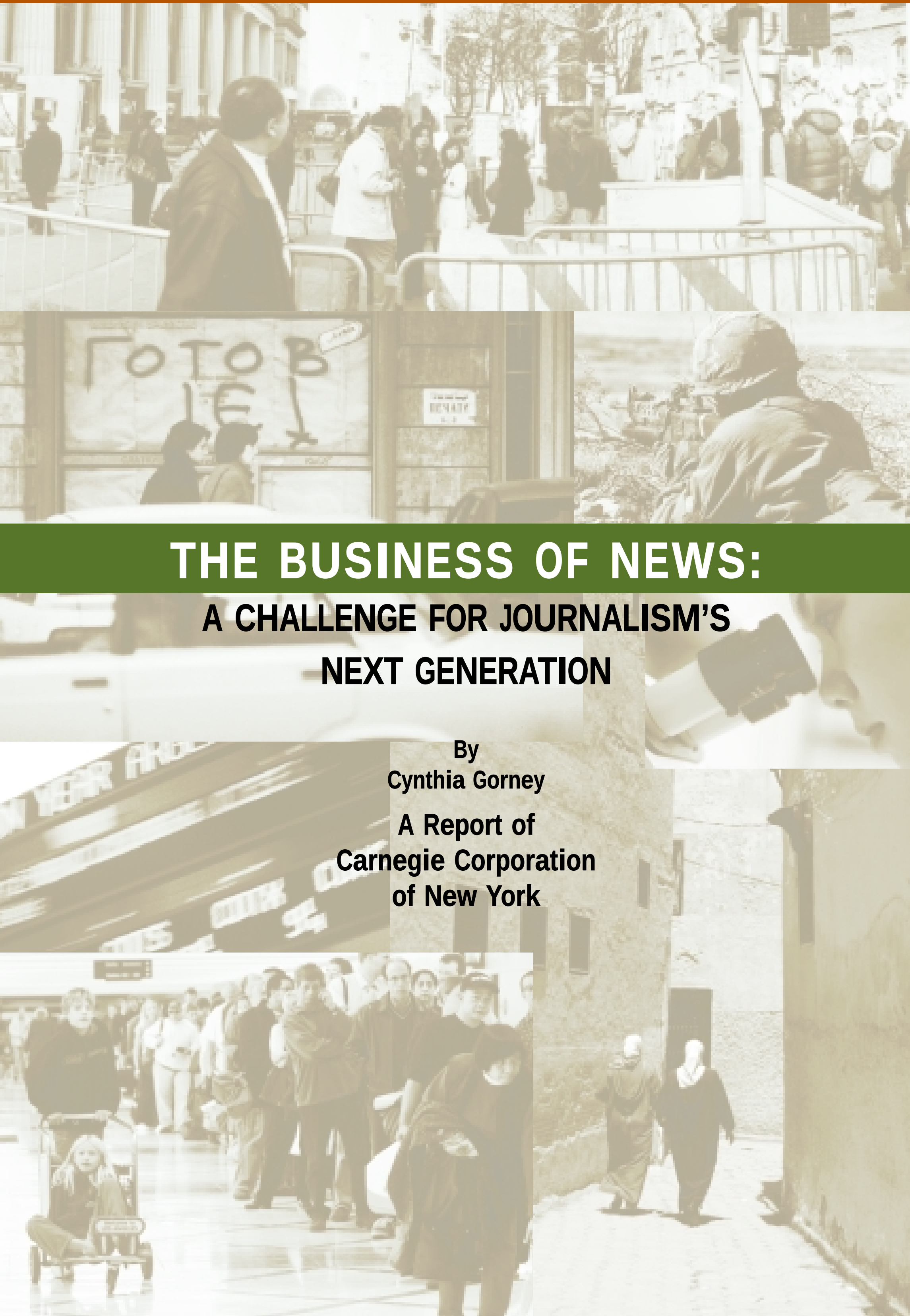

THE BUSINESS OF NEWS:

A CHALLENGE FOR JOURNALISM'S NEXT GENERATION

By
Cynthia Gorney

A Report of
Carnegie Corporation
of New York

The Business of News: a Challenge for Journalism's Next Generation

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Carnegie Corporation of New York
Forum on the Public Interest
and the Business of News

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table of contents

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Carnegie Corporation of New York was created by Andrew Carnegie in 1911 to promote "the advancement and diffusion of knowledge and understanding." Under Carnegie's will, grants must benefit the people of the United States, although up to 7.4 percent of the funds may be used for the same purpose in countries that are or have been members of the British Commonwealth, with a current emphasis on sub-Saharan Africa. As a grantmaking foundation, the Corporation seeks to carry out Carnegie's vision of philanthropy, which he said should aim "to do real and permanent good in this world." Currently, the foundation focuses its work in four program areas: Education, International Development, International Peace and Security, and Strengthening U.S. Democracy.

introduction

American journalists have a major responsibility: working on democracy's free press to inform citizens and officials about local, national and world events as well as to provide a measure of public accountability for all institutions and their members. In June 2002, a number of prominent journalists, publishers, news executives and deans of journalism and communications schools came to a day-long Carnegie Corporation forum to discuss a concern raised by many of us; namely, that the nation's truly admirable journalism profession currently lacks sufficient tools to do its work—and, hence, democracy's work—in a competitive environment of parsimonious corporate support and expanding global complexity.

Globalization imposes on journalists the increasing burden of making sense of interlocking or interdependent histories, economies, laws, cultures and conflicts in a "news cycle" now spinning at Internet speed. The Information Revolution—and journalists are front and center in this revolution—makes it enormously easier for journalists to obtain information, but *not* correspondingly easier for them to separate the chaff from the wheat, subjectivity from objectivity, opinion from fact, private interests from public interests, manipulation from influence and corruption from "spin." The Information Revolution, globalization and media industry trends—including corporate consolidations, ever-present commercialism and "infotainment"—make it more and more difficult for journalists to cover the news and provide sophisticated analysis, synthesis and context. Even leaving aside the corporate issues, it is clear that the complexities of modern society, global development and the Information Revolution place unprecedented demands on the profession of journalism. But it is not so clear whether our graduate and undergraduate programs in journalism provide adequate intellectual and technical preparation to meet these challenges.

In the past, the prevalent view was that the quickest way to learn about an issue is to cover it—never mind that turnover in assignments often means that no sooner has a reporter or editor achieved a level of expertise than he or she hands it over to a relative newcomer to the issue. If, as many agree, that system was wearing thin in the 20th century, it certainly isn't adequate in the 21st.

Journalism, the quintessential knowledge profession, deserves the best-educated and trained practitioners, in my view. Or more bluntly, as Loren Ghiglione, dean of the Medill School of Journalism, told the *Chicago Tribune:* "We need a new paradigm for what a good journalist does. The old paradigm was that any good reporter can do a good job of covering any subject, regardless of how complicated it is. The new paradigm says: 'Wouldn't it be good if people really knew what they were writing about?'"

Journalism, after all, has to help us cope with the info-glut. The total amount of collected information is said to double every two or three years, and yet we are told that we're unable to use 90 to 95 percent of the information on hand. As Richard Saul Wurman writes in his book, *Information Anxiety* (Doubleday, 1989), "We are like a thirsty person who has been condemned to use a thimble to drink from a fire hydrant."

The info-glut's implications for journalism—and thus democracy—are Orwellian. In *1984,* George Orwell described a world in which information was scarce, knowledge was denied and propaganda was substituted for both. In the 21st century, the risk is the same but the process is different: denying citizens knowledge by inundating them with "megabytes, gigabytes and terabytes" of undigested information.

Thus, the importance of ensuring journalism's success in meeting today's challenges—finding knowledge in information—cannot be overstated, for failure leaves our democracy open to massive manipulation, distortion and denial of citizens' ability to make real choices as autonomous beings. As Thomas Jefferson wrote in 1816, "A nation that expects to be ignorant and free expects what never was and never will be." Put another way, James Madison said, "I believe there are more instances of the abridgment of the freedom of the people by gradual and silent encroachments of those in power than by violent and sudden usurpations."

As a society, however, we do not put a lot of trust in journalism, ranking journalists just below "rich people" and just above "government officials" in a recent public opinion survey by CNN/USA Today/Gallup. Indeed our ambivalence about journalists is comparable to our ambivalence about teachers and librarians. While many people pay lip service to the need for a free press, public education and libraries—saying they are essential sources of information and knowledge and, thus, essential to the security and health of our democracy—most of us rarely pay any attention to the needs of these idealized professions. We routinely take these practitioners for granted, but are very quick to criticize shallow reporting, ineffective teaching and weak librarianship. A dialogue in Tom Stoppard's 1978 play, *Night and Day,* captures this ambivalence: "Milne: 'No matter how imperfect things are, if you've got a free press everything is correctable, and without it everything is conceivable.' Ruth: 'I'm with you on the free press. It's the newspapers I can't stand.'"

These three professions—in particular, the education and training for their practitioners—are of particular interest to Carnegie Corporation of New York, which was founded by Andrew Carnegie in 1911 "to promote the advancement and diffusion of knowledge and understanding," a mission that Carnegie believed in passionately because of his deeply held conviction that ideas can change the world for the better.

When asked about the quality of their professional preparation and their related ability to spread knowledge and understanding, journalists were characteristically critical and unsparing of themselves in recent surveys:

- Nearly three out of four journalists say they are not well prepared to cover the most important issues facing the country. They grade journalists' preparation a "3" on a scale of "1" to "5," with "1" being poor and "5" being excellent. Similarly, most of the surveyed journalists rate the overall quality of reporting as a "3." John E. Cox, Jr., president of the Foundation for American Communications, which commissioned the study, underlined its findings: "This survey shows that journalists themselves believe they need more education and training to do a better job of covering the news." (American Opinion Research conducted the survey, which was sponsored by the David and Lucille Packard Foundation.)

- One in three journalists is dissatisfied with professional development opportunities at work, and this complaint is more common than ones about pay, benefits, promotion or even job security. Most journalists say they need training in work skills, content areas and ethics, values and legal issues—but few news staffers say they receive training in these areas. Nine out of ten news executives agree about the desirability of better training, but they say financial and time constraints severely limit training opportunities—on an annual average, per employee, to no more than several days and no more than $500. Most companies spend one percent or less of their news budget on training, and ten percent of the companies spend nothing on training. The greatest need for training was cited by staffers in local television newsrooms. Beverly Kees, the survey's editor at Princeton Survey Research Associates, commented: "Though news organizations are in the knowledge business, the news industry lags behind others in providing its people with new knowledge and skills through professional training." (The Council of Presidents of National Journalism Organizations commissioned the survey and the John S. and James L. Knight Foundation sponsored it.)

- Nearly two in three editors responsible for international news say their newspaper's coverage is fair or poor—and they said television networks' foreign coverage was worse. These editors also said their own news organizations do a fair or poor job of satisfying readers' interest in international news. Although international news coverage increased at most of the surveyed newspapers after September 11th, the editors expect that coverage will gradually return to prior levels, with most publications allotting foreign news 10 percent or less of the space for all news. (Dwight L. Morris & Associates conducted the survey for the Pew International Journalism Program.)

Of particular interest to the Corporation is a current discussion about whether our journalism programs are preparing "reporters," who are skilled in gathering and packaging information, or "journalists," who have additional abilities for investigation, analysis, synthesis, perspective and narration. Because of journalists' importance to our society, I believe that the level of their education, the level of their sophistication and the level of their knowledge about the issues that they report on must be high in order to prevent them from being marginalized, sidelined or manipulated. We need, as much as possible, an unshakable, untouchable independence and integrity from journalists because, as a society, we are dependent on them not only for information but for context about the information they bring us and for expanding how we think about and analyze the life of our nation, our relationships with our allies and enemies, and events taking place in the most far-flung corners of the world.

Yet as globalization and the Information Revolution increase the pressure for journalists to become specialists in different areas, I believe we must not devalue generalists or ignore their demands for better education and continued training. After all, we live in an age of extraordinary specialization and fragmentation of knowledge, spawning specializations, sub-specializations and sub-sub-specializations in every discipline. This division of labor, of course, has been of great value in promoting progress in our society. Complexity, by necessity, requires specialization.

So we need specialists in journalism, as well. But for greater understanding, we also need generalists, educated and cultivated, trained and knowledgeable in the humanities, arts, sciences and social sciences. The challenge is to provide synthesis. We also need generalists' help in creating a common discourse, a common vocabulary for discussing various disciplines. Today, more than ever, we must try to balance technical studies in reporting skills with a general and liberal education. In addition, we need a moral balance—informed by the study of ethics, history and culture—that teaches us the difference between making a living and actually living, between means and ends, and between the individual and society.

James W. Carey, professor at Columbia University's Graduate School of Journalism, makes a crucial point when he writes: "The natural academic home of journalism is among the humanities and the humanistic social sciences. Journalism belongs with political theory, which nurtures an understanding of democratic life and institutions; with literature, from which it derives a heightened awareness of language and expression and an understanding of narrative form; with philosophy, from which it can clarify its own moral foundations; with art, which enriches its capacity to imagine the unity of the visual world; with history, which forms the underlying stratum of its consciousness."

The value of a good liberal arts education, moreover, is its ability to enhance a journalist's powers of rational analysis, intellectual precision, independent judgment and mental adaptability—a characteristic sorely needed, especially now in an era of rapid change. A liberal education also will help journalism students to become familiar with the best our culture has taught, said and done—as well as the dead ends and aberrations that clutter our history. It may help young journalists to know and understand the sweep of our culture, the complex nature of our society, the achievements, the problems, the solutions and the failures that mark our history.

I also believe that a liberal education would enable journalists to integrate learning and provide balance in a world where dependence on experts of every kind is increasingly more common. With that trend comes an even greater temptation to abdicate judgment in favor of expert opinion—or be hopelessly lost amid conflicting expert opinions. Unless we help our journalism students acquire their own identities, they will end up not just dependent on experts but may end up at the mercy of experts—or worse, at the mercy of charlatans posing as experts.

A one-day dialogue between educators and business leaders falls far short of answering the large questions facing the profession, but the tensions that grip an industry in the midst of change, diminishing profits and complicated demands were apparent in the conversations that filled the day. I believe raising the kinds of serious questions about the news business that surfaced in this forum is critical even though no specific conclusions were reached, if for no other reason than those who are shaping the next generation of America's journalists must not exist in a vacuum but always be aware of the real-world needs and demands of those who will employ their graduates. Educators in America's schools of journalism and communications produce the men and women making the decisions about what America reads and watches. They shape those who determine what is news and what is not. And because these same educators also judge and award the national prizes that validate the work of the news industry, the educators must also ask critical questions that challenge and provoke the profession out of its status quo. Publishers and broadcasters, also, must be involved in this process, not remain aloof from it, because journalism is not a business alone, it is a public trust. This report on the Carnegie Forum on journalism captures a dialogue we hope will continue in classrooms throughout the country as the news business begins a new century of serving as the front line of American democracy.

Journalists have served our nation well. So have many courageous publishers who put the national interest above their own parochial interests. Today, it is apparent that journalism is straining under increasing corporate, educational and socio-economic pressures. Equally apparent, it is in our democracy's interest to confront these challenges and help solve as many as we can. Journalists, after all, are America's eyes and ears and often the voice of its conscience. As Arthur Miller once wrote, "A good newspaper, I suppose, is a nation talking to itself."

Vartan Gregorian
President, Carnegie Corporation of New York

Vartan Gregorian previously served as president of Brown University and, earlier, as president of the New York Public Library and provost of the University of Pennsylvania. As a young man, he was a contributing journalist to major Armenian newspapers in Iran, where he grew up.

The Business of News: a Challenge for Journalism's Next Generation

by Cynthia Gorney

By the closing weeks of summer 2001, a malaise was spreading in many American newsrooms. The economic downturn had intensified, but around the country there were signs of something deeper and more pervasive than cyclical anxiety about lowered ad revenues. At newspapers in the Knight-Ridder chain, divisiveness over profit-margin mandates spilled into the open after *San Jose Mercury News* publisher Jay Harris resigned rather than implement the latest round of headquarters-ordered newsroom budget cuts; when he told his story from the podium a few weeks later at the annual American Society of Newspaper Editors meeting, Harris received a standing ovation. At *The Washington Post*, executive editor Leonard Downie, Jr., and associate editor Robert G. Kaiser were completing their book *The News About the News: American Journalism in Peril* (Knopf, 2002), an examination of the consequences of increasing profit pressures and changing values at newspaper and broadcast companies around the country. The *American Journalism Review* had for two years been running a series of lengthy, specially commissioned reports on the state of American newspapers; the just-released hardbound collection of the articles carried the gloomy title *Leaving Readers Behind: The Age of Corporate Newspapers*.

The most commonly voiced laments—that satisfying shareholders has become more important than serving the community, that entertainment and scandal are gutting serious news, that foreign bureaus and ambitious investigative reporting are now regarded as costly frivolities—were silenced, for a while, by the extraordinary mandates of covering September 11. In most news organizations around the country, the terrorist attacks and their aftermath so thoroughly clarified the mission of journalism that many reporters and editors described the particular exhilaration of understanding exactly what the job is: the searching for vital information, the explaining of the unfamiliar, the shedding of light. Over the


Vartan Gregorian

ensuing weeks the catchall phrase "the public interest" seemed temporarily less elusive, as news publications and television networks threw every available resource into a story with massive national and international repercussions.

Nine months later, with the momentum of September 11 greatly diminished but not yet dissipated, Carnegie Corporation of New York invited 40 news leaders to gather in Manhattan for a one-day conference on the public interest in the business of news. The impetus for this gathering came from several venues at once. Long before September 11, Vartan Gregorian, the president of the Corporation and the former president of Brown University, had been growing increasingly interested in the relationship between journalism and the public life essential to continued democracy. Over the previous two years, in a series of four Corporation-supported gatherings in New York and California, journalists and academic leaders had been talking over the role of training and education in the development of journalists. After September 11, the challenge of thinking through and improving that training took on a new urgency, and the Corporation began planning an expanded version of those journalism education conversations.

Then, last spring, Orville Schell, dean of the University of California at Berkeley's (UCB) Graduate School of Journalism, invited a group of journalism and communication school deans to Berkeley to see whether they might collectively examine the state of television news in this country, with special attention to the effects of deregulation and the public interest in the airwaves. The Corporation suggested that the deans incorporate their discussions into the broader forum Gregorian had in mind. The gathering that resulted, on June 19, 2002, brought together deans, editors, journalists, publishers, broadcast heads, media consultants and foundation executives, all grouped around a massive rectangle of tables for a six-hour conversation that ranged from the sweeping (*Is quality journalism in peril?*) to the definitional (*What do we think "quality journal-*

ism" is?) to the tactical (*Is it fair to single out broadcast television for critique?*). The meeting was moderated by Corporation public affairs vice president Susan King.

The sendoffs for the day's conversation were delivered by Vartan Gregorian, who exhorted the participants "to discuss frankly the state of the profession," and by CNN anchor and Corporation trustee Judy Woodruff, who offered up what she described as the "front and center" questions for the day—and for journalists around the country. Some of the broad challenges Woodruff posed were to permeate much of the discussion that followed:

- **Has making money become the primary goal of too many news operations**? As more and more news organizations are taken over by publicly traded companies, Woodruff asked, "Does the bottom line not just matter, as always—but does it dominate?"

- **Did September 11 teach us anything that will endure?** "After one of journalism's finest hours," Woodruff asked, "are we returning to the values of September 10? Among other things, is international news still valued?"

- **What can journalists do besides simply complaining about the primacy of the bottom line?** "When these important business decisions are being made, affecting the public's right to know, are journalists sitting at the table?" Woodruff asked. "And if they are, are they speaking up?"

Newspapers and the Public Interest

Leonard Downie, Jr., whose book *The News About the News* had been distributed to the conference participants, extended Woodruff's questions directly into contemporary American newspaper operations, where many journalism graduates will look for their first jobs. "On September 12, all across America, many people who don't regularly read a newspaper bought a copy and devoured it," Downie said. "It was a reminder why even now, decades into the electronic era, newspapers remain so important…Television and newspapers both perform important public services, but they aren't the same ones. TV brings great events directly to the public, allowing everyone to participate vicariously in the making of history. The mission of newspapers is to bring a rich, detailed, contextual account of these

Loren Ghiglione, Kevin Klose and Leonard Downie, Jr.

events, and much more, to their readers every day, enabling them to remain in touch with their communities, the country and the world."

But that weighty mandate is now being ignored at too many papers, Downie stated. Despite the surge of fine reporting after September 11, he said, a survey of modern newsrooms produces much to worry about over the longer term. News staffs and news holes are shrinking in tandem. Foreign and government coverage is decreasing or disappearing altogether. Newsroom managers—

"As more and more news organizations are taken over by publicly traded companies," CNN Anchor Judy Woodruff asked, "Does the bottom line not just matter, as always—but does it dominate?"

not just publishers, but also the very editors whose primary interest ought to be in delivering news to the reading public—are finding their own pay linked to profit goals and stock price increases. "The message coming down from too many owners and publishers has been that improvements in the bottom line *are* a higher priority, often a much higher priority, than improvements in journalism," Downie said. "Scorched-earth cuts in news have become routine in down advertising years, with increasing expectations and even public declarations that these cuts will not be restored in the up years."

Downie and Kaiser's book includes some case studies of newsrooms and news corporations, both those the authors found admirable and those that seemed to exemplify the priority shifts that alarm them. Journalism programs and interested foundations might now want to undertake more detailed inquiries, Downie suggested, with an eye toward the larger answers that might result from such specific case studies as these:

> **Gannett**. This publicly-held company owns scores of newspapers, ensuring high profit margins by exerting strong central control over the business and journalism at each. When Gannett takes over newspapers, the journalism tends to sag, Downie said, with the news holes dropping and the best reporters and editors leaving in disappointment as ambitious reporting is discouraged.
>
> Downie's proposals for study: What affect do these changes have on the communities in which they occur? Since regional Gannett newspapers often provide starting jobs for young reporters, how is the future of the profession influenced by the low pay and minimal journalistic ambition at these papers?
>
> **Knight Ridder**. As the owner of what have in the past been some of the nation's most admired big-city newspapers, including *The Philadelphia Inquirer* and the *San Jose Mercury News*, this publicly-held corporation has recently come under intense criticism in media circles—often by its own disenchanted former editors and reporters. The national attention to publisher Jay Harris' resignation was only one eruption in an ongoing series of complaints about newsroom budget cuts that critics contend represent a fundamental change in company priorities. Knight Ridder executives, including CEO Tony Ridder, have objected heatedly to this assertion, saying the papers' staffing is still better than the industry norm and that satisfying shareholders is essential to keeping the newspapers alive.
>
> Downie's proposal for study: Who's right? Is there a relationship between news budget and news hole cuts at the *Inquirer* and *Miami Herald*, and drops in those papers' circulation? What are, or should be, acceptable profit margins for a newspaper company?

The McClatchy Company. This family-controlled public company owns well-regarded papers in midsize cities: the *Minneapolis Star Tribune*, for example, and the *Bee* papers in California (Sacramento, Modesto and Fresno). Downie observed that although the company is expanding, like Gannett and others, current CEO Gary Pruitt has declared that he intends to improve the papers by investing in their newsrooms.

Downie's proposal for study: Does Pruitt mean it? What's the difference between the journalism-profit balance at McClatchy and that of other chains? How might the cultures of the various companies be compared?

Tribune Company. Former Times Mirror papers that have now been taken over by the Tribune Company—*The Baltimore Sun*, *Newsday* and *The Los Angeles Times*—are showing interesting signs of journalistic improvement even as their new corporate managers try to maintain high

> One of the central points of discussion will have to be the importance of finding a balance between the business of journalism and journalism itself, said Leonard Downie, Jr., executive editor of *The Washington Post*.

profits while running a diversified media company.

Downie's proposal for study: Will these encouraging signs continue? How will plans develop for new *Los Angeles Times* editor John Carroll, who, along with new managing editor Dean Baquet, has been warmly received by a newsroom that had been recently demoralized by some well-publicized publisher missteps? What will the Tribune Company do with *The Baltimore Sun*, and with what must now be overlapping national and international bureaus serving the various papers?

Newhouse. This private, family-controlled company, owner of such papers as the *Newark Star-Ledger* and the *Portland Oregonian*, has recently mounted a newsroom improvement campaign, Downie said—explicitly urging its editors to attend to good journalism rather than

Louis Boccardi, Stephen Jukes and Thomas Kunkel

higher profit margins. He quoted Doug Clifton, who defected from Knight Ridder's *Miami Herald* to Newhouse's *Cleveland Plain Dealer*, as saying the management atmosphere at his new paper feels "totally different" than it did at the one he left in Miami. At the *Portland Oregonian*, Downie said, editor Sandra Mims Rowe has declared that she doesn't even know what the newspaper's overall budget is, that she knows only what she has been given to work with in the newsroom.

Downie's proposal for study: What difference does family ownership make to newsroom culture and to the journalism a paper produces? What's happened to circulation and to regional credibility at the papers Newhouse has been encouraging to improve?

The St. Petersburg Times. Published by the nonprofit Poynter Institute, a legacy of the late *Times* owner Nelson Poynter, the *Times* is now "arguably the best newspaper in Florida," Downie said, with an emphasis on strong local reporting, aggressive government coverage and very good writing. Downie quoted Poynter outgoing chairman Andy Barnes as having said he thinks 10 percent profit is not enough to run a newspaper, but that 20 percent is *too much.*

Downie's proposal for study: Are these journalistic achievements, coupled with this liberation from the profit demands of shareholders, the natural consequence of nonprofit ownership? Should this be tried elsewhere? Is it farfetched to suggest that the very wealthy try buying newspapers and running them as nonprofits?

Steve Rossi and Judy Woodruff

Downie concluded with a call for organized dialogue among editors, publishers and owners—which seems obvious, he said, but has so far been difficult to undertake because editors have been afraid of being rebuffed. Foundations and universities can help in these conversations, he said, perhaps by convening regularly scheduled meetings and issuing public reports about the specific challenges now facing American newspapers. And one of the central points of discussion, Downie said, will have to be the importance of finding a balance between the business of journalism and journalism itself. Nobody expects newspapers to operate without making money, Downie stated. The arguments are over how much. Downie himself, he noted, has become "a little famous" for remarking, when asked what he thought a reasonable profit margin might be, that he agreed with Barnes about how a 15 percent average sounded about right.

"There's big, big disagreement about that between many editors and many owners nowadays," Downie said, adding his opinion that, "the reader-citizen is who we all really work for, even more than advertisers, shareholders or corporate executives. *Newspapers are not like any other business.*"

That last assertion—what Richard Tofel, corporate communications vice president for Dow Jones &. Co., called "the religious question"—was central to the lively argument that followed Downie's presentation. Several key themes emerged from this discussion:

Do journalists understand "profit" as well as they should?

Not really, said Jack Fuller, the president of Tribune Publishing, who told Downie he thought the whole journalistic community was skewing the discussion without a proper understanding of the larger economic picture at newspaper-owning companies. “You’re almost as fixated on profit margins as Wall Street,” Fuller said. “The metric of ‘margin’ is too simple to fix on. There are many other things that are involved in margins that have nothing to do with newsroom expense.”

At the *Chicago Tribune*, for example, Fuller said he had gone back over twenty years of recent economic history and found enormous increases in profit margins—while the percentage spent on newsrooms also increased. “Margin is driven by improving the expense picture *outside* of newsrooms, not necessarily by changing the expense picture inside the newsroom,” he said. “You know, you can do away with your whole foreign service and save less than you can save by changing a point or two on your newsprint widths.”

Tofel took up Fuller’s point, urging both journalism educators and working reporters to develop a more sophisticated understanding of real-world business. *Washington Post* publisher Donald Graham cuts an admirable figure when he tells stockholders he’s indifferent to short-term profits, Tofel said, adding, “God bless him. But that’s not a public company. Because he has control, and because if he misses his target, he still gets to be in charge and to decide who’s in charge after him. The key thing about a public company is that if a public company underperforms over a sustained period of time, it gets taken over. And in the news business, if a company gets taken over, the quality of the journalism almost invariably declines.”

Is it right to focus on certain newspaper companies for criticism or even close scrutiny?

In certain journalism circles, especially following the Jay Harris resignation, the Knight Ridder company has become a kind of poster child for fraying values. Steve Rossi, president of Knight Ridder’s newspaper division, spoke up sharply in defense of his company, taking issue both with Downie’s critique of Knight Ridder and with the suggestion that 15 percent is an honorable newspaper profit margin. “I think, unfortunately, that that’s dictated by shareholder expectations,” Rossi said. “Fifteen percent doesn’t include all the expenses of running a newspaper company. If 15 percent isn’t enough to attract investors, so that you have capital to reinvest in the business, it doesn’t do any of us any good.”

Rossi, though, took particular exception to the insinuation—in Downie and Kaiser’s book, as well as in other recent forums like the *American Journalism Review* series—that the situation at Knight Ridder exemplifies the damage to good newspaper journalism when too much deference is given to shareholder expectations. "I don't think making incendiary and many times unsubstantiated comments about companies is necessarily the best way to engage," Rossi said. "I wish we could get off Knight Ridder as a standard for bad things, because I think there are a lot of good things."

There was some caustic exchange about the actual state of affairs at Knight Ridder papers around the country. Rossi said the papers' news hole and newsroom headcount had increased overall throughout the 1990s, and that the company's best papers had continued to improve; Columbia Journalism School professor Michael Janeway, the former dean at Northwestern's Medill School of Journalism, retorted that this was "an incomplete, and even unsophisticated picture." The newspaper business cycles up and down with the economy as a whole, Janeway said, but news companies have shown very different ways of planning for and reacting to the losses of recent years. "We're seeing that differentiation in Dow Jones, in the [New York] *Times*, in McClatchy," Janeway said. "The [Washington] *Post*, and I think the Tribune Company are [also] on the plus side of that differentiation. To everybody who knows anything about the business, including people in universities, Gannett and Knight Ridder are pretty clearly differentiating themselves into pure businesses, with the sacrifice of that prioritization that you see in other companies."

Alex Jones, director of the Joan Shorenstein Center on the Press, Politics, and Public Policy, intervened diplomatically to suggest that much of the current public critique of Knight Ridder has emanated, in fact, from the company's traditionally excellent reputation in reporting circles—that many observers have felt a kind of betrayal at watching such admired papers appear to falter amid changed corporate priorities. "Knight Ridder is one of us, as far as most of us are concerned," Jones said. "Rightly or wrongly, there is a perception of something that's different at Knight Ridder...If a knowledgeable and genuinely sophisticated person looked at the way things are done at Knight Ridder, and looked at the way things are done at the Tribune Company and McClatchy, would they see significant differences? Their perception is that they would. And perhaps that's something that would unlock a door here."

Still, Rossi cautioned his colleagues at the meeting against making comparison studies, which he suggested can be intrinsically unfair. "What really happens is you have such distinct differences in markets," Rossi said.

Ellen Wartella, Michael Janeway and Geoffrey Cowan

"I accept that," Jones replied. "I'm not asking Knight Ridder to be compared to *The New York Times* or *The Washington Post*. Where *are* those distinctions, though? And do they exist between [others and] a McClatchy—which is a public company, making decisions based on rational business criteria?"

If case studies are the right model, what are the markers to study?
Geneva Overholser, the former *Des Moines Register* editor now on the University of Missouri School of Journalism faculty, agreed with Jack Fuller that profit margins

> "The newspaper business cycles up and down with the economy as a whole," said Michael Janeway, professor of journalism and director of the National Arts Journalism Program at Columbia University's Graduate School of Journalism, "but news companies have shown very different ways of planning for and reacting to the losses of recent years."

alone are an inadequate measure of a newspaper company's progress. "Some people are doing an interesting thing right now, and that is trying to look at different metrics to think about how companies are serving their communities," she said.

What might that mean in practice? Geoffrey Cowan, dean of the University of Southern California (USC) Annenberg School for Communication, suggested a few "metrics," for comparison study or other purposes, that might be

Jack Rosenthal and Neal Shapiro

useful for broadcast as well: news hole size, reporting staff size, number of enterprise stories, number of award-nominated or award-winning reports. "But I wonder if there's some other kind of metrics that could be agreed upon," he said, adding that journalism schools might help come up with those more innovative ideas for making useful comparisons among news companies—or between one news company and itself under a former structure or management.

The broader questions that this "metrics" suggestion implied—are we all talking about the same thing when we throw around terms like "quality," "serious," and "in the public interest"?—were to reappear throughout the afternoon, especially as the conversation moved toward broadcast news. The next speaker, addressing what he surely knew to be an audience dismayed about the state of broadcast journalism, had his own understanding of what those words mean and how often they apply to the television work he oversees.

Broadcasting and the Public Interest

Neal Shapiro, the president of NBC News, opened the second discussion period with what struck the rest of the room as a startlingly upbeat assessment of contemporary broadcast journalism. Shapiro was the only commercial broadcast executive to attend the meeting (his predecessor Lawrence Grossman, who ran NBC News from 1984 to 1988, was present in his capacity as co-director of the Digital Promise Project), and he recalled that when he began his career, as the editor of his college paper, "I remember thinking TV journalism was a colossal waste of time, that people who did it wrote thirty minute stories anybody could write. Clearly, I have a different view now."

Shapiro said it was true that broadcast journalists no longer work in the

The airwaves—limited, by the nature of the electromagnetic spectrum—have historically been regarded as a publicly-owned national resource.

era when television news was expected to be a money loser. “Yes, there are more pressures; yes, there are ratings to worry about,” he said. “But I’d say we live in a much better world today, as far as television goes.”

The sheer volume of news now available on television, Shapiro argued, has numbed viewers to the real enterprise and quality that exists in broadcast. Just this year, he said, “‘Dateline’ (an NBC prime time newsmagazine), alone, will probably do 25 serious, hour-long documentaries. That never happened before.” The occasionally repeated dismissive comment about how the famous 1960 documentary “Harvest of Shame” could never reach broadcast television in today’s climate, Shapiro said, is flat-out wrong. “You know what? TV *did* do it,” Shapiro stated. “Three years ago. ‘Dateline’ did it. Followed a Mexican-American family for eight months…Not only did we do it, and win almost every journalism award you could win, it won the night. It was a commercial success.”

The definitions of “hard” and “soft” news need serious rethinking now, Shapiro said, especially when they so commonly appear in critiques of what is characterized as the fluff-filled airwaves. “We’ve all recognized that news goes beyond what happened today,” he said. “News includes everything, about the difficulties of raising your child, problems in health care, questions about medicine—all those things are legitimate things that you put in your newspaper now, that you didn’t have in your newspaper 30 years ago. And I think that’s great. Yet somehow when TV does that, there’s some horrible thing going on, that we sold out, that we’re doing ‘features,’ we’re doing ‘light fluff.’”

Although there was much appreciation of Shapiro’s willingness to join the discussion in person, he was plainly aware that he was addressing a skeptical audience. Each of the forum participants had been presented with a draft copy of *Broadcasting and the Public Interes*t, a Corporation-commissioned background paper written by Janice Hui, research associate, University of California, Berkeley; and Craig LaMay, visiting scholar in urban affairs and policy research at Northwestern University and a senior research associate at Northwestern`s Medill School of Journalism. That paper, which is included in the Appendix to this report, traces the history of regulation and subsequent *de*regulation of broadcast, reminding readers that the airwaves—limited, by the nature of the electromagnetic spectrum—have historically been regarded as a publicly-owned national resource. "Most people might be surprised to learn that they, the public, own the airwaves," the report read. "But Congress authorized the licensing of commercial broadcasters to use this scare national resource in exchange for serving 'the public interest, convenience and necessity.'"

The background paper reviewed much of the controversy and criticism generated by the recent trend toward broadcast deregulation: the media company mergers producing massive multi-outlet conglomerates; the intense economic pressure on news programming; the daunting (and poorly covered) power of the broadcast lobby in defeating legislation perceived to be against its interests; the abandonment of foreign bureaus and ambitious reporting in favor of material that is cheaper, or more sensationalistic, or "fluffier." And when Shapiro concluded his presentation, the first to speak up was Lawrence Grossman, with an assessment reflecting some of these concerns. "I admire Neal's rose-colored glasses and optimistic view of what's going on," Grossman said. "I certainly do not share very much of it."

Among his very deep worries, Grossman said, are "the content gaps, that are critical for this democracy—that we are *not* getting. We're getting a lot of headlines from all over the world, but when it comes to the major, very difficult issues—the preemptive strike issues, the Social Security issues, the Medicare and medical insurance issues, the welfare and work issues, education, dealing with the environment in questions of global warming, dealing with continents like Africa and Latin America, where we have no coverage …No matter how many news channels we have, these things—

Lawrence Grossman and Jon Funabiki

the perspective, and the context, and the in-depth, the major and often boring eye-glazing issues that are critical—are simply not being done in this day and age."

"Find an interesting way to do it," Shapiro shot back. "We are not going to put on an hour of really boring *anything*. That doesn't mean you don't do it. There are a lot of serious documentaries about welfare reform, which we did, or Medicaid. Are there as many as there should be? Probably not. I would just say it's a challenge to our producers—if you work in commercial television, as opposed to PBS, that is the structure. *We have to make a living at it.* And we're not going to do it by putting on uninteresting hours."

Shapiro and Grossman were courteous, addressing each other from opposite ends of the huge rectangle of tables, but in their brief exchange it was possible to discern deeply conflicting visions of television's role in public life. From the older man, whose tenure in television overlapped the era of the great first-generation broadcast journalists like Edward R. Murrow: *You've abandoned the public trust that came with the airwaves.* From the younger man, whose profit-loss statements ultimately show up on the books of the General Electric Company, since 1986 the owner of NBC: *You want us to force-feed people eye-glazers because it will be good for them*. The discussion that ensued ranged widely over the territory of the Hui/LaMay report, with particular attention to two areas of controversy:

Foreign reporting. Shapiro acknowledged that staffed international bureaus are no longer the standard model for broadcast foreign coverage. But the reasons for that are practical, he said; rapid air connections and modern phone systems have made the far-flung bureau arrangement obsolete. "Part of the reason we used to have so many foreign bureaus is because we just couldn't get there in

"I know in my heart that when you close foreign bureaus, you do *not* provide the same quality of foreign coverage," said Bob Zelnick, chair of Boston University's Department of Journalism. "I know that when I worked in Israel . . . I was more qualified to report on that issue, and that country, than somebody who parachuted in when things got hot and they needed a second journalist there."

time," he said. "If you weren't there, you weren't going to cover the story."

Before this particular audience, that was not regarded as an explanation with much resonance. Bob Zelnick, who recently took over Boston University's journalism department after a long ABC career that included postings in Tel Aviv and Moscow, objected heatedly to the assertion that international news can be covered responsibly without the expense of foreign bureaus. "I know in my heart that when you close foreign bureaus, you do *not* provide the same quality of foreign coverage," he said. "I know that when I worked in Israel, and spent nearly every Saturday for two years driving around the West Bank and meeting with Palestinians and taking my family to the refugee camps, I was more qualified to report on that issue, and that country, than somebody who parachuted in when things got hot and they needed a second journalist there."

The actual appetite for foreign news, among American viewers and listeners—how much they want, and in what form, and how much "the public interest" suggests they should receive whether they want it or not—was the subject of some debate among the participants. National Public Radio (NPR) president Kevin Klose, who during his newspaper years had worked as Moscow bureau chief for *The Washington Post*, said his NPR listenership has repeatedly expressed an intense interest in foreign news—both before and after September 11. "We find that our foreign news is among the top one or two subjects that our listeners are most interested in," Klose said. "We have 11 foreign bureaus. We believe it's very important to have people on the ground who speak the language, who know the culture."

Bill Kovach, the veteran newspaper editor and reporter who now chairs the Washington-based Committee of Concerned Journalists, said part of the challenge is providing viewers—and newspaper readers—with enough context and background to make international news as understandable and vital as it ought to be. "It was the coverage of the big story, and then [leaving viewers] to their own devices to figure out what the hell it means, that lost the audience," Kovach said. "Every person that I know of, who cares about journalism, takes great solace once a year when they judge competitions and say, 'My God, look at the great journalism that's going on out there.' But virtually all of it is special journalism. It's not day by day by day journalism—which is the only way, the *only* way, that journalism is going to matter to self-governing people."

Alex Jones, Dean Mills and Jay Rosen

The sorry state of local broadcast news. Even Shapiro had little to offer in defense of much of local news programming, which New York University Journalism and Mass Communications department chair Jay Rosen described as "an amazing story of decay and decline, and something close to public fraud." Even as overall value and profit margins have soared at local television stations, Rosen said, the entire modern system of staffing and managing local television news stations now works against good journalism—from the desperate nightly ratings competitions, to local Emmy awards that exist largely as self-reassurance, to journalism programs that "churn out a large number of people who will accept very low money to do very poor quality work for the simple reason that they're on television."

Because so many of these programs are so widely held in contempt, Rosen said, observers interested in improving broadcast's service to the public might want to start at the local level—perhaps by working up a widely publicized awards program for the fifty worst TV news operations in the country. "One of them might be Los Angeles," he said. "Some of the most sophisticated markets have the worst news, because of the dynamics of competition."

Here was an idea the forum participants seemed to like very much—particularly the journalism school deans, who have been exchanging worries about whether they are filling their young graduates with serious aspirations that no longer have much place in broadcast journalism. "A lot of us in the academic community have been concerned about local news," said USC's Geoffrey Cowan. "One of the areas where local news is so important, of course, is informing people about the candidates—their own governments and the candidates who are running for office."

The Annenberg Schools at USC and at the University of Pennsylvania have partnered on studies of TV news reporting time devoted to local races, Cowan said. In California, for example, "We had as a benchmark the race for governor 30 years earlier, in which it was considered kind of scandalous that only 2½ percent of local news in California during that time dealt with the governor's race," he said. When they repeated these measures twenty years later, he added, "it turned out to be one half of one percent—one *fifth* of what it had been."

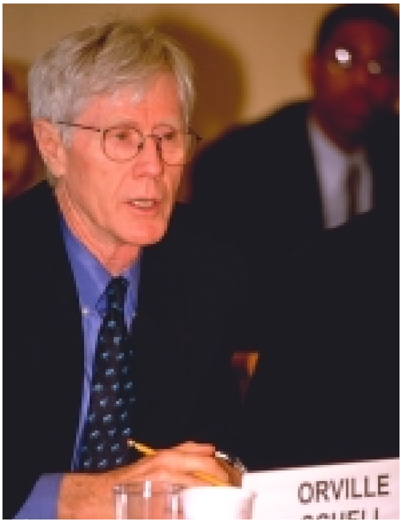
William Baker, president of New York's nonprofit television station WNET, also nodded approvingly at the idea of public awards for poor local news programs. "I've been in a room where they've said, 'None of these broadcasts are very good,'" Baker said, recalling past judging assignments of his own, "'but we have to give an Emmy.'"

Proposals for a Next Step

More than 50 years ago, in a series of meetings that took place over three years, a 13-man national commission financed by *Time* magazine founder Henry Luce set out to examine the state of the American press. Led by the University of Chicago president Robert Maynard Hutchins, the Hutchins Commission—which was composed principally of scholars rather than working journalists—debated, interviewed witnesses, studied staff-prepared reports and, in 1947, after many internal arguments and revisions released a 133-page volume entitled *A Free and Responsible Press.*

The Hutchins report, as this document was more commonly called, proved enormously controversial. It assailed American newspapers, both for bad behavior (including sensationalism, entertainment-packaged-as-news, overly concentrated ownership, and other shortcomings that sound familiar a half-century later) and for failing to provide the kind of intelligent public forum that the Commission argued democracy demands of a free press. When the report was released, as Annenberg Washington Program senior fellow Stephen Bates wrote in his recent study of the Hutchins Commission, "The press proved unreceptive—in fact, indignant—producing yelps of umbrage that nearly drowned out the Commission's recommendations. Over the half-century since, the report has appreciably influenced academic thinking about journalism, but not journalism itself…The experience of the Hutchins Commission makes for a revealing, sometimes poignant case study of a reformist flop."[1]

With that sobering history in mind, UCB's Orville Schell now convened the final third of the Corporation's day-long meeting with a set of questions about what might be done next—and by whom. Had the time come to convene some modern-day national commission, this time with journalists at the core? "None of us will probably ever agree on what's wrong," Schell said. "But all of us in this room agree that something isn't right."



Orville Schell

The deans and other academic leaders present at the forum—representing journalism programs at the University of Pennsylvania, Boston University, Columbia University, USC, Northwestern University, Harvard University, the University of Maryland, the University of Missouri, New York University, UCB and the University of Texas at Austin—had gathered at a Manhattan restaurant the night before to talk about how they might try to collectively intervene to improve television news. Although the conversation at the next day's meeting at the Carnegie Corporation offices extended to crises far beyond those in broadcast, Schell and his colleagues had zeroed in on television for two reasons.

First, public ownership of the airwaves gives outsiders a legitimate platform for intervening—for arguing that the "public interest" *must* be served by companies that make money by using the people's airwaves.

Second, the Federal Communications Commission (FCC) will, during the coming year, likely be making a variety of decisions on concentration of media ownership. These decisions may call for testimony, recommendations and research—all of which could effectively be undertaken by a coalition of journalists and academic leaders interested in more serious and ambitious news broadcasts. As USC's Geoffrey Cowan declared at that dinner, not entirely in jest: "*We* should form a conglomerate."

But joint action is a challenging proposition to a group as vocal and temperamentally independent as journalists, as the full forum's afternoon discussion made clear, and those familiar with the Hutchins Commission were also mindful of the rocky history of certain forms of broad-scale media critique. Over the course of the afternoon, there were eloquent calls both for and against government intervention, for and against the singling out of broadcast, for and against the expansion of the discussion group. Perhaps the simplest question—whether and under what circumstances this collection of news leaders might meet again—drew a variety of suggestions. "What would serve as the organizing principle?" Schell asked. "How would we constitute ourselves?"

Although not spoken aloud, the challenge issued by Judy Woodruff at the beginning of the day about whether September 11th had provided enduring lessons for journalists was echoed in two key questions that seemed most likely to lead to follow-up:

• ***Should some iteration of this group continue convening, and should others be invited in?*** The meeting underway at Carnegie Corporation involved a large number of participants, and AP's Louis Boccardi suggested that a smaller working group of news leaders would have a better chance at, for example, affecting decisions the FCC may make over the next year. "I'd despair trying to do that with anything like the multiplicity that's around this table," Boccardi said. "But I think that both in print and broadcast, there are serious people who think there is something really wrong. I don't think it would be hard for the Corporation to enlist people in serious dialogue that could have a visible impact in the industry."

Vartan Gregorian and Susan King

What about politicians, business leaders, or academic heads outside journalism programs? "Some sort of nonpartisan approach, that brings a genuine public interest to the table, is the only way you can elevate a discussion like this past the scolding and the lamenting," said Columbia University's Michael Janeway, urging that any future meetings include legal and economic scholars

Bill Kovach, William Baker and Reed Hundt

as well as government officials: "People whose CVs look more like Gary Hart and Warren Rudman," Janeway said. "People at this table can't really solve the problem. You need others."

Dean Mills, dean of the University of Missouri School of Journalism, said he liked the idea of a formal commission of some sort—and that the Hutchins Commission, despite having been hooted down at the time, produced a work of lasting value for journalism ethics and training. Some of the Commission's central recommendations, such as those urging serious education for journalists and greater accountability and self-examination by newspapers, no longer sound remotely controversial, Mills said, adding, "I think that most of the findings of the Hutchins Commission have become part of the culture. Most editors today would agree with me. I think the point is that over the long term—even in the medium term—a commission of that kind, if it involves the public, and it's clear that it is in the public interest for the commission to be convened, can in fact have a great impact."

• *If a group or commission does convene, what should be the focus of its attention?* NPR's Kevin Klose was among those who warned against making television journalism the sole focus of attention. "I think there is plenty of room for a commission, or a public discussion and a public conversation," he said. "But I am extremely concerned about singling out one segment of who we are…We heard from Neal Shapiro. He believes very strongly that he is doing better public service—better news, better presentation—in more ways than was done 30 years ago. And for all we know, he may be right. I think we have to be very respectful

> “Nothing has been changed in the nature of governments or human nature that suggests government is going to be the solution to our problem here,” noted Tribune Publishing president Jack Fuller. “If the academic world can deepen our understanding of these forces...and help us know how to adapt to them in a thoughtful manner that’s helpful to the public—that would a be wonderful mission for academia.”

of who we are in the marketplace of ideas.”

Boston University’s Bob Zelnick, on the other hand, said he liked the idea of setting up some study group with a manageable focus—and that broadcast seemed an appropriate one. “I don’t think any of us are in a position to cure all the problems that have been articulated today,” he said. “What I liked about Orville’s approach is that it sets up a body that can ask certain basic questions. Are the networks providing sufficient coverage and sufficient news for the country at this time? That’s number one…The second question that I would like to address is the role of public television. What is public television doing now? What is an appropriate role for it in the future? How much of this gap, that we’ve articulated, can it fill?”

Kathleen Hall Jamieson, dean of the Annenberg School for Communication at the University of Pennsylvania, observed that the day’s conversation had so far presupposed a mutual understanding of what “quality journalism” is, “That somehow if scholars got their act together, they would know how to track it,” Jamieson said. But that may not be the case, she suggested. “Can we define it broadly enough, and through some consensual base, so we’re not inadvertently misleading people about what it is we’ve found?” she asked. “The same point can be made about what’s available in ‘Dateline,’ and the magazine shows. When would you count ‘Nightline’ in? When would you count it out?”

Even the terms “hard news” and “soft news” remain ill defined, Jamieson said. The feature reporting of medical breakthroughs, for example, may be regarded by viewers (or readers) as “extraordinarily relevant, important news—and by what definition isn’t it?” she asked. “We should rethink some of the categories the academic community has come to think in, before we engage in this larger dialog.”

Kathleen Hall Jamieson

Ellen Wartella, dean of the College of Communication at the University of Texas at Austin, seconded Jamieson's call for preceding any public conversation about the news business with a more rigorous academic study of what the news business is actually producing—and what its audience thinks about that. "I'd really like to see some actual hard evidence for what we're talking about," Wartella said. "I don't think there's agreement about what is hard or soft news. I don't think there's agreement, from the perspective of the audience, of what they're looking for in news. And I don't think that's something we should discount."

And despite Orville Schell's suggestion that a working group might want to appeal collectively to the FCC, or at least provide it with academically researched argument in favor of more responsible journalistic programming, several forum participants argued strenuously against approaching any arm of the government for help. "Please, don't go to the government to solve the problem of public information in our society," said Tribune Publishing president Jack Fuller. "Nothing has been changed, in the nature of governments or human nature, that suggests government is going to be the solution to our problem here. It's more likely to *become* our problem. If the academic world can deepen our understanding of these forces, in a way none of us has time or the intellect to do, and help us know how to adapt to them in a thoughtful manner that's helpful to the public—that would be a wonderful mission for academia."

Larry Grossman, the former broadcast executive whose new Digital Promise Project is working on policy recommendations for digital telecommunications technologies, urged the forum to follow very closely the public discussions underway as the Senate begins hearings on the management of the telecommunications spectrum. "Last Monday, a bill was introduced into the Senate by Senators Christopher Dodd (D-CT) and James Jeffords (I-VT), with bipartisan support, to take a substantial amount of the revenues from the spectrum—as Orville had suggested earlier—and put it into a trust fund, to be used for public

Dan Werner, Geneva Overholser and Jack Fuller

interest and public service purposes," Grossman said. "I think the opportunity to do something with that kind of public policy issue is ripe. It is now being considered. There has been *no* discussion about public service, public interest, in use of the new digital technologies. There's a way of potentially reaping billions of dollars from spectrum revenues. And if a group such as this were to begin to study these kinds of things, I think there are avenues that could be opened up that could be extraordinarily helpful."

By the close of the day's proceedings, no plans for follow-up had been agreed upon. But there appeared to be strong sentiment for continued conversation of some kind, especially one that might draw more participation from broadcast journalists and executives. "We have heard a lot," said the Corporation's president, Vartan Gregorian, thanking the participants for their time. "Now we'll digest, and see what we can do."

[1] Stephen Bates, *Realigning Journalism with Democracy: The Hutchins Commission, Its Times, and Ours,* © 1995 The Annenberg Washington Program in Communications Policy Studies of Northwestern University, p. 1.

Appendix A

list of participants

Rem Rieder
Editor
American Journalism Review

Kathleen Hall Jamieson
Dean
Annenberg School for Communication
University of Pennsylvania

Geoffrey Cowan
Dean
Annenberg School for Communication
University of Southern California

Louis D. Boccardi
President and CEO
Associated Press

Bob Zelnick
Chairman
Department of Journalism
Boston University

Judy Woodruff
Anchor and Senior Correspondent
CNN

David Laventhol
Editor
Columbia Journalism Review

Evan Cornog
Associate Dean for Policy and Development
Graduate School of Journalism
Columbia University

Michael Janeway
Professor of Journalism and Director of the National Arts Journalism Program
Graduate School of Journalism
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Bill Kovach
Chairman
Committee of Concerned Journalists

Richard Tofel
Assistant Publisher
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Jon Funabiki
Program Officer
Ford Foundation

Alex Jones
Director
Joan Shorenstein Center for Press, Politics and Public Policy
JFK School of Government
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Betty Medsger
Journalism Education
Consultant/Author

Steve Rossi
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Knight Ridder Newspapers

Reed Hundt
Senior Advisor
McKinnsey & Company

Dan Werner
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Loren Ghiglione
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Medill School of Journalism
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Jay Harris
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Mother Jones
Foundation for National Progress

Neal Shapiro
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NBC News

Lawrence K. Grossman
Former President
NBC News
Public Broadcasting System

Kevin Klose
President and CEO
National Public Radio

Jack Rosenthal
President
New York Times Foundation

Jay Rosen
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New York University

Ken Auletta
Columnist
The New Yorker

Charlotte Hall
Vice President and Managing Editor
Newsday

Stephen Jukes
Global Head of News
Reuters America, Inc.

William Baker
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Thirteen/WNET

Jack Fuller
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Tom Kunkel
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Philip Merrill College of Journalism
University of Maryland

Dean Mills
Dean
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Geneva Overholser
Hurley Chair in Public Affairs Reporting
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Ellen Wartella
Dean
College of Communication
University of Texas at Austin

Leonard Downie
Executive Editor
The Washington Post

Attending from Carnegie Corporation:

Vartan Gregorian, President

Neil R. Grabois, Vice President and Director for Strategic Planning and Program Coordination
Clare Gregorian
Michael deCourcy Hinds, Chief Staff Writer
Ambika Kapur, Coordinator for Public Affairs and Media Relations
Susan King, Vice President, Public Affairs
Eleanor Lerman, Director of Public Affairs and Publications
Phyllis Clark Malamud
Heather McKay, Assistant to the President for Special Projects
Patricia L. Rosenfield, Chair, Carnegie Scholars, and Special Advisor to the Vice President and Director for Strategic Planning and Program Coordination
Grace Walters, Coordinator for Dissemination and Media Programs

Appendix B

Broadcasting and the Public Interest

by Janice Hui, Research Associate, University of California, Berkeley, and Craig L. LaMay, Visiting Scholar in Urban Affairs and Policy Research, Northwestern University; Senior Research Associate, Medill School of Journalism

June 10, 2002

introduction

In the literature on broadcast deregulation, most commentators have focused on the statutory and traditional areas of public service obligation—local public affairs, children's programs, airtime access for political candidates, and public broadcasting. Relatively little has been written about the effects deregulation has had on broadcast news, which the Federal Communications Commission (FCC) considers a category of programming separate from public affairs. This paper offers an analysis of how the broad movement toward deregulation—at the FCC, but even more vigorously in the federal courts and in Congress—has affected local and national television news programming.

In some ways, deregulation has been wildly successful in promoting competition. Television news of some kind, for example, is now available 24 hours a day on one or more cable channels, and local broadcast television stations offer viewers coverage of the world that once only the national news networks could provide. At the same time, deregulation has led to consolidation in the media industries, encouraging well-publicized mergers that have created horizontally and vertically integrated companies that dominate the production and distribution of media content. In the process, journalism has become a small part of a larger media environment that includes entertainment, sports, music, advertising and direct marketing.

There are at least two notable results of these changes in broadcasting's regulatory and economic landscape. The first is that the most desirable "news" programming is anything—Gary Condit's affairs, Monica Lewinsky's dress, or John F. Kennedy Jr.'s death—that boosts ratings and so attracts higher advertising dollars and that can also be leveraged across multiple media platforms. Stories such as these may lack for news value, but they get a hugely disproportionate share of the market even as the incremental costs of producing them decline. They are profit centers, and have to be; the real news is expensive to produce and, at least in the short term, offers few competitive benefits. Moreover, the profitable areas of a media company that were once used to subsidize news operations now face new competitive pressures from a whole range of new media, including the Internet, with the result that news now has to justify itself in economic terms.

The second feature of the new competitive environment is that, so far as regulators are concerned, the marketplace in which competition should be measured is not only a local one, but extends to include large national corporations that own or control multiple media outlets. As a result, despite the fact that there are more news channels on television than ever before, many people have few meaningful choices at the local level: they can get only one newspaper and subscribe to only one cable company, one local telephone provider. As broadcast television is deregulated further—as station ownership caps are lifted and if the newspaper-television cross-ownership rule is lifted—many local markets will see further concentration and even fewer competing sources of news.

These regulatory and economic changes are not limited to the United States, though they have played out differently in other democracies over the past two decades. In Western Europe, particularly, for example, there remains the widely held belief that the state should guard the public interest in broadcasting against purely private interests. Most European countries, for example, have elected to preserve their large public broadcasting systems and, with respect to private broadcasting and cable television, adopted or strengthened controls intended to promote and protect media pluralism. These policies include specific commitments to news and political programming. In the United States, the First Amendment bars the kind of public interest content regulation commonly found in Europe, and the Corporation for Public Broadcasting, though respected, is also financially weak, structurally inefficient, and struggling to define its own public service mission in the multi-channel marketplace.

So what to do? The essay that follows discusses how American broadcasting got to this crossroads, what it has meant for news programming, and explores some of the proposals for reform.

The Establishment of the Public Interest Standard in Broadcasting

Most people might be surprised to learn that they, the public, own the airwaves. But Congress authorized the licensing of commercial broadcasters to use this scarce national resource in exchange for serving "the public interest, convenience and necessity." These six words have generated more debate and analysis than perhaps any other phrase in communications policy. The following section traces the origins of the public interest standard in broadcast regulation.

A. Radio Act of 1912

The Radio Act of 1912 established several principles that are still a part of broadcast regulation. First, no one would broadcast without a government-issued license. Second, licensees would be assigned frequencies on the electromagnetic spectrum. The Act empowered the Secretary of Commerce and Labor to carry out this duty. However, it gave him no authority to reject license applications. Congress did not anticipate the need for this since radio was still in its infancy and there were plenty of frequencies for anyone who wanted to operate a radio station.

This system worked satisfactorily until the early 1920s, when the rapid growth of radio stations created intolerable signal interference. Some stations took matters into their own hands by "jumping" their assigned frequencies in violation of their licenses, worsening the interference. It became clear that the number and the operation of radio stations had to be controlled. But under the Radio Act of 1912, the Secretary had no choice but to grant licenses to every applicant. Moreover, the courts interpreted the Act very narrowly and said the Secretary did not have the authority to create additional rules. So the number of radio stations and the interference continued to grow.

With chaos looming, then-Secretary of Commerce Herbert Hoover recognized the crying need for regulation and convened a series of national radio conferences attended by representatives of the radio industry and government. Some scholars say it was at this first conference that the concept of public interest in broadcasting was first articulated. Hoover called broadcasting "a great national asset" and said it was "of primary public interest to say who is to do the broadcasting, under what circumstances and with what type of material."[i] At the end of the conference, the delegates declared: "It is the sense of the Conference that Radio Communication is a public utility and as such should be regulated and controlled by the Federal Government in the public interest."[ii]

Despite the conference's repeated calls for government intervention, Congress was unwilling to act. By 1926, overlapping frequencies made radio listening such a disturbing experience that manufacturers reported a decline in sales of receiver sets.

B. Radio Act of 1927

Finally, in 1927, Congress passed the Radio Act of 1927. This Act embodied the recommendations of the radio conference, and thus, according to communications historian

Sydney Head, was "to a large extent the product of the radio industry itself."[iii] The new law declared that the airwaves are owned by the public and controlled by government, and no one could use them for private purposes unless it served the "public interest, convenience, or necessity"—a standard already used in public utility law. But where telegraph and telephone services, for example, were treated as public utilities and subject to rate and service regulation, broadcasting had no such burdens. Broadcast stations are not and have never been public utilities in fact or in law. They thus operate within the profoundly favorable tradition of public interest interpretation associated with utility monopolies, but are also exempt from the service requirements of such monopolies. In short, the 1927 Radio Act—not for the last time—would give broadcasters the quid without the quo.

The Act established a new regulatory agency, the Federal Radio Commission (FRC), to license broadcast stations. In contrast to the 1912 law's narrow limits on the power of its administrators, the 1927 law gave the FRC broad powers to use its discretion in awarding licenses, using the public interest as its standard. A specific definition of what constituted the public interest was not given, so it was left up to the FRC to decide what it meant.

C. Communications Act of 1934

The Communications Act of 1934 expanded upon the Radio Act of 1927 to include the telephone and telegraph industries. The Communications Act was essentially a reproduction of the 1927 Act, except that the Federal Radio Commission was replaced with the Federal Communications Commission (FCC). Again, Congress left it up to the FCC to make the rules and regulations it needed to license broadcast stations—subject always to the "public interest, convenience and necessity."

In the years preceding the passage of the 1934 Act, several members of Congress and several organized groups of educators lobbied hard to reform broadcasting, which in the seven short years since 1927 had seen the precipitous decline of nonprofit and educational radio and the corresponding growth of commercial networks. The reform movement failed, in part because the reformers themselves could not agree on what they wanted, but the end result was significant. Unlike virtually every other major democracy, most of which created publicly funded, noncommercial and nonprofit monopolies on the model of the British Broadcasting Corporation (BBC), the United States allowed broadcasting to develop as a private, profit-seeking commercial enterprise. Ironically, in the years immediately following World War II—well before television became a mass medium—Americans in charge of occupied Japan and Germany were instrumental in creating the public broadcasting systems of each country, widely regarded today as among the best in the world. Public broadcasting in the United States would not be formally created until 1967, but the Corporation for Public Broadcasting has always struggled to develop revenues, audiences and a clear sense of mission.

D. Scarcity and the Public Trustee Model

The obligation to serve the public interest is at the heart of the public trustee model of broadcasting. This model is based on the notion that the airwaves are "scarce" because there are far more people who want to use the airwaves than can be accommodated. Congress could have required that each frequency be shared on a daily, weekly or other basis. Instead, it developed a system in which short-term broadcast licenses are awarded to those who volunteer to serve the public interest as fiduciaries for all those who are kept off the air. The Federal Radio Commission described the public trustee model in this way:

> "[Despite the fact that] the conscience and judgment of a station's management are necessarily personal… the station itself must be operated as if owned by the public… It is as if people of a community should own a station and turn it over to the best man in sight with this injunction: 'Manage this station in our interest.'"[iv]

Thus, a licensee must balance what it might do as a private business with what it is required to do as a public trustee.

Some critics argue that the concept of scarcity, which is the basis of the public trustee model, has been invalidated over the past few decades by the proliferation of other media outlets, such as cable and satellite television and the Internet. But defenders of the scarcity argument say scarcity in broadcasting is not defined by the number of media voices, but by the number of people who wish to broadcast compared with the number of frequencies available. They say that this same scarcity exists today, and point to the cost of broadcast stations, which typically sell for a multiple of 20 or more times the actual value of the station. The difference lies in the value of the licenses.

E. First Amendment Issues

The Communications Act defines broadcasting as a form of speech covered by the First Amendment and explicitly forbids the FCC from censoring broadcast programs or interfering with freedom of speech on the air. Yet the courts have ruled that because the airwaves are scarce and because broadcasters enjoy special privileges, they do not have the same First Amendment protections as the print media. In other words, the content of broadcast programs can be regulated to an extent that would be an unconstitutional violation of the First Amendment in the print media. In the landmark case*, Red Lion Broadcasting vs. the FCC (1969)*, the Supreme Court declared: "There is no sanctuary in the First Amendment for unlimited private censorship in a medium not open to all… It is the right of the viewers and listeners, not the right of broadcasters, which is paramount."[v]

F. Comparative Analysis

The electromagnetic spectrum is public property in all democratic countries, not just the United States, and broadcasting is thus everywhere regulated in ways that print is not. While regulatory schemes differ widely, the justifications for them are generally the same. The first, discussed above, is spectrum scarcity, the idea that there are more people who wish to operate a channel than there are available channels, and that without some sort of "traffic cop" the spectrum would be so overwhelmed with conflicting signals that no one would be heard at all.

The second is that broadcasting has many of the features of an economic public good; the cost of sending a television signal to one person or one million people is the same, the incremental costs of serving additional viewers is zero, and it is impossible and inefficient to limit access. This makes it impossible for the broadcaster to recover his operating costs, and thus broadcasting is funded in one of two ways, through public subsidy or commercial advertising, or, increasingly, some mix of the two. As digital television develops, broadcasters may also be able to tap subscription fees as a source of revenue.

A third basis for broadcast regulation is broadcasting's availability to the very young. Print content unsuitable for minors may be concealed from them in various ways, but the broadcast signal is accessible to anyone at the flip of a switch. Though countries differ in their judgment about the kinds of programming unsuitable for children, most seek to control access to that content in some way, usually through time or labeling regulations. Importantly, most also seek to provide children with high-quality, noncommercial programming made just for them.

Finally, most countries view broadcasting as a uniquely important medium that supports democratic processes because it delivers news, public affairs, education, arts and culture to the farthest corners of the country, including to those who are illiterate or simply beyond the reach of major print media. In the so-called "Third Wave" of global democratization, television and radio have been a major focus of development efforts by inter-governmental organizations like the United Nations, NATO and the Organization for Security and Cooperation in Europe, as well as countless non-governmental organizations concerned with the role of broadcasting in building and sustaining stable democracies.

In short, one can go almost anywhere in the world and, by watching television, get a sense of what a country's values are. South Africa provides a notable example. There, the South African Broadcasting Corporation (SABC), once a central instrument of the apartheid regime, has been reformed as a public broadcaster on the European model. Its audience includes an enormous number of people who cannot read and whose experience of freedom, let alone democracy, is limited. To ensure that all of them can participate in the country's democratic transition and development, the SABC is required to broadcast programs in all 10 official languages of the country, from Afrikaans to Zulu. That commitment is expensive, maybe even quixotic, but to the South Africans it is also a matter of national identity and aspiration.

Public Interest Regulations

A. Licensing Scheme

The FCC's authority over broadcasting revolves around its licensing power. The Communications Act limited the term of broadcast licenses to three years, at which time stations were required to apply for renewal. (Today, under the Telecommunications Act of 1996, the term of a license is eight years.) The renewal process allows the FCC periodic opportunities to consider whether the licensee has in fact been operating in the public interest. In theory, the renewal process gives the agency enormous power to influence stations' behavior and programming because stations operate under the implicit threat that their license might not be renewed—a scheme often referred to as "regulation by raised eyebrow." But in practice, the Commission has typically renewed most licenses even though some stations did not live up to the promises they made in their license applications.

Still, license renewal used to be an elaborate process. Broadcasters were required to submit detailed programming logs to the FCC as part of their application. If outside parties felt they could do a better job of serving the public interest, they could challenge the licenses of incumbent broadcasters in a quasi-judicial process called a "comparative hearing." These hearings often lasted years. In the 1960s and 1970s, it was not unusual for citizen groups to challenge the license renewal of a radio or television station. Such challenges were rarely successful, but provided a tool for ordinary citizens to pressure broadcasters to meet their statutory obligations.

B. FCC Policies

Interpretation of the public interest standard has been a continuing source of controversy because Congress never provided a clear definition of what constituted the "public interest, convenience and necessity." Instead, it gave the FCC broad and flexible authority to define the public interest as technology and public needs change. Critics have said that regulation in the "public interest" has come to mean whatever regulators want it to mean at a given time, allowing them to exert unusual influence over broadcasters. But others, all across the political and ideological spectrum, complain that the standard's vagueness has made it inherently weak and constitutionally suspect. Despite this ambiguity, the FCC established a myriad of policies to ensure that broadcasters served the public interest. The following section discusses a few of the policies that were designed to promote diversity, civic discourse, localism and competition.

Programming Guidelines

From time to time, the FCC issued general guidelines to encourage programming that served the tastes and needs of a wide audience. The most famous is the 1946 policy statement, known as the "Blue Book" because of its blue cover. It defined how public interest performance would be evaluated at license renewal time, requiring four elements: live local programs, public affairs programming, sustaining (unsponsored) shows, and limits on excessive advertising. The Blue Book was symbolically important, but it never had any legal force. In fact, the FCC abandoned it in the face of fierce opposition from the National Association of Broadcasters and from Congress.

Another set of programming guidelines was contained in the "1960 Program Policy Statement." It listed 14 major elements "usually necessary" to meet the public interest, including: opportunity for local self-expression; development and use of local talent, programs for children; religious programs; educational programs; public affairs; political broadcasts; agricultural programs; news programs; sports programs; and entertainment programs. Like the Blue Book, these guidelines were never strictly enforced.

Fairness Doctrine

Established in 1949, the Fairness Doctrine decreed that radio and television stations have a responsibility to air issues of public importance and in doing so, must provide reasonable opportunity for the presentation of contrasting viewpoints. The FCC concluded that "the public interest is best served in a democracy through the ability of the people to hear expositions of the various positions taken by responsible groups and individuals on particular topics and to choose between them."[vi] While the doctrine was intended to promote civic discourse, many broadcasters complained that it had the opposite effect. Some stations avoided covering controversial issues for fear that they would violate the policy.

Ascertainment

In 1971, the FCC began formally requiring stations to "ascertain" the programming needs of the local audience. This involved conducting random surveys of the community and interviewing community leaders from 19 specified categories. From this, stations would determine what programming to offer that dealt with the problems ascertained. Broadcasters complained that ascertainment was overly burdensome and cost them between $2,500 and $9,000 per year.

Ownership Limits

The FCC established several rules to maximize the number of media owners, nationally and locally. The goal was to ensure diversity, competition and a multiplicity of voices. For decades, these ownership rules were strictly enforced and rarely waived. As a result, media ownership remained diffuse.

The first national ownership limit on broadcast stations was adopted in the early 1940s. It prohibited a single entity from owning more than three television stations nationwide. Several years later, this limit was raised to five. The cap was modified again in 1954 to no more than seven AM, seven FM and seven TV stations nationwide and remained essentially unchanged until the 1980s.

On the local level, as early as the 1930s, the FCC adopted a policy of not granting licenses that would result in a "duopoly." A duopoly is the common ownership of more than one station in the same market. Originally, the local rule allowed common ownership of more than one station in the same area if each station was in a different service. But in 1970, the FCC modified the rule, prohibiting a single entity from owning a radio station and a television station in the same market (though it grandfathered existing combinations.) Another local restriction enacted in 1975 was the cross-ownership rule, which restricts ownership of a daily newspaper and an AM, FM or TV station in the same community. This is also known as the one-to-a-market rule.

Broadcast Deregulation: 1980s to present

A. Reagan Revolution

During the Reagan years, U.S. communications policy underwent a seismic shift. A deregulation-minded FCC dismantled long-standing rules, challenging the means by which compliance with the public interest standard was determined. Mark Fowler, who was chairman from 1981 until 1987, believed that the free market, and not the government, should decide what Americans see and hear, a view he once summarized by observing that, "television is just a toaster with pictures." Under Fowler's marketplace model, a station's commercial success would indicate that the public interest was being served. It was also argued that the rise of cable television undermined the scarcity argument, the basis of the public trustee model, because of the potential for unlimited channel capacity. Advocates of deregulation said the new media marketplace could provide a multiplicity of voices, eliminating the need for broadcast regulation.

Among the deregulatory policies implemented during the 1980s:

- The "anti-trafficking" rule was relaxed in 1982, so a station owner only had to wait one year, instead of three, before selling a license. The FCC determined that encouraging the transfer of a station actually served the public interest because owners might improve programming in order to increase the financial value of their station and sell it at a higher price.

- The license renewal process was shortened in 1984 and made virtually automatic through so-called "postcard renewal." Stations no longer had to submit programming logs; lengthy renewal applications were replaced by postcard-sized forms.

- Guidelines requiring stations to offer a specified amount of non-entertainment programming were also eliminated in 1984. The FCC determined that stations were increasing the amounts of news and public affairs programming on their own.

- Ascertainment requirements were also eliminated that year. The FCC determined that the cost of these community surveys outweighed the benefits and that market forces would ensure that stations were responsive to their communities. It estimated that doing away with ascertainment would save 66,956 work hours for the industry and 761.5 work hours for the FCC each year.

- The limit on the number of television stations a single company could own was raised from seven to twelve in 1984. To prevent the acquisition by one entity of large numbers of stations in the smaller markets, the FCC established an audience reach cap, prohibiting any company from owning stations that collectively reach more than 25 percent of the national TV audience.

- The Fairness Doctrine was abolished in 1987. The FCC decided it no longer served the public interest and had the effect of inhibiting speech instead of promoting it. Congress has tried several times to write the doctrine into law. Before the FCC repealed it, Congress approved such legislation, but it was vetoed by President Reagan. Since then, the House has passed it three times, but President George Bush Sr. threatened to veto it and the legislation never reached a vote in the Senate.

B. Telecommunications Act of 1996

The deregulation fervor continued into the nineties, culminating in the sweeping Telecommunications Act of 1996. The primary objective of the new law was to open markets to competition and allow local phone companies, long-distance carriers and cable operators to enter each other's businesses. Presumably, consumers would benefit from better service, and lower phone and cable rates. The Act also contained the following provisions that deregulated the broadcasting industry:

- License terms were extended from five to eight years, giving the public less opportunity to challenge license renewals.

- New license renewal procedures were instituted, making it more difficult for challengers to compete for an existing broadcast license. A licensee has to be found unqualified for renewal before a challenger's application can even be submitted.

- All limitations on the number of radio stations companies can own nationally were eliminated. Local radio ownership rules were eased, allowing companies to own up to eight stations in large markets.

- The cap on the number of television stations any one company can own nationally was raised from 25 percent to 35 percent of the nation's television households.

- The FCC was required to review its broadcast regulations every two years with an eye toward scrapping any that are outdated.

2002 and Beyond

The FCC is poised to launch a new round of deregulation under Bush-appointed chairman Michael Powell, son of Secretary of State Colin Powell. Chairman Powell has made clear his free-market philosophy, once calling regulation "the oppressor." When asked for his definition of the "public interest," he joked, "I have no idea… It's an empty vessel in which people pour in whatever their preconceived views or biases are."[vii] Powell's critics say he has a one-dimensional view of the market. At a Congressional hearing last year, he told lawmakers his plans to "validate or eliminate" the FCC's limits on media ownership. That comment so irked Senator Ernest Hollings (D-SC), chairman of the Senate Commerce Committee, that he called a hearing "to set the record straight." Hollings pointed out that according to the Telecommunications Act of 1996, the burden of proof was on those who want to loosen ownership rules, not the other way around. [viii]

Powell has been emboldened by several recent court rulings, which have questioned the validity of the media ownership limits. Among the rules under scrutiny in the courts and at the Commission, which are likely to be lifted:

- TV/newspaper cross-ownership. This 1975 FCC rule prevents a single company from owning a newspaper and a television station in the same market. There are about 40 grandfathered newspaper/broadcast combinations in existence today, and the FCC has granted a number of permanent waivers to the restriction. The FCC is under pressure to eliminate it as a result of several recent deals. Rupert Murdoch's News Corp., which already owns the *New York Post* and New York City's Fox television station under a special waiver, picked up another local station when it acquired station operator Chris-Craft Industries. The Tribune Company's purchase of The Times Mirror Company gave it both a newspaper and TV station in New York, Los Angeles, and Hartford, Connecticut. Gannett's purchase of Central Newspapers gave it a newspaper and TV station in Phoenix.

- TV ownership cap. This FCC rule limits a single company from owning television stations that collectively reach more than 35 percent of the nation's TV audience. Earlier this year, a federal appeals court ruled that the cap was constitutional, but that the FCC needs to better justify its existence or eliminate it. Meantime, News Corp. and Viacom are allowed to continue to be in violation of the cap; both own stations that reach 41 percent of U.S. households. They and the other networks want to get rid of the cap so they can continue to expand. But smaller broadcasters say easing the cap would give networks too much power and endanger the diversity of local voices. The issue has so divided broadcasters that Fox, CBS and NBC have resigned from the National Association of Broadcasters because the group refuses to fight for lifting the ownership cap.

- TV duopoly. This rule prohibits a company from owning two television stations in the same market. For decades, double-station ownership or "duopoly" was banned outright. But the FCC last year amended the rule to allow a company to own two TV stations in the same market as long as one of them is not among the top four and if at least eight competitors remained after the deal. Sinclair Broadcasting Inc. sued over the definition of "competitors," saying cable, direct broadcast satellite, radio or newspapers should be counted among the eight. The appeals court agreed that the rule was "arbitrary and capricious" and sent it back to the FCC for review. Critics say duopolies stifle competition and threaten the diversity of ideas. But many broadcasters say dual ownership makes them stronger financially and better able to serve the community.

- Cable ownership caps. This rule, which prevents a cable operator from serving more than 30 percent of all U.S. subscribers, was overturned by a federal court last year. The FCC is considering a new standard, which some analysts say could exceed 50 percent.

Deregulation has also changed the licensing process. Today, new broadcast licenses are no longer granted to those who best serve the public, rather they go to the highest bidder. In the 1997 Balanced Budget Act, Congress authorized the FCC to auction television and radio licenses in cases where there is more than one applicant. The Commission determined that auctions are more effective at assigning licenses than comparative hearings, which had become long, costly affairs. The auctions are conducted electronically and applicants can place bids over the Internet. Very little is required of the winning bidder besides a one-time $230 license fee and proof that the licensee is technically, legally and financially qualified to operate a television station. "We used to look at a licensee's programming plans, but we don't consider that anymore because of deregulation," says FCC attorney adviser Shaun Maher. "Licensees can operate the way they want to."[ix]

Similarly, license renewal has become largely an automatic procedure. Deregulation removed most of the standards by which a station's public interest performance was evaluated, making renewal a near certainty. Today, the only remaining programming requirement is for broadcasters to air three hours a week of educational children's programming under the 1990 Children's Television Act. While passage of the act has spurred some additional educational shows, overall response has fallen considerably short of expectations. A University of Pennsylvania study in 1999 by the Annenberg Public Policy Center found that a fifth of all programs billed as educational for children had "little or educational value." FCC officials say enforcing the rule is difficult because there is no clear definition of what constitutes an educational show. So while license renewal is meant to check the public interest performance of broadcasters, the privilege once granted is rarely withdrawn. In effect, the airwaves have become a property of the broadcasters, not the public.

Impact of Deregulation

A. Media Consolidation

Deregulation of media ownership has triggered an unprecedented wave of buyouts and consolidations in the industry. Across the country, smaller companies have been swallowed up by larger ones with breathtaking speed in the growing belief that bigger is better. Fueling the merger activity is the desire to achieve vertical integration or "synergy," in which companies own content as well as the means to market and distribute it.

The first wave of mergers came in the mid-eighties when all three major broadcast networks were acquired by larger companies. Capital Cities, led by billionaire investor Warren Buffet, bought ABC. Loews Corporation, led by Laurence Tisch, acquired CBS. And General Electric, led by Jack Welch, took over RCA, who owned NBC. In addition, Rupert Murdoch and its News Corporation purchased six Metromedia television stations, which formed the base of his Fox network. The second wave of mergers came in the mid-nineties, when Disney bought Capital Cities/ABC, Westinghouse acquired CBS, and Time Warner took over Turner Communications, along with its cable news network, CNN. The Telecommunications Act of 1996 set off another stampede that cut the number of owners dramatically: from 5,100 commercial radio owners to 3,800 today and 543 commercial TV owners to 360.[x] The mammoth deals included Viacom's purchase of CBS (Westinghouse, which had acquired CBS in 1995, took the CBS name in 1997) and America Online's merger with Time Warner.

Almost 20 years ago, in his book *Media Monopoly* (Beacon Press, 1983), Ben Bagdikian, journalist and former dean of U.C. Berkeley's Graduate School of Journalism, expressed alarm that the entire news and entertainment industry was dominated by only 50 companies.[xi] Today, five conglomerates dominate mass media in the United States, with another dozen or so companies rounding out the select group:

- Walt Disney owns ABC, 10 owned-and-operated TV stations, and 50 radio stations. Other holdings include six magazines, five book publishers, six production companies, six movie studios, Disney theme parks, a cruise line, and a host of cable networks including the Disney Channel, ESPN, Fox Family Channel and SoapNet.

- Viacom owns CBS, 39 owned-and-operated TV stations, including two each in Philadelphia, Boston, Dallas and Detroit, and 184 Infinity radio stations. Other holdings are King World, Blockbuster Entertainment, four magazines, five book publishers, the Paramount movie studio and theme parks, and a slew of cable networks, including UPN, MTV, VH1, Showtime, Nickelodeon, BET, The Movie Channel and TNN.

- General Electric owns NBC and 13 owned-and-operated TV stations. Other media holdings include CNBC, MSNBC (owned with Microsoft), AMC and Bravo (owned with Cablevision and MGM) and Telemundo. In addition, it owns a number of insurance firms, financial services, and manufacturers of a range of products from light bulbs to appliances to aircraft engines.

- News Corporation owns Fox and its 26 owned-and-operated TV stations, including two each in New York, Los Angeles and Dallas. Other media holdings include Fox News Channel, National Geographic Channel (owned with National Geographic Society), the *New York Post*, *The Weekly Standard*, *TV Guide*, HarperCollins Publishers, various movie studios and production companies, and a number of sports teams including the New York Knicks and the New York Rangers.

- AOL Time Warner owns CNN and America Online. Other holdings include HBO, TBS, TNT, the Cartoon Network, four book publishers, three movie studios, three sports teams, more than 40 music labels and more than 64 magazines, including *Time, Life* and *People*.

Aside from the mega-mergers, there have been many joint ventures between the media giants themselves, creating a vast web of interconnecting interests. For example, Disney/ABC and News Corp./Fox are partners through their joint ownership of Movies.com. Disney/ABC is also partners with General Electric/NBC and Hearst Corp. through their joint ownership of the Arts and Entertainment Network and the History and Biography cable channels. GE/NBC is allied with AOL Time Warner/CNN, News Corp./Fox, Viacom/CBS, and Liberty Media through their common ownership of TiVo, the digital video recording service. Recently, AOL Time Warner/CNN has been talking separately with Viacom/CBS and Disney/ABC about forming a cooperative venture to reduce news-gathering overhead. "[These companies] are partners one day and business adversaries the next," said Tom Wolzien, a senior media analyst with Sanford C. Bernstein & Co.[xii]

The media conglomerates are also linked to dozens of non-media corporations through memberships on their boards of directors. Among the outside interests represented by directors at Disney/ABC last year, for example, were Boeing, FedEx, Northwest Airlines, Sun Microsystems and Xerox. General Electric/NBC's board had directors representing Anheuser-Busch, Chase Manhattan, Coca-Cola, Honeywell and the New York Stock Exchange. Viacom/CBS's board included directors representing Amazon.com, American Express, Daimler Chrysler and Pfizer. Some of the media firms even share the same directors.

These diverse and interlocking interests pose a major ethical challenge for journalists inside the merged entities. Potential conflicts of interest abound when reporters try to cover their parent companies and their siblings. At the very least, it fuels second-guessing about news decisions and undermines journalists' credibility. A survey by the Pew Research Center and the *Columbia Journalism Review* found that more than a third of broadcast journalists admit they have softened the tone of stories to benefit the interests of their news organizations.[xiii]

B. Profits Over Public Service

Traditionally, as pioneered by Edward R. Murrow and others, television news was regarded as a public service. News operations were tolerated as "loss leaders" or "cost centers" because they brought prestige and credibility to a network. They were not expected to turn a profit. But today, news divisions are small parts of giant publicly held conglomerates whose primary imperative is shareholder value, and news has been recast as a "profit center."

The conglomerates that own the networks do not break down financial results on their news divisions. But according to estimates by *Broadcasting & Cable* magazine, NBC News is now said to contribute about $300 million in operating profit to General Electric, while its cousins CNBC and MSNBC contribute another $300 million in profit. CBS News is estimated to contribute about $150 million to Viacom, while ABC News contributes about $130 million to Disney.[xiv] It is not unusual for television stations to generate a 40-to-50 percent return.

Pressure to maintain high profit margins has forced news operations to be more creative about finding new sources of revenue. This often means blurring the lines between advertising and news content. A study last year by the Project for Excellence in Journalism found that in more than two-thirds of television stations, news sponsors are named by the announcer or identified with a particular news segment. Some stations even give sponsors interviews or mention in the body of a newscast in exchange for their support.[xv] "Instead of creating programs that serve the public interest, some stations are creating entire programs that advertisers would be interested in sponsoring," said Deborah Potter, a former CBS News correspondent who now runs NewsLab, a nonprofit research and training center that works with local television newsrooms.[xvi]

Some stations are feeling so squeezed by profit pressures that they are getting out of the news business altogether. Sinclair Broadcast Group recently discontinued local news broadcasts at its ABC affiliates in Winston-Salem, North Carolina and in St. Louis, Missouri, because of sagging advertising revenues. Similarly, in January, Holston Valley Broadcasting Group decided to stop producing local newscasts at its ABC- and UPN-affiliated stations in Kingsport, Tennessee. Other small-market stations have followed suit, including the ABC affiliates in Marquette, Michigan and Topeka, Kansas. Hank Price, a senior fellow at Northwestern University's Media Management Center and former general manager at WBBM-TV, predicts local newscasts will continue to dwindle. "In the end, most communities will end up with one or two 'mega' news stations while other outlets will offer entertainment or specialized programming," said Price.[xvii]

Softening of News

In the effort to cut costs and attract audience, television has shifted away from hard news toward more entertainment-driven "soft" news. These are stories that have no clear connection to public affairs or policy issues and that are selected for their capacity to entertain rather than inform. The softening of news is especially pronounced in the morning news programs and prime-time news magazines, but has also become a major factor on the network's signature evening newscasts. NBC revamped its "Nightly News with Tom Brokaw" in 1997 by trimming hard news and adding more lifestyle and soft features. It has been the dominant and most profitable newscast ever since.

"Soft news" has also become an important staple of local television newscasts. The Denver-based nonprofit group, Rocky Mountain Media Watch, analyzed the newscasts of 102 local TV stations in 52 metropolitan areas and compared the cumulative airtime given to soft and "silly" stories and items about celebrities to the amount of hard news, producing a so-called "Fluff Index." The average Fluff Index of the survey was 25.1, meaning that there was one-fourth as much fluff as news. Some of the memorable soft news documented in the survey included two new fads—hair tattoos and beer baths—and there were also stories about a lost dog returning home and a horse being rescued from the mud in California; 27 stations carried this last item.[xviii]

While soft news may grab people's attention initially, it may be hastening the overall decline in news audience. A recent survey by political scientist Thomas Patterson found that two-and-a-half times as many people said they prefer hard news to soft news, and those who prefer hard news are much heavier consumers of news. But the survey found that hard news consumers are not happy with the product they are getting, and as a result, are paying less attention to news than in the past. Patterson said this suggests that soft news may actually be diminishing the overall level of interest in news. "Sensationalism draws people's attention in the first instance, but endless sensationalism may ultimately dull it," he said.[xix]

Yet hard news strategies are not always successful. Two years ago Chicago's WBBM-TV experimented with a no-frills 10 o'clock newscast anchored by respected journalist Carol Marin. The goal was to offer viewers hard-hitting reports without sensationalism or fluff. While it was widely praised, the program was poorly rated. Among viewers between the ages of 25 and 54—a group coveted by advertisers—the show dropped from a 3.8 rating to a 1.8. WBBM pulled the plug on the experiment after eight months. "The response from viewers told us that the style was one that they could not become accustomed to," said Walt DeHaven, the station's vice president and general manager.[xx]

Body Bag Journalism

Another trend has been the dramatic increase in the coverage of violent crime, disasters and personal tragedies. A survey by the Center for Media and Public Affairs showed that while homicides declined by 13 percent in America from 1990 to 1995, the number of crime stories on the three network evening news shows rose by 336 percent—a figure that excludes all stories about the O.J. Simpson case. The "If it bleeds, it leads" philosophy is especially prevalent on local TV news. A recent survey conducted by the Project on Media Ownership found that an average of 47 percent of the news on Baltimore's local TV newscasts was devoted to crime and disaster stories.[xxi] Similarly, a 1997 survey conducted by the Detroit News found that an average of 43 percent of the news on Detroit's late-evening newscasts focused on crime and disaster.[xxii]

The constant focus on crime not only takes time away from other important stories, but it influences people's perception about crime and public safety, fueling fear, cynicism and distrust. A study by the nonprofit group, Public Agenda, found that people who watch TV news every day are far more likely to think that crime and drugs are the biggest problems in their community.[xxiii] "When you bombard people with frightening pictures, it creates a sense that things are out of control—a contagion of violence in the mind of people that is at odds with the reality of the world, which is that violent crime has been dropping in America," said Robert Lifton, professor of psychology at the John Jay College of Criminal Justice in New York. "People should feel safer. But you really wouldn't know it from the news."[xxiv]

Shrinking Foreign Coverage

The pressure to maximize profits and minimize cost has resulted in a significant decline of international news coverage. Ironically, this comes at a time when globalization has made nations more interdependent. The amount of time network television devotes to foreign stories has fallen from 45 percent in 1975 to less than 14 percent in 1995, according to a study by the Shorenstein Center for the Press, Politics and Public Policy.[xxv] According to the Tyndall Report, which tracks television news content, foreign bureaus provided only a third as many minutes of coverage from the evening newscasts on ABC, CBS and NBC in 2000 (1,382) than they did in 1989 (4,032).[xxvi] CBS News anchor Dan Rather says if he tried to cover more foreign news in his evening newscast, his bosses might tell him that NBC's "Nightly News" does the least and gets the highest ratings.[xxvii]

Since the end of the Cold War, the networks have closed and consolidated many of their overseas bureaus. Fifteen years ago, ABC News had 17 foreign bureaus; now it has seven. CBS News has scaled back to 11. NBC News says it has staff in 15 foreign cities, but has significantly reduced its overseas corps. Some news executives say they no longer need to maintain a large foreign staff because modern transportation and communications allow them to move staff quickly when news breaks. But critics say this means international stories don't get covered unless they involve a major crisis.

With fewer foreign correspondents to report the news, there's been an increased reliance on "voice-over" reporting. That means reporters are filing stories from faraway bureaus having never actually been at the scene. Instead, they rely on footage provided by stringers and overseas video wire services, like Reuters and Associated Press Television. Viewers often have no idea the correspondent they *hear* never did any actual reporting on the story. The clues are subtle: usually the correspondent will end the piece with a dateline of the bureau instead of the story site, or sign off with his name and news organization.

Many news executives say the decline of foreign coverage reflects dwindling public interest in the world. Yet, last summer, when the Pew Research Center for the People and the Press asked Americans what kind of news they follow "very closely,"14 percent said international news, slightly more than consumer news (12 percent).[xxviii]

Broadcast Lobby

Broadcasters are widely considered one of the most wealthy, powerful, effective and feared special interests in American politics. Sen. John McCain (R-AZ) has said, "They are the most powerful lobby I have encountered in Washington."[xxix] Even Newt Gingrich (R-GA) refused to do battle with them when he was House Speaker, saying, "The practical fact is, nobody's going to take on the broadcasters."[xxx] The broadcasting industry wields enormous political clout for two reasons. First, it spends millions of dollars in campaign donations and on high-powered lobbyists that work Congress, the administration and the FCC. Secondly, broadcasters have control over something politicians value far more than money: news coverage. Television and radio stations are an important presence in every Congressional district and determine how politicians are portrayed to their voters. "Every politician is afraid to take on the broadcast industry because of the perception that if you cross the industry, you will not be invited to be a guest on the news and public affairs programs," said Jeff Chester, executive director of the Center for Digital Democracy.[xxxi]

The political influence of the industry's trade group, the National Association of Broadcasters (NAB), dates back to the earliest days of commercial radio. The NAB was founded in 1922 by a small group of radio station owners who fought against music publishers for the right to play music on the air. (The music publishers feared radio airplay would hurt sheet music and phonograph sales.) In 1934, the NAB helped defeat a provision of the Communications Act that would have required the FCC to set aside 25 percent of the channels for nonprofit broadcasters. Today, the NAB has 6,000 members and represents 85 percent of network-owned and affiliated commercial television stations and 40 percent of all independent and public television stations in the U.S. It reportedly has an annual operating budget of $48 million.[xxxii] Over the years, it has lobbied successfully for laws and regulations that favor its members and against those that don't. The following section discusses some of the NAB's most recent political victories.

A. Defeat of Torricelli Amendment

The broadcast lobby's most recent victory was the 2002 defeat of an amendment in the landmark campaign finance legislation. The provision, authored by Sen. Robert Torricelli (D-NJ), would have required television stations to offer candidates for federal office rock-bottom prices for political advertising. It would also have prohibited stations from bumping candidates' ads if other advertisers wish to pay more. Television stations are already legally required to offer candidates the same volume discount rates that they provide to their best year-round product advertisers. But a study by the nonprofit advocacy group Alliance for Better Campaigns found that nearly two-thirds of political candidates in the 2000 election paid more than the "lowest unit charge" rate, often because they wanted to guarantee that their ads would not be bumped by another ad.[xxxiii]

Television broadcasters waged an all-out lobbying campaign against the Torricelli amendment, fearing it could amount to hundreds of millions of dollars in lost ad revenue. Within days of the amendment's passage in the Senate, the NAB and its political action committee began making major contributions to both political parties and members of Congress. According to the Center for Responsive Politics, the group gave $15,000 apiece to the National Republican Congressional Committee and the Democratic Congressional Campaign Committee (DCCC). Two days later, it gave $2,000 in soft money to the DCCC. Meanwhile, more than $60,000 in checks was distributed to House and Senate members.[xxxiv]

The lobbying apparently paid off. While the Torricelli amendment passed in the Senate, the House of Representatives voted 327-to-101 to strip the provision from its campaign finance bill. At the industry's annual convention in April, NAB president Eddie Fritts called the measure's defeat one of the NAB's "biggest achievements" and urged broadcasters to remain united and vigilant against similar legislation in the future.[xxxv] Torricelli is vowing to offer his amendment again.

B. Free Airtime for Political Candidates

The broadcast lobby has also blocked any effort to require television stations to provide free airtime for political candidates. The United States is one of just a few countries in the world that doesn't require broadcasters to do this as a condition of receiving their government licenses. Instead, stations are allowed to make millions of dollars by selling airtime to candidates on the airwaves they have been given for free. As former Senator Bill Bradley once said, "Today's Senate campaigns function as collection agencies for broadcasters. You simply transfer money from contributors to television stations."[xxxvi]

In an effort to reform the campaign finance system, President Clinton in his 1998 State of the Union address directed the FCC to consider requiring broadcasters to give airtime for political candidates for free or at a reduced cost. "The airwaves are a public trust," the president said, "and broadcasters also have to help us in this effort to strengthen our democracy."[xxxvii] The next day, then-FCC chairman William Kennard announced that the FCC would develop new rules on political ads. But days later, according to the Center for Public Integrity, "the powerful broadcast corporations and their Capitol Hill allies managed to halt this historic initiative." Then-Senate Commerce Committee Chairman John McCain (R-AZ) and communications subcommittee chairman Conrad Burns (R-MT) accused the FCC of overstepping its authority and announced they would kill the free airtime initiative. In addition, 17 House Republicans sent a letter to Kennard, saying, "Only Congress has the authority to delegate to the Commission programming obligations by broadcasters." In the face of this full-court press, Kennard backed down.[xxxviii]

C. Spectrum Giveaway

Arguably one of the NAB's largest victories occurred in 1997, when the government gave every television station a second channel on previously unused space on the publicly owned spectrum. This is in addition to the portion of the spectrum they already use for analog transmission. To appreciate the magnitude of this gift and the power of the broadcast lobby, one must first understand the potential of digital broadcasting.

In the 1980s, the U.S. and Japan were in a race to develop new broadcast technology called "high-definition" television, or HDTV, that would transmit super-sharp pictures over the same analog channel. To encourage television stations to embrace HDTV, the FCC set aside an unused portion of the spectrum for HDTV use. But then digital technology was born and it was discovered that each channel could be split up to six ways, able to handle cellular phones, paging devices and computer modems, as well as television signals. In other words, a channel that was once limited to a single use—broadcasting—now has multiple uses, thus enhancing its economic value.

The NAB lobbied Congress to include in the Telecommunications Act of 1996 provisions directing the FCC to grant licenses for the unused spectrum to existing broadcasters. The NAB argued that giving every television station an extra channel would expedite the transition from analog to digital television, which was considered critical to U.S. economic competitiveness. It insisted that a second channel would allow stations to gradually switch to digital services without shutting down their analog services and abandoning people with conventional TV sets. The idea was simple: when all stations switched to digital and most Americans had purchased new digital television sets or converters, broadcasters would give back the spectrum that had been used for analog broadcasting and the FCC would auction it off to the highest bidders. The process was expected to last anywhere from seven to ten years.

The plan was controversial. Given the promise of digital, what the spectrum broadcasters wanted free of charge was worth an estimated $70 billion at auction. In fact, other industries had just paid $10 billion to use a far less valuable part of the spectrum for activities such as wireless telephone communications. Some members of Congress, including Senate Majority Leader Bob Dole, said the broadcasters' plan amounted to a multi-billion-dollar giveaway. "This is a big, big corporate welfare project," he said.[xxxix] Initially, Dole held up passage of the Telecommunications Act over this issue, but he eventually let the legislation proceed on the condition that Congress would revisit the issue of whether the spectrum should be auctioned off instead of given away.

Shortly after the Telecommunications Act was passed, Congress held hearings on whether to auction the new digital licenses. Some lawmakers advocated an auction as a way to reduce the federal deficit. But broadcasters argued that without the free extra channel, stations would be unwilling to risk investing millions of dollars in new equipment needed to convert from analog to digital production and transmission. To rally public support, the NAB launched a two-million dollar nationwide media blitz, warning consumers that the survival of free television depended on getting the spectrum free and that any spectrum auction would amount to a tax on TV. "Imagine your favorite shows… gone," warned a newspaper ad by KRON-TV, an NBC affiliate in San Francisco. "Local news, weather and sports… gone… That's what some in Congress have in mind."[xl]

Amidst the debate, Dole resigned as Majority Leader and was replaced by Senator Trent Lott (R-MS), a close friend and former college roommate of NAB president Eddie Fritts. Within days of Lott's election as leader, high-ranking members of Congress directed the FCC to give free licenses for the digital spectrum to existing television stations. The agency began awarding the licenses the following year, allowing stations to use both channels simultaneously until 2006, or whenever 85 percent of American households are able to receive digital signals—whichever is later. At that time, the FCC would reclaim the spectrum that was used for analog broadcasting and auction it off to other kinds of users.

Despite the enormous impact on consumers, the spectrum story generated very little television news coverage. "It's bad enough that broadcasters are being given both digital and analog channels in perpetuity without paying money or in-kind," observed then-FCC chairman Reed Hundt. "Worse is that there have been no major televised discussions of the issue. The number one missing piece in the puzzle is, why wasn't this story about TV covered on TV?"[xli]

Now that spectrum is in short supply and its value has ballooned, some broadcasters are offering to switch to digital now, if the FCC will let them sell or lease their second channel in the open market for non-broadcast purposes, instead of giving it back to government. Chairman Powell is considering the proposal as a way to free up valuable spectrum.

Options for Reform

In the view of some critics, the current transition from analog broadcasting to digital broadcasting presents a unique opportunity to overhaul the current regulatory scheme and change the way broadcasters meet their public interest obligations. Digital technology will expand broadcast capacity, allowing stations to broadcast up to six channels on the same spectrum. The options debated by scholars and public interest advocates range from strengthening the existing public trustee model to eliminating broadcasters' public interest obligations altogether in exchange for a fee. The challenge will be finding a model flexible enough to accommodate the ever-changing technology and our commitment to First Amendment values.

A. Strengthen Current Public Trustee Model

Seemingly, the easiest approach would be to maintain the current public interest obligations of broadcasters, and simply apply it to digital broadcasting. That means broadcasters would continue to be required to air programming that serves the needs of their communities and the educational and informational needs of children. It's unclear how the existing requirements would be applied in the digital world, which has yet to be established. For example, if a broadcaster triples the amount of programming it offers by using multiple channels on the same spectrum, should it be required to triple its children's programming as well?

Some argue that if the current public trustee model is retained, at least some improvements in the situation should be made. They include restoring the Fairness Doctrine and some form of ascertainment of community problems and needs. It might also include strengthening the renewal process so the FCC and the public can more effectively evaluate whether a licensee has met its public interest obligations. But even with these improvements, critics say this approach leaves us saddled with a vague notion of the "public interest" and simply continues a failed scheme.

B. Spectrum Fee

But there are some alternative strategies. The spectrum fee proposal, advocated by former FCC general counsel Henry Geller, would relieve broadcasters of their public interest programming obligations in exchange for a spectrum fee that would be used to support public broadcasting. The fee would be based on a percentage of broadcasters' revenues. This would allow public broadcasters to eliminate underwriting and to be independent of Congressional funding. After five years, the trust fund would be endowed and could operate on interest. Thus, commercial broadcasters could bypass their public trustee responsibilities, while the FCC would be relieved of its constitutionally sensitive role of policing commercial television's content. At the same time, public broadcasters would have ample resources to provide high-quality public interest programming. "With this plan commercial broadcasters don't have to pretend that they are really putting public interest ahead of profits," said Geller."[xlii] A major criticism of this proposal is that it segregates public interest programming to noncommercial television, which not everyone watches. Moreover, the spectrum fee might discourage the commercial television stations that want to serve the public interest from doing so.

C. Pay or Play

Under the "Pay or Play" proposal, advocated by former FCC chairman Newton Minow, broadcasters could chose to either meet their public trustee responsibilities or pay a fee to get out of them each year. The fee would be a percentage of broadcasters' annual revenues—between one-and-three percent. Money generated from these fees would go to the production of children's programming on public television. The proposal lets broadcasters who believe it is good for business and/or their community to serve the public interest through programming continue to do so, but not require them to. Proponents say the "pay or play" proposal combines the best of the public trustee and spectrum fee models with its simplicity and freedom of choice and could be the first step in testing whether the public is better served by replacing public interest obligations with a payment. But critics say the proposal continues the problems that currently exist with the public trustee model, including the fact that public interest programming is hard to define and that it is difficult to enforce. Others say the proposal destroys the foundation of public trusteeship on which broadcasting is built and liken the idea to the Civil-War-era policy allowing wealthy individuals to buy their way out of military service.

Conclusion

So what can the journalism community, in particular journalism educators, do to protect the public interest in broadcasting and improve television news? One short-term strategy is to pressure the FCC to stop further media deregulation. The likely elimination of the media ownership rules under FCC Chairman Powell threatens to usher in a tide of consolidation similar to, if not greater than, the wave created by the deregulatory rewrite of the Telecommunications Act of 1996. So far, it has been largely left to media watchdogs such as the Media Access Project and the Center for Digital Democracy to fight to retain the ownership limits. Such groups say journalists could help by explaining to the FCC how media policies affect journalism. "The link between consolidation and journalism is still an underdeveloped issue," said Jeff Chester, director of the Center for Digital Democracy. "The journalism school deans could act as a moral force, calling for a moratorium on deregulation until these issues are discussed."[xliii]

Another strategy is to educate citizens about their media rights. Many Americans likely do not even know that they, the public, own the airwaves and have a role in deciding how they are used. Moreover, much of the deregulation of the past few decades and the lobbying role of the media industry have occurred out of public view. "The crucial thing is to just make people aware of the fact that the media system is not the result of natural law or the Ten Commandments," said media historian Robert McChesney. "It's the result of explicit government policy made without the public's informed consent. Once the public is made aware of that, I think they will react strongly because they will feel empowered."[xliv] Mark Cooper, research director of the Consumer Federation of America, said journalists can also help educate citizens about the public value of journalism. "We need to convince citizens that there is a public good here that needs to be defended," said Cooper.[xlv]

Given the fierce competitive pressures facing media companies, there seems no easy solution to the clash between journalistic quality and profitability. But this critical period of transition to digital broadcasting provides an opportunity to reexamine the public interest obligations of broadcasters and to explore ways to ensure a place for serious journalism in the new media marketplace. As Kennedy-appointed FCC Chairman Newton Minow told broadcasters pointedly in 1961, “Never have so few owed so much to so many.”

notes

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[iv] *The Federal Radio Commission and the Public Service Responsibility of Broadcast Licensees*, 11 Fed. Com. B.J. 5 14 (1950), quoted in *Freedom, Technology and the First Amendment*, p. 176. This citation was taken from *The Public Interest Standard: The Elusive Search for the Holy Grail*, a briefing paper presented to the Gore Commission on Oct. 22, 1997.

[v] Red Lion Broadcasting Company *v.* FCC, 395 U.S. 367 (1969).

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[xxi] Mark Crispin Miller, "Crime-Time News in Baltimore," Project on Media Ownership, undated.

[xxii] Tim Kiska, "Crime Time Live," *Detroit News*, June 15, 1997.

[xxiii] Steve Farkas and Ann Duffett, "Crime Fears and Videotape: A Public Opinion Study of Baltimore-Area Residents," a report by Public Agenda for The Project on Media Ownership, (New York: Public Agenda, Spring 1998)

[xxiv] Quoted by Josh Getlin, "Journalists Under Fire for Coverage of Violent Crime," *Los Angeles Times*, Sept. 13, 1999.

[xxv] Both surveys cited by David Shaw, "Response to Terror," *Los Angeles Times*, Sept. 27, 2001.

[xxvi] Jim Rutenberg, "Networks Move to Revive Foreign News," *The New York Times*, Sept. 24, 2001.

[xxvii] Quoted by Robert G. Kaiser and Leonard Downie, Jr., "The News About the News," (New York: Knopf, 2002), p. 113.

[xxviii] "Internet Sapping Broadcast News Audience," a survey by Pew Research Center for the People and the Press, Jun. 11, 2000.

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[xxx] Ibid.

[xxxi] Jeff Chester, phone interview, May 30, 2002.

[xxxii] Paige Albiniak, "On a Roll," *Broadcasting & Cable*, Apr. 8, 2002.

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[xxxv] Edward O. Fritts, Speech to National Assn. Of Broadcasters, Apr. 8, 2002.

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[xlii] Henry Geller, phone interview, May 21, 2002.

[xliii] Jeff Chester, phone interview, May 30, 2002.

[xliv] Robert McChesney, phone interview, Mar. 26, 2002.

[xlv] Mark Cooper, phone interview, June 10, 2002.

annotated bibliography

By Craig L. LaMay

The U.S. broadcasting industry has generated a huge literature, most of it written after 1961, when then-FCC Chairman Newton Minow changed the way Americans, scholars and policy makers thought about television and radio with his "Vast Wasteland" speech. The definitive work on U.S. broadcasting is Eric Barnouw's three-volume ***A History of Broadcasting in the United States***, later abridged into the single volume ***Tube of Plenty*** (New York: Oxford Press, 1990). This bibliography, which is by no means exhaustive, is intended to complement the discussion of public-interest regulation in U.S. broadcasting to which it is attached. It represents a cross-section of the best thinking on the industry by those across the political spectrum who have found deficiencies in the public interest social contract that has governed the industry since 1927. The selections draw on the work of journalists, law and communications scholars, policymakers, public interest advocates, broadcast industry representatives, historians and economists. Someone who knew nothing about the statutory and constitutional quirks that mark U.S. broadcasting could quickly become expert by reviewing the materials listed below.

The selections below are all focused on the curious nature of the regulatory regime for broadcasting, its history and its continuation through the 1996 Telecommunications Act, despite consensus among critics across the spectrum of law and politics who believe it has been a failure.

Aufderheide, Patricia. *Communications Policy and the Public Interest: The Telecommunications Act of 1996*. New York: Guilford Press, 1999. This is a smart, easy-to-read history and analysis of the 1996 Act, written by a journalist and communications scholar. The book includes, as an appendix, a summary version of the Act written by William and Mary Law School Dean Thomas Krattenmaker, noted below.

Firestone, Charles and Garmer, Amy Korzick. *Digital Broadcasting and the Public Interest*. Washington, D.C.: Aspen Institute, 2000. Charles Firestone, the lead editor of this volume, is a respected communications lawyer and scholar and now head of Aspen's Communications and Society program. This collection of essays from public interest advocates and several broadcast industry lawyers, offers an array of views about how best to apply the public interest standard in digital broadcasting. The volume is a useful adjunct to the 1998 Gore Commission report on the same topic. It is available online at http://www.aspeninst.org/c&s/dbpi/dbpitoc.html.

Fowler, Mark S. and Brenner, Daniel L., "A Marketplace Approach to Broadcast Regulation," ***Texas Law Review*****, Vol. 60, 1982**. This was FCC Chairman Fowler's famous policy statement in which he argued that the public interest is whatever interests the public. It is also one of those works that everyone quotes but no one actually reads. Fowler is not friendly to broadcasters but hostile to them, calling the public-interest standard a collection of "legal fictions" that broadcasters use to insulate themselves from competition. He urges giving them "squatters' rights" in their spectrum assignments, relieving them of most content regulations, and having them pay a spectrum fee that could be used to support public broadcasting and children's programming.

Geller, Henry. ***1995-2005: Regulatory Reform for Principal Electronic Media.*** **Washington, D.C.: Northwestern Annenberg Center for Communications Policies Studies, 1994**. Geller was FCC general counsel first under Democrat Newton Minow and then Republican Dean Burch, and served at the agency for two decades. He is probably the most knowledgeable and respected broadcast lawyer and scholar in the United States, and he is the long-time proponent of the spectrum fee idea. Geller is the author of several articles on broadcast law reform, but this article is a useful summary of his ideas. The article is available online at http://www.annenberg.nwu.edu/pubs/geller/.

Krattenmaker, Thomas and Powe, Lucas Jr., ***Regulating Broadcast Programming.*** **Cambridge, Mass.: MIT Press, 1995**. Both law professors and well-known critics of broadcast regulation in the United States, Krattenmaker and Powe represent the conservative point of view on the subject. Like their counterparts on the left, such as Henry Geller, the authors argue that the public trustee scheme for broadcasting has been a bust, both as policy and as law, and argue for an end to all content regulation, lower entry barriers to broadcasting, and treating broadcasters as common carriers whose principal public-service obligation is to provide a range of speakers fair and equitable access to the public airwaves.

McChesney, Robert, ***Telecommunications, Mass Media and Democracy: The Battle for the Control of U.S. Broadcasting, 1928-1935.*** **New York: Oxford University Press, 1993**. Both a social commentator and a historian, McChesney is better in the latter role. This

book is the definitive work on the politics of broadcast regulation, and the push for reform, in the run-up to the passage of 1934 Communications Act. For a short, digestible summary of the book, see **McChesney, "Conflict, Not Consensus: The Debate Over Broadcast Communication Policy, 1930-1935," in *Ruthless Criticism*, ed. William Solomon and Robert McChesney. Minneapolis: University of Minnesota Press, 1993**.

Minow, Newton N. and LaMay, Craig L., *Abandoned in the Wasteland: Children, Television and the First Amendment*. New York: Hill & Wang, 1995. This volume won the American Bar Association's Silver Gavel Award for best legal book of the year in 1995, and its second chapter, "Whence the Stranger? The Elusive Public Interest" is an excellent history of the development and application of the public interest standard. Further disclosure: The writing of this book was funded by Carnegie Corporation of New York.

***Public Interest Advisory Committee Report*. Advisory Committee on Public Interest Obligations of Digital Broadcasters. Washington, D.C., 1998**. This is the so-called "Gore Commission" report, commissioned by President Clinton to advise on the public interest obligations of broadcasters as they move to digital transmission. The Committee's final report, available from the Benton Foundation, is available online at http://www.benton.org/PIAC/. While the report was criticized for being timid, it does have some good recommendations, including several that reinstate old obligations abandoned in the last two decades and several new ones.

***The Public Service Responsibility of Broadcast Licensees*, Federal Communications Commission, March 7, 1946. Reprinted in *Documents of American Broadcasting*, ed. Frank J. Kahn. Englewood Cliffs, NJ: Prentice-Hall, 1984, pp. 148-54**. This is the so-called "Blue Book," discussed in the main body of this report. It was the most ambitious effort the FCC ever carried out to make explicit the public interest obligations of broadcasters. Broadcasters scorned the report and complained loudly of censorship and financial hardship. It did not help matters that the author of the Blue Book was Charles Siepman, a former BBC executive whom industry critics assailed as a "socialist," making it very unlikely that a majority of FCC commissioners would support his recommendations. They did not, neither did Congress, and the FCC chairman who commissioned the report quietly let it die. Though a penetrating analysis of the problems with American broadcasting, the Blue Book had no effect whatsoever on broadcaster performance.

Ward, Richard Somerset. *Quality Time? The Report of the Twentieth Century Fund Task*

***Force on Public Television*. New York: Twentieth Century Fund Press, 1993**. This is the only book in this bibliography on public television, and it is valuable principally for the excellent short history on the subject, prepared as background for the report's otherwise scattered recommendations, by Richard Somerset Ward. If nothing else, Ward's report serves as a caution for those who believe public broadcasting could or should carry the weight of public service obligations without itself undergoing significant reforms.

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