at the Aspen Institute.

And one of the reasons that Walter is here today is that he recently wrote a pretty provocative -- a pretty provocative cover story for *Time Magazine* that suggested if this business wants to survive it might want to take a look at iTunes.

So, Walter, you want to?

MR. ISAACSON: Thank you very much. And I'm glad to have been ahead of the curve with Senator Cardin in getting into a 501(c)(3) before I had to, like Strobe and I both did.

And there has been a lot of discussion of this, you know, since I did the cover, not because I did the cover. I remember Strobe and I, I think 22 years ago, went to Russia and did a piece about whether or not the Cold War was ending, and afterwards, as the Cold War ended, I said, “Boy, our cover had a lot to do with it.” He said, “No. It’s Gorbachev who’s causing the Cold War to end, not us by having written about it.”

So I’m not like the crow who thinks the sun comes up because I crow every morning -- I mean, because I -- whatever it is every morning.

The question involves not how to save newspapers in my opinion. It's a larger question. In fact, there's two higher levels of it.

It’s really how to save journalism and the information needs of our democracy and our communities. And so you have to ask yourself are newspapers a useful organization to contribute to the journalism and

information needs of the community.

And I tend to think yes. They're not the only way it can happen.

The good thing about the digital revolution is that there will be all sorts of different models for covering things, for creating journalism, for providing information to communities and to societies.

But newspapers, in my mind, remain for two reasons a good contributing source to that, something that, on balance, it's better to have than not have.

Reason number one is that newspapers are good industrial organization for the training, nurturing, and paying of journalists.

Journalists can go out and do it on their own. They can be bloggers. They can be citizen journalists.

But it helps to have an organization that trains and nurtures and creates good journalists.

Secondly, newspapers tend to be a common ground, a source of serendipitous information each day that you don't get when you search out your favorite person on the Internet.

You may not know you're particularly interested in, you know, the Hubble Spacecraft or the Hadron Supercollider or what's happening in the British Parliament.

But a good newspaper puts things in there, and serendipitously you have a common ground of information that you then share -- you're able to share and talk about with your fellow citizens, all of whom have, at least if they are informed, in some way or another touched

into the common ground of information that newspapers and other news organizations, meaning news magazines and local television stations, provide.

So I think it's in our interest if we want to save journalism to at least keep newspapers alive, even though they shouldn't be the only way we have journalism in the future.

But I would raise this to another level, which is it's about -- the issue we're facing now is how do you compensate and incent creative production in the digital realm; in other words, whatever it is somebody is creating digitally, whether it's journalism or videos or music or books or video games or blogs or citizen journalism.

It is very hard in the digital realm to have user-generated revenue for those things.

So what you have is an entire realm from You Tube to Facebook to the *Times-Picayune* and the *New York Times* as newspapers and all sorts of people are creating applets and games and all sorts of wonderful creative products in the digital realm who are totally dependent on advertising revenue for their support.

This is not, as the Senator said, a great business model. You don't want to be totally dependent on government. You don't want to be totally dependent probably on anything. You certainly don't want to be totally dependent only on advertising to say this is how we will pay people who create things that are digital.

That's particularly true now when you have a major ad recession, where for the first time after going up at a compound annual

growth rate of maybe 30 percent a year for a while, Internet advertising has started to decline in the fourth quarter of last year.

Therefore, the business model will never work to have Internet advertising be the sole means of support for people who create journalism or, for that matter, blogs or videos or music or anything else.

So we need to find a way, in my opinion, to say let's look at alternative sources of revenue, just as we have in the real world.

The obvious alternative source of revenue for me is consumers. You want to be beholden to your reader or your viewer. You want to be beholden to create something of value that somebody says I will pay for.

Now everybody says people aren't going to pay for things in the digital realm; that information wants to be free.

They kind of forget Stewart Brand's entire quote. He was the one who first said that at the hackers' convention of 1986. He ends by saying, "And information wants also to be expensive, because it is the most important thing we will have in the new economy."

So you have to find a way to square that circle and say we need some ways to make it easy at acceptable and convenient for people to say, I'll pay a buck or two per week to subscribe to a newspaper or a magazine. I will pay a buck or two for a song.

I'll pay hopefully $9.99 for a book that I download.

Those type of ways of paying for digital content is the only way, in my mind, that my daughter, who's majoring in computer science, a freshman in college, will be able to create things digitally and not have to

come to me for money, and say, “Look. I’m creating things digitally, but information wants to be free. So you're going to have to support me for the rest of my life.”

This is not a business model I want for my family or for my craft and trade of journalism.

Journalism is a good craft and trade. It needs people who are paid to do it correctly.

And so I don't think there is one particular model. I know that -- the good thing about writing a cover story for Time is that it gets summarized into one sentence.

I don’t think micropayments or EZPass payments or iTune payments are the only way. Most of the things I will get digitally, I will subscribe to.

I’d be happy to subscribe to the *Washington Post*, the *Times-Picayune* of New Orleans, the *New York Times*.

But there will be occasions when I’m surfing around and want an article from the *Denver Post* or the Greenville *Delta Democrat Times*, and I don't want to buy a subscription. I should be able to pay, you know, a dime or a quarter for it by having the type of Easy Pass payment system we have in the real world.

Will people pay? I’m not absolutely sure. But if you get, with any news organization, a quarter of their unique visitors per month to pay a couple of bucks a week, I think you have a business model that, in combination with advertising revenue and many other things, will lead to the growth of journalism rather than the decline.

I like the notion of some outlets becoming 501(c)(3)'s. I suspect the Senator would agree that that's not the only business model that should be out there.

It should be like the real world. Some are like Brookings and Aspen. Some are for-profit enterprises. Some are rich owners, who do it for their ego purposes.

Some will be totally advertising supporting and give-aways, for free. Some will charge high amounts.

And I'll end by saying that if you are a journalist, and you say, well, people won't buy my journalism or pay for it because they can get it elsewhere for free, if you're creating something that people are not willing to pay for, then you're not creating something of value.

And if you are creating something of value, people will pay for it. That's the basic rules of the marketplace.

So if you're totally convinced that you are creating something each and every day that somebody's not willing to pay anything for, because they -- it's out there all over the place, then you have to face the fact that you are spending your day not creating anything of value.

And if that's the case, you should become a dentist or an executive at a think tank or whatever else might support you.

MS. TUMULTY: Yes, I do think we could always hope that the economy can go back to throwing off more megalomaniacal rich people, and we can go back to our old business model.

MR. ISAACSON: Yeah.

MS. TUMULTY: But --

MR. ISAACSON: I like that one, too, yeah. And give them a tax break.

MS. TUMULTY: -- and Michael Kinsley, in addition to being an extraordinary writer and thinker, was out there on the frontier a lot earlier than the rest of us.

After he left the *New Republic*, he became the founding editor of *Slate* magazine, the first really successful Internet magazine.

And I think that, in the course of doing that, you guys went through several business models, starting out by charging for it, like we all should be.

But was -- Michael wrote a story, also for *Time Magazine*, in response to Walter, saying basically that the numbers of micropayments don't work; that you've -- as you put it, you can't sell news by the slice.

So would you like to?

MR. KINSLEY: Sure. I have four quick points, and then I will reveal the solution.

Point number one: if you were told 20 years ago that very soon all the cost to newspapers of printing, the ink, the paper, the delivery would magically disappear, your reaction would not have been, "Good, God. What a disaster for newspapers."

You would have thought that there is something good here, and I think there is.

We haven't found it yet.

Number two: The fact that people aren't paying anything for the news is not the problem. Getting them to pay, as Walter wrote, may

be part of the solution in there somehow.

But if you had said to publishers, if you said to them today, "Okay. Here's the deal: you can keep all your readers and give up the revenue from subscriptions and also give up the costs of the paper and everything," they would say that's a good deal, because what readers pay is basically for the cost of the newsprint, and newsprint is the paper, not the ink.

But they don't begin to cover the cost of the content of the news.

Point number three: The real problem is that most newspapers were monopolies in the United States, at least. That was the business model, to use the term that everybody loves.

They were one newspaper towns or, you know, by far the dominant paper in a two-newspaper town. It was a monopolistic industry.

And suddenly, because of the Internet, it faces competition of three kinds: competition from itself online; competition with every other English language paper in the world; and competition with new media like the Huffington Post.

Now in general, we believe in this country that competition is good and monopolies are bad.

So I think we ought to hesitate before we say that in this case, the monopoly was good.

And point number four: What nobody wants to say is that most newspapers are terrible.

(Laughter)

MR. KINSLEY: And they're not great loss. And well, I come from Seattle, and I'll just leave it at that --

(Laughter)

MR. KINSLEY: -- without getting more specific.

The even good newspapers, even great newspapers, are no longer necessary. The leading example of needless excellence for years in this country was the *Los Angeles Times*.

It was a great newspaper. It had bureaus all over the world. It had great writers who won Pulitzer prizes.

But now you can get the *New York Times* in Los Angeles. And the whole economic basis for the *Los Angeles Times* has started to erode for that reason.

So here's the solution, and I can't really specific, but one of the modish terms in this whole discussion is aggregation or they now say curating.

And that basically means what Arianna Huffington does and what Google News does, you know, stealing the headlines and as much as a copy as they dare from newspapers and others to gather the news and putting them together in one site.

I think the answer lies in disaggregation, which would be -- there's no reason on the Internet why your national news, your international news, your local news, your Christmas recipes, your crossword puzzle all have to come in one bundle.

If there were two or three national and international news sites roughly the equivalent of newspapers after this recession, it's very

reasonable that they could make money on advertising, I think. They would be very good demographically, and then you would have two or three local sites in most cities, and you would have cartoons and so on

And I think people would basically put together their own newspapers, and, either through being willing to subject themselves to advertising or by paying, as Walter suggests, they could make a go of it.

And if only two or three survived in each of these categories, that would still be more competition than we have now.

MS. TUMULTY: Now that sounds like it's somewhere between Darwinism and Lord of the Flies.

(Laughter)

MR. KINSLEY: Well, I haven't made one say it.

MS. TUMULTY: Well, and then we have as our final speaker, Darrell West, who is the Vice President and Director of Governance Studies at Brookings.

I first encountered Darrell when he was at Brown University and was a professor of political science there, and the author of many books. My own personal favorite was your biography of Patrick Kennedy.

But Darrell has done a lot of looking at the different models that are out there, from, you know, foundation-sponsored investigative journalism to citizen journalism, all the different sorts of outlets that seem to be springing up.

But before you talk about that, I'd like to ask you a question that I get all the time from commenters -- not a question -- I get assertions from commenters on my blog that essentially this is journalism's own fault;

that, you know, if we hadn't screwed up WMDs and torture and everything else, we wouldn’t be in this fix.

How much of this do you think is, in fact, a function of the media having lost the public trust?

MR. WEST: Well, the media has lost the public trust. If you look at public opinion surveys, there clearly has been a dramatic decline in people's perception, and it's about the trustworthiness of the press.

But I think, you know, the real mistake goes back 10 to 15 years ago, when the Internet first arose and newspapers, in addition to maintaining their print delivery mechanism, whether for free Internet and delivery.

You know, if they had started charging then, we would be in a very different situation.

The problem now is people have grown used to free content. It's very hard to wean the public of that desire.

But having said all that, my bias in this whole area about the future of the news industry is very much in favor of the digital world. I personally love the digital era. I've found it to be personally liberating. I love my Facebook site. I have 720 friends now. I hope to get more based on this conversation.

(Laughter)

MR. WEST: I like the Internet. I like You Tube.

You know, one of the things that I hoped to avoid when we put together this panel was what I would refer to as the politics of nostalgia, where we all kind of look back on the good old days of Walter

Cronkite and Woodward and Bernstein and think, “Oh, if only we could go back there, things would be better.”

You know, we’re never going to go back there. You know, we can envision lots of different scenarios for the future. None of them involve re-creating the media world that existed 30 and 40 years ago.

So the question is really how can we move forward.

I think what a lot of people ignore about the current era is there certainly are some problems with the new digital world, but there are some clear strengths as well, strengths and even exceed what we had in the glory days of objective journalism in the 1960s.

I think the primary strength of the digital era is its diversity. You know, we have access to more and different kinds of information than we ever have had before. There are now news sites for liberals, conservatives, socialists, libertarians, and vegetarians.

You know, those obviously are the major political groups in America right now.

There have been fundamental changes in news consumption. Karen was mentioning before I came to Brookings I taught political science at Brown University.

And over the course of time -- I started to notice this maybe 10 to 12 years ago, but it certainly is true today -- young people, at some point, just quit reading the print version of newspapers and magazines.

I think there are two aspects of news consumption that are important for the future. One is when you look at young people, it's an all digital world.

You know, the like the instant updates, the interactive aspects, the video links, and the ability to react to what they see.

You know, the New York Times now has a comments sections on the news stories, and, you know, those go on pages and pages. You know, people like the interactivity of that. They don't like top-down journalism.

It's a bottom-up era. It's actually a more democratic era from that standpoint.

The second aspect that I think is important, which Michael was alluding to, is multiple sources. I mean, when I was growing up, my news consumption was basically, you know, my family subscribed to a local newspaper. We listened to the radio news. And then we'd watch the evening news on television.

That was kind of the dominant aspects of our news consumption. That model is completely gone now.

Even I, as a 55-year-old white guy, have dropped that approach to news gathering, preferring instead to use news aggregators, multimedia platforms, Facebook, YouTube videos. I find it to be a much richer information environment based on all these new things that have developed.

What I think people want today is personalized journalism. People want the news that they care about. They don't want an editor in New York or Washington telling them what's important. They want to see the full range of things that are going on based on their particular interests and their particular circumstances.

I think this really is the popularity of Facebook. You know, it's the user control over information that people have.

You know, it's like having a personal newspaper for you and your friends. You can put your pictures online, your video, your social observations -- in-depth commentary that you may have.

This is the new digital world, and I think in certain aspects, it actually serves us very well.

But I think there are two risks to the current era, and these are the things we really have to figure out how to replace.

Those are who provides the in-depth coverage and who does the investigative journalism.

When you kind of think about the risk for a democratic political system, these are the two questions that have to be answered.

On the in-depth coverage, I'm actually less concerned about that. I actually think the new digital world is providing in-depth coverage on a range of different issues. It's just it's coming from a bunch of new players, and some people don't like some of the players. But we have a combination of citizen journalism.

You know, whenever there's a flood or a hurricane, a terror attack, a school shooting, whatever, in news reporting now has become democratized. Everybody is a reporter.

You know, the kid with a video camera on the scene -- we saw this at the Virginia Tech shootings -- they will upload pictures. They will upload video, and they will kind of -- that will allow us to see kind of on the street what's going on there.

So for -- you know, it provides an immediacy to the news that I think people like.

There are niche outlets that are emerging to replace the general purpose newspapers.

The Pew Project on Excellence in Journalism a few months ago did a very interesting and a very illustrative report showing that even though newspapers are in decline, specialty publications -- newsletters and niche players -- are actually doing very well in the system.

What people are doing is as they quit subscribing to their local newspaper or the *Times* or the *Post* or whatever, they're actually now going for newsletters, online sources. So people are getting a lot of information.

Non-profits, foundations, universities, and, yes, even think tanks now have become news providers.

I recommend www.Brookings.edu. It's a great website. Lots of commentary. In-depth information. Analysis of what's going on.

So we're seeing a bunch of new players. I think that we're seeing the rise of a new knowledge industry that actually does provide rich content.

We're seeing foundations subsidize coverage in particular areas. For example, the Spencer Foundation now funds education reporting. The Kaiser Family Foundation has a health news service.

So there's information out there, so I think this first question of who's providing the in-depth coverage, it's being provided by new players, and we actually do have a pretty rich environment.

I think the biggest problem -- and the thing that I worry the most about from the standpoint of American democracy -- is that second question: Who is going to do the investigative journalism.

Because investigative journalism, as my colleague Jonathan Rauch has pointed out to me, takes time and it takes money.

You know, it's not a situation where a blogger can just kind of, you know, wake up, kind of, you know, spend 20 minutes scanning the news environment, and then write a piece of commentary.

Investigative journalism takes a lot of time. It takes sources, often off the record sources, kind of people buried in the middle of the Pentagon or HHS, to really get at what's going on.

Now once the investigative journalists have done their thing, then the rest of us can analyze what are the political consequences. What does this mean for public policy? How does it affect the functioning of democracy?

But somebody has to be out there doing that first draft that gives the rest of us the information to write about.

Now there are some new providers here. The Center for Public Integrity is doing high-quality investigative journalism.

The Huffington Post just set aside $1.75 million with Atlantic Philanthropies to support the work of 10 investigative reporters.

The non-profit organization, Pro Publica, provides investigative journalism on leading policy issues.

But I don't think that is going to do the trick. I don't think that's going to save democracy. It's not going to prevent corruption.

There are lots of things that are going to be going on that need more detailed coverage.

So I think this is where we need a national information strategy that really focuses on diversifying the digital content and encouraging the consumption of multiple outlets.

We need to protect ourselves from abuses that take place in the system.

Walter's iTunes model, I think is a great model in the sense that it will help newspapers and other print outlets come up with a revenue mechanism to help fund the work that they do.

Jonathan Rauch has proposed a national press pass that essentially is like an iTunes model across the world of newspapers and magazines.

The Senator's proposal to have non-profit organizations I think for some newspapers will be a lifesaver.

Personally, I think providing tax credits for news subscriptions will be a way to get money into -- get subscribers back into this industry.

President Sarkozy of France had a very interesting idea a few months, where he promised a free annual newspaper subscription to every 18-year-old in his country, because he thought newspapers are so vital to French democracy, and young people were not subscribing to newspapers that he wanted to put the resources of the national government behind the idea of basically encouraging young people to do this.

It's an interesting model. I wonder if President Obama would be interested in imitating that suggestion.

MS. TUMULTY: That's actually very close to how I started subscribing to Time Magazine. They were practically giving it away when I was in college.

But -- well, I'm just going to ask one quick question, and then we're going to open it up to your questions.

And that is it seems like the fundamental problem here, though, is how do you wean people from this idea that this is free? And, you know, even if you charged them the subscription rate, bloggers are going to pick it up and disseminate it.

And, you know, it was like what happened to the New York Times when they tried to put all their opinion columnists behind the Times Select wall. All it meant was, you know, it took 30 seconds for the columnists to get out there.

How do you get people to sort of change their expectations.

MR. ISAACSON: Let me say one thing about weaning people from the model of free and nostalgia and, you know, people and change.

It's the older people on the Internet, the people who are in their 30's and 40's, who are most conservative when it comes to change. They want to keep the old model, and nothing should change.

If you look at people in their teens and early 20's, they are doing all sorts of creative new things online, whether it's Twitpay, where they can pay for little things through Twitter payments or Tipjoy or the

things that are on Facebook and MySpace or in the role playing games and other online games where there are currencies and money, and people pay for whether it's a tune that one of their friends produces on Facebook or to move to another level of the game.

So I think when you talk about people being unwilling to change, it's each generation comes along and gets kind of stuck in their ways, and they become very conservative. And you see that what they 30-somethings and 40-somethings who think that they invented the web and that it should never change.

I do think you'll have no problem at all with teenagers and people in their early 20's saying here's how you have low currency on the web and you use it for things that you value.

Obviously, some people will still -- and should -- produce things for free. It's like the real world. There are free give-away papers. You can blog that will summarize what Tom Friedman says if you don't want to pay the buck or two a week for the *New York Times*. You get somebody to summarize Tom Friedman for you.

But for most people, you'd get a free cup of coffee if you come to Brookings, but if you want to go to Starbucks, you'll pay a couple of bucks.

Some people will pay. Some people won't.

And I do think that we should get away from this notion that people don't change. People do get fixed in their ways, like, as I say, you know, the middle generation on the web.

But people -- new generations come along, and they're more

flexible, more adaptable.

MS. TUMULTY: But it does take an awful lot of them, as Michael has pointed out, too, you know, -- an awful lot of those little payments to pay for one corresponded in Islamabad.

MR. ISAACSON: Oh, you'll never ever have a business model based only on little payments.

It's just a different revenue stream that's got to be supplemented by many other revenue streams, like the real world, like Time Magazine has newsstand subscriptions -- I mean, newsstand sales, subscription sales, advertising.

And once, by the way -- one other quick thing -- once you have somebody who has a relationship with you and you have a payment method that they trust, then you get into the Holy Grail of the Internet, which is you have a database of people who trust you, and you have a payment relationship with them.

So you can then do commerce with them. You can sell them pictures of Obama's Man of the Year poster. You can sell them books. You can -- so you will have multiple revenue streams once you have a trusted payment system that people find easy enough.

SENATOR CARDIN: But I'm not sure that's the model I want, because I'm not sure that's going to preserve the type of investigative reporting that I think is critical.

I think you have a very -- this is a hard sell to change Americans for something they're getting for free today and all of a sudden saying, yes, I'll sign up and pay without --

MR. ISAACSON: Do you realize people pay for a bottle of water these days? That's insane.

SENATOR CARDIN: -- I know that they pay, because they want a bottle of water.

MR. ISAACSON: I know.

SENATOR CARDIN: And they understand that why this is good advertising, I guess.

But I think if it's part of an overall strategy that the public understands, if they know this is part of a package that will preserve what they really do want -- so they want easy access to information. They want to be able to get instant news around the world through the Internet. They want to make sure that's a healthy structure for it.

But they also want to know what's going on in their community, not in the reactive sense, but they want proactive reporting.

And I think that if it's part of an overall strategy that preserves that type of journalism for their community as well as access to the Internet for what they really -- a lot of the information they want to be able to get, whether its on You Tube or whether it's journalism by just an average citizen, then they're willing to help contribute the revenue source that will make that model work.

MR. KINSLEY: Well, I was just going to say I love Walter's idea that it's us and the younger people against those people in the middle.

(Laughter)

MR. KINSLEY: But I also have -- know where there's a

closet out on the Microsoft campus with about 20,000 *Slate* umbrellas, which were our premiums for people who subscribed during the year we tried it.

And --

MS. TUMULTY: I did, by the way.

MR. KINSLEY: -- oh. Thank you, Karen. You're the one. Yeah.

(Laughter)

MR. KINSLEY: The difficulty, as you know, Walter, is that the news is not like music. It's, you know, in the technical economic sense, it's sort of a public good, meaning you can't deny it to -- you can't supply it to one person and deny it to others.

And unless you can do that, obviously it's going to be difficult to charge money.

MR. WEST: I mean I think the key on making this transition from free content to paid content is it has to be done on an industry-wide basis. Like when you have an individual newspaper doing this, it's never going to work. Like we saw the *Wall Street Journal* try it.

But there's so much other free financial information that essentially they got beaten down. The *New York Times* tried it in terms of its columnists, but, you know, the *Washington Post* commentary is free.

So, you know, if you do it newspaper by newspaper, it's never going to work.

What we need to do is -- and this is my solution -- is to basically suspend our antitrust rules for one day, and let's pick -- let's just

say it's going to be the Fourth of July, a national independence day.

On that day, all the newspapers can basically collaborate and move en masse to charging for content. If they do it as an industry, then I think it would have some hope of working.

But as long as you do it on a newspaper by newspaper basis, it's never going to work, because the market will not allow it to work.

MR. KINSLEY: And what are you going to tell the auto industry if they say we'll take July 5th, and we're essential, too.

(Laughter)

SENATOR CARDIN: I'll just a make a political observation. It's going to be difficult to pass my bill; impossible to pass what your suggestion.

So it's a -- you've got to work within the realities of ITV political system. Look. I think you're raising very good points.

We don't need a business model that's going to collect a lot of e-mail consumer addresses. We already have that model, and it's working very well.

MS. TUMULTY: The Obama campaign.

SENATOR CARDIN: Yeah, the Obama campaign. And look I'm a Kindle family. I'm not trying to advertise for Amazon.com. But, you know, there are very successful models out there that are purveyors of news. We know that.

What we're trying to do is develop a model that will work, that will give us the richness of journalism that I think is important for our democracy.

And that's the most difficult. I agree with you. It's the local investigative reporting.

I'm not too concerned about Obama getting coverage. There's enough people covering him.

But I am worried about the city councilman. I am worried about the local company that's polluting. I am worried about my local school getting the type of coverage that it needs through investigative reporting.

And I think it's that model that needs to be part of it. If you do that, then you're going to have a lot of people out there saying, "Okay. We understand that that can't work by itself. It's got to be part of a national or industry strategy. Then okay. Maybe we should be paying for those articles that we're reading on the *New York Times*."

MS. TUMULTY: Well, I think we can -- it's probably a good moment to move along to your questions.

Do we have a microphone or -- here we go. Okay. Great.

Well, I tell you what. Why don't we start right here?

MR. NOVIK: My name is Dmitri Novik, and I will speak as a reader.

It seems to me the crisis is two-sides crisis.

First crisis is quality of journalism. And no one speaks about this. It's a terrible situation. The quality of journalism is diminished, and the solidarity of journalism is diminished.

The case of anchor CBS, he have some mistake -- one mistake. And he was fired. It's not independent journalism.

And no one puts his weight and authority to protect him from the government, from the Bush administration.

Bush made hundreds of mistakes.

MS. TUMULTY: Well, yeah. It's --

MR. NOVIK: Yeah. So quality is, and it's a big problem. It's not a technical problem.

MS. TUMULTY: Okay. And the second?

MR. NOVIK: And the second we need not to fight with technological revolution. Paper printed by ink -- publishing is a luxury today. That's it.

MS. TUMULTY: Well, again, though, I --

MR. NOVIK: It will be, but let's give some constructive question to you.

Why we -- you try to find a new business model. We have business model -- taxes. That's it.

We have public service -- Air Force, Navy, Army. It's -- if it's public service, public service, then everyone will pay for this.

MS. TUMULTY: What -- you're talking about sort of a government owned like the military?

MR. NOVIK: And finally, it's my question.

MS. TUMULTY: Huh-huh.

MR. NOVIK: It's my question.

MS. TUMULTY: Okay.

MR. NOVIK: Why not to use business model which we use every day and for (inaudible) hundred years? And I need to say that in

1992, I was fortunate to design new distribution, public video distribution. And I don't want to spend time, but if everyone would try to find what it is, if they'll e-mail me, dnovik@verizon.net --

MS. TUMULTY: Okay.

MR. NOVIK: -- I will send you.

MS. TUMULTY: Well, thank you. Thank you very much.

I mean, do you think, Senator, that a full public model like that would really be the kind of independent voice in journal -- I mean, your -- under your proposal, these newspapers that took advantage of the TAPS law to become 501(c)(3)'s would not even be allowed to endorse candidates, if I recall reading that in there somewhere.

I mean, how do you maintain the independence?

SENATOR CARDIN: Right. No, I think a government model or a public model would be a disaster as the model for our newspapers.

I want no government involvement in the decision-making of papers.

The reason why there's a restriction on a 501(c)(3), and I think it's a rather modest restriction, it's you can't endorse a specific candidate for office.

And I must tell you I think that's overrated by the local papers anyway. I'm just. I really do.

So, but in any respect, and that's the one restriction that's in the 501(c)(3) laws about direct lobbying. And I think it's appropriate that a non-profit should adhere to that restriction, and I do not think it would compromise what we're trying to achieve -- the investigative reporting, the

coverage. They're free to cover elections, editorialize about elections, and do everything else they want to do.

MR. KINSLEY: Karen, and Brookings doesn't do this, of course, but the Heritage Foundation puts out releases which say at the top something like “S-23 Must Die.”

Then they say, in tiny little print at the bottom, “nothing contained herein should be construed as an attempt to affect legislation.”

(Laughter)

MR. KINSLEY: It’s not. Though the Senator is right, it’s not very restrictive.

MS. TUMULTY: Okay. Well, why don’t we take somebody from the other side, towards the back there. Yes. This gentleman.

MR. McCARTHY: Hi. My name’s Mark McCarthy. I’m with Georgetown University.

And I want to go back to the point that Michael made, which is we’re dealing with a public good and raise again the question of public support for the news gathering function, but this time to suggest that maybe the way to use public funds in this area is to build on the existing system of public broadcasting, where the Corporation for Public Broadcasting already has a function of distributing news and public affairs grants to local public TV stations and radio stations.

And you could simply build on that function. The local stations don't do a very good job on local public affairs right now. But they could, with the additional funding, and all those extra reporters who are unemployed because of losing their jobs in the newspaper industry could

be then employed by the local public TV and radio stations.

MR. KINSLEY: Darrell?

MS. TUMULTY: What do you think, Darrell?

MR. WEST: If we use the Senator's criteria of political feasibility, that one's not going to pass.

In an era of massive public budget deficits, I don't think there's going to be political will to do that.

Even if there was a will to do something like that, I'm not sure that would be the way to go, just because such a small percentage of the American media system is publicly financed. We have virtually an all private system, unlike our European counterparts.

MS. TUMULTY: NPR is not doing so well itself these days, either; so.

Ma'am -- all the way back there.

MS. FREEMAN: My name is Jo Freeman and today I'm going to wear my hat as the National Writers Union.

This is a union of mostly freelance writers, many of whom used to be employed by some of the news organizations you were talking about.

I want to simultaneously ask a question, pose a challenge, and give an answer.

My question is this: The business model that you all are describing appears to be a continuation, and some other form, of the current business model, which relies upon news gathering organizations employing full-time journalists to provide the necessary reporting.

My question is, can you envision a business model that also includes freelancers, that being, of course, what our union members are.

The challenge I wish to pose is that if you can't -- and I certainly didn't hear any version of that in what you were talking about -- could you consider a different model which also utilized very heavily the talents of freelancers.

And the reason I think you should do that has to do with my answer to the question you all posed about how do we get more investigative journalism, because my answer is, freelancers.

Our members are well trained, professional journalists who do not have full-time jobs, at least not anymore, gathering news, who would still like to do that and, in fact, still do a lot of that. But unfortunately, the time involved competes with their day jobs, which many of them have to have in order to pay their bills.

MS. TUMULTY: Well, I mean --

MS. FREEMAN: Surely, surely, there is a way for them to provide the in-depth reporting that you all are saying we're seeing less of without having to have some sort of alternative employment in order to pay for it. And I'd like to hear a business model that incorporates that.

MS. TUMULTY: Well, I will say that -- I mean, I certainly know in magazines, if anything, we're doing a lot more of that, because that's the way you get reporting and writing skills, and you don't have to pay them health benefits.

But I think that's actually happening a lot.

MR. KINSLEY: Yeah. There was a brilliant, I thought,

column by Tina Brown a few weeks ago called “The Gig Economy,” pointing out that people don’t have jobs anymore. They have gigs.

And certainly this is one example.

MS. TUMULTY: And, as Walter points out, I think we actually have this week’s *Time* here. It’s also a big theme of our cover story this week, which is the future of work.

How about you, sir? Right there. Yeah.

MR. ALTMAN: I have a quick -- I’m Fred Altman. I’m retired from NIH.

My question is the smorgasbord approach to getting news, everybody going to their own sites, won't -- the point that Karen made that you lose something. You know, the conservatives all read only conservative stuff. The liberals read only liberal stuff, and the thing that unites is missing.

Is there a way of getting around that?

MR. WEST: That’s -- I think there is a risk in our current system of ideological segregation, where liberals are only reading liberal sites, and conservatives are only reading conservative sites.

But if we have a news consumption model where people are only reading a small number of sites, that would be a very real risk.

But what the empirical evidence is suggesting now is people are actually browsing a much broader number of sites and also a broader diversity of sites.

I mean, I find myself doing that more and more. In part, people actually don't trust the media messenger anymore, and the way we

get around that is to sample multiple sites and average. And I think that's becoming a common consumer response that I think actually reassures me that that's going to be less of a problem.

MS. TUMULTY: But is multiplicity the same thing as diversity, because I do get the sense that, you know, people are sampling a lot of sites to sort of reinforce what they already think.

And that certainly is the case with, you know, if you look at the demographics of cable television and also the demo -- I think online as well.

I mean, don't you think?

MR. ISAACSON: Cass Sunstein has a study of this, Cass Sunstein, the guy who's just been appointed by Obama to work in the White House, which is that there is self segregation into cul-de-sacs, that people who go to liberal sites go to a multiplicity of sites, but they tend not to have the common ground.

And I do think that that's one of the functions that makes daily newspapers or news magazines or mass market media still have some value is that it does serve as the common ground instead of allowing you to get the information that way.

On the other hand, I think it's great that you have multiplicity of sites as well, but it's one small reason why in the mix you want to try to preserve the *Times Picayune*-type thing -- I do it because I'm from New Orleans -- that tries to have people from all sides of the community and very things on within a package.

But it's going to be hard.

The technology makes it hard. It used to be and when Ben Franklin went to Philadelphia, he starts a seventh newspaper in a town that only has 4,000 people.

It was easy to get in the business, and each of the newspapers represented a particular partisan view, except for Franklin, who wanted to, of course, being Franklin, be the common ground person.

And it was a good business model he creates, and that becomes over the years, as newspapers try to get broader and broader in their readership, they try to span a greater diversity of thought.

That is hard to preserve when the barrier to entry has gone down, which is a good thing, I mean, the barrier to entry, and everybody can start the Huffington Post or Tina can start the Daily Beast or Josh can start Talking Points Memo. And everybody can start a site.

So that common ground is going to be hard to preserve, but it's one little reason why newspapers may play a role that people value. And if they value it, they will want to keep newspapers.

MS. TUMULTY: How about this gentleman here?

SPEAKER: Yes. This is a personal question, but it also, I think, affects a lot of people in this room as reporters.

I'm a journalist who's been working independently for the last 20 years, primarily the last five years in the Middle East and Jerusalem and the West Bank territories.

And the narrative obviously dealing with the Palestinian-Israeli conflict, and there's varied perspective, from the Israeli perspective and from the Palestinian perspective. And we're really only getting one

perspective primarily in the United States.

So the difficulty I have -- and probably other journalists have as well -- is this: Historically, I have been able to support the work through foundation support and through freelance work, which has totally dried up now.

So I'm struggling with the notion of in order to continue reporting on Palestinian issues from the Mid East is, as a reporter, if I accept money from private individuals or from organizations who have a vested interest in the story, does that completely lose credibility in the minds of the public?

And if I go with a story, with a video story, with the print story to a major publication, will they completely disregard the pitch because it's tainted with some vested interest money?

MR. KINSLEY: My guess would be -- and I -- but you're living it, so you may know better -- that it should be easier now than before to get a minority point of view out, and that major publications like Time, as Karen said, are more likely to hire a freelance writer than before.

And that's not the case?

SENATOR CARDIN: Could I just comment, just because I -- let me comment as a policymaker from what I would hope the Congress is trying to do, what policymakers are trying to do.

We're trying to provide institutions that will be able to collect information, do investigative reporting, and provide a source of news.

Today or historically that's been done through an institution that relies on two revenue flows -- one from advertising, one from

subscriptions.

Both could compromise the public integrity of that news source.

And over the years, we've heard comments about you're getting money from tobacco, how can you possibly report objectively about tobacco. You represent the insurance industry, because you're getting so much money from them.

We've heard those complaints over the years. We've also heard the power of subscription actions to try to influence news coverage by canceling subscriptions or doing things to try to impact there.

What I am suggesting is there's another revenue source that I think will provide -- help to continue these institutions. And, yes, it's always possible that public support could be geared towards certain impressions to the public. But I must tell you there are institutions out there that have a reputation of being pretty objective and wanting to make sure that there is objective news in their community.

There are those types of public foundations that are prepared to help save this institution of investigative reporting for their community. I think it gives more objectivity.

There's been a fourth source of revenue that's been suggested here, and that is to find some way of compensating for the news that is generated that is echoed on the Internet. I think that's a legitimate one.

There's been a fifth source, which would be public financing. I think that would be a huge mistake.

I guess my point is, I think I have a responsibility to try to see whether we can come up with a model that preserves the institution of journalism, particularly for local communities.

There will always be challenges as to its objectivity. But that's the challenge of the community. That's the challenge of our society, to have the type of competition and the type of support that would allow objective reporting.

But I think government's responsibility is to have minimal impact, but to develop the model that can work. And currently, we don't have that model.

MS. TUMULTY: How about this gentleman, all the way in the back. Yeah. Oh, sorry. Oh, I was calling on the gentleman against the wall back there. So.

MR. TORRES: Hi. I'm Joe Torres. I work for the public interest group Free Press.

And, Senator Cardin, we definitely support your bill. But one of the concerns we have about your bill that it's not -- it's too narrow, that we have to save newsrooms as opposed to newspapers.

Like, for instance, I'll give you an example of a newspaper like that wouldn't fit under your current definition, the *Afro-American* in Baltimore. The Murphy family has been around for over 100 years.

It wouldn't qualify under your bill to be saved, and yet, it's still the black press, particularly is facing --

SENATOR CARDIN: Why wouldn't it?

MR. TORRES: If what I understand it's a daily paper.

SENATOR CARDIN: Oh, no.

MR. TORRES: We won't?

SENATOR CARDIN: No (inaudible).

MR. TORRES: They don't have the international bureaus.

SENATOR CARDIN: You don't need that.

MR. TORRES: Okay. Well, there's still concerns that it still needs to be a little broader. But the other point I wanted to make, well, we definitely believe --

SENATOR CARDIN: And I'm for providing it. If the community wants to come to the support of the *Afro-American*, I'm for that, because it's a very different -- your subscription had declined dramatically in the last couple years. And you provide a very valuable service to the community.

There is a possibility, not a possibility, there are papers today that are non-profits and are operating with newsrooms.

It's difficult, though, to attract the type of community support under our current laws, because the IRS is likely to challenge.

So if the *Afro-American* in Baltimore and Washington chose to convert to a non-profit, you would likely be challenged by the IRS.

I want to make sure that you have a legal structure so that you can attract the type of community support to be a nonprofit, and I very much want to work with you to make sure that the Afro-American is included in that list.

MR. TORRES: Well, here's another concern that we have -- not a (inaudible) about this whole conversation.

One of the things that concerns us is the fact that we don't talk about the role -- there's a short-term problem and a long-term problem.

The short-term problem with newspapers a lot of it is caused because of publicly traded corporations -- I mean, the demand for creative profit margin.

McClatchey made a 21 percent profit margin last year, and, yet, is on the verge of bankruptcy, because it bought Knight Ridder out and it could not take on all the debt, paying off the debt.

The average newspaper profit margin is 12 to 15 percent today, while there's declining -- the fact that some of the bigger papers are in trouble is because it's self-inflicted wounds.

And so we are -- we -- I'm very concerned about that because as we make policy, I think we have to understand how we got to this place in order to create better policy.

And that's one of the reasons why we support your bill.

And then one more thing is just LCCCs is another model that people are talking about that potentially is a -- I think what Mr. Issacson said about a menu of items, I think, is going to -- is sort of what we're going to see to help newsrooms.

SENATOR CARDIN: Thank you.

MR. WEST: Thanks.

MS. TUMULTY: Thank you. Anybody else? How about this young man, here?

MR. BRISSON: Hi. Zach Brisson. I guess I'm wearing a

concerned citizen hat today.

It’s a very interesting discussion you're having. I really appreciate it. It would be great to have heard maybe a more technological voice, like a Clive Anderson or Kevin Kelly up there, but it’s really great that you guys are kind of out there in the way that you are today.

One question I really have trying to synthesize everything is it kind of brings in a lot of comments and some of the different things that you said as well. Walter, I really liked what you said when it’s news organizations need to find their value again.

MR. ISAACSON: To find what?

MR. BRISSON: And if they’re not -- find what they’re doing that’s of value to the public.

MR. ISAACSON: Yeah.

MR. BRISSON: And I wonder if -- a large part of what we're avoiding is the simple fact that the very news industry has to go through and even far more radical transformation than we've even talked about here.

So much of what the news providers do these days, they don't need to do anymore. There's no need to do it, and there won't be a need to do it in the future, be it movie reviews, a local sporting coverage, a whole host of things -- there's absolutely no need for them to do it because they're found elsewhere cheaper and even better.

But there is a core value that will always be there, and that is that accountability making, that insight into the institutions that control our lives, be it large corporations, the local city government, no matter what it

is.

You've all hit on the fact that the citizen will always have that need. That is not going to go away.

So I wonder if what we really need to talk about is how this industry can sort of go through that painful and radical transformation to get back to just doing those basics. You know, a local newspaper all it does is that investigative reporting.

I think there will be an audience for that. The local mother still has a concern about what's going on on the school board.

That demand is there, but you haven't heard really the realization that we have got to change far larger than we are now.

But with all of the information that's out there, you're going to need the news brand that is filtering through everything and bringing you that important story, but there's a lot of pain that we need to get through before we get there.

And your idea about sort of allowing for this one-time cartel, I wonder if that's not something that would just kind of prolong this sort of model that's not based on the real need, but is sorted based on a historic framework?

MR. WEST: I think that raises a number of important of very important issues. I mean, I agree with your point on investigative journalism and the need to have local forces of accountability. I mean, that's the thing I worry most about.

The question is, how do you pay for that? How do you get to the point?

I think newspapers especially are going to have to go through a much broader innovation wave and they have to date.

I think, you know, the reason why a number of the Internet sites have proven so popular is not just that they are providing free content, but that they are interactive. People can talk back to them. There are all these other features that newspapers have been slower to embrace.

So I think part of the process of transformation is going to have to be to move towards a very different model of news gathering that is not so much top down, but is bottom up and is interactive in nature.

MS. TUMULTY: Which, I must say, even my short experience as a blogger I discovered I really do think that if there is a model it is good to be -- it's going to be -- being the two-way conversation and not a one-way, although Michael's experience with Wiki editorials may have just convinced him otherwise.

MR. KINSLEY: Well, you know, I think the important thing is to try things. And this is -- it's very briefly at the *LA Times*, we had a -- we published a Wiki editorial, meaning we wrote our view about the Iraq war, which was strongly anti. And then anyone who wanted could go in and rewrite it.

And it was a very interesting experiment for about three days. And then someone went in there and replaced it all with kiddy porn.

(Laughter)

MR. KINSLEY: So that, you know, as other people have tried it since then and done better.

So.

MS. TUMULTY: How about, sir?

MR. MITCHELL: Thanks. Gary Mitchell from the Mitchell Report.

And I've been sitting here thinking about Walter's comment at the outset about, you know, if you're not producing something of value dot, dot, dot.

And I tried not to think about that in personal terms, but it sounds right. But it seems to me that we're -- the subject matter that we're into here is subject matter that we have a history of not paying for, which is education.

We don't pay teachers well, even though they provide great value. We don't fund our schools properly. And the core value -- going back to this gentleman's observation, which I think -- I thought was very important -- is that if we look at what's the real core value of what we're talking about, it is the investigative, in-depth educational kind of thing which American consumers have a history of not shelling money, you know, Bruce Springsteen, bring it on.

But what's happened to civic education in this country. It seems to me that we are sort of in that realm, which makes this very difficult and which makes me -- I don't know if I want to say I question Walter's point about if you aren't producing something of value -- it's that the kind of value that you're producing is something that in this society we have a history of either not paying for or not paying very much for.

MR. ISAACSON: It ties in with what the young -- the guy in

the middle there said, which is you need a radical transformation of what we do as journalists. And we need to quit doing things that aren't necessary to be done.

But one way to do that, one of many ways, is to have foundations, as the Senator said, that will help fund it.

But also another way of doing it is to have the discipline that says I'm going to do something that people want as opposed to I'm going to do -- give it away for free and I don't -- you know, if you're giving yourself away for free all the time forever, then you don't have the discipline of saying, well, let me not do something useless.

Now you may think that movie reviews are useless because they're better done by people who will do them as hobbyists and not be paid for it or by, you know, the wisdom of crowds doing it in a forum.

That may be correct. And that's a good discipline for newspapers to learn is that people do not value that anymore.

So it gets to your question of what if they don't value investigative journalism at all. What if the foundations don't value it? What if we as a populist don't value it? Then we are in a deeper problem than a business model for journalism, if people don't want to be informed and they don't want good investigative journalism.

But I would agree with the gentleman in the middle here who said, "People in communities do want that."

I mean, after Hurricane Katrina, there were about four things we wanted in New Orleans -- better levees, better schools, crime, and information transparency.

And many models sprang up to try to information, because people saw the absolute need for it.

So I'm a little bit more optimistic than you, Gary, which is I do think people value good information, and there will be both foundations and rich donors and users.

But to get us to the radical transformation where newspapers are doing useless things that they just give away and don't have a discipline on it does help to have multiple ways of funding things, whether it's relying on customers to buy what you do, relying on foundations to subsidize what you do.

MS. TUMULTY: Back here.

MS. SAMUA: I have -- even -- my name is Colandria Samua. I write for a local newspaper in Montgomery County -- in reference to what the guy was saying that we don't need to write anything more about entertainment or sports. We still need those.

But I write entertainment on a community level as opposed to the Hollywood level, because, quite rightly, I don't care which celebrity spent thousands of dollars on a pair of jeans or if a celebrity is signed up for the U.N. to do good works of charity.

I feel that good works of charity should be done from the heart and not just to gain publicity.

But we do need to focus more on people, ordinary citizens that do good works of charity; focus on entertainment that is local.

We have up and coming artists in the D.C. area that could use some exposure, which is what I do as a freelance reporter for a local

Montgomery County newspaper.

And also, I'm just hearing about the Newspaper Preservation Act. I would like a little bit and more information in regards to that. Where can I find that information?

SENATOR CARDIN: You can find it out on my website.

MS. TUMULTY: See that's the problem.

(Laughter)

SENATOR CARDIN: No, it's -- we cover that regularly on our web site. That's where most people find the easiest way to get information.

And I'm for that. I think it's the easiest way. After that, if you still have questions, I assume that you let us know, and we'll try to answer. I'm not sure exactly what your concern is as far as the information you wanted, I should say.

But what we've attempted to do there is give some of our view as to why we filed the bill. We also have put the information on the bill itself is basically to allow a newspaper to qualify as a 501(c)(3), giving a separate category under 501(c)(3) for a newspaper operation so that you don't have to -- right now, you can operate a newspaper if you are an educational non-profit. You can if you're a church non-profit.

So this gives a separate category which will allow directions to the IRS to allow a community newspaper to qualify as a non-profit.

Now obviously, there's other requirements for a non-profit. You have to do those, but if that model works -- and I must tell you since I filed the bill, we have gotten lots of inquiries from around the country.

There is interest. I would agree, not every community, but there is interest.

MS. TUMULTY: Now we've promised to get you all out of here by 1:30 p.m., so I think we have time for one more question. How about back there?

Sorry for the pointing.

SPEAKER: Thanks. I actually am glad you made it this comment about education, because this -- the whole conundrum that we have here seems very similar to the conundrum we have with education, where it's a public good that is important for everyone, but they don't have everyone with the will and ability to pay for it; and, therefore, we have public financing.

So I want to push the question of public financing a little bit more and specifically around the BBC model.

You know I work for an organization where we have a real interest in this issue as well, so I've been doing some research on, you know, revenue generating models for media.

And one of the ones that just made exclamation marks go off in my head was the BBC model, where you have 20 times as much being spent by the U.K. because they see investigative journalism as a public good.

So I'm interested in sort of why -- what -- a little bit more analysis of why we think that model may or may not work here.

And then also to point out that, you know, this idea of voluntary contributions for news articles, so, you know, this is microtipping is also a public model. It's very similar very similar to NPR.

And that it's also public financing of journalism, so I would just -- you know, I think there a number of ways that we can create public value for this public good.

MS. TUMULTY: Well, I must say I -- one contest that I judge every year are the Robert F. Kennedy Awards, which is covering the disadvantaged.

And it's amazing that every single year, "Frontline" has something in the finals. You know, I think that more and more of this very important, painstaking coverage, and especially of things that aren't glamorous, is, in fact, taking place in public TV.

MR. KINSLEY: Well, it's a sort of a historical accident that we have public TV and public radio. And let's be honest: It tends to tilt left. It does. That's why the people in this panel and this audience like it.

(Laughter)

MR. KINSLEY: And I think we should just continue to let it exist and enjoy it, because if you draw much attention to it, it might become a little hard to defend.

(Laughter)

SENATOR CARDIN: Well, I just want to -- I could take a little bit of -- I think public broadcasting does a great service to our community. And I'm pleased that that model has worked.

And they provide an incredible service in their area, including

some very sophisticated investigative journalism.

So they do a really first-rate job. But I think that's a limited aspect of what we're trying to deal with.

I don't think it's the model that we should use to preserve local journalism. I don't think it's a good idea to get an entity that could be relying or wants to rely upon government funds in order to operate.

I think there's just too many problems associated with the independence of the press under those circumstances.

So I just really want to defend public broadcasting, because I think it's extremely valuable to our community.

It gets very, very modest public support. It has served a very useful purpose, a very strong purpose in education for our children, and I want to make sure that's preserved, but don't use as the model to try to preserve local journalism.

MR. KINSLEY: I'm in complete agreement.

MR. ISAACSON: I'm in complete agreement. Exactly well said.

MS. TUMULTY: Well, again, I think we're right at -- we're right at our time here.

So I want to thank all of you for coming out today. And if we didn't have any answers, I think at least we raised the right questions.

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CERTIFICATE OF NOTARY PUBLIC

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

/s/Carleton J. Anderson, III

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