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UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION

FROM TOWN CRIERS TO BLOGGERS:
HOW WILL JOURNALISM SURVIVE THE INTERNET AGE?

WEDNESDAY, DECEMBER 2, 2009

FEDERAL TRADE COMMISSION
601 NEW JERSEY AVENUE, N.W.
WASHINGTON, D.C.

P R O C E E D I N G S

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3 MS. DeSANTI: Good morning. Could you please
4 take your seats now, we're about to start.

5 We have a terrific morning coming up for you,
6 but I need to quickly annoy you with a very few
7 housekeeping items. For those of you who were here
8 yesterday, you can sleep through this part. First the
9 security announcement we are required to read: Anyone
10 who goes outside the building without an FTC badge will
11 be required to go through the magnetometer and x-ray
12 machine prior to re-entry into the conference center.

13 In the event of a fire or evacuation of the
14 building, please leave the building in an ordinary
15 fashion. Once outside of the building, you need to
16 orient yourself to New Jersey Avenue. Across from the
17 FTC is the Georgetown Law Center, look to the right
18 front sidewalk, that is our rallying point. Everyone
19 will rally by floors. You need to check in with the
20 person accounting for everyone in the conference center.
21 In the event it is safer to remain inside, you will be
22 told where to go inside the building, and if you spot
23 suspicious activity, please alert security.

24 Second, here are the technology announcements:
25 As you might have seen, the FTC's home page has a link

1 to the News Media Workshop webpage, where you can find a
2 link to our Twitter page, located at
3 twitter.com/ftcnews. People who are following the
4 webcast can send questions for panelists using Twitter
5 via the @ftcnews. We will try to pass some of these
6 questions to the moderators. You should be aware, as
7 the general counsel's office requires me to alert you,
8 that your messages may be subject to disclosure under
9 FOIA or other applicable laws. Also, there is Wi-Fi
10 access available for those who want to write about the
11 workshop in realtime. You will need to get an
12 instructional pamphlet with the log-in code and those
13 are out on the table just outside these doors.

14 Finally, I'm going to describe how today's
15 presentations and panels will work. As you can see, we
16 have a crowded agenda, so we're going to keep the
17 introductions short, but I do encourage you to read the
18 bios that you have in your folders, because every one of
19 our speakers has outstanding accomplishments. We have
20 only a few breaks, and a limited time for lunch. If you
21 need to exit the room for any reason, please go ahead
22 and do so, you don't need to wait for a break.

23 For the panels, each speaker will have three
24 minutes to give an opening presentation that highlights
25 the main points that he or she would like to make.

1 Unfortunately, we need to be strict on the time limits,
2 given all that we have to cover.

3 After the presentations, then we'll have a
4 moderated discussion, and if a panelist wishes to speak,
5 please turn your table tent up on end. If you have
6 questions for the panel, use the question card that is
7 in your folder and look for Suzanne Drennon and Suzanne
8 Michel, one of those two people over there, and they
9 will take your question up to the co-moderator, and we
10 will try to make time for audience and Twittered
11 questions to the extent possible.

12 We are now ready to begin. The order of our
13 first three speakers has changed, due to Representative
14 Waxman's schedule, but not too much. First we're going
15 to hear from Tom Rosenstiel, then Jay Hamilton, and then
16 Chairman Henry Waxman will speak at 9:30. He needs to
17 be back at The Capitol at 10:00 am for a vote, so we are
18 really going to keep to that time table.

19 First, let me introduce Tom Rosenstiel. He
20 designed the Pew Research Center's project for
21 excellence in journalism and directs its activities.
22 The project studies the revolution going on in the world
23 of news and information, and has produced scores of
24 reports since its inception. Basically, the Pew State
25 of the media study is essential reading for anyone who

1 is interested in these issues.

2 Tom?

3 MR. ROSENSTIEL: Thank you. I see I'm not quite
4 the draw that Rupert Murdoch and Arianna Huffington were
5 yesterday.

6 **(Laughter.)**

7 MR. ROSENSTIEL: Well, I will make it less
8 personal, and hopefully that will make up for the lack
9 of people who came to see me.

10 What I want to talk about in the ten minutes
11 that I've got here is a definition of what are the
12 essential problems facing what we think of as the news
13 media, because I believe that they are not necessarily
14 the problems that everyone thinks they are, or the
15 problems that we expected.

16 First of all, it's not really correct to say
17 that the media are shrinking. A component of our media
18 is more robust, richer, deeper and is growing, and that
19 is the discussion element of our media, the commentary
20 component of media that happens after the initial
21 reporting, which is an essential, vital part of what the
22 press is all about. The goal of journalism is to
23 inspire public debate.

24 What's shrinking, what we're worried about, is
25 what you might call the reportorial media, the component

1 of the press that goes out and finds things out, the
2 search light, the bearing witness, a variety of
3 functions, which I'm not going to talk about today, but
4 I do talk about a lot.

5 That's important because that expands the
6 agenda. That tells the public what's going on. That
7 grounds the public discussion that's becoming more
8 robust in fact, and accuracy, and verification.

9 So, what's going on? What is causing this
10 reportorial media to shrink? The first problem, and why
11 should we care about this shrinkage. The first cause
12 here is that the Internet has decoupled advertising from
13 news. Many advertisers no longer need the news to reach
14 their audiences. Whether it's Craig's List or Best Buy
15 in their website, you don't need to wait for the Sunday
16 insert to find out what's on sale, how much that iPod is
17 now, you can find out when you're so eager to buy it
18 that you wake up at 3:00 in the morning to find out how
19 much it costs, or what is that flat screen now, you can
20 go on their website and buy it, right then and there, in
21 your pajamas.

22 So, the media as an intermediary for advertising
23 is disappearing, particularly in larger markets, where
24 the retailers and the consumers are online in large
25 numbers.

1 The other problem with this is that from a civic
2 standpoint, the way that media worked when advertising
3 was the primary subsidy, was that the media bundled its
4 information. We used classified advertising to
5 subsidize coverage of the zoning commission, and the
6 media in a sense could force feed delivery in mass
7 information to the public. So, if you were interested
8 in the bridge column, you might actually glance across
9 the front page on your way to it. We had the creation
10 of incidental news acquisition, a social science term
11 that I sometimes use.

12 The Internet has decoupled news acquisition, has
13 not only unbundled news acquisition, the way we consume
14 it, it's even unbundled it from a particular news
15 organization. When I'm online, I may go in and look for
16 the subject that I'm interested in, and then find a
17 variety of stories that answer the question that I'm
18 looking for.

19 We are hunter gatherers for information online,
20 and we're no longer, frequently, having a relationship
21 with a news organization at one point during the day
22 saying, New York Times, or Washington Post, or CNN, tell
23 me the news right now. Increasingly, people are going
24 in surgically, acquiring one story, or an answer to one
25 question, within stories, and departing. They are

1 becoming their own editors.

2 I'm skeptical about whether we're becoming our
3 own journalists in mass, but we are becoming our own
4 editors, our own aggregators, creating our own diet of
5 media acquisition. Learning only what we want to know
6 when we want to know it. We are on-demand news
7 consumers, and this has a civic implication.

8 The irony here is that advertising improved
9 journalism, because it made news organizations more
10 independent from political faction or even any
11 particular interest groups at all. The concept, the
12 ethical concept embedded in the old economic model was
13 have so many advertisers that no one advertiser, or even
14 one category of advertisers, could push you around.
15 Every newspaper publisher in America, even bad newspaper
16 publishers, had the experience of telling the car
17 dealers to go, you know, if they wanted to take their
18 ads out for three weeks, or forever, sorry, but you're
19 just going to have to do it. The credibility of the
20 news organization was their franchise asset, and they
21 protected it, and they understood that and they could
22 get away with that because they had such a broad base of
23 advertising.

24 So, advertising, which evolved, in serious ways,
25 in the 20th Century, actually allowed news organizations

1 to become more independent to subsidize their journalism
2 directly through their relationship with the consumer
3 and then rent that relationship to the advertiser.

4 Now, what's going on, right now, is that the old
5 media is holding on, by and large, to its audience,
6 particularly print. The problem facing the news media
7 is a revenue problem, not an audience problem. But the
8 audience is migrating to old media's websites, and
9 there's no way to subsidize or monetize the reporting of
10 news online at this point. If there's a model out
11 there, we haven't figured out what it is.

12 In print, roughly 50 percent, it varies by
13 newspaper, roughly 50 percent of the audience, for many
14 newspapers, particularly larger newspapers, is now
15 online, but the industry makes only 10 percent of its
16 revenue online. If newspapers were to eliminate print
17 distribution, or print edition, they could probably cut
18 their costs, by my estimates, by about 50 percent.
19 Printing and distribution is about 40 percent of the
20 cost of the newspaper, there would be some other
21 economies that you could get, so you could cut your
22 costs by 50 percent, but you would be eliminating 90
23 percent of your revenue.

24 So, the question is, for the news media, is
25 there a new economic model to subsidize the reporting,

1 the gathering of news, this reportorial media, online.
2 Are there new economic commercial models that can be
3 invented, and if not, is there a way, then, to get
4 larger contributions from a handful of sources and
5 protect the independence of the news gatherer. This is
6 really the question that you're here today and yesterday
7 to talk about.

8 Imagine that, at least in print, and by the way,
9 in every community that I've ever studied, the print
10 news organization in that community has more reporters
11 and editors than all of the other news organizations in
12 that community combined. So, when we talk about this
13 civic news, the news that is not sexy, that's expensive
14 to acquire, and has a specialized audience, but probably
15 is the kind of news that is going to be the hardest to
16 subsidize. By and large, most of that reporting is
17 done, at least initially, by the newspaper in any given
18 community.

19 Imagine that the newspaper today in its print
20 edition, with the revenues that it has, and most
21 newspapers are cash positive, they are making more money
22 than they are spending, they are not losing money on an
23 operating basis. Most newspapers. That revenue, that
24 90 percent of the revenue that's coming from print is
25 shrinking, rapidly. In the last two years, ad revenue

1 declined by 25 percent. This year that number is going
2 to be even higher, I suspect, when the year is out.

3 That revenue is like the sand in an hourglass,
4 and that amount of sand is the amount of time that the
5 newspaper industry has left to figure out what its
6 economic model is. Once these institutions vanish, they
7 will be very hard to rebuild.

8 Now, do we care? I'll end with this point. Do
9 we care whether these institutions survive? You know,
10 we've survived without typewriters, we've survived
11 without news reels, things do disappear, and we somehow
12 manage to carry on. But I do think we have a stake as a
13 civic society in the values that reside in these news
14 institutions. The value that the news is there to
15 inspire public discussion, that the journalist has his
16 or her first loyalty to the citizen in a community, even
17 above their commitment to their employer, that they are
18 not tied to a political faction, that their goal is not
19 a political outcome, that they're in it as a committed
20 observer on behalf of the rest of their citizens, and
21 that they're there to make the news accurate, as
22 accurate as they can, and to report it comprehensively
23 and in proportion and in text.

24 This is what we think of as journalists. What's
25 growing, as traditional journalism shrinks, in the

1 reporting sphere is more self interest in reporting.
2 Reporting from political interest groups and think
3 tanks, special interests, even government, looking like
4 journalism, that has an attempt to manipulate or shape
5 the public discussion toward a certain outcome. That
6 component of our reporting media is actually growing,
7 just beginning to, but we're seeing more and more of
8 that.

9 So, I think we have a vested interest in finding
10 out a way to subsidize an independent press that works
11 on behalf of, at least in spirit, on behalf of all
12 citizens, and that is the question in the table, how do
13 we continue to have what we think of as an independent
14 press.

15 Thank you.

16 **(Applause.)**

17 MS. DeSANTI: Thank you very much, Tom.

18 I now need to ask all people who are going to
19 speak and the panelists to please turn your BlackBerries
20 off, because it's interfering with the microphone feed.

21 So, our next presenter is Jay Hamilton, who is
22 the Charles S. Sydnor Professor of Public Policy at Duke
23 University and director of the DeWitt Wallace Center for
24 Media and Democracy, the scholarly work and numerous
25 publications reflect his interest the economics of

1 regulation, public choice, political economy,
2 environmental policy and the media. He's written or
3 co-authored eight books, including All the News That's
4 Fit to Sell: How the Market Transforms Information Into
5 News.

6 Jay?

7 MR. HAMILTON: Good morning.

8 Since this is a journalism conference, you might
9 have expected people to talk about the five Ws, about
10 what we're looking at, who, what, when, where and why.
11 In all the news that's fit to sell, I try to make the
12 case that you should be thinking about an economic set
13 of five Ws, and those are who cares about a particular
14 piece of information, what are they willing to pay for
15 it, or what are others willing to pay for their
16 attention, where else can advertisers reach them, when
17 is this profitable, that brings in the cost structure of
18 writing the story, and why is this profitable, that
19 brings in the question of the definition of property
20 rights to information.

21 Journalists, and I know there are journalists in
22 the audience, rarely get out of bed in the morning and
23 say it's a great day to maximize profits, although I
24 think we met some people yesterday who do roll out of
25 bed and say that, I think it's a great day to maximize

1 profits.

2 But the set of stories that survive, the set of
3 news outlets that survive, are going to be determined by
4 the answers to those five economic W questions.

5 So, if you think about the economics that drives
6 the market for news or information, one of the things
7 that I think you need to think about is the demand side,
8 in particular, what are the different types of
9 information that people demand? A long time ago,
10 Anthony Danielson in a book Economic Theory of Democracy
11 said that people demand four different types of
12 information.

13 One is producer information, that's data that
14 helps you do your job, so when I was a management
15 consultant, I read about hog farm management weekly, and
16 that helped me do my job. Consumer information, that
17 helps you get a better deal. Two months ago I was
18 living up to a stereotype and looking for a Prius, and
19 so I went on edmonds.com and I spent two days on Edmonds
20 because that was going to get me a better car at a lower
21 price.

22 Entertainment, that's not necessarily TMZ or
23 people magazine. Entertainment information is things
24 that you like to know simply because it brings you
25 utility, things that are intrinsically interesting to

1 you. These first three types of information, the
2 markets for them work fairly well, because if you don't
3 get the information, you don't get the benefit.

4 So, if you were thinking about, say, going to a
5 movie, you wouldn't hop in the car and follow somebody
6 out of the parking lot and hope that they took you to a
7 multiplex with a good theater. What you would probably
8 do is go on movies.com, investigating that information,
9 and then make your choice.

10 But there's a different type of information,
11 it's citizen or voter information, and what Anthony
12 Downs pointed out a long time ago is that that type of
13 information, that fourth information demand, I think is
14 to help you be a better voter, that's subject to a
15 market failure.

16 So, suppose you were a voter, and you were
17 thinking about gathering information about public
18 affairs. It could be the case that more information
19 would help you make the right decision, as defined by
20 your own preferences. You could actually learn
21 something by getting information, and you might really
22 care about a particular policy issue, but the fact that
23 your vote has an extremely low statistical probability
24 of determining the outcome of election means that even
25 if you care about an election, the fact that your vote

1 doesn't matter in a statistical sense at an individual
2 level means that many people decide to remain rationally
3 ignorant about the details of politics. That's the
4 phrase economists use.

5 It goes against totally the Jeffersonian notion
6 of an informed democracy, but I think it's very
7 important to acknowledge. If I had taken those two
8 days, when I was looking for a Prius, and instead
9 studied the Obama Health Care Plan, I would not get a
10 better Obama Health Care Plan, because I'm not the
11 marginal voter on the Obama Health Care Plan.

12 So, for many people that remain rationally
13 ignorant about the details of politics, some of you have
14 been reporters, you've covered public affairs, and so as
15 an economist I need a theory to explain what you were
16 doing, okay, where was the demand for what you were
17 doing?

18 So, I think of it in terms of the three Ds,
19 diversion, duty and drama. Some people believe they
20 have a duty to participate in politics. I'm one of
21 them. I take my kids to vote and I try to convey to
22 them that voting is what you do as part of a civic
23 responsibility, but I'm not there from an investment
24 perspective. I have no belief that my vote is going to
25 change the outcome of an election. I'm there from a

1 consumption mode. I think I'm consuming the idea of
2 being a citizen and a partisan of a particular party,
3 but that's a duty motive.

4 Diversion, for some people, C-Span is like ESPN,
5 and you're probably in this room, right, we have a
6 biased sample, but for you, the details of politics are
7 inherently interesting, and some of you also have a
8 producer demand, you're doing your job, you work for an
9 association, so you have another demand.

10 So, we've got duty, diversion, and drama, maybe
11 I can't tell you the details of a particular bill, but I
12 can tell you who's ahead and who's behind in the horse
13 race. I can tell you about a scandal. I can talk to
14 you about politics as a human interest story.

15 So, if you stand back and say, why are we here,
16 what's different about the market for public affairs
17 reporting, it's because the market for public affairs
18 reporting has to deal with the problem of rational
19 ignorance.

20 Now, all information is a public good. The
21 statement the Wizards won last night is a public good.
22 You can consume it and I can consume it at the same
23 time, you can consume it without paying me for its
24 generation.

25 What's special about public affairs information,

1 however, is that it creates a different type of public
2 good, accountability. The set of people who were
3 willing to read those stories about the school board,
4 the set of people who were willing to read those stories
5 about suburban growth, the set of people who were
6 willing to read the stories about immigration reform,
7 they were holding officials accountable, and we can free
8 ride off of their efforts.

9 So, there is definitely a market failure in the
10 market for public affairs. Economists would say it's
11 generated by the public good nature of information, and
12 the positive externalities, the positive spillovers that
13 are generated by your consumption.

14 That's enough jargon, what would a real-life
15 example be? I live in the Raleigh-Durham area, it's the
16 thirtieth largest media market in the United States.
17 The News and Observer did a story in December 2008, it
18 was a three-day story, I talked to the newspaper, it
19 cost \$200,000 to produce, that three-day series. The
20 story was about the probation system in North Carolina.

21 It turned out, over the course of about eight
22 years, 580 probationers had murdered people while they
23 were out on probation in North Carolina. Once that
24 story was released and produced, it caused change in
25 legislation, it caused changes in funding, and three

1 years from now, there will be people walking around the
2 Raleigh-Durham area who will not be murdered by somebody
3 on probation, because of that story.

4 But, does the News and Observer get credit for
5 that story from the person who wasn't murdered? No.
6 They don't. They're not able to monetize the benefit of
7 the stories that they tell. Their stories generate
8 positive spillovers, but the market doesn't reward them
9 for doing that. A story that costs \$200,000, the News
10 and Observer can do that two to three times a year.

11 So, the main problem for the market for public
12 affairs is the stories that go untold because a news
13 organization can't fully monetize the benefits they
14 bring to society.

15 If you think about the incentives that are
16 involved in information creation, it could be I want to
17 sell you information, that's the subscription model. It
18 could be I want to sell your attention to others, that's
19 the advertising model. It could be I want to get your
20 vote, that's partisan information. It could be I want
21 to change what you're thinking about, that's the
22 nonprofit model, or it could be peer expression.

23 If there's a problem with commercial media in
24 generating a certain type of information, I think that
25 it would be interesting for us to try to examine those

1 other motives.

2 So, if you think about nonprofit media, the
3 nonprofit ownership of news organizations, their
4 subsidies, that's trying to tap into a different motive.
5 If you think about the things that we'll be talking
6 about later today, lowering the cost of journalism, that
7 takes the demand problem as a given, but tries to
8 address it in another way.

9 A hundred fifty years ago, partisan information
10 helped solve this market failure. Thirty years ago,
11 news organizations were owned by people, they were owned
12 by families. Actually, if you think of the 1970s, there
13 were two industries that were dominated by family
14 ownership, news organizations and sports franchises, and
15 both of them, being the owner provided you psychic
16 income, psychic benefits, and provided a return to the
17 community.

18 So, today, what I would like you to think about,
19 is there a market failure? I think there is.
20 Economists would use the term positive externalities,
21 other people would think about it in terms of benefits
22 that a news organization generates that it cannot
23 monetize. When we look at the sessions that are coming
24 up, part of it will involve tapping into a different
25 motive, maybe the nonprofit motive, part of it would

1 involve lowering the cost, that's issues like
2 competition in journalism. Part of it might involve
3 raising the return to people who are interested in
4 public affairs. That's that debate about privacy versus
5 behavioral advertising targeting.

6 I want to be sure and stop and yield my time to
7 the Congressman. Thank you.

8 **(Applause.)**

9 MR. LEIBOWITZ: Thank you, Professor Hamilton,
10 for that excellent summary.

11 I'm honored to introduce Henry Waxman, who as
12 you all know is the Chairman of the House Committee on
13 Energy in Congress. He has represented the 30th
14 Congressional District of California since 1974, a
15 Watergate baby, and still youthful, and he has been
16 critical to much of the most important legislation for
17 American consumers that has been passed since the
18 mid-1970s involving the food we eat and the air we
19 breathe and the pharmaceuticals we need to stay healthy.

20 Chairman Waxman is very well known in these
21 parts, as one of the authors of the Waxman-Hatch Act, a
22 few people mistakenly invert that name, and which is a
23 law that speeds up introduction of generic drugs into
24 the market and lowers drug prices for American
25 consumers. He has also been a champion for rescuing the

1 regime he helped create from some unfortunate decisions
2 by some very conservative, very misguided circuit
3 courts. According to our Bureau of Economics, when this
4 problem gets fixed, and we have every hope it will, in
5 the health care legislation that he has helped to
6 shepherd, consumers will save \$3.5 billion a year.

7 Right now Chairman Waxman is involved in some of
8 the most pressing legislation moving through Congress,
9 including health care reform, global warming, consumer
10 financial protection. That's what makes it even more of
11 an honor to introduce the Chairman, he is a very busy
12 man and his presence here today is really a testament to
13 the importance of this issue, and which is, of course,
14 the future of journalism.

15 Mr. Waxman, the podium is yours.

16 **(Applause.)**

17 MR. WAXMAN: Thank you very much for that
18 introduction, and I would like to thank Chairman
19 Leibowitz for inviting me here today.

20 It's a personal as well as a professional
21 privilege to work so constructively with the Federal
22 Trade Commission. The FTC deals with issues that affect
23 the economic lives of all Americans, and over the past
24 several months, the chairman has made it clear that the
25 FTC will aggressively protect American consumers using

1 both the agency's competition and consumer protection
2 jurisdiction, and today's workshop is another example of
3 the FTC's vision of that under its new leadership, we
4 can tackle the 21st Century consumer issues.

5 I want to acknowledge Chairman Genachowski, he
6 has brought bold vision and strong executive leadership
7 to the Federal Communications Commission, and I know his
8 agency is looking very carefully at the public interest
9 issues that the future of the media raise in the context
10 of the agency's proceedings on broadband and open
11 Internet and related issues. He certainly has my
12 support for these important initiatives.

13 I wanted to attend today, precisely because of
14 the reasons Chairman Leibowitz expressed in his call for
15 this conference. We have important matters to consider.

16 Now, I've been Chairman of the Energy and
17 Commerce Committee for less than a year, and the big
18 issues that have dominated our attention so far have
19 been health care and the energy/climate change bills.
20 We've had other issues that are important, not of the
21 same magnitude. We've been trying to get tobacco under
22 FDA regulation, and revise our food safety laws. We
23 passed both of these through the House and the tobacco
24 bill into law.

25 At the same time, as the committee with

1 jurisdiction over the FTC, we've been working with the
2 agency on a wide-ranging concerns about consumer
3 protection matters, and most significantly, we have
4 legislation that will come to the House floor next week,
5 and hopefully pass very soon, which will give the FTC
6 the tools it needs to effectively protect consumers
7 during this economic crisis.

8 Meanwhile, thoughtful and concerned people who
9 know the jurisdiction of our committee have expressed
10 the concern that a significant and troubling trend is
11 occurring in the media sector, developments that
12 threaten the very existence of something very precious
13 to our democracy, the continued existence of a critical
14 mass of quality journalism in this country.

15 All around the country, people are facing this
16 issue, and they're facing the issue which is a really
17 tough question. When they look at the New York Times,
18 the Washington Post and the LA Times, people wonder
19 whether those newspapers will be around five to ten
20 years in the future. People in Denver, San Francisco
21 and Seattle already know the answer to that question:
22 Newspapers in those cities have closed, and their
23 communities are worse off because of it.

24 The newspapers my generation has taken for
25 granted are facing a structural threat to the business

1 model that has sustained them. Professor Hamilton just
2 talked about the different ways we can make up for that
3 structural failure, that market failure, and I want to
4 go into some of that in a minute, but the newspapers and
5 other publications that have relied on advertising
6 revenues have been particularly hard hit, with the
7 decline by over 40 percent, and more, in those revenues,
8 as the Internet has cannibalized advertising,
9 particularly classified advertising.

10 The loss of revenues has spurred a vicious cycle
11 with thousands of journalists losing their jobs, which
12 reduces the quality of the paper and other publication,
13 it triggers the need for additional cost-cutting, as
14 newspaper managements attempt to copy their publications
15 are suffering snowballing declines in circulation, as
16 audiences shrink, advertising revenues fall off further,
17 even greater consolidation of the business has not
18 helped. We are seeing this market failure go on and on
19 and on.

20 Journalism on the Internet could try to fill the
21 void, but it's not certain it could generate replacement
22 revenues of such an extent as to ensure restoration of
23 the resources devoted to journalism by mainstream media
24 over the past several decades, or, quite frankly,
25 anything close to it.

1 This recent depression in the media sector is
2 not cyclical, it is structural. As our recession in our
3 economy ends, we are not looking at changes in the
4 depression in the media area. Revenues will continue to
5 be squeezed, and that in any event will see audiences
6 fragmented in direct proportion to the number of URL
7 addresses. Indeed, if anything, it appears these trends
8 will continue to accelerate.

9 While this has implications for the media and
10 the livelihood of people associated with it, it also has
11 implications for our democracy. We have seen journalism
12 playing an intrinsic role in getting the facts,
13 reporting them, and making accountability possible in
14 the public interest. A vigorous free press and vigorous
15 democracy have been inextricably linked. We are here
16 today because of these bonds and what they mean, and
17 that's why this conference is so important, and I thank
18 Chairman Leibowitz for bringing this all together.

19 We cannot risk the loss of an informed public
20 and all that means because of this market failure.
21 There's so much at stake, there have been numerous
22 responses inside and outside the industry, and they
23 focus on a number of areas that have been discussed
24 already, but I want to go over them as well.

25 One, we could have establishment of new legal or

1 tax structures for publishers that can cushion the blow
2 by permitting media companies of having the option of
3 choosing other structures, such as nonprofit status,
4 that removed the pressures faced by publicly listed
5 companies.

6 Two, that we could have more philanthropic
7 support for media outlets.

8 Three, examination of the antitrust laws and
9 whether changes there might be of assistance.

10 Four, review of the cross-media laws and other
11 ownership restriction that may constrain the commercial
12 vitality of the industry.

13 Five, the exploration of new sources of
14 journalism from universities operating news
15 organizations to new hyper-local, web-based journalism
16 enterprises to deliver local news and information and
17 reporting.

18 Six, the prospect of public funding for quality
19 journalism as a means to preserve a critical mass of
20 resources and assets devoted to public media. This has
21 been articulated by Len Downie and Michael Schudson in
22 their report commissioned by Columbia University's
23 Graduate School of Journalism, the Free Press
24 Organization, and others.

25 Now, Congress responds to market failures. In

1 fact, our job this year in trying to enact a health bill
2 is to make up for the failure of the market which
3 excludes so many millions of Americans from getting
4 health insurance, either because they have a
5 pre-existing medical condition, or the affordability is
6 not available to them.

7 In the environmental area, government responds
8 to the market failure that would occur if we asked one
9 enterprise to reduce pollution, and they found their
10 competitors were not required to do the same thing. We
11 need level playing fields.

12 In 1967, Congress made the judgment that public
13 funding for radio and television was important because
14 it would ensure the provision of content deemed valuable
15 in the public interest to serve large societal goals.
16 Content that the market would be unable to produce
17 without some government support.

18 Now, some argue that this model applied to media
19 publishers could preserve and maintain key functions of
20 modern journalism, investigative reporting, foreign news
21 bureaus, wide-ranging coverage of the arts, culture,
22 science and social trends by cushioning the economic
23 squeeze publishers are facing.

24 Others, of course, have raised red flags about
25 the dangers of government support of the press, and

1 whether support means government control or interference
2 with the press.

3 Now, I have an open mind in all of these
4 different proposals. In the face of continuing closures
5 of mastheads across the country, I see every reason for
6 us to discuss all of these various proposals. As this
7 vital discussion proceeds, I would like to suggest
8 several criteria for evaluating any proposed response.

9 First, there needs to be a consensus within the
10 media industry and the larger community it serves that
11 the proposal is in the public interest. Congress can't
12 impose a solution to this issue, it needs to emerge from
13 a consensus-building process involving the industry and
14 the larger public.

15 Second, these initiatives require bipartisan
16 support, vigorous endorsement, from both sides of the
17 aisle. Those advocating for public funding need to
18 address additional questions. They need to articulate
19 the scope of such support, in terms of the activities to
20 be supported and the dollars required. They need to
21 respond to the concern that government's support of
22 journalism would lead to the government control of
23 content, and they need to explain the source of the
24 revenues.

25 The Internet is replacing the public square as a

1 place where people in cities and towns across America go
2 every day to absorb news and information and to reflect
3 on issues and their meaning for our lives. The
4 atomization of content has resulted in the fragmentation
5 of audiences, so that the commercial basis to support a
6 critical mass of authoritative and informed news and
7 information is melting away. This is creating a public
8 policy issue of profound import for our future.

9 It's not our job to plug dikes and deny the
10 evolution of media. Indeed, there has been an explosion
11 of hyper-local journalism, along with the proliferation
12 of websites, and many of them are doing an excellent
13 job. But for all their energy and entrepreneurial
14 verve, do they address what is at stake here?

15 Jim Lehrer was interviewed by the Post in
16 Monday's paper. He talked about the value of original
17 reporting. He said the shouting and opinion and jokes
18 don't exist if there isn't first a story, and that's the
19 issue, an ongoing critical mass of original reporting.

20 Mr. Lehrer talked about all the commentary on
21 the health bill, and then he observed, but what was
22 actually in the legislation? We hear a lot of
23 commentary, we hear a lot of talking heads, we hear a
24 lot of statements, but if somebody wanted to know what
25 was in the legislation, where would they go?

1 Well, you go to a serious news organization, and
2 what has been discussed here over the past two days is
3 the future of serious news organizations in this
4 country.

5 At the White House Correspondents Association
6 Dinner last May, President Obama said, "You help all of
7 us who serve at the pleasure of the American people do
8 our jobs better by holding us accountable, by demanding
9 honesty, by preventing us from taking shortcuts, and
10 falling into easy political games that people are so
11 desperately weary of. That kind of reporting is worth
12 preserving, not just for your sake, but for the
13 public's. We count on you to help us make sense of a
14 complex world and tell the stories of our lives in the
15 way they happen and we look to you for truth."

16 Well, we have to figure out, together, how to
17 preserve that kind of reporting. As Chairman of the
18 House Committee on Energy and Commerce, which has
19 primary jurisdiction over the FTC, the FCC, so many
20 interstate issues, which originated the public
21 broadcasting law, we have to watch carefully the things
22 that are being said here at this conference. I want you
23 to know that my door is open for the best ideas and
24 proposals, initiatives that you have to offer,
25 especially where government may be involved, and I more

1 and more think as we look at these various solutions,
2 government is going to have to be involved in one way or
3 the other.

4 For those who articulate let us solve our own
5 problems, just give us money, just give us an exemption
6 from antitrust, just give us new tax treatments that
7 make it all easier, eventually, government is going to
8 have to be responsible to help resolve these issues and
9 our whole society depends very much on reaching some
10 resolution of a problem like so many other problems,
11 that if left alone will not be solved by itself.

12 Thank you all very much for this opportunity.

13 **(Applause.)**

14 MS. DeSANTI: Thank you very much, Congressman
15 Waxman.

16 Next we're going to have a presentation from
17 Matthew Gentzkow, who is professor of economics and
18 Neubauer Faculty Fellow at the University of Chicago
19 Booth School of Business. He discusses empirical
20 industrial organization and political economy with a
21 specific focus on media industries, and his work has
22 been published in leading scholarly journals such as the
23 American Economic Review and Econometrica.

24 Matthew?

25 MR. GENTZKOW: So, thanks very much to the

1 Commission for inviting me.

2 I was asked to come and speak very briefly about
3 some research, some recent research that I have been
4 doing with Jesse Shapiro, who is a colleague of mine at
5 the University of Chicago, and Mike Sinkinson, who is a
6 Ph.D. student at Harvard, which work isn't really
7 addressing the question what is the future of journalism
8 or how is journalism going to change, but rather why
9 should we care if it does.

10 So, as the Congressman alluded to, as Jay
11 Hamilton alluded to, a lot of the motivation for being
12 concerned about what's happening in the media over a
13 long period of time, the motivation for regulating media
14 in a different way, from other industries, is the view
15 that there's some unique relationship between media and
16 democracy. Effects of media on the political process,
17 and what we're trying to do in this paper is in some
18 small way quantify one small piece of why we care about
19 what happens in particular to newspapers.

20 So, we're trying to think about happens, what
21 should we expect to happen to the political process if
22 daily newspapers become smaller, if daily newspapers
23 close.

24 In this paper, we look at a variety of political
25 outcomes, but the one I want to talk about today and

1 focus on is how newspapers closing, if newspapers shut
2 down, how should we expect that to affect participation
3 in the political process, how many people are voting in
4 elections.

5 So, along with that, there are a few related and
6 specific questions we want to address. The first is how
7 different are monopoly newspapers, how different are the
8 effects of monopoly newspapers from competitive
9 newspapers; if a second newspaper, a third newspaper, in
10 a market, closes, how should we expect the effect of
11 that to be different from the only newspaper in a market
12 closing? How different are the role of newspapers in
13 local politics, local congressional elections, as
14 opposed to national politics and presidential elections?
15 I think very importantly for what we're talking about
16 today, how have the effects of newspapers changed over
17 time, how did the effects, the role of newspapers in the
18 political process depend on what other alternative
19 sources of information are available?

20 So, we might think that newspapers had a
21 critical role in American democracy at a point in time
22 where there were few other sources of information. We
23 might also wonder how the advent of cable news, the
24 Internet, the increase of alternative sources, have
25 changed the importance of newspapers. Are newspapers

1 still relevant in a world where we have lots of
2 alternatives?

3 So, this is the broad set of questions that
4 we're trying to look at in this paper, and what we do to
5 try to get, again, at some small piece of this, is in a
6 lot of ways pretty simple. We've put together new data
7 that covers all of the daily newspapers in the United
8 States over a very long period of time. So, we can
9 follow all of the newspapers in the United States from
10 1870 up until 2004.

11 One of the reasons that that's useful is because
12 over that period of time, there are a huge number of
13 newspapers that have opened, new newspapers, and a huge
14 number of newspapers that have closed. There have been
15 competitive cities that lost their second newspaper,
16 there have been towns that had one newspaper where that
17 newspaper closed, there have been towns that never had a
18 newspaper before that got one, and we see literally
19 thousands of such events over this long period of time.

20 It also allows us to say something about, again,
21 as I said, these changes over time, and how has the role
22 of newspapers evolved as radio was introduced, as
23 television was introduced, as cable was introduced.
24 There's an obvious cost or caveat to go with looking at
25 things in such a historical perspective is we're not

1 going to have a lot to say about how is 2004 different
2 from 2002 or what is the role of particular Internet
3 sites, but I think hopefully this longer historical
4 perspective will be useful.

5 So, the basic strategy here is to use the fact
6 that these are sharp changes in these markets. There
7 are many cases where you have a newspaper that has a
8 circulation of 100,000, 200,000, which shut down in a
9 market and overnight the availability of information
10 changes dramatically.

11 There are many cases where a new newspaper
12 starts up and very quickly has 20,000, 30,000, 40,000
13 readers, and again, it's a sharp dramatic change in the
14 information people are exposed to, and we can look and
15 see do voting patterns in those cities change at the
16 same time? Do we see those big changes in newspaper
17 markets associated with similarly large changes in
18 voting patterns? So, that's the basic idea.

19 Let me summarize for you what we found. So, I
20 think the overall message of this part of the paper is
21 when newspapers close, fewer people vote. So, there's a
22 strong, robust relationship between the presence of
23 daily newspapers in a market and voter turnout, the
24 number of people voting.

25 We also find that almost all of that effect

1 comes from monopoly newspapers. So, we see big, clear,
2 strong effect on a community that never had a daily
3 newspaper before getting one, big, clear, strong effects
4 of the only daily newspaper in town closing, we see
5 significantly smaller and in many cases
6 indistinguishable from zero effect of the second
7 newspaper closing or a third newspaper closing.

8 So, there are other reasons that we might care a
9 lot about competition, there are reasons different from
10 this why having a competitive as opposed to a monopoly
11 media market can be important, but on this particular
12 dimension, there's no real evidence in the data to
13 support the view that there's something special about
14 competitive newspapers and we should be especially
15 concerned about preserving second and third newspapers.

16 We find in the early part of our sample that
17 newspapers are important for both national and local
18 elections. So, if we go back to the period before
19 television, before radio, when daily newspapers in this
20 country really were the only, or at least by far anyway
21 the most important source for information about both
22 local politics and presidential politics, it's pretty
23 much the only way you wanted to learn about the
24 presidential election was to read the daily newspaper.
25 In that period of time, when newspapers close, you see

1 both local turnout and presidential turnout declining
2 significantly.

3 Over time, as we follow this from the late 19th
4 Century across the 20th Century, the importance of
5 newspapers for presidential turnout has declined
6 basically to zero. So, since the introduction of
7 television, in 1950, newspapers no longer have any
8 detectable effect on who votes in presidential
9 elections. When a newspaper shuts down, presidential
10 voting changes not at all.

11 That is intuitive, if you think about the fact
12 that these alternative media, like television, provide a
13 huge amount of information about national politics, and
14 if you look at opinion surveys, where voters are asked
15 where do you get information about particular elections,
16 people overwhelmingly say that television is their main
17 source of information about presidential politics,
18 voters also say that newspapers are a much more
19 important source of information for local, congressional
20 races.

21 So, consistent with that, we find the importance
22 of newspapers for presidential turnout has declined
23 quite rapidly; however, the importance of newspapers for
24 local elections has remained strong and is close to
25 today where it was in 1890 or 1920.

1 So, newspapers continue to be important for
2 local politics, and that's something that echoes I think
3 a lot of speakers yesterday, and today, have talked
4 about that the importance of local newspapers is
5 especially clear for local politics, there are many
6 communities where still the daily newspaper is the only
7 or the vast majority of the journalistic resources
8 devoted to covering city hall, to covering the state
9 house, to covering local races.

10 So, that's an overview of what we find in this
11 paper. I have a few more minutes, for those who are
12 interested, I want to give a little more flavor of the
13 nuts and bolts of how this analysis happened. This is
14 how we do this, perhaps a little more technical, but
15 hopefully clear.

16 To tell you a little bit more about what this
17 data is we used to do this, we take this data on
18 newspapers from directories that have been produced in
19 this country since 1870 when our sample begins. So,
20 every year, there has been published a directory of all
21 of the daily newspapers in the United States. These
22 things exist because newspapers have, for a very long
23 time, been funded by advertising. Advertisers need to
24 know where the newspapers are, so they can send their
25 ads to them, and so these directories were initially

1 published by early advertising agencies that wanted to
2 connect their advertisers to the newspapers.

3 So, these directories list every daily newspaper
4 in the country, along with their circulation, their
5 prices, the city where they're located and so forth.
6 We've digitized these four-year intervals so we can
7 follow all of the newspapers in this country during this
8 time, and we're going to combine this with data on
9 county-level voting patterns, county-level voter
10 turnout, which is available over this period as well.

11 This is just, if you can see this, this gives
12 you just a flavor of what's in this data. So, the years
13 here run from 1872 up to 2004, and this is just the
14 number of daily newspapers in our sample over that
15 period. So, you can see, we follow the growth, the kind
16 of rapid explosion of newspapers in this country, that
17 happened in the late 19th Century. This was a period
18 where the cost of paper fell dramatically, because of
19 wood pulp paper being introduced. There were huge drops
20 in cost that were associated with the rise of the penny
21 press and the rapid growth of newspapers.

22 A gradual decline, and then a long, flat period
23 out to 1980, and then a slow drop in the number of
24 newspapers that's happened since 1980. 2008 isn't on
25 that picture, but if you put 2008 on that picture, it

1 follows right on that trend line. So, you couldn't look
2 at that picture and see any effect of the Internet.
3 There has not been any unusual decrease recently in the
4 number of newspapers. The number of newspapers that
5 have closed in the last four years is similar to the
6 number that closed between '96 and 2000, for example.

7 Incidentally, if you looked at circulation,
8 several people have alluded to this, too. If you looked
9 at newspaper circulation, you would see the same thing,
10 which is the trends in circulation that are happening
11 right now are trends that have been happening for a long
12 time, and there's no detectable, clear effect of the
13 Internet. Just in that time series.

14 So, when we say that we want to try to pin down
15 how these exits and entries of newspapers affect voting
16 patterns, there's a critical challenge in doing that,
17 which is it's not random where new newspapers open, and
18 where newspapers close. Newspapers tend to open in
19 communities where newspapers are becoming more
20 profitable, they tend to close in places where
21 profitability is decreasing.

22 In this data, the overwhelming thing that drives
23 entries and exits of newspapers is simply population,
24 cities that are growing get new newspapers, cities that
25 are shrinking lose newspapers. Population is also

1 associated with changes in voter turnout. So, you could
2 easily find the spurious relationship between these
3 things because voting is responding to the same things
4 as the newspapers.

5 There are several things that we do to try to
6 address this, to say quickly, I think the most important
7 is based on prior evidence in our own analysis, all of
8 those forces tend to push against what we find. So, it
9 turns out that newspapers tend to enter communities
10 where voter turnout and political participation is
11 falling. Why? Because they enter communities where
12 population is growing, and population growth is
13 associated with reduced political participation.

14 It's intuitive, if you think about it, when
15 cities are growing, new people are moving in, new people
16 tend to have less attachment to the local community,
17 people who have recently moved vote less, and so where
18 population is growing, voter turnout is falling.

19 So, that bias, if anything, works against what
20 we find, and the more we correct for those changes in
21 demographic trends, the stronger our results become. We
22 also do some other things, which I won't talk about.

23 I think in the interest of time, let me just
24 have a few more pictures here that just sort of show you
25 what's in this data. This picture, if you can see, to

1 explain it, does this work? This shows changes in voter
2 turnout, in years relative to the entry of a newspaper.
3 So, zero on that picture is the year when a newspaper
4 entered. Things to the left are how is voter turnout
5 changing before the newspaper entered. Things to the
6 right are how does it change afterwards.

7 The thing I just want you to notice is there's
8 one dot on that picture which is different from all the
9 others. That is the year that the newspaper entered.
10 There's a sharp increase in voter turnout, which is not
11 part of some broad trend that's happening before or
12 after, it's really uniquely at that point in time. It's
13 pushing analysis like this further that allows us to
14 disentangle these different things.

15 So, the implication, to turn this into numbers,
16 how important are newspapers? A new newspaper in a
17 market, on average, increases turnout by one percentage
18 point. That sounds, you might think, small, you might
19 think big. Among those who read the newspaper, not
20 everybody reads a new newspaper when it opens, that
21 increase is four percentage points. Among people who
22 read the newspaper who would not otherwise have voted,
23 those are the only people whose behavior can change,
24 that increase is 13 percent.

25 So, this isn't a huge change, but it's a

1 significant and very clear statistical change and big
2 enough to influence a lot of election outcomes.

3 So, just to conclude, I think the summary is if
4 newspapers close today, we should expect to see local
5 participation, most likely decline, in cities that lose
6 newspapers, we should expect to see no major effect of
7 second newspapers closing, third newspapers closing.
8 There are other results in this paper which we'll make
9 available, how does ideological diversity of papers
10 matter for these effects, is it important to have a
11 Republican and Democratic newspaper, how do partisan
12 newspapers shift party vote shares and how are
13 newspapers related to the advantage of incumbents and
14 incumbency advantage in elections.

15 Thank you very much.

16 **(Applause.)**

17 MS. DeSANTI: Thank you. Thank you very much,
18 Matthew.

19 MR. GENTZKOW: Sure.

20 MS. DeSANTI: Next we're going to hear from
21 Karen Dunlap, who is the president and a trustee of the
22 Poynter Institute. She's also a member of the board of
23 directors of the St. Petersburg Times Publishing
24 Company, the board of the Newspaper Association of
25 America Foundation and the Eckerd Board of Trustees.

1 She has devoted more than 30 years to the education of
2 journalists and aspiring journalists and has three times
3 served as a Pulitzer jurist.

4 Karen?

5 MS. DUNLAP: Thank you, Susan, and thank you for
6 the fine way you've organized this workshop.

7 Much of the information here has appropriately
8 focused on the economic side of journalism, of the
9 industry today. My topic is the importance of
10 journalism to civic involvement, and I want to turn the
11 conversation just a little bit to thinking about the
12 people. The people involved. Tom Rosenstiel started by
13 talking about the shrinkage of reportorial media, and
14 I'll follow along that line.

15 I want to talk about the people who are involved
16 in producing journalism, engaging communities in
17 journalism, but more than that, the people who are
18 called on to act in the role as citizens. Now, since
19 journalism is often presented through news and feature
20 stories, I want to make my comments about civic
21 engagement through stories.

22 Last week, Lebrew Jones was released from prison
23 because of a reporter, Christine Young. Now, that type
24 of action by a reporter is not unheard of, but the
25 circumstances of this case were unusual, and they are

1 instructive in the discussions that we are having today.

2 This is an excerpt from a column last week in
3 the Times Herald Review of Middletown, New York. It
4 says, "Lebrew Jones would still be behind bars for a
5 murder that experts are convinced he didn't commit, if
6 Christine Young hadn't investigated his questionable
7 prosecution and conviction. Jones walked out of prison
8 Thursday, after spending 22 of his 53 years behind bars,
9 even though there never was a shred of evidence to prove
10 he killed a young New York City prostitute named Michael
11 Ann, Mickey Hall."

12 Here's what happened, let me tell you the story.
13 Christine Young was a college intern in Manhattan
14 reporting on runaway prostitutes over 20 years ago when
15 she heard about a murder from two unrelated sources and
16 what she heard convinced her, because of discrepancies
17 in the time of the death in those two stories, it
18 convinced her that the wrong man was convicted.

19 Now, during the next two decades, she reported
20 for television and she reported for newspapers around
21 the country, but she never forgot the murder and she
22 gradually developed a file on Jones that she carried
23 around in a plastic basket as she moved in various jobs.
24 When in 2005 she moved back near New York to work in
25 Middletown, she decided to track down Jones. When she

1 did, what she learned was that at about the same time
2 she moved back there, he was transferred to a prison
3 within 20 miles of her.

4 Young interviewed him. She read volumes of
5 transcripts of the trial. She checked evidence and
6 talked with those who were involved, including the
7 mother of the victim, and the mother immediately said
8 she thought the wrong man had been convicted.

9 Newspaper produced a multimedia presentation on
10 its website about the case. Others got involved, and
11 Jones was released.

12 My Poynter colleague, Al Tompkins, brought this
13 story to my attention last week and he wrote about it in
14 poynter.org in his blog, and the story is worth a close
15 look for a number of reasons, but two stand out in light
16 of our discussion. It speaks to two important qualities
17 of journalism: It required reporting skills and it
18 required the investment of time by individuals and by
19 organizations.

20 The best reporting requires training and
21 experience, and great works often require resources,
22 particularly the resource of time. Those are some of
23 the things we are concerned about in the changes in the
24 industry today.

25 The story speaks to civic involvement, and let's

1 define civic involvement as moving others to act in ways
2 that better a community, a group or the life of an
3 individual. The job is still about comforting the
4 afflicted and it is still the business of righting
5 wrongs.

6 I want to briefly mention three stories that are
7 nontraditional approaches to journalism, but that also
8 serve civic life. The first is the Chauncey Bailey
9 project in Oakland. When reporter Don Bowles was
10 murdered by a car bomb in 1976, while he was
11 investigating the mafia in Arizona, reporters flocked to
12 Phoenix and continued the investigation.

13 When journalist Chauncey Bailey was shot down on
14 the streets of Oakland in 2007, a coalition of media
15 representatives formed to continue his investigation of
16 violence and fraud associated with an Oakland business.
17 Sandy Close of New American Media and Dori Maynard of
18 the Maynard Institute convened the coalition, and it
19 crosses media platforms, it includes representatives of
20 a number of media organizations and associations, it
21 includes freelancers, university professors, students
22 and others. The continued reporting of the project,
23 continuing the work of Chauncey Bailey, presents a stand
24 against fear, and it shows a commitment to the
25 community. That engagement invites residents to also

1 act for the good of their community.

2 Oakland is the base of spot.us, and some of its
3 stories also show the importance of community
4 engagement. As you know, spot.us is an innovative
5 approach to financing specific stories from public
6 donations.

7 One story, the Green Movement, comes to
8 inner-city West Oakland as an audio report told by
9 members of the community. It traces the history of the
10 area and ties history to the community ecological
11 efforts. Speakers tell what they have learned from
12 generations past about farming, and in the middle of the
13 city, effectuating farms to improve health and the
14 environment. They are leading their community by
15 telling their own stories.

16 By the way, both of those projects receive
17 funding from the Knight Foundation, and in their recent
18 report they talked about the importance of news and
19 community, the community needs, the news needs of
20 communities, Eric Newton will speak later and will talk
21 about that.

22 The third example I'll mention is PolitiFact,
23 and I'll make a point here to also keep that brief,
24 because you will hear from Bill Adair later.

25 PolitiFact was developed by the St. Petersburg

1 Times to move citizens past apathy and cynicism when
2 faced with elections, when faced with lies, half-truths,
3 counter-charges. It has proven to be a useful step in
4 holding figures accountable for what they're saying and
5 in sorting out the truth for the public.

6 The innovative approach won the Pulitzer Prize
7 this year for national reporting, and in all fairness, I
8 should mention that the Poynter Institute owns the St.
9 Petersburg Times, so I am not a dispassioned observer of
10 it. But in each of these cases I've mentioned,
11 journalism includes civic life because it encourages
12 people to act in their role as citizens. It encourages
13 people to act in their role as citizens. That means
14 going beyond personal interests, going beyond trivial
15 pursuits, sometimes going beyond self interest to focus
16 on that which serves communities.

17 I'll give one more example. Last year, the St.
18 Petersburg Times ran a series of stories on a child from
19 Plant City, which is a town just east of Tampa. The
20 title was The Girl in the Window. Maybe you've heard of
21 it. Here's how part of that story starts. Three years
22 ago, the Plant City police found a girl lying in her
23 roach-infested room, naked except for an overflowing
24 diaper.

25 The child, pale and skeletal, communicated only

1 through grunts. She was almost seven years old. The
2 authorities had discovered the rarest of creatures, a
3 feral child deprived of her humanity by a lack of
4 nurturing. It was a reporter Lane DeGregory and
5 photojournalist Melissa Lyttle who traced the life of
6 Danielle after she was found in a waste-filled,
7 roach-filled, closet-sized room. Neighbors knew that a
8 woman and her two adult sons lived there in the filthy
9 house, but they didn't know a child lived there. One
10 did recall seeing a little girl peek through a broken
11 window once, but they never saw the child again, until
12 someone called police.

13 The story followed Danielle through the
14 hospital, foster home, school, and finally to a couple
15 who adopted Dani, and who with their son helped her
16 thrive. DeGregory also wrote about the woman who kept
17 her daughter in a closet for years, with only enough
18 food to survive.

19 Here are some of the results of the story: The
20 Children's Board reported a 30 percent increase in calls
21 reporting cases of possible child neglect. The Times
22 website had over a million page views, which was a
23 record at that time. Large numbers of those who saw it
24 online sent comments, sent emails, and commented in
25 other ways. Calls to adoption agencies went up. One

1 couple reported adopting a son after reading the story.

2 It was translated in at least seven languages,
3 and appeared internationally, including in a newspaper
4 in Tel Aviv and in a South African mother's blog.

5 Educators used it in coach classes. One woman who had
6 been adopted said she sent part of her retirement funds
7 to Dani. Some said that they were shocked that a child
8 in neglect like that could happen in the United States
9 during the 21st Century.

10 It's that last comment that I want to focus on
11 in terms of civic life. Journalism allows us to look
12 through a window and see ourselves, see our communities,
13 to come to grips with who we are, and what is going on
14 around us. The story I've described and the effects are
15 well known in many other stories in many other
16 communities.

17 They include, for instance, the Washington story
18 on Walter Reed Hospital, a Las Vegas story on the
19 injuries and deaths to construction workers. They are
20 familiar to us, but sometimes we lose track of the real
21 effect of journalism, and we can lose track of the
22 information that we have now might not be journalism.

23 I have given examples that show the best of
24 journalism, but let me quickly mention that news reports
25 today have faults, also. News reports today include

1 many questionable stories, story choices. I can only
2 hope that I have heard the last of a couple who invaded
3 a Washington dinner. Many stories are poorly reported,
4 poorly edited, poorly produced, and we wonder why
5 citizens don't understand them.

6 Some communities are still ignored or
7 under-represented, and yes, sometimes facts are wrong.
8 No doubt, some of you have been misquoted, once. Yet,
9 day in and day out, society is served by outstanding
10 journalism throughout the nation, throughout the world,
11 on various platforms, in traditional and newer forms of
12 news media.

13 The examples that I have given show that
14 journalism goes well beyond information and observation.
15 I'm concerned that some others have indicated that we
16 could gain a volume of information and opinion, and we
17 could have extensive channels of social interaction, and
18 lose the news, lose the civic focus news. I'm concerned
19 about that. By the way, I'm also concerned in some of
20 the discussions of new models that suggest that we could
21 move to a more elitist approach to news. Higher costs,
22 consumed by a fewer number of people, and therefore have
23 a few people who are well informed and masses who are
24 misinformed or underinformed. There's a huge social
25 cost in that, including the possibility of unrest.

1 Journalism brings communities together, it
2 inspires individuals and groups to act constructively.
3 It still seeks to right wrongs. It opens a window so
4 that we can see ourselves as a society, and it points a
5 path to improvements.

6 I don't know the answers for the financial
7 problems in media right now, but I know that the bottom
8 line, and we talked yesterday, it's not newspapers, it's
9 not I would say even journalism, the real bottom line is
10 democracy. Our interests should be in providing the
11 journalism that serves civic life in a democracy.

12 I also know that we need to involve the people
13 more. They need to invest, financially, in the news
14 organizations that serve them and they need to be
15 intellectually invested in the outcome of news.
16 Congressman Waxman asked about solution, the public
17 needs to be a part of finding those solutions.

18 Finally, I'm grateful to this Commission for
19 convening this workshop. I hope you will continue to
20 involve many voices in preserving journalism.

21 **(Applause.)**

22 MS. DeSANTI: Thank you very much, Karen, and
23 now I'm going to invite the panelists to come up and I'm
24 going to introduce the co-moderators to come on up, your
25 name plates are out there, table tents.

1 We have two people who will be co-moderating
2 this panel, one is Tom Krattenmaker, who has been dean
3 of a law school, he's held senior positions at the DOJ,
4 the FTC, and the FCC. The other is Jessica Hoke, who is
5 on my staff and has done a terrific job in helping to
6 put together this workshop, and once again, I have to
7 ask that all attendees please turn off your PDAs and
8 cell phones, because it's interfering with the webcast
9 audio reporting. Thank you.

10 MR. KRATTENMAKER: Good morning, thank you for
11 coming. The title of this panel is Public- and
12 Foundation-Funded Journalism. If you want to know the
13 questions we're going to try to get at, it seems to me
14 it could have had a subtitle, I think maybe the people
15 who organized it thought that the subtitle for public-
16 and foundation-funded journalism might be niche or
17 substitute. It occurred to me that a different question
18 might be put there public and foundation-funded
19 journalism to oxymorons. We'll discuss both those
20 topics some time today.

21 As Susan kindly said, I'm Tom Krattenmaker, I'm
22 a recovering academic, a federal pensioner, and a
23 consultant to the director of the Bureau of Competition
24 here at the FTC, and my associate, Jessica Hoke, is a
25 graduating law student. I asked her how she wanted to

1 be introduced, and she said graduating law student
2 sounds like the best.

3 We have here the most wonderful panelists, and a
4 short period of time. We've got a servitude of talent
5 and a paucity of time. Our solution to that is that
6 everyone is going to begin, we've all drunk the Kool-Aid
7 on this, with a four-minute statement, because we've all
8 been so good, we've added a bonus moment in there. I
9 wanted to say that I was able to do something for you
10 today.

11 I can't speak for everybody here. I know I've
12 never given a speech that only lasted four minutes, so
13 this is going to be a first for me. Everybody is going
14 to try to follow along with that.

15 As part of that strategy, we have sitting here
16 our timekeeper, who has an office next to me, Dan
17 Gilman, but for present purposes, to be known as the
18 grim reaper. Dan will let us know when our time is up.

19 For those of you in the audience, first of all,
20 I apologize if you feel like you're in a rushing subway
21 train. We certainly have been moving things along very
22 well today, but I shouldn't apologize to you, the
23 quality or the quantity of everything that's been
24 covered so far today, and I know this will follow along
25 in the same vein.

1 For those of you, we are, one reason everybody
2 is keeping our remarks short is that we are going to
3 have a long period for questions and for dialogue among
4 the panelists. If you would like to contribute to that,
5 there are cards where you can fill out a question that
6 you would like to have posed, and Chris, are you a
7 recipient of cards, Chris Grengs back with the computer?
8 I'm sorry, Suzanne Michel, and Suzanne Drennon, okay,
9 any woman named Suzanne will be happy to take your card
10 in the back. Just wave it around and she will pick it
11 up.

12 In order to save time, we will not put in a
13 break, and so I want to say right now the etiquette is
14 if you need to go out and take a cup of coffee, go out
15 and get a cup of coffee. No one is going to take
16 umbrage if you walk out.

17 There are full bios, and so I am not going to
18 spend 20 minutes reading everybody' biography. Rather I
19 assume you came to hear from them, not of them. With
20 that, I will turn it over, we're not going to go in
21 alphabetical order because of scheduling issues, we have
22 rearranged it somewhat.

23 Our first speaker for today is Vivian Schiller,
24 and she is the president and CEO of National Public
25 Radio. Thank you for coming.

1 MS. SCHILLER: Thank you.

2 I'm delighted to kick off this section on public
3 foundation and journalism and being here with so many of
4 my friends in the industry who interestingly represent
5 various aspects of the public media landscape, including
6 content creators, funders, educators and, of course, all
7 great thinkers in this field.

8 I have spent my career in commercial media, at
9 CNN, at Discovery and most recently at the New York
10 Times where I was general manager of nytimes.com, but I
11 came to NPR almost one year ago because I recognized the
12 great potential for public radio amidst the current
13 shifting landscape of the news business. A potential to
14 build on our already considerable strengths to serve a
15 public need in bigger, bolder and better ways. We are a
16 good news story, amidst all of this sea of troubles that
17 we have been discussing over these last couple of days.

18 A good news story, of course, with an asterisk,
19 which I will get to in my four minutes. NPR, and public
20 radio, is advantaged with a huge and really ridiculously
21 loyal audience. We have almost 30 million listeners a
22 week, and growing. Who listen on average, on average,
23 the medium listening, four and a half hours a week.
24 This is not a niche. This is not an elite audience.
25 Our morning edition, for instance, is a larger audience

1 than any of the broadcasts' morning television shows, by
2 a significant margin.

3 We have hundreds of journalists, doing original
4 reporting, in 36 bureaus, 17 of them overseas. Our
5 member stations are in nearly every community. A number
6 of them have very, very strong news rooms. My friend
7 John McTaggart from Minnesota Public Radio has one of
8 the strongest. Many of the stations are the only
9 locally owned and operated news organizations left in
10 their communities.

11 NPR's nearly 500 member stations know their
12 local audiences and are able to serve them with NPR's
13 news programming, as well as their own local programming
14 in a way unique to their local communities. That's all
15 just radio. We also have become an indispensable source
16 online at NPR.org, at every station website on iTunes
17 and iPhone and soon on android, and that's not just
18 audio, but text, photos, you name it.

19 Our audio is diversified, which gives us
20 strength in a down economy. Our stations count on
21 government funding and audience support, which is at an
22 all-time high, by the way. They, in turn, fund NPR,
23 which is also supported, in addition to its member
24 stations, by underwriting, corporate underwriting,
25 foundation grants, gifts from individual philanthropists

1 and other sources of income.

2 So, now we look to build on this foundation of
3 strength, both because we can and we must for all the
4 reasons we've been discussing over these two days.

5 First we will build on our already-strong reputation for
6 balanced, independent, serious, original reporting, with
7 more investigative reporting, more reporting at the
8 national/international level, on serious themes like
9 health care, like energy, like the economy, more foreign
10 coverage.

11 Second, we will build on our existing efforts to
12 beef up local news in partnership with our stations. We
13 have various training programs in partnership with the
14 CPB, and the Knight Foundation, by the way, who is also
15 represented here, where is Eric? On a project called
16 Argo, which is to beef up local online content at the
17 station level. In partnership with other public media
18 players, new not-for-profits, who are represented in
19 these last two days. That's a very important point.

20 Third, we will build upon our effort to make
21 content universally accessible. Eighteen months of
22 experience with an open API has shown us that we can do
23 more in partnership with all our public media partners.
24 We are now prepping to broaden it into a larger public
25 media API, a public media platform, if you will. It is

1 NPR organized, but to the benefit of stations with
2 partners in all of public media, including our partners
3 in radio distribution, APM, PRI, and also PBS, and many
4 of the start-ups that are not-for-profit start-ups
5 throughout the country.

6 All of these things take funding, we are pushing
7 on all of our revenue streams, including philanthropy,
8 but we are counting on continued increased government
9 investment for stations and infrastructures in order to
10 build on our original promise. This is not your
11 grandfather's radio. We are nimble, we engage our
12 audience, we work with partners, we are eager to bring
13 ever more like-minded partners into the public media and
14 better serve the public. That's our mission and why
15 we're here.

16 Thank you.

17 MR. KRATTENMAKER: And fortunately, Vivian left
18 a little bit of time on hers and since she is the head
19 of National Public Radio, yes, I thought you would like
20 to hear some very witty and charming stories about
21 growing up in my small town of Quincy, Illinois on the
22 banks of the Mississippi River, so if everyone would
23 like to listen.

24 No, our next commentator, Joaquin Alvarado, the
25 senior vice president for diversity and innovation at

1 the Corporation of Public Broadcasting.

2 MR. ALVARADO: At the Corporation, we're heavily
3 focused, and to echo what Vivian sort of ended on, the
4 possibility of creating new kinds of ecosystems around
5 the public investment that goes into journalism
6 currently, supporting local communities in their
7 relationship with national initiatives, through NPR and
8 American Public Media and Minnesota Public Radio, PRI.

9 We're in a unique moment, though, to take a step
10 back. When you look at what's happening out in the
11 country, around this question, and I've been on now this
12 is like my seventh panel related to this issue, we have
13 very strong trends, actually, coming from the public
14 media field. There are things to build on. What we are
15 doing better now is actually opening the door through
16 this public media platform for software developers to
17 participate in the question, do we have any software
18 developers in this room right now? Two.

19 So, what's disintermediating the existing old
20 business model for journalism is the innovations
21 occurring in the broadband space, in the mobile
22 broadband space. We need to bring them into the
23 conversation as quickly as possible in a way that
24 leverages our strength, which is the content that we've
25 done, and this 40-year infrastructure that has been

1 built up on the lowest funding of any industrialized
2 country when it comes to public media funding, we've
3 managed to do a heck of a lot.

4 So, there's a lot further that we can go, but
5 one of the initial things that I have been tasked with
6 and have been working with Eric here and some of the
7 other major foundations is if we just actually pool our
8 money in a more collaborative way, and look for targeted
9 opportunities to fund innovation, we can do a lot more
10 than we've done ever before.

11 So, the Argo project represents that, and if we
12 can also start to map the investments that are currently
13 happening in this country and the innovations that are
14 succeeding, we can figure out ways to move resources to
15 them more effectively.

16 So, we can just do better than our current set
17 of resources. That, I think, starts to set the platform
18 for if there's going to be any infusion of additional
19 public monies, we don't want to fund legacy systems, we
20 want to try to fund the kind of innovative practices
21 which bring more community members into the fold.

22 I was really glad to hear the Chauncey Bailey
23 example was cited. I'm from Oakland, I am very familiar
24 with that, that had a deep impact in our community
25 because it brought diverse community members to the

1 question of what journalism can do to have that impact.

2 Now, when you look at innovation and how
3 minority audiences respond to media, they are at the
4 most innovative edges of how media is getting
5 distributed, and that's mobile, that's the Internet,
6 that's broadband, that's even gaming, which also tends
7 to be stunningly absent from our conversations around
8 innovation.

9 We are a good way, if we do things right, at the
10 Corporation, of moving resources into public interest
11 content development. ITVS is a great example of a
12 relationship we have with the independent community that
13 has worked stunningly well, at extremely low cost,
14 drives local engagement around critical issues, and
15 documentary film making. We could go further than that
16 and we could really take something on in the journalism
17 space that I think would make a significant difference
18 in all of this.

19 So, I'll just stop there.

20 MR. KRATTENMAKER: Thank you, Joaquin. I was so
21 interested, senior vice president for diversity and
22 innovation, it's such an interesting combination, and I
23 realize, I guess the point is that both of those tasks
24 require that you be able to look into the future and not
25 think it's just going to be a repetition of the past.

1 So, thank you for those remarks which really elaborated
2 that point.

3 Our next presenter is John McTaggart, who is the
4 senior vice president and chief operating officer for
5 the American Public Media Group, which includes
6 Minnesota Public Radio and Southern California Public
7 Radio, and he's also president of Classical South
8 Florida.

9 John?

10 MR. McTAGGART: Thank you.

11 Yesterday, if you were here, and sat through all
12 the presentations, I think we heard from more than 30
13 panelists and presenters talking about the business of
14 journalism, and talking about strategies and parsing all
15 the ways that we can meet the desires or needs of
16 consumers.

17 American Public Media doesn't really think about
18 it that way, and I want to talk a little bit about why,
19 and what informs our thinking.

20 For American Public Media, journalism is not a
21 business, it's a public service. It's foundational to
22 our mission and it's why we do it. We don't serve
23 shareholders, we don't serve consumers, we serve
24 citizens. The tone, and I think even the content of
25 today's conversations, have already started out

1 fundamentally different from yesterday, and that's
2 readily appealing to us.

3 Chairman Leibowitz yesterday in his remarks
4 reminded all of us that markets for public good may work
5 imperfectly, and Representative Waxman used the words
6 "market failure." As a civil society, you know, we
7 don't trust the open market or the free market for
8 public education, at least we don't trust it entirely.
9 We don't leave to only the free market our needs for
10 public safety, our needs for public health. American
11 Public Media believes that public information, the
12 information necessary for an informed democracy, should
13 also not be left only to a free market.

14 The Federal Government has been investing in
15 public media for more than 40 years. They've built
16 infrastructure, with taxpayer funds, we've created a
17 network of television and radio stations and now
18 Internet services that have the capacity and the content
19 for free and universal access to public media for
20 virtually every American in the country.

21 That's an important investment. Public Media
22 attracts, as Vivian mentioned, a large and growing
23 audience of Americans, cutting across every
24 cross-section of the demographics in the country.

25 We have a sustainable business model. It is

1 thought that government funding provides a substantial
2 amount of the resources for Public Media. My
3 organization alone, federal funding, state funding, all
4 government funding combined accounts for less than eight
5 percent of the resources that we use to operate American
6 Public Media stations.

7 Public Media's far ahead of the start-ups. We
8 believe in a diversity of voices, we believe there's
9 more than one news organization that's needed in every
10 community to serve our citizens well. So, this is not
11 about making a case only for Public Media, but it is to
12 make part of a case for Public Media as part of the
13 dialogue and solution.

14 New start-ups, digital or otherwise, have to
15 build infrastructure, have to find new revenue, have to
16 create ways to sustain their service. We'll encourage
17 them, we'll do whatever we can to support them, but
18 Public Media is 40 years ahead of that with a
19 sustainable business model, with audiences that are
20 already loyal and relying on us, and we believe that
21 there is an important opportunity for Public Media to
22 serve even more than we are.

23 Continued and expanded public funding will
24 strengthen local news organizations in every community
25 where a Public Media station exists. Better Public

1 Media organizations will make for better partners, and
2 Public Media organizations in every community are ready
3 to create content, they are creating content and
4 distributing important public service programming as it
5 exists now.

6 I'm going to stop there and reserve time for the
7 questions.

8 MR. KRATTENMAKER: Okay. Thank you, John.
9 We've already had one question from the audience for you
10 and it is seeing that you have jobs in Minnesota,
11 Southern California and South Florida, have you ever
12 spent January in Minneapolis?

13 **(Laughter.)**

14 MR. McTAGGART: Northern Minnesota is even
15 better.

16 MR. KRATTENMAKER: Our next presenter is Eric
17 Newton, who is the vice president of the journalism
18 program for the Knight Foundation.

19 Eric?

20 MR. NEWTON: Thank you. Thanks to the chairman
21 and his staff at FTC for having us here today.

22 I would like to tell you about Cicero. When
23 Cicero was sent out to the provinces, he was quite
24 unhappy with the commercial news packets that were being
25 sent out from Rome. Now really. He wrote back

1 complaining that what he needed to know were the votes
2 of the Senate, but what he was getting were these weird
3 stories about gladiators and ostriches. So, Cicero's
4 not alone.

5 The Newspaper Association of America tells us
6 that in 2007, there were 1,422 daily newspapers in
7 America, but at the same time, there are 3,248 counties,
8 19,000 incorporated places, and 30,000 "minor civil
9 divisions," like towns and villages.

10 All that government is not being watched over by
11 the fourth estate and it wasn't before the Internet,
12 either. A newspaper I once edited, the Oakland Tribune,
13 got attention for its watchdog coverage. We watched
14 over maybe five percent of the government within our
15 region. That's the truth.

16 So, the market has not suddenly failed. The
17 market has always picked and chosen what it's done.
18 That's why I tend to believe the school of thought
19 that's put forward by the Knight Commission, and the
20 commission report says, "Journalism does not need saving
21 so much as it needs creating. Journalism does not need
22 saving so much as it needs creating."

23 We need to care about not losing the current
24 flow of the news in the public interest, but at the same
25 time, we really need to think about how to create a flow

1 of maybe 20 times more, which is what we actually really
2 need. That's the line of grant making we've pursued at
3 Knight.

4 We know we're agnostic about who creates the 20
5 times more flow, whether it's all the different kinds of
6 organizations you've heard about over the last day and a
7 half here. But for the most part, our nation's media
8 policies when it comes to creating new forms of
9 journalism are just old and in the way. They're of the
10 industrial age, not the digital age. They often block
11 innovation, which is what our grants are trying to
12 create.

13 So, a couple of quick examples. Public Media:
14 A lot of the government money that flows to Public Media
15 is status quo money, not good enough. You know, change
16 the rules and then every dollar CPD gives out is for
17 innovation.

18 Nonprofit digital start-ups: The old rules
19 don't treat them fairly, and make it hard to switch to
20 be a nonprofit, they don't give nonprofit news
21 organizations equal access to press galleries, nor do
22 the nonprofits, are they able to exercise the community
23 leadership that for-profits can in the way of writing
24 editorials.

25 Another example is university journalism. It's

1 going on all over the place, students are showing they
2 can do great journalism. By the way, if the nation's
3 200,000 journalism and mass communications students
4 spent 10 percent of their time doing actual journalism,
5 that would more than make up for all the traditional
6 media jobs that have been lost in the last ten years.

7 But our old rules don't treat student
8 journalists fairly either. Shield laws in many states
9 don't protect them, don't even consider them to be
10 journalists.

11 Final example is that the government itself is a
12 huge mass media producer today, because of the Internet,
13 but in general, not a very good one. It has all these
14 Freedom of Information laws, but can't seem to figure
15 out how to use the people's websites to actually provide
16 the information it's supposed to provide under its own
17 laws.

18 So, I'm not really sure how much of this the FTC
19 can or should change. Hopefully news literacy will
20 create consumers that can demand more, but there is one
21 big thing I think the FTC could do. Consumers have to
22 have universal broadband access to do well in the
23 digital age. If you don't have it, it doesn't matter
24 what kind of journalism falls in the forest, you won't
25 hear it, you aren't connected, you aren't there.

1 So, the FTC could be out there saying, you know,
2 hey, FCC, we are going to dog you mercilessly until you
3 deliver on universal, affordable broadband access.
4 That's the level playing field upon which everything
5 everyone at this table and everyone else in the room
6 depends on.

7 MR. KRATTENMAKER: Thank you, Eric. Although
8 you did go over a bit, as I let you know, we did vote
9 collectively to let you have some extra time, but you
10 were supposed to spend it announcing grants to each
11 member of the panel.

12 MR. NEWTON: That would be in the hall after the
13 panel.

14 MR. KRATTENMAKER: That will be in the
15 follow-up.

16 Our next presenter, Charles Lewis, is professor
17 at and the founding executive director of the New
18 Investigative Reporting Workshop at American University
19 School of Communication.

20 Charles?

21 MR. LEWIS: Thank you, and I want to thank the
22 Commission for having this affair and Mr. Leibowitz, the
23 chairman.

24 Well, I think I'm invited here mostly because
25 I've been deeply involved in foundation-supported

1 journalism, including the Knight Foundation, as a
2 supporter. I didn't come to that easily.

3 So, one of the issues here and one of the
4 messages, I think, certain folks like Tom Rosenstiel and
5 Eric just alluded to, is we shouldn't exalt the past too
6 much. I quit CBS 60 Minutes as a producer and started
7 the Center for Public Integrity from my house. Why?
8 Because I was frustrated that all the important stories
9 of our time weren't being investigated by the commercial
10 media. The Iran Contra story was broken in Lebanon and
11 announced to the press by the Attorney General. That's
12 a bad sign. The S and L story was mostly broken in the
13 regional press around the country, not in Washington.
14 On and on, I could give you like six other examples, but
15 we don't have time.

16 So, I started the Center from my house, and over
17 15 years raised about \$30 million from foundations and
18 individuals, and we disclosed our donors and did 300
19 investigative reports, 14 books, and had a full-time
20 staff of 40 people, 25 paid interns a year, and a
21 network of 100 journalists in 50 countries called the
22 International Consortium of Investigative Journalism.

23 I still have a skeptical view of the commercial
24 media. Did the commercial media investigate the war
25 contracts in Afghanistan and Iraq and disclose who had

1 gotten the most money? No. Sorry, the Center for
2 Public Integrity did. I could take a lot of nonprofits
3 and tell you what they did that others haven't done
4 locally and regionally and nationally and
5 internationally.

6 What is happening now is nothing short of
7 thrilling, and quite extraordinary. We are witnessing
8 nothing less than the dawn of an emerging new
9 investigative reporting ecosystem in the country.

10 In '99, David Protas started the Innocence
11 Project, now there are 50 Innocence Projects across the
12 United States in journalism schools and law schools.
13 There are now 10 to 12, at least, investigative
14 reporting centers at universities. The one
15 investigative reporting workshop I head here in D.C., I
16 think is the only one in the D.C. area, but they are all
17 over the country.

18 There are now 25 or more investigative reporting
19 centers across the nation, many of them small, I mean
20 local and regional state-based groups. Some started by
21 their donors, and then they find journalists. Some
22 started by the diaspora of immensely talented
23 journalists with nowhere to work, and taking a page from
24 A. J. Liebling, the only free press is the one you own,
25 if you can't own it, why not start a nonprofit.

1 So, but it is really an interesting thing that's
2 happening. In July an investigative news network was
3 created of 20 of these investigative nonprofit centers,
4 it will be incorporated and become a stand-alone C 3 in
5 the next few months. That will become 50 to 100 groups
6 by mid-2010. There's groups around the world that want
7 to join it, not just the U.S. And what is happening?
8 Well, the commercial media have recognized reality.
9 They have opened up the Pulitzer Prizes to online news
10 publishers, back in December, first time since 1917.
11 Associated Press, the largest nonprofit journalism
12 outlet in the world, started in 1846, has asked for
13 nonprofits to put their content available to all the
14 clients, first time since 1846.

15 The landscape is shifting. There's a great
16 study about the scalability and the capacity, it may
17 surprise you, Jan Schaffer who runs the J-Lab, the
18 Institute For Interactive Journalism at American
19 University, did a study in June called New Media Makers,
20 found that 180 foundations had given \$128 million for
21 journalism and news initiatives, \$66 million of that for
22 investigative reporting since 2005, not counting public
23 broadcasts, which would get another few hundred million.

24 So, there is something going on here that is
25 growing and changing. In response to the hollow news

1 room phenomenon we've been living there.

2 So, I will save the rest for questions, but I
3 find it all quite exciting, actually.

4 MR. KRATTENMAKER: Thank you, Charles. If you
5 were following your bios, you noticed that this is
6 Charles' fourth nonprofit that he started that he's
7 working on now. So, I thought we could give those data
8 points to Professor Gentzkow, he could plug them in and
9 see what's done in participation at the local level.

10 Our next presenter is Mark MacCarthy, who is
11 currently teaching and doing research at Georgetown
12 University's Communication, Cultural and Technology
13 Program and teaching about the economics of network
14 industries.

15 MR. MacCARTHY: Thank you, Tom, and thanks to
16 Chairman Leibowitz for doing this wonderful workshop on
17 the future of news.

18 I'm at Georgetown now, but I spent many years on
19 the Hill working as a Congressional staffer at the House
20 Energy and Commerce Committee, and my ideas come from
21 both the academic work that I am doing now and that
22 experience as a Congressional staffer.

23 I want to develop the idea that public funding
24 is part of the future of journalism. Chairman Waxman
25 gave us the path to legislative success in that area,

1 earlier today, and I want to do what I can to try to
2 meet the challenge that he set down for people who
3 advocate public funding.

4 So, why do we need it? The conference has sort
5 of set out the rationale, the Internet has undermined
6 the advertising and bundling mechanism that has
7 supported news production, charging online readers for
8 access to news won't be enough. If the 80/20 split on
9 revenue between ads and subscription is the same online
10 as it is offline, then the most the strategy of erecting
11 online pay walls could net is about 25 percent above the
12 \$3 billion they currently get from online ads. That's
13 about \$750 million, it's just simply not enough.

14 So, what do we do? Congress should adopt
15 legislation that would provide substantial additional
16 resources to the Corporation for Public Broadcasting to
17 support local news gathering by public service media.
18 This system of public service media already exists.
19 What it needs is the funding to hire journalists to
20 cover local and regional news. The school boards, the
21 zoning meetings, the city council and the state
22 legislatures.

23 As you've heard, CPB and NPR clearly recognize
24 their opportunity to fill the local news-gathering role,
25 a step in the right direction is NPR's new local

1 journalism project with support from both CPB and the
2 Knight Foundation. With substantial additional federal
3 funding, this initiative could be expanded.

4 A supplemental CPB funding request for this
5 fiscal year, and all future funding requests should
6 contain a provision for local news gathering. CPB
7 already dispenses federal funds from news and public
8 affairs for programs like News Hour and Frontline. One
9 model for the new news and public affairs grants is the
10 Independent Television Service that Joaquin made
11 reference to, ITVS currently receives money from CPB to
12 fund public television programming produced by
13 independent production entities. I was involved in the
14 funding of that entity back when I was a Congressional
15 staffer over 20 years ago.

16 So, one of the objections, wouldn't the
17 government control the news agenda and point of view?
18 Not necessarily. Other countries, including Great
19 Britain, have a tradition of publicly-funded news
20 organizations that are vigorous critics of government
21 policies. We have this tradition here in the United
22 States as well, through the Corporation For Public
23 Broadcasting. It has heat shield provisions designed to
24 prevent political interference with news content.

25 Finally, should public support be conditioned on

1 the grantee maintaining some variety of nonprofit
2 status? Some might allow grantees to be low profit and
3 there's a legal status called LCCC that might permit
4 this. In my judgment the key point is that their
5 purpose has to be public. News-gathering grants would
6 not preclude other support mechanisms, including
7 philanthropy, donations from the public, and even some
8 revenue from advertising and subscription fees. If
9 their revenues exceeded their costs, however, they would
10 have to use all or most of their net revenues for their
11 public purpose.

12 I don't think all local news can be produced
13 through government grants. Maybe it would be ideal to
14 keep the center of gravity of the news business in the
15 private sector, with only a supporting role for
16 philanthropy and public funding. I don't know the right
17 mix of funding sources, but I do think that public
18 funding is an essential element of the mix, and a time
19 to start developing this specific set of this idea is
20 right now.

21 Thanks very much.

22 MR. KRATTENMAKER: Thank you.

23 The next presenter, Tom Leonard, is university
24 librarian and professor in the Graduate School of
25 Journalism at University of California, and Tom's

1 academic specialty is the historical development of the
2 media, since 1776. So, if anybody has had to compress
3 his time, it's you, Tom.

4 MR. LEONARD: I am going to switch on you and
5 give a different perspective here. I think many
6 meetings of this type, we have some vivid impressions.
7 We have a vivid impression of the founding fathers and
8 First Amendment and we are quite keen on that period of
9 American press history. We have a vivid impression of
10 the great comparative prosperity of news media in the
11 20th Century and some of us may be nostalgic for that
12 period. We certainly have a clear vision of the funk,
13 maybe the promise, but certainly more pervasively the
14 funk that news media are in today.

15 Missing, however, is that 19th Century. So,
16 this is sort of going to be a few words that might be
17 titled Mine the Gap. How did we get prosperous media,
18 the kind of prosperous media suggested by Matt
19 Gentzkow's graphs that we saw earlier in those bars
20 marching up and the number of newspapers, presumably the
21 profits they're making, that was also true, and by some
22 measures, civic engagement at least measured by voting
23 behavior.

24 How did this start in the 19th Century? You
25 know, actually if you look to the hardscrabble part of

1 the 19th Century, you will find voices that sound very
2 much a part of our meeting today.

3 In the 1840s, in his private correspondence,
4 Horace Greeley, the famous New York editor, described
5 the field as nothing more than an assemblage of pains, a
6 title we could probably use for everything that's been
7 presented here. It was an assemblage of pains because
8 he was convinced owning a New York, New York newspaper
9 destined to make him rich, that he would never get any
10 money from it, and an assemblage of pains because he
11 knew that in New York in the 1840s, only five percent of
12 the talented reporters and writers could ever hope to
13 make a living.

14 Somehow, this changed. What were the facts on
15 the ground and why was this ground fertile?

16 I want to draw our attention to three facts on
17 the ground of the 19th Century. The first concerns
18 copyright protection. It was very little help to
19 newspapers and magazines. Indeed, they benefited by its
20 absence.

21 American publications pirated British material
22 until the 1890s. It was of immense help to our
23 start-ups. By convention, as many of you know, the
24 local papers that were the heart and soul of 19th
25 Century journalism were printed freely from one another

1 through a system of exchanges. It's almost enough to
2 say that 19th Century newspapering was built on
3 plagiarism, it's certainly the case that 19th Century
4 journalism was built on aggregators.

5 In light of Arianna Huffington's devastating
6 presentation after Rupert Murdoch yesterday, and her
7 posts today, I'm expecting to see Bart Simpson write on
8 the blackboard, I will now honor aggregators, in the
9 next Simpsons.

10 The next factor has to do with the pay wall.
11 There was, of course, a pay wall in the 19th Century.
12 Virtually nothing was published intending to be free,
13 but what pay wall? Americans ignored it, jumped over
14 it, laughed at it, drove editors and publishers to
15 distraction. Nothing is more common in the 19th Century
16 press than verses of this type.

17 "Would you know the cause, dear readers, why the
18 paper stops today? It is because so many of you owe the
19 printer and won't pay." That's from Iowa in 1872. I
20 think many of the people who have made presentations
21 about charging for content on the web will want to look
22 up that verse and learn from it.

23 The third factor in the 19th Century that made
24 things go was government subsidies, and Jon Leibowitz
25 has already pointed out correctly how the postal system

1 and the publication of legal notices mattered, we might
2 also mention the impressment of young children to work
3 in the newspaper industry as news boys, something
4 allowed in the 19th and early 20th Century, and of
5 course the broadcasting licenses which handed newspapers
6 enormous benefits in the early 20th Century.

7 So, because my time is up, I'll just say, if you
8 want prosperity in the news, and you want to learn from
9 the 19th Century, you have to understand three things:
10 It didn't happen because the press was protected by
11 strict limits on intellectual property, it didn't happen
12 because payment schemes really work very well, and it
13 didn't happen because the government stayed out of the
14 picture.

15 MR. KRATTENMAKER: Thank you.

16 Our next presenter is Josh Silver, who is the
17 co-founder and executive director of Free Press, and for
18 those of you who don't know it, Free Press is a
19 nonpartisan organization that's dedicated to engaging
20 citizens in media policy debates and in creating more
21 democratic and diverse media system.

22 Josh?

23 MR. SILVER: Thanks, Tom.

24 I just wanted to go on record that Tom's joke
25 about Bart Simpson may be the most underappreciated joke

1 of the day.

2 I come to this issue of subsidy for journalism,
3 how we're going to pay for it, with a very clear eye
4 about the simple economic question, and that's what I
5 want to sort of impart to the room, and that is, at the
6 end of the day, we can theorize as much as we like about
7 well, do I like government subsidy of journalism, do I
8 not, there's obvious liabilities in it, but according to
9 the data that we see, there's simply no choice. It's
10 not as if we have this option that we can allow the
11 market to prevail, to keep the government out, as many
12 people have alluded to, and spoken in support of what
13 I'm saying, it's not like we can do that and have any
14 kind of confidence that we are going to not see the
15 significant erosion of the fourth estate and what's left
16 of it.

17 I think it's important that we understand that
18 there needs to be a commensurate sort of psychic shift,
19 if you will, the same principles that say, you know, our
20 safety is so important, we have to have public subsidy
21 of the police. Our safety at home is so important, we
22 have to have subsidy of the fire department. Our
23 children are so important, we have to have public
24 subsidy of the educational system. It's that same line
25 of thought that due to market forces, due to many kinds

1 that have been discussed ad nauseam over the past
2 several months, that the government is going to have a
3 role in it.

4 Now, I do want to cast a little bit of
5 perspective about for people who say, woe is me, I don't
6 want my tax dollars going into journalism. For folks
7 who were with me in Minnesota, I apologize, I have to
8 reiterate some stats that are really staggering. One
9 company, AIG, has received 175 times more money in the
10 past year or so for the bailout than the Corporation for
11 Public Broadcasting received last year alone. We're
12 looking at for the total bailouts, they're 1,223 times
13 higher than the CPB's annual budget.

14 2008 earmarks coming out of the Congress, 41
15 times the budget of CPB, and finally, the U.S.
16 Government did spend three and a half times more money
17 on office furniture than the budget of the CPB. So, we
18 have to keep that in mind when we think about scope and
19 scale about what we propose to be spending.

20 If that increases, there are obvious conditions
21 that have to be in place. First of all, if we are to
22 increase the subsidy, we have to know that the firewall
23 is rock solid, and Mark, who is my new BFF, alluded to
24 this, but it has to be improved. I mean, we have to
25 know that the kind of shenanigans that happened with Ken

1 Tomlinson a few years ago cannot happen again, and
2 that's absolutely critical, and structure of part of
3 that.

4 We have to know that the system nationwide is
5 better run, especially at the local level, that we have
6 station managers committed to producing journalism. We
7 have to have a greater diversity of audience and
8 content. We have to have a broader definition of what
9 public media is with more of an attitude of abundance
10 and less of scarcity.

11 It has been said here, but I do want to echo, if
12 you doubt the ability of public broadcasting and public
13 media to conduct enterprising, hard-hitting, critical
14 journalism, just look at other systems, in England and
15 Europe, where I would actually dare to say that they are
16 more adversarial than the commercial and public media in
17 this country, in general.

18 Finally, we have to move from platitudes to
19 policies. I don't have to tell people in this room,
20 there have been so many discussions about where are we
21 going, what do we want to be, but now we are getting to
22 a point where we have to figure out two things: One,
23 what do communities really need, and we're getting
24 there, there are great reports that have been referred
25 to, the Knight Commission report, the Len Downie report,

1 and then we have to get down to the brass tacks, and
2 really engage the public in what is going to be
3 inevitably a political fight.

4 My time is up. My last word is I want to echo
5 what Eric Newton said, we cannot ever look at any of
6 this without also having an eye toward Internet policy
7 and the fact that one-third of Americans don't have
8 broadband and they are disproportionately poor and rural
9 and that has to change at the same time.

10 MR. KRATTENMAKER: Thank you, Josh.

11 We now have an hour for discussion, and because
12 everybody is doing such a good job of moving us along.
13 What I want to start by doing is moving right down the
14 panelists and ask them each to give me one more sound
15 bite, and but I mean that, one sound bite. I'm going to
16 start down at the right, but because they weren't warned
17 about this, I'll call on myself first. I'll go first.

18 As somebody whose academic background was in
19 studying the commercial broadcasting industry, I'm aware
20 both of how many billions of dollars the Federal
21 Government gave to that industry, and also the extent to
22 which the Federal Government regulated it, and it was at
23 best a very tame pussycat.

24 So, like many other people in the audience, I am
25 wondering how it is that the future vision that's being

1 talked about of a vigorous, independent, publicly-funded
2 press fits with what we saw in this country in the
3 twenties, thirties, forties and fifties.

4 That would be my sound bite.

5 Please, Mark?

6 MR. MacCARTHY: So, the one point I would like
7 to emphasize is how traditional mainstream and
8 all-American government involvement in content is. We
9 all have experience with our local public libraries, we
10 go to public venues where theatrical purchases are
11 provided, we go to museums that are funded by local and
12 state operations, and these are all things that we
13 accept, we like, we encourage, we enjoy, at the national
14 level, the National Endowment For the Humanities,
15 National Endowment for the Arts, the National Science
16 Foundation, the National Institutes of Health, all
17 provide funding for content, scientific, artistic
18 content. This is not some weird, strange aberration and
19 alien intrusion into our life, this is the way we do
20 things in this country.

21 MR. KRATTENMAKER: Thank you.

22 Charles?

23 MR. LEWIS: Well, I confess, unlike some of the
24 other folks on the panel, I'm not an expert on media
25 policy, but I am fascinated by certain ironies. We send

1 out hundreds of millions of dollars to foster democracy
2 around the world, including strengthening media. In
3 recent years, we were doing that at the same time we
4 were putting reporters in the U.S. in jail and issuing
5 60 subpoenas. So, I found that incredibly interesting.

6 I am also fascinated by the percentage of money
7 that goes to the media in other countries, which I know
8 is an old saw, but it's pretty interesting. It's
9 stunningly different landscape in other parts of the
10 world.

11 As an investigative reporter, I also know, like
12 it or not, that journalists would never acknowledge that
13 news organizations, whether they're commercial or
14 otherwise, are not famous for biting the hand that feeds
15 them, whether it's advertisers, foundations, or
16 government money, and that is an issue where I have some
17 ambivalence, and I don't know the answers about some of
18 these things, I'll candidly acknowledge.

19 MR. KRATTENMAKER: Eric?

20 MR. NEWTON: On the commercial side, I think tax
21 laws matter, a lot. Tax laws helped the family owners
22 of newspapers feel good about selling to the companies,
23 tax laws could help the companies feel good about
24 selling back to local families.

25 I guess I first became aware of the strange

1 American feelings about news and information when I was
2 editing the newspaper, and states started putting in
3 sales taxes on newspapers, and I just found it odd that,
4 I mean, here you had chocolate donuts and the newspaper.
5 Tax the same, treat it the same. One is supposed to
6 have to do with the First Amendment, the lifeblood of
7 democracy, the other one, one quick fix to help
8 America's commercial press is to drop these state sales
9 taxes on news and information, and if you need to make
10 up the money, you can double the taxes on chocolate
11 donuts. I think society would be better off, I know I
12 would be better off.

13 MR. KRATTENMAKER: That's an interesting
14 thought, you know the Supreme Court has held that it's
15 okay that you tax newspapers as long as you tax them the
16 same as chocolate donuts. As long as you don't do it
17 bad.

18 Joaquin?

19 MR. ALVARADO: I can't speak to the question of
20 chocolate donuts. We're going to put \$7 billion into
21 broadband stimulus in this country over the next 14 or
22 15 months. That's federal funding going into the
23 infrastructure of broadband. We should be about the
24 innovation of public interest content on that, and I
25 think journalism and education are the two core

1 strengths that the entire public media field at large
2 can lay claim to, those are two key needs that will
3 drive broadband adoption in poor, rural, minority
4 communities. There's a win there, and it's coming in
5 the next 12 months if we get it right.

6 So, when the national broadband plan comes out,
7 if we can speak to that issue within that plan, then I
8 think we can create a framework for smarter, more
9 focused investments, and start to make the case that
10 meets the criteria that Congressman Waxman laid out
11 earlier this morning.

12 MR. KRATTENMAKER: Thank you.

13 Jessica? Do you have a sound bite?

14 MS. HOKE: I don't have a sound bite as much as
15 something that I am looking forward to from the panel
16 today. Yesterday, we heard from panelists and
17 presenters that government should stay out of funding
18 the news, and I think from the opening statements we've
19 heard today, that's not the opinion of the panel. So, I
20 think it will be interesting to hear how we can find
21 ways to have government funding help the news and still
22 find ways to keep the government from interfering.

23 MR. KRATTENMAKER: Vivian?

24 MS. SCHILLER: As a newby at public media, I've
25 got convert syndrome about it and I'm kind of

1 insufferable at parties because I am so rah-rah about
2 it, but I have just got to say, public media, the
3 infrastructure of public media, sure there are certain
4 things that could be corrected or fixed, but we have an
5 incredibly strong, powerful, sophisticated
6 infrastructure between the national organizations and
7 all of the stations around the country. We have a
8 strong system, we have other revenue streams.

9 An investment by the government, as it's always
10 been, but an increased investment into public media, the
11 ROI on that, to use a business term, in support of this
12 public service, will go farther than any that I can
13 imagine of any other sort of so-called bailout of the
14 commercial newspaper industry, or even -- not that I
15 want newspapers to go away, I love newspapers -- but any
16 of the other industries that are going in. The system
17 is there, it works, it needs support, so that we can
18 develop the kinds of infrastructures and systems to be
19 able to deliver on the digital age.

20 MR. KRATTENMAKER: Thank you. Josh?

21 MR. SILVER: To the skeptics that have spoken in
22 previous panels and yesterday about government subsidy,
23 I think it's really important to keep reiterating, there
24 is simply not enough private money in the forms of
25 advertising revenue, subscription revenue, philanthropy

1 and otherwise to support particularly the local
2 journalism that our informed participatory democracy
3 requires.

4 I think there are inherent challenges to it,
5 Chuck, I agree with you, they are significant, but the
6 people in this room, the people who are thinking about
7 this, it's really crucial that many folks leave your
8 comfort zone, and start looking at policies, and
9 figuring out which ones make sense, embrace the fact
10 that there needs to be a role for government, as
11 Congressman Waxman said, and it's like eating your
12 broccoli, that's media policy reform.

13 MR. KRATTENMAKER: That's good.

14 Tom?

15 MR. LEONARD: I want to second Mark's very good
16 suggestion that we can learn something from libraries.
17 These are an upstart institution in the 19th Century.
18 There had never been free public libraries before. They
19 kind of rose in parallel with the great metropolitan
20 newspapers that people could afford. They could never
21 have prospered without strategic philanthropy. Carnegie
22 at the beginning of the 20th Century, Gates at the
23 beginning of the 21st. Although cultural wars certainly
24 happen in libraries, it's remarkable the public trust
25 they've earned, in part because they are places where

1 people of varying beliefs believe they're respected.

2 One of the reasons that library bond issues
3 continue to pass, and for example people on the right
4 don't attack libraries the way they do media, is for
5 example that main public libraries now are a place for
6 home-schooled children to get together. So, that model
7 of actually contributing to the civic good, with a mix
8 of public and private investment, is a very interesting
9 one, and the end of the story is, if you count libraries
10 and you count McDonalds, there are more libraries than
11 McDonalds in the United States now, and if you begin to
12 count school libraries, there are ten times as many
13 libraries as McDonalds.

14 MR. McTAGGART: Thanks, I want to pick up on a
15 thread or a theme, that's not so much about public
16 funding as it is about innovation, and at least the tone
17 that innovation cannot or will not happen within a
18 legacy media organizations.

19 Two quick examples. I fully expect in my
20 community of St. Paul and Minneapolis that Mike Sweeney,
21 who is the publisher of the Star-Tribune, he is going to
22 innovate at the Star-Tribune, and I expect the Star
23 Tribune-to be healthy for quite some time, but two quick
24 examples within my Public Media organization, one from
25 the earliest beginnings, and one more recent.

1 In the earliest beginnings, it was innovative
2 for us to choose FM when everybody was on the AM dial.
3 I think that was the right choice. It was an innovative
4 choice, it was a risky choice, it required a significant
5 amount of investment, at that time, and I think for many
6 public radio stations and certainly commercial radio
7 stations, FM has proven to be certainly the innovator's
8 choice.

9 But more recently, and thanks to a grant from
10 the Knight Foundation, we have invested in an innovation
11 within news itself, or within how we're doing news, and
12 at American Public Media, we call this news innovation
13 public insight journalism. Very simply it's the belief
14 that someone in our audience knows more about the story
15 that we're reporting than we do.

16 We have a very smart audience. If we can get
17 that individual or those individuals who are the experts
18 on that story to trust us enough to share their
19 information and expertise with us, our journalism will
20 be stronger. We now have over 80,000 of these experts
21 in a trusted database, in a network. We have a growing
22 network of news organizations that are partners with us
23 in this, and we believe that by using these experts,
24 both by their experience and their authority expertise,
25 we can do much better journalism than we have been.

1 It's working. We've been doing it for about five years
2 and we're excited about it. So, I think we have to make
3 sure that legacy organizations, even legacy radio
4 organizations, can and will innovate, and we shouldn't
5 count any legacy media out too soon.

6 MR. KRATTENMAKER: Thank you.

7 John, I have to say that you sort of typecast
8 yourself a little bit there, when you talked about the
9 investment in FM, from my years of teaching I can
10 guarantee you, anybody in the room who is under 35 has
11 no idea what you were talking about when you suggested
12 people used to listen to AM radio instead of FM.

13 MR. McTAGGART: Forty-five years ago when our
14 organization started, it was a risk.

15 MR. KRATTENMAKER: Absolutely, most radios
16 didn't even have FM band on them at that time.

17 The questions from the audience are really
18 excellent ones, and they're running very heavily on the
19 question of how do you do public funding and preserve
20 integrity and independence, and so we need to talk about
21 that. There are a couple of other topics that have come
22 up, I thought I might throw out first for some
23 discussion, because you all have been talking about that
24 issue.

25 One them is, I mean, Eric has mentioned a couple

1 of times, and maybe this is just the old law professor
2 in me, changes in law that might be helpful in order to
3 bring about a more vigorous, more active public press,
4 and another is that both Josh and Joaquin talked about,
5 to some extent, it's not an issue of money or maybe in
6 any way an issue of technology about the extent we a
7 might be able to build on the technology.

8 I think I might throw out the technology
9 question first. This is perhaps too general a question,
10 but are we looking at money or are we looking at
11 technology? What do others think about what it is that
12 might be on the horizon with respect to new technology
13 that may be providing increased opportunities for
14 public-funded or for foundation-funded materials.

15 Again, and this reflects a question which was
16 presented from the audience, if you had lived through my
17 course in telecommunications law, you would have learned
18 that virtually every cable company in this country is
19 saddled with a requirement that they provide public
20 educational and governmental access channels, PEG access
21 channels. There's a huge investment in our country in
22 those. I don't know, maybe Josh has the numbers, the
23 viewership probably approaches zero on those.

24 MR. ALVARADO: Not true.

25 MR. KRATTENMAKER: Good. Fine.

1 MR. ALVARADO: Not true. So, PEG was the result
2 of local governments making really important demands
3 when cable got rolled out that there be universal
4 coverage. As state-wide franchising becomes normalized,
5 when telecom companies go in to provide triple play like
6 FiOS or U-verse or AT&T, that is discombobulating the
7 space in which PEG was possible.

8 So, if you speak to local governments, who in
9 many cases are really fighting the good fight to get
10 broadband connectivity out to their communities, working
11 with organizations like OneEconomy, they are actually
12 figuring out how to preserve that PEG function in a
13 broadband space, but where the franchising is not
14 working on their behalf.

15 So, I think that we confuse or we don't give
16 enough credit to what's occurred that's positive with
17 PEG or what goes away when that no longer happens. They
18 are the ones recording the city council meetings that
19 are in a searchable database that can be sourced by
20 reporters who want to follow an issue.

21 MR. KRATTENMAKER: That's an interesting point,
22 you get extra credit for marrying the case of the
23 funding and technology. I wonder if anyone else wants
24 to comment on technology or investments that we see.
25 Josh had mentioned broadband access. I don't know if

1 there are others.

2 Vivian?

3 MS. SCHILLER: I think technology is the key to
4 everything. I mean, the point is, the reason we exist
5 as Public Media is to make our content available to
6 people. If they want to listen to it, which they do, in
7 large numbers, on FM radio, that's great, but guess
8 what, technology is making and new devices are giving
9 people many more places where they go for content. We
10 have to be there.

11 That's why the formation of a public media
12 platform is so critical, because especially Tom
13 Rosenstiel talked about the atomization of news content.
14 We talk about all these devices that are coming out. If
15 we can't have the power of all of our original content,
16 which hopefully will be growing, over the years,
17 available and accessible, for communities, for software
18 developers and for others to access, to be able to
19 manipulate, I don't mean manipulate the journalism, but
20 manipulate and select what they need and provide to our
21 users on every device and in every form and in every
22 which way, then we would have failed to remain relevant.

23 So, it's at the center of everything we do.

24 MR. KRATTENMAKER: Thank you.

25 Yes, Mark?

1 MR. MacCARTHY: Quick comment, Paul Starr when
2 he talked about public funding in front of a
3 Congressional committee about six months ago made the
4 important point that public funding should be platform
5 neutral, it really has to be a matter of creating the
6 content, and then the distribution, whether it's mobile,
7 broadband, or television or radio or text on an Internet
8 site is something that should be up to the content
9 producer and its associated distributing partners.

10 MR. KRATTENMAKER: Anyone else want to comment?

11 Eric, technology and opportunities that are out
12 there?

13 MR. NEWTON: Yeah, technology, money, the whole
14 thing. I mean, the traditional media that survive in
15 the 21st Century, you know, will be the ones nimble
16 enough to create cultures of continuous change, and be
17 able to keep up with the changes. So, it means new
18 technology all the time. Not just we're going to move
19 to the web and now we've fixed our problems, but how do
20 you create that kind of a learning organization, new
21 technologies, all the time, in a constant stream of
22 innovation.

23 I mean, you know, many news organizations
24 survived the 20th Century, many will survive the 21st.
25 But instead of the big ones surviving, it's going to be

1 the nimble ones.

2 MR. KRATTENMAKER: Joaquin, did you want to talk
3 some more about the Internet and how it's affecting CPB?

4 MR. ALVARADO: Well, we are asking the question
5 of what money goes out into the system, how does it live
6 on beyond just its traditional broadcast base, and we
7 don't do a good enough job, I think, as a group of
8 people talking about this of understanding what local
9 stations are actually doing and not doing.

10 We have been surprised, I have been surprised at
11 CPB to find out that there are many local journalism
12 initiatives that stations are just bootstrapping because
13 they feel compelled to do so as connected organizations.

14 So, if we can do better as preparing the Public
15 Media field for a broadband space, and that's everything
16 from the Public Media platform, the PIJ, the Public
17 Insight Journalism Network represents the killer app in
18 my opinion for melding social networking with broadband
19 in a journalistic fashion. If we do better on that, if
20 we do better with broadband in terms of the stimulus
21 money going out and stations getting fiber connectivity,
22 we can actually create the kind of space where
23 developers at low cost can write applications for our
24 stuff, and we've got to make sure that we don't have
25 anymore panels where there's only two software

1 developers in the room. It's like trying to solve
2 climate change without having India, China and the U.S.
3 and Europe all in the conversation together. It's not
4 going to happen this way.

5 MR. KRATTENMAKER: Well put.

6 MS. SCHILLER: That's an analogy.

7 MR. KRATTENMAKER: Josh, I wonder if you wanted
8 to elaborate a little bit more about the point of the
9 universal broadband access and the importance of that.

10 MR. SILVER: There is another divide that occurs
11 that is often age-based and that is this understanding
12 that virtually all media will be delivered by a
13 high-speed Internet or broadband connection, in just a
14 few years. It's already happening now. It's notable
15 that TV sets being sold in box stores, at this moment,
16 connect directly to the web, and it completely
17 revolutionizes how people get their news and
18 information, and we must remember that video television
19 continues to be by far the dominant source of news and
20 information, and that trend is not changing
21 substantially. That's important.

22 We're looking at a parallel challenge here, and
23 the parallel challenge is in that in the same way that
24 we have to figure out how to subsidize and support a
25 robust fourth estate, we also have to subsidize fast,

1 competitive, neutral broadband deployment nationwide.
2 Once again, as with media, we have a rich national
3 history of doing this. We did it with roads, we did it
4 with phone service, we did it with electricity, and now
5 it is absolutely critical that it happens in broadband.

6 Tom, probably the most important point to note,
7 in the last nine years, this country has slipped from
8 fourth to 22nd in broadband adoption and speed
9 internationally. That's because of failed policy. So,
10 that has to move at the same time as the media policy
11 moves.

12 MR. KRATTENMAKER: Very interesting. I want to
13 put explicitly on the table now what some of you have
14 addressed: What, if any changes in law, would you
15 welcome, from your point of view to make more
16 accessible, more valuable, or even to build up the
17 trustworthiness and integrity of public-funded or
18 foundation-funded journalism.

19 Eric, I know you talked about this, but should I
20 come back to you to begin with that? I know you've got
21 a list.

22 MR. NEWTON: I said the ones about equal
23 treatment of student journalists, equal treatment of
24 nonprofit journalists, more innovation in money, in
25 public media. All of those are, you know, rules and the

1 rules determine the outcome of the game a lot of the
2 time.

3 So, I'm not one of those who has the mythology
4 that the government has never been involved in media,
5 very much involved from the very beginning. The
6 question is, maintaining the sort of the firewall
7 between that involvement and the content. But anything
8 that we can do to level the playing field and give all
9 the new kinds of emerging folks and the existing folks
10 who want to innovate a chance to do it I think would be
11 a good change, a good law change.

12 MR. KRATTENMAKER: Anyone else want to add to
13 this? You've already added a couple.

14 MS. SCHILLER: I'll just chime in to say we need
15 a re-examination and re-authorization of the Public
16 Media Act. When was the last time we were here?

17 MR. ALVARADO: '92, it ran out in '96.

18 MS. SCHILLER: Right, so a lot has changed since
19 then and we need to re-authorize reflecting the new
20 realities.

21 MR. ALVARADO: I think amending --

22 MS. SCHILLER: Joaquin can talk about that.

23 MR. ALVARADO: Addressing what the authorization
24 should look like, given all the things that are
25 happening right now is one critical question. Another

1 is you don't want to re-authorize it, and make it a zero
2 sum game. If we change the language and don't increase
3 the funding, we're going to be really hamstringing the
4 whole initiative. So, we have to address how much
5 funding to do how much, and what in the language needs
6 to be different to do that.

7 I would love to see a scenario where stations
8 can have a pathway to absorb the innovations that Knight
9 and other major foundations have been putting into the
10 field in a way that builds towards the sustainability of
11 these small, great, nonprofit journalism innovation
12 start-ups. They're going to run into the same wall that
13 stations run into. How do we make this sustainable over
14 time, and that means you have to diversify your funding
15 anyway. This is already the situation we have in public
16 broadcasting.

17 So, if we can get a ramp there and preserve the
18 species of journalists, professional journalists, before
19 we lose them. This would be like the California condor
20 project, just getting mating pairs together and whatever
21 it takes.

22 **(Laughter.)**

23 MR. ALVARADO: Over the next few years, we can't
24 take forever, we have to go right now if we're going to
25 pull it off.

1 MR. KRATTENMAKER: Mark, did you want to add to
2 this?

3 MR. MacCARTHY: Just to emphasize the situation,
4 I like the image, it's going to be hard to get out of my
5 mind.

6 But I think the diversity of funding is a key
7 element. We've all known that funders have a way of
8 wanting to have their point of view reflected in the
9 entities that they've funded. It's been true of the
10 advertiser-supported media for generations. The way you
11 fix that is by diversifying so that no one entity can
12 call all the shots, and I think that's going to have to
13 be true in public media as well, funding that comes from
14 the government is never going to be the whole ball game,
15 it's going to have to be other sources as well.

16 Beyond that, I think you have to write into the
17 statute the requirement that there is an independence of
18 the entities that are funded. You've got to put it
19 right in the statute, you've got to have Congressional
20 oversight, you've got to have media oversight over that
21 and you've got to build a culture in which the principle
22 of independence is part of the DNA of the whole system.
23 You do that and you'll get over time the same sort of
24 resistance to government control in the publicly-funded
25 media that you currently have in the commercial media.

1 It's just a matter of developing the tradition,
2 developing the habits, and writing it in Congressional
3 statute with media and Congressional oversight.

4 MR. LEONARD: Tom, can I add, on the issue of
5 law and public policy, it's extraordinarily important in
6 this environment of more and more, if you will,
7 freelance news operations that access to knowledge not
8 be priced outside their capacity. A lot of
9 taxpayer-funded research has traditionally gone into
10 commercialized journals where it was inaccessible, for
11 example, to science writers, unless they worked at a
12 university or worked for a rich news organization that
13 could pay the toll.

14 The National Institutes of Health has instituted
15 a very enlightened policy of bringing back that
16 taxpayer-funded research into a repository, PubMed
17 Central, where six months after publication or now 12
18 months after publication, anyone can see what the
19 research was and use it.

20 The content providers are not so happy with this
21 reform. They would like to roll back that access.
22 These are companies with 34 percent profit margins, in
23 some cases. It's a good business to be in, but not a
24 good business for the middle landscape of journalists
25 and writers who need access to material.

1 Another aspect of this would be the mass
2 digitization project such as Google, but that's another
3 topic.

4 MR. KRATTENMAKER: I think we need to open this
5 up explicitly to the question of government and
6 foundation funding as opposed to private markets. I
7 think it's important to begin by the point that Eric and
8 others have made, which is there never has been a
9 complete government abstinence from funding of the
10 media, or interaction with the media. We do not live in
11 an anarchic society, so if you're running a newspaper
12 down in your basement, you're still probably relying on
13 intellectual property laws, tax laws have an effect on
14 what you do, the way in which the transportation
15 infrastructure is laid out has something to do with how
16 it is that you deliver whatever news you create.

17 So, it's not possible in this day and age to
18 imagine any kind of a business that exists entirely
19 independent of government. That's just not something
20 that could happen. But the questions that we're getting
21 here are rife, without reading any particular one of
22 them, how in your own world, if you are in the
23 journalist world, or in the world that you're observing,
24 if you are someone who is observing journalism from the
25 outside in the professorial way, do or should the

1 public-funded or the foundation-funded media maintain
2 independence and integrity? If a principal function is
3 to be a critic of government, how does one be a critic
4 of that which funds one?

5 That's a long question, which you can break down
6 into pieces, and I sort of think everybody should have
7 something to say about that, so I just want to move
8 down, and this time I'm going to do it, I'm going to
9 move out from the center.

10 So, Vivian, you're going first.

11 MS. SCHILLER: Well, thank you for giving me
12 time to prepare. I mean, the proof is in the pudding.
13 I mean, as journalists, any journalist gets a little
14 oochie, to use a technical term, about direct government
15 funding of content, but, in fact, if you take a step
16 back, if you look at the commercial world, this is not a
17 new concept. I mean, advertising appears in newspapers,
18 advertising subsidizes the newspaper and all commercial
19 media. Does that mean that newspapers have pulled their
20 punches about those advertisers? Certainly not quality
21 news organizations have not.

22 No news organization worth its salt is going to
23 accept money with any kind of conditions attached. We
24 didn't do it in commercial media, we don't do it with
25 advertisers, and we certainly don't do it with

1 foundations. I would ask anybody in this room to say
2 any instance in the history, at least of NPR, where a
3 story has been slanted or favorable to a foundation
4 funder.

5 Government money is the same thing. I mean, if
6 you look at our coverage, we do plenty of criticism of
7 the U.S. Government, and in any government institution,
8 and there's no reason to believe that that would happen.
9 If you spend any time in a news room and you spend any
10 time with journalists, you'll know that, if anything,
11 the opposite probably is true. Oh, they're funding us,
12 let's look even more deeply into them. That's sort of
13 the instinct of most journalists.

14 So, yeah, I mean, as someone I say that comes
15 from commercial media, it takes a little bit getting
16 used to, but again, if you really pull it apart, the
17 analogies to all funding mechanisms are pretty similar.

18 MR. KRATTENMAKER: Yeah, I remember when that
19 car talk show led the opposition of the Vietnam war.

20 Continuing to work from the outside, Joaquin,
21 did you want to respond? I'm sort of moving out this
22 way, just to go in a different order.

23 MR. NEWTON: I want to jump in. You know, it's
24 about professional ethics, and one of the great things
25 about the commercial newspaper industry is how many

1 hundreds of major newspapers have fantastic codes of
2 ethics that they do hold each other accountable for and
3 the professional organizations and journalism schools do
4 hold them accountable. But it's the same thing in
5 libraries and schools, and I mean, how do you keep the
6 libraries independent, how do you keep the schools, the
7 teachers, with academic freedom, and it's the building
8 of these firewalls.

9 I think that rather than worrying so much about
10 that, where we have a society with more than a century
11 of professional litigation in these fields, it seems to
12 me that using that as an excuse not to increase funding
13 is sort of like saying we can't give more money to the
14 libraries because somehow that's going to influence the
15 library, so we can't have the schools teaching news
16 literacy, because somehow that's going to hurt the kids.

17 I think it's a bogus argument that just keeps us
18 from doing the right thing.

19 MR. KRATTENMAKER: Josh?

20 MR. SILVER: I think there are three structural
21 changes that should be made right out of the gate that
22 would be greatly protect public media from undue
23 political influence. Number one is to abandon the
24 appropriations process, which was the recommendation of
25 the Carnegie Commission and Congress rejected it in the

1 late sixties. That is absolutely critical, because in
2 the current system, you have a regular parade of
3 politicians bemoaning coverage that they see as biased
4 or unfair. That is a position that someone like Vivian
5 should never have to be in.

6 Number two, I think we need to change the way
7 that the Corporation for Public Broadcasting's board is
8 appointed. It's currently appointed by the President,
9 and no offense to the President's office, but that's too
10 political. There are other ways to do it. That just
11 makes more sense that would avoid that problem.

12 Number three, I think we want to bolster the
13 roll of the ombudsman at the CPB and across the system.
14 That would be helpful. There are great, like for
15 example, NPR has a great ombudsman, but it could be
16 better, there could be more resources allocated to it,
17 if the funding were there.

18 As far as the funding those independent funding
19 mechanisms go, I think it's absurd that the public
20 airwaves, which we all in this room and everyone across
21 this country owns, that the revenue from the auction of
22 those, that spectrum, shouldn't go to Public Media. It
23 should. That's one method.

24 Another would be a very small device tax on
25 electronic media devices. There's many ways to do it.

1 Those are not specific recommendations, but examples.

2 MR. KRATTENMAKER: Chuck?

3 MR. LEWIS: Yeah, I would, from the other end,
4 at the grass roots, I mean, nonprofits that operate, and
5 they're growing every minute, like rabbits, there are --

6 MS. SCHILLER: Condor, rabbits.

7 MR. LEWIS: Rabbits, condor, sorry, yeah. There
8 are a number of obvious things that commercial news
9 rooms have done that many of the nonprofits, but not
10 all, do, which obvious things like a wall between the
11 fundraising part and/or advertising, but in this
12 instance, actually some nonprofits also advertise, so
13 they are blended, but a wall between the staff doing the
14 journalism and folks who are more in the traditional
15 publishing function of making it work financially.

16 No conditions, I agree with Vivian completely,
17 of course, one rule of thumb is often is it my idea or
18 someone else's idea, which is going to sound basic,
19 but transparency I think is fundamental. A good number
20 of nonprofits do not disclose their donors. I happen to
21 think they should. The work, ultimately, if you are
22 doing your job and you're investigating subjects that
23 are inconvenient at the receiving end, if you're doing
24 investigative reporting, the work will stand on its own,
25 and if it doesn't, you actually won't get any more

1 funding and you will start to dry up as an entity. So,
2 your integrity is reflected in the work.

3 Finally, ethical standards, there are multiple
4 ethical standards in this country. I mean, the Society
5 of Professional Journalists, there's a number of other
6 standards. I think each organization should decide what
7 their standards are. I think the SPJ's standards are
8 too weak, actually.

9 So, those are the ways that at the grass roots
10 level an organization, whether they're getting
11 foundation funding, or corporate funding, or yes,
12 government funding. So, there are ways to address this,
13 I think, that are not surprising.

14 MR. KRATTENMAKER: Tom?

15 MR. LEONARD: I guess I want to second the
16 suggestion that Josh made that an institution which in
17 some ways is in decline, the ombudsman, or the public
18 editor, needs to be taken another look at and beefed up,
19 both from a point of view of news organizations, and
20 from the point of view of government agencies in the
21 business of funding. I think that that airing of
22 different points of view and the transparency of
23 surfacing the criticism and seeing what the facts are is
24 just about the best hygiene we can imagine.

25 MR. KRATTENMAKER: Yeah, please. Mark?

1 MR. NEWTON: I think this is a temporary
2 situation, that whatever kinds of funding we're talking
3 about, because the primary relationship is between the
4 news organizations and the people formally known as the
5 audience. If they can manage that interactive
6 relationship, they'll thrive. If they depend too much
7 on any source of funding, be it advertising, the
8 government, foundations, they won't do well. The
9 relationship has to be between the news organization and
10 people.

11 MR. KRATTENMAKER: Thank you. Mark?

12 MR. MacCARTHY: I think these are all good
13 suggestions, but one that I think might be achievable at
14 the same time that you actually increase the funding, as
15 I said before, is write directly into the statute the
16 requirement for independence. Maybe a mechanism that
17 creates maybe a little of additional complexity might
18 also act as a firewall.

19 If you think about the way ITVS works, the money
20 goes from the government to CPB and then passes through
21 to ITVS, and then from there, it goes to the independent
22 producers. So, there's an extra layer that provides an
23 extra layer of insulation that could very well prevent
24 any kind of rogue interference by people at the funding
25 agency itself, and that might help a lot.

1 MR. KRATTENMAKER: And John, since you've come
2 all the way from South Florida, Southern California and
3 Northern Minnesota, you get the last word.

4 MR. McTAGGART: Just a couple of additions to
5 this. I think additional factors in this are diversity
6 of funding for the organization that's receiving the
7 funds, and an accountability with the community. I
8 agree with Eric. A demonstrated accountability to the
9 community. There's any number of mechanisms that would
10 allow that to sort of come together, and not have to be
11 sort of formulaic or even entitled, but a demonstrated
12 support from the community for the organization that is
13 the journalistic organization that then justifies or
14 triggers or leverages a support from the public.

15 So, diversity of funding. Remembering, as I
16 think Mark just said, government funding not flowing to
17 the individual journalist, the government funding
18 flowing to organizations that then employ journalists,
19 and I think that any serious news organization has a
20 firewall in place where organizational funding is
21 certainly distinct from the activities of the journalist
22 itself.

23 MR. KRATTENMAKER: Sorry, I inadvertently
24 skipped Joaquin, he's too tall so I missed him.

25 MR. ALVARADO: Just speaking on behalf of the

1 corporation, our CEO, Pat Harrison, has said repeatedly,
2 now is the time, we have to be open to these
3 conversations, we have to go further than we've gone
4 before. I think all of these are the right
5 conversations to have, it's just a matter of critical
6 mass, a timeline, what is the path, how many federal
7 agency players need to be in the conversation at the
8 same time.

9 We have a core innovation issue, but there's
10 more opportunity than not, I feel, and we have to
11 remember, there's something called American ingenuity,
12 which Americans like to talk about, and we keep having
13 this conversation about what's going away, not the
14 possibilities in front of us.

15 I think the possibilities are for more news,
16 more reporting, more interaction and transparency, and
17 more engagement from diverse Americans. That's the
18 possibility, and until we get to that narrative, you're
19 not going to get the general public excited about saving
20 the dying patient. We have to be about birthing the
21 baby.

22 MR. KRATTENMAKER: Thank you. I believe we have
23 one more person to hear from. Being from the
24 government, I believe in treating everybody equally, and
25 so apparently we're going to hear, I think, the Chairman

1 Leibowitz, would like to make a comment? He's been
2 sufficiently aggravated by all this talk of rabbits and
3 condors? Mr. Chairman, we would be pleased to have you
4 come to the podium.

5 MR. LEIBOWITZ: No, thank you, I don't want to
6 undermine all of the interaction you're having with the
7 panel already. Thank you.

8 MR. KRATTENMAKER: Please.

9 MR. LEIBOWITZ: I'll turn it back to you.

10 MR. KRATTENMAKER: You're declining. Susan?

11 MS. DeSANTI: You still have time until noon.

12 MR. KRATTENMAKER: No, we're good. Okay. Join
13 me if you will in thanking these extraordinarily
14 talented thoughtful people who came a long way to help
15 us out. Thank you.

16 MR. LEIBOWITZ: I will do one other thing, since
17 we're early. First of all, I want to thank Jessica Hoke
18 and the legendary Tom Krattenmaker, who we are delighted
19 to have back, for running this panel. Then also Susan
20 DeSanti, Chris Grengs, Suzanne Michel and Suzanne
21 Drennon's team for just doing a spectacular job in
22 putting together this panel.

23 So, please, thank you, everyone.

24 **(Applause.)**

25 MS. DeSANTI: Just know that we start again at

1 1:00.

2 (Whereupon, at 11:40 p.m., a lunch recess was
3 taken.)

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1 **AFTERNOON SESSION**2 **(1:00 p.m.)**

3 MS. DeSANTI: And I first want to address yet
4 another housekeeping detail. The fans we don't have any
5 control over, because they regulate the air throughout
6 the whole building, so they can't change it specifically
7 for us. The fans are louder over here, and not so loud
8 over there. So, people who are bothered by it might
9 want to move over there. It's colder over here, it's
10 less cold over there.

11 So, we looked into this, we really did try to do
12 something about it. So, this is life. Feel free to
13 move, it's quite all right.

14 We're going to start today, this afternoon,
15 we're very fortunate to have a senior representative
16 from the FCC to briefly give us a sense of their ongoing
17 and upcoming activities relevant to the topics that
18 we've been dealing with today and yesterday. As
19 Chairman Leibowitz said, the FTC will be coordinating
20 closely with the FCC.

21 Here to speak on their behalf is Steve Waldman.
22 Steve has just started as senior advisor to the chairman
23 of the Federal Communications Commission, heading up the
24 agency's efforts on the future of media. Until this
25 week, he was president and editor in chief of

1 beliefnet.com, the leading spirituality site, which he
2 co-founded. Before that, he was a reporter for Newsweek
3 and U.S. News and World Report, and we're delighted to
4 have him join us today.

5 Steve?

6 MR. WALDMAN: Thank you very much, Susan, and
7 Chairman Leibowitz.

8 Julius Genachowski, the Chairman of the Federal
9 Communications Commission, recently asked me to head up
10 a major effort at the FCC to assess the full range of
11 issues related to the future of media. This is my third
12 day on the job and the first two have been mostly
13 filling out paperwork, so I'm mostly here to listen.
14 These have been two days of excellent hearings that I
15 know are going to be enormously valuable to our efforts.
16 So, I will just make a very few brief points, especially
17 about government's role.

18 First, there are, in fact, good reasons for
19 skepticism and caution when government, whether it's the
20 FCC or the FTC, or anyone else, looks at the health of
21 the news media. The news media is here, in part, to
22 make life miserable for public officials, so it's
23 understandable and appropriate that there would be some
24 suspicion about why the government would be probing
25 these questions in the first place.

1 As a former journalist and entrepreneur, I have
2 a natural bias towards assuming that the private or
3 nonprofit sectors will solve most of the problems facing
4 the media. However, we are gathered here today in
5 recognition that the new era, while providing
6 breath-taking new options and innovation, may leave some
7 holes. Some of those holes may not merely be
8 unfortunate or inconvenient market gaps, but rather real
9 threats to the public interest. News is both a public
10 and private good.

11 A well-functioning news media is essential to
12 democracy, and the ability of citizens to hold leaders
13 accountable, and by the way, we should think not only in
14 terms of public officials as leaders, but leaders of all
15 institutions, from universities, labor unions, community
16 groups and businesses as well. The ability of consumers
17 to get the information that they need to lead their
18 lives is part of what's at stake.

19 The question really is not whether the
20 government should become involved in the media, as
21 others have pointed out in the previous panel, the
22 government already is very involved in setting the rules
23 of the road for media and communications industry. FCC
24 polices such radio, TV, mobile and the pipes of the
25 Internet, with varying degrees of success.

1 What's clear is that inappropriate government
2 policy can hinder innovation, and wise policy can enable
3 innovation, and benefits for consumers and the public
4 interest. The FCC already has several efforts under way
5 related to these matters. By February, the FCC will
6 produce a national broadband strategy. This is very
7 high priority for the agency, and it is related to this
8 conversation. Universal broadband is important for the
9 future of news media in that Internet-based innovations,
10 to provide better news and information, cannot be
11 available just to the affluent or to the well-wired.

12 The FCC has also begun a process to preserve an
13 open Internet. Regardless of the means for achieving
14 this end, we should at least be clear on this much: The
15 principle of an open Internet directly connects to the
16 future of the news media. We've heard story after story
17 about the exciting journalistic experiments around the
18 country, the revolution in citizen journalism, the
19 recent wave of local journalistic experience. All of
20 these could falter if we didn't have an open Internet.

21 Thirdly, by law, the FCC is undergoing its
22 quadrennial review of media ownership rules. The
23 experts at the FCC are deeply conscious of the fact that
24 this is a review like no others. The first in an era
25 when the Internet has changed almost all the rules and

1 in which we see these challenges to journalism.

2 Though the exact process is not yet clear, the
3 FCC will also be looking at several other issues related
4 to the future of the news media, included but not
5 limited to what are the gaps likely to be filled by
6 innovation, without government doing a thing; and what,
7 if any, are the gaps likely to be left unfilled?

8 We've talked a lot about newspapers, but
9 crucially, what is the state of local TV news? What
10 role can tax policy play in improving the news-related
11 business models? What role did debt play in leading to
12 stress on media companies? Very important, how does
13 spectrum policy relate to these questions? What role
14 does mobile play? What are the public interest
15 obligations of broadcasters in this new era, and what is
16 the best way for them to fulfill those obligations?

17 For that matter, in this new era, how should the
18 FCC interpret its historic bipartisan commitment to
19 ensuring competition, diversity and localism in the
20 media?

21 So, thank you very much, again, for gathering
22 this great collection. This gathering combines with
23 really outstanding work that's been done in the last
24 year by numerous other groups, and we look forward to
25 working with the FTC, the other groups of stakeholders,

1 and citizens to ensure that the media continues to make
2 the lives of public officials miserable and perform
3 other important functions.

4 Thank you.

5 **(Applause.)**

6 MS. DeSANTI: Thank you, Steve, and now that
7 you've been three days on the job, you can say, yes, you
8 want to make the lives of government officials
9 miserable, but welcome to the life of a miserable
10 government official.

11 Now, I will invite the first panel for the
12 afternoon to come up, this panel will be moderated by
13 Suzanne Michel, who is Deputy Director in the Office of
14 Policy Planning, and Chris Grengs, who is our unofficial
15 technology expert who we have had here today.

16 MS. MICHEL: That's because Chris is younger
17 than Susan and I.

18 MS. DeSANTI: Exactly.

19 MR. GRENGS: I like to tell them that I am not
20 as good as a 13-year-old, but I can keep up.

21 MS. MICHEL: All right, thank you, and welcome
22 back for the afternoon. The title of this panel is
23 called Reducing the Costs of Journalism. During this
24 workshop, we've heard quite a bit about the economic
25 challenges that are facing news organizations, many of

1 which have been driven by the loss of advertising
2 revenue due to the rise of the Internet.

3 Well, cost reduction is a natural and typically
4 necessary response to a drop in revenues. One way to
5 reduce costs of journalism, of course, is just to do
6 less and to cut news staff. So, we have certainly heard
7 a lot about that problem faced by the industry.

8 But the goal of this panel is to explore more
9 positive and more constructive ways to reduce the costs
10 of journalism. News organizations are partnering and
11 collaborating in exciting new ways. Digital
12 technologies in the Internet can empower professional
13 and citizen journalists to more efficiently investigate
14 stories in ways that were not previously possible.

15 Our first speaker today is going to be Aneesh
16 Chopra. Aneesh is Chief Technology Officer and
17 Associate Director for the Office of Science and
18 Technology in the Executive Office of the President.
19 Part of the promise of the Internet is making government
20 information increasingly accessible to all of us, and
21 we're very grateful and lucky to have today the
22 Administration's point person on that.

23 So, Aneesh, thank you for joining us, especially
24 understanding that you have another commitment this
25 afternoon and may be ducking out a little early. So,

1 thank you.

2 MR. CHOPRA: My very much pleasure, thank you
3 for having me, and let me begin by saying that perhaps I
4 come from the exuberant and enthusiastic wing of the
5 government employee. I have a lot of enthusiasm and
6 excitement around the work we're doing.

7 This is a wonderfully titled seminar, as it
8 dovetails well with the President's commitment to a more
9 open and transparent government. In many ways, a great
10 way of reducing the cost of journalism is to make
11 frictionless the information necessary to uncover those
12 areas where leaders and actually the community at large
13 can be held accountable and made more informed about the
14 challenges we face.

15 I would like to describe the President's
16 commitment to open government, and in the three areas
17 that he had outlined for us on his very first full day
18 in office. The President had issued an open directive,
19 a memorandum, if you will, calling on the chief
20 technology officer in coordination with the Office of
21 Management and Budget to think through how government
22 could be more transparent, more participatory, and more
23 collaborative. So, I'll just take a couple of minutes
24 and describe for you our vision in each of these areas,
25 and its relationship to journalism.

1 First is on transparency. We launched, earlier
2 this year, a web portal, data.gov, that is the platform
3 through which, we hope, as much public information as
4 you would like to consume will be made available in as
5 accessible a manner as possible. We're envisioning from
6 the more media-oriented topics those that occupy the
7 news, like the White House visitor logs, which are now
8 made available in machine readable format, through
9 data.gov, and will be a staple of an ongoing publication
10 through data.gov as outlined by the White House
11 counsel's office earlier this year.

12 But even beyond some of those more higher
13 profile data components, we have unprecedented levels of
14 performance statistics and national data files. To help
15 us understand what is the rate of childhood obesity in
16 my neighborhood? To what extent is the graduation rate
17 in my community, relative to others? All of these
18 performance and outcomes goals, we will have what I
19 would call round one of additions to data.gov, but we've
20 now created a sort of an ecosystem where the general
21 public, or media professionals, can literally request on
22 data.gov data that they would like to get from the
23 Federal Government, and we would evaluate how to make
24 that information accessible in a new and more
25 streamlined format.

1 We will, in hopefully not too short order, or
2 not too long from now, be releasing a directive in
3 guiding agencies in how to operationalize this
4 philosophy. I can assure you that that directive will
5 be very explicit about its call for releasing data.

6 Second, we must make our government more
7 participatory. This is one that strikes me as a bit
8 odd, as I am now the recipient of this transition from
9 the old to new models of media.

10 Let me share a story. While we were tackling
11 this health care reform issue on Capitol Hill, and it
12 occupies a great deal of our media, we are in the midst
13 of an implementation plan off what we believe to be one
14 of the most fundamental investments this nation has made
15 to transform the way care is actually delivered.

16 Our multibillion dollar investment in health
17 care IT, a topic that is under way, and will turn to
18 regulation by the end of this year. Through this
19 process, we have had public hearings on what these
20 regulations should look like, from the policy
21 objectives, all the way down to the technology standards
22 that will power how you and I as Americans can consume
23 our medical information.

24 Surprisingly, this process has not had as much
25 attention in the media. We have been embarking upon

1 this journey, and the second pillar of the President's
2 open directive on participatory democracy have been
3 focusing on how we can make government more accessible,
4 we threw open the doors of this deliberative process, we
5 actually engaged in a three-week, online forum, where we
6 invited every American to come online and engage and
7 vote ideas up and down and tell us what standards should
8 be the basis upon which these regulations should be
9 based.

10 It was the Huffington Post Innovation Fund, or
11 whatever they call it, the Inspector Fund or whatever it
12 is, that sent news media to investigate the impact of
13 these health IT standards, not once, but at two of our
14 most recent public hearings, and in between, mining the
15 data on these open sites.

16 I just found it curious that while this
17 significant policy issue opened up in terms of access
18 lacked the traditional attention. Which leads to the
19 final pillar of the President's directive, and that is
20 on healthit.hhs.gov/blog/faca, for those that are
21 already in the online forum.

22 The last pillar is on collaboration.
23 Increasingly, we are relying on the American people to
24 help us in the execution of policy, in the
25 implementation. How do we support public safety without

1 understanding what the Twitter community or the online
2 community at large is commenting on to help us inform
3 about where they may be threats to public safety. How
4 do our operational systems incorporate some of this new
5 media feedback in our execution of public policy?

6 Again, keep your eye out as we roll out our open
7 government directive, again, hopefully in the near
8 future, and you will see in very explicit form how we
9 intend to formalize our engagement with the American
10 people.

11 All of this speaks to the question of the future
12 of journalism. We're serving it up. A more cost
13 effective way of accessing the information that you need
14 to hold elected officials accountable and the operating
15 units of government accountable.

16 Now the interesting question will be who will
17 come, and in what manner?

18 Thank you.

19 MS. MICHEL: Thank you very much. Next we have
20 Bill Allison, editorial director of the Sunlight
21 Foundation, an organization that makes great use of
22 government data.

23 MR. ALLISON: Thank you, I would like to thank
24 the Commission and Suzanne and Chris for inviting me.

25 I'm a refugee from traditional media, with the

1 Philadelphia Inquirer, and I want to talk a little bit
2 about what the Sunlight Foundation does and some of the
3 things that we are concerned about when it comes to
4 government data and some of the things that we are
5 finding.

6 The Sunlight Foundation is a nonpartisan,
7 nonprofit organization here in Washington, D.C. We use
8 technology to make government more transparent and
9 accountable to its citizens. We make grants to
10 organizations like the Center For Responsive Politics,
11 which does tremendous work cleaning up Federal Election
12 Commission data and other organizations, through
13 Sunlight Labs and the part of Sunlight that I head the
14 Sunlight Foundation reporting group, we also make
15 government data, we digitize it, we take free data sets
16 in some cases that are available only on paper records
17 and turn them into data, and in other cases, we bring
18 together disparate data sets all in one place so you
19 could compare lobbying with earmarked data or different
20 kinds of information and get some real context out of
21 it.

22 I wanted to talk about or start with an
23 anecdote, I mean, one of the things we also do is a
24 tremendous amount of training of reporters and
25 journalists and try to teach them how to use federal

1 data, before it's from grantees like Center For
2 Responsible Politics or straight from the source. We
3 just did a series of trainings with data.gov with our
4 partners at Associated Press managing editors and the
5 Associated Press, and I think some ways, this is sort of
6 the success story of what you can do with the data.

7 We introduced reporters to the data, showed them
8 where to get it, how to use it, how to download it,
9 warned them about what's in it and we had reporters who
10 were trained on Tuesday afternoon or Thursday morning
11 writing stories for Sunday's paper on where recovery
12 money was going in their communities, talking about the
13 jobs numbers, talking about all kinds of different
14 issues that were raised by the data, but also really
15 giving a picture of how recovery money is being spent.

16 These reporters, some of them who called me back
17 and said that having access to the timely data, that
18 they can manipulate, download, study, and guide them,
19 made their reporting incredibly more efficient. I mean,
20 they still had to make the phone calls, they still had
21 to do all of the things that reporters have to do to
22 write a newspaper story, but they had this guidance and
23 they can save a lot of time, and the data really helped
24 them out.

25 When one thinks of all the kinds of information

1 that government tracks, healthcare, education, household
2 finances and wealth, foreclosures, unemployment, impact
3 of foreign trade on domestic manufacturing, I mean, we
4 can go on and on and on and on and on, it's not hard to
5 see that having ready access to this data would be
6 tremendously helpful for reporters.

7 At Sunlight we're big believers that government
8 quality data freely available leads to better
9 journalism, and we believe that in a government record
10 is public, whether it's data or a document or some kind
11 of disclosure, it should be put online in a searchable
12 and downloadable format as soon as possible. But we're
13 a long way from that, and among the problems we
14 encounter, which every news organization runs into when
15 they're using this kind of stuff, is that data isn't
16 always available, and when it is available, it's not
17 always accurate, sometimes it's inaccurate, impenetrable
18 or even unusable.

19 Sunlight was one of the many organizations that
20 supported the creation of a site called usaspending.gov,
21 which I believe you're familiar with, and where it
22 provides really one-stop shopping of federal contracting
23 and grant data, who's getting money from the Federal
24 Government.

25 In fact, the design of usaspending.gov comes

1 from a grantee of ours, OMB Watch, which created their
2 own government spending database in front of the
3 creation of USA Spending. Sunlight is also one of the
4 high end users of the data on this site, some of our
5 researchers rely heavily on it, or would like to.

6 To give you an example of one of the problems
7 with this data, there's a record in usaspending.gov,
8 it's on the site right now, you can look it up, if you
9 search for a company called Dynamic Research, they're in
10 California, and in 2009, they received a grant according
11 to usaspending.gov for \$333 million, and in fact, the
12 company actually received a \$1 million grant. We found
13 that there are whole programs missing from this data. I
14 mean, it's easy to pick out one record, but there are
15 whole programs missing, a tremendous amount of
16 information that's not there, and if you're a reporter,
17 can you really rely on this.

18 Bad government data is just a huge problem, and
19 again the nonprofit sector of the news organizations can
20 spend millions cleaning it up and it's really the
21 responsibility of the Federal Government to make this
22 data available in a format that can be used.

23 A second problem that we have is withholding
24 data, having to go through FOIA requests, there are
25 different organizations, or different agencies of the

1 government that will tell you that the architecture of
2 the database is proprietary, so you can't have the data
3 that's in it. I can tell you any number of stories of
4 having trouble getting data, but there should be a set
5 policy for releasing data quickly, and for public
6 records, we just start with this, make them online,
7 downloadable, and as close to realtime as possible.

8 Thank you.

9 MS. MICHEL: All right, thank you very much.

10 We heard earlier from Professor James Hamilton
11 this morning, he is at the DeWitt Wallace Center for
12 Media and Democracy at Duke University. We are very
13 happy to have him on this panel again to talk about the
14 future of journalism and how it might use technology.

15 MR. HAMILTON: Thanks.

16 This morning, I talked about the demand side,
17 and right now I would like to talk briefly about the
18 supply side. At Duke, what we're trying to help develop
19 is a field called computational journalism, and people
20 have different definitions of that. It could be the
21 combination of algorithms and data and some knowledge
22 from social science to lower the cost of discovering
23 stories, so essentially lowering your cost of doing
24 accountability or investigative reporting.

25 If you imagine, say, a set of 100 documents

1 right now, the software exists to take those hundred
2 documents, look at the entities there, look at the
3 people, look at what are surprising statistical
4 associations, mine those documents for a chronology, or
5 imagine videos, or transcripts, videos that don't have
6 transcripts. The government right now will fund that
7 software creation, if I tell you that it's related to
8 Homeland Security.

9 In fact, if you go back and look at software
10 development, Georgia Tech was funded by DARPA, Homeland
11 Security, DOD, to develop a program which is great
12 called Jigsaw, which actually does that text mining.
13 Carnegie Mellon was funded to develop the creation of
14 transcripts from video in three languages, English,
15 Chinese and Arabic. Again, relating to defense. The
16 reason why the government is willing to do that is
17 because it views defense as a public good.

18 Now, imagine that those hundred documents dealt
19 with state and local officials. In fact, if you think
20 about the State of Wisconsin, over a thousand people
21 have to file financial disclosure forms in the State of
22 Wisconsin, government officials, each year. But they
23 literally file paper forms that are handwritten. That
24 makes it very difficult to analyze for reporters.
25 Essentially, the government relies on the transaction

1 costs of doing that, the high transaction costs of doing
2 that, to discourage the actual use of that information.

3 If you think about, again, the State of
4 Wisconsin, the state legislator committee hearings are
5 videotaped, but there's no creation of a transcript.

6 So, what we're hoping is that academia, as a
7 nonprofit, can play a role in the development of
8 open-sourced software that will allow reporters to do
9 what lawyers, in large cases, what the government and
10 Homeland Security are already doing, are already able to
11 do.

12 We've been fortunate to hire Sarah Cohen, who is
13 a Pulitzer Prize-winning reporter from the Washington
14 Post. She hopes to develop an open source suite of
15 reporting tools that would allow you to create a
16 chronology, to take videos and create a transcript that
17 you could then mine, and we also hope to be a catalyst
18 in pulling research from other parts of academia,
19 digital humanities, that's an area where right now, in
20 Switzerland, people are analyzing over 600,000 forms
21 from World War I. World War I was the first war fought
22 by form, and they are looking at forms which are
23 handwritten, trying to solve optical character
24 recognition problems, which are very similar to the
25 things that you would need to solve if you want to make

1 the Wisconsin state legislators' financial disclosure
2 forms easily readable.

3 So, what we hope to see is a development of
4 open-sourced reporting tools that essentially would
5 lower the cost to journalists of discovering stories.
6 We realize that the data is going to be imperfect, and
7 that there will be imperfections.

8 So, we see this as the start of story-making,
9 that it will lower the cost to you of finding the part
10 of the transcript or finding the stack of documents that
11 will help you.

12 So, that's a supply-side story, and hopefully,
13 I've shifted out the demand curve for DocumentCloud,
14 because I think that they are doing some of the things
15 that we hope to happen.

16 MS. MICHEL: Yes, thank you very much. You see
17 the reason for my order here.

18 Next we will hear from the co-founders of
19 DocumentCloud, Aron Pilhofer and Eric Umansky, who will
20 also provide a demonstration of what the future could
21 be.

22 MR. PILHOFER: While I'm inputting this, my name
23 is Aron Pilhofer, I am an editor of interactive news at
24 New York Times, which is one of those big organizations
25 we've been talking about, legacy organizations. So, I'm

1 here with Eric Umansky, who is from ProPublica, and
2 we're going to talk about a project that we are -- oh,
3 no, that's not good.

4 MR. UMANSKY: So, we are here from
5 DocumentCloud, as Aron was saying, it looks like we're
6 running into some technical difficulties, but
7 DocumentCloud is a new nonprofit that we have started
8 that has no affiliation with the New York Times, nor
9 ProPublica. It started using funding from the Knight
10 News Foundation, and --

11 MR. PILHOFER: Tech support? Plan B.

12 MR. UMANSKY: Where's the tech guy?

13 I'm still talking.

14 DocumentCloud is, as I was saying, a Knight News
15 Challenge-funded organization that we got funding as of
16 this summer, and it is a two-year project funded by the
17 Knight News Foundation to basically take original source
18 documents that journalists achieve via FOIA, namely, or
19 other methods, and to index that, to make them more
20 searchable, more findable, more shareable, and to do it
21 in such a way that we're extracting information from
22 these documents.

23 So, I'm about to show you what that actually
24 means.

25 MR. PILHOFER: So, the idea here, thank God, the

1 idea here, this project is a collaborative effort. I
2 think you probably just covered that. But I think it
3 also shows how larger news organizations can be somewhat
4 nimble. I think you heard Eric Newton say today that
5 many news organizations are going to survive, it will be
6 the ones that are nimble, and I would just hasten to add
7 that I don't think that nimbleness and size are
8 necessarily mutually exclusive, particularly in my own
9 news room.

10 I'm a reporter by background and trade, but I'm
11 also a nerd by avocation, and that's what I do, on a
12 daily basis I run a team of developers at the Times in
13 the news room building tools like this. Some of the
14 software we build I will show you right now because it's
15 part of DocumentCloud and it will be part of the
16 open-source release, and you can tell that I am talking
17 very quickly, because I have very little time.

18 MS. MICHEL: Take a couple of minutes. We want
19 to hear about the project.

20 MR. PILHOFER: Well, so, what DocumentCloud is
21 is going to be think of it as a card catalog -- did you
22 already say all this stuff?

23 It's an index of documents, and we're going to
24 have organizations contributing, primarily primary
25 source documents to us. Once they do, we will process

1 those documents and make them far more easy to find by
2 pulling out entities, places, organizations, people, and
3 I'll just sort of demo how that might work.

4 So, you can see I'm logged into DocumentCloud
5 right now, and I want to hasten to add that this, what
6 you're seeing here today, I wouldn't even call this an
7 alpha. This is really more of a functional prototype.
8 It may ultimately not look anything like what you're
9 seeing here. So, we're showing it because I think it's
10 definitely easier to show than explain.

11 So, say I'm a reporter or just a member of the
12 public, I can log in. You can see I have various saved
13 searches here. You can do just normal search, like
14 here, I'll search CIA, and it will pull up documents
15 that are from our database that have been committed
16 here, and you can see a lot of the gobbledegook, that's
17 largely because a lot of these documents are OCR'd,
18 which is a very imperfect process of extracting text.
19 But some of the ones that aren't you see are quite good.

20 Then along the left, you can see what we've done
21 here is pull out all of these entities, these terms,
22 countries, web pages, places, cities, states. So, you
23 can start getting into more complex sort of faceted
24 search using DocumentCloud. Drilling into your
25 repository with these search terms that allow you to

1 cluster documents together in a much more meaningful
2 way.

3 So, start to treat documents more like
4 structured data, like columns and rows, rather than what
5 we have now, which is just sort of your blunt instrument
6 Google Search where you're looking for a particular text
7 string within a group of documents, which may or may not
8 always be successful.

9 So, just to give an idea of some of the faceted
10 search, you could, for example here, you could click on
11 an entity on the left and you could see up here in the
12 search bar, it will add province or state.

13 So, this is in the background here, we've
14 processed this through a piece of software called
15 OpenCalais, which does all the magic here that you're
16 seeing, pulling up these entities, and we've stored
17 those as facets of the document.

18 So, as you drill down, now you're only going to
19 see the documents that actually meet these two criteria,
20 so it's just one, and I can click on that document and
21 then you'll get this lovely -- this is the software that
22 we built at the Times, we call it the Document Viewer.

23 This is a version of it that we're going to
24 actually end up open sourcing this piece of software,
25 but you can click through. It has this Google Book

1 style infinite scroll. There's search, within the
2 document, and of course zoom, which is one of the
3 features that is pretty important.

4 Once you find a document, you will have the
5 ability to do things with it, like if you have a project
6 ongoing that you want to add this document to, you can
7 create a label, have a notion of a cluster of documents
8 that you're sort of collecting that relate to a
9 particular project. So here I'm going to do that
10 Guantanamo project, even though it has nothing to do
11 with it. But I can download it in various formats,
12 including a Document Viewer format.

13 So, if I find a document here that someone else
14 has submitted, hey, I can do that, and it will download
15 it in a format that you will see here. I am not even
16 putting this on a web server, it will just basically
17 run. This is it. This is actually what the New York
18 Times version of the Document Viewer is going to look
19 like. We are a couple of weeks away from releasing
20 this. This will run regardless of platform, all it
21 needs is just purely HTML and JavaScript and CSS. So,
22 you don't need any back-end software to run that.

23 So, if I wanted to say upload, I'm going to
24 upload a test document. I'm a reporter, I have a pile,
25 I'm going to do something with it. I am going to choose

1 one from the desktop. Then I will process this. You
2 can see on the left. This runs a little bit slow
3 because it's working in a test environment, but you can
4 see here it will process the pages, it should go
5 relatively quickly. Then once it's done, it will be
6 available for the search.

7 So, let's say I wanted to start finding
8 connections between documents, I can do that through
9 DocumentCloud here by, I'll start looking for terms
10 related to Guantanamo, so here, I am going to start with
11 injury. I come up with a lot of documents, right?
12 Three pages worth. I want to start drilling down into
13 those. I can add entities to this, faceted search to
14 this.

15 So, let's say I want to look for a particular
16 place, in this case it's I think they call it a natural
17 feature, we need to change the language on that, but
18 that's what Calais considers it to be.

19 So, we can drill down into it even further and
20 get to a document that we want that really, in this
21 case, relates to non-injurious interrogation.

22 So, you can get the idea that what this project
23 is both a repository, a way of finding, searching,
24 sharing documents, but most importantly, it is, at least
25 for my own particular needs, it's a tool to analyze

1 documents, and to present them to the public.

2 We're a few months away from a real release of
3 this, in, say, an alpha form, and the question often
4 comes up, when we're asked about DocumentCloud, is
5 something like this going to work? Can you get a bunch
6 of news organizations to collaborate on something like a
7 project like this? Can you get them to put their source
8 documents in? I'll tell you that the answer so far is a
9 resounding yes. We've got 38 news organizations already
10 signed up for DocumentCloud, that includes the Los
11 Angeles Times, Chicago Tribune, several top ten news
12 organizations, NPR, many of the nonprofits, some of whom
13 you've heard from today, signed up to be part of that.
14 Two in the UK, one in Canada, and we haven't even
15 started asking yet. Those are folks who have actually
16 just approached us.

17 So, we are looking for more all the time. If
18 anybody here is interested. info@documentcloud.org,
19 and/or you can go to our website, which is just
20 documentcloud.org, and I would be remiss, you did
21 mention Knight Foundation, right?

22 MR. UMANSKY: Many times.

23 MR. PILHOFER: Many times, okay. So, that was
24 just a very quick kind of column key overview. So, I
25 think we'll just leave it there.

1 MR. UMANSKY: I would just add, one quick thing,
2 and that is, it's not so obvious from this prototype
3 that we have here, but organizations that contribute
4 documents, whether it's the New York Times, the LA
5 Times, any of the places that are going to be
6 contributing documents, can keep those documents on
7 their own site. We're not talking about a central
8 repository here, because we want to make it in people's
9 interest to contribute documents.

10 So, we'll operate much more like a search engine
11 where you'll be able to do a search, and it will come up
12 with these documents, and then when you click on that,
13 you'll go to the contributing organization's website to
14 view the document. So, they get all the page views, any
15 ads that run on it, they get it. We're not looking to
16 get any of that stuff.

17 MR. PILHOFER: So, and just lastly, there will
18 be visualization tools, obviously there will be
19 analytical tools, some of which Professor Hamilton was
20 working with mentioned. This is just sort of a rough,
21 yeah, this is just sort of drawing connections among
22 documents based on keywords here. You can sort of see
23 how that works. That's just a placeholder, we're going
24 to build in some fairly sophisticated tools to help
25 reporters and members of the public plow through these

1 documents and find those key connections that Professor
2 Hamilton was talking about.

3 MS. MICHEL: Thank you very much.

4 Next we'll hear from Bill Adair, who is editor
5 of PolitiFact and a Washington bureau chief for the St.
6 Petersburg Times and a Pulitzer Prize winner for that
7 work. Hopefully we can make the technology transition
8 so that he can also show you about his work.

9 Do you need any assistance?

10 MR. ADAIR: I am all set, thank you.

11 I just wanted to give you a quick minute or two
12 on what PolitiFact is all about. PolitiFact is a
13 project of the St. Petersburg Times newspaper in
14 Florida. We started it about two years ago, with the
15 idea of fact checking the Presidential candidates. We
16 did that through the truthometer, and you can see here,
17 these are our latest truthometer items, and the whole
18 idea is traditional fact-checking journalism harnessing
19 the power of the web.

20 I'll show you how in terms of reducing costs
21 we've been able to do this, thanks to a lot of things on
22 the web. So, here you see our most recent truthometer
23 features, truthometer items. The one other thing we
24 have over on the right is our Obamater, which keeps
25 track of the President's promises that he made during

1 the campaign. What we did was go through his speeches,
2 his position papers, debates, and catalog every campaign
3 promise that Barack Obama made. There were 505 when we
4 first did our tally, we found about another 15 since
5 then. What we do using old-fashioned journalism is see
6 how he's done.

7 So, we rate them on our Obamater as Promise
8 Kept, Promise Broken, Compromise, Stalled, In-The-Works
9 or Not-Yet-Rated. We also sort them by category, here,
10 I'll show you, this is going to be all the promises
11 broken, which is always our most popular page. I think
12 a lot of Republicans are diving for that page. Then if
13 you click through, you can see that we have done
14 research into the promise and then we get to our
15 sources. This is what Aneesh spoke to about openness.

16 One, we want to be open with you about how we
17 made our Obamater ruling and we want you to be able to
18 go in and see if you agree with our rating. So, in this
19 case, he said that he would end taxes for seniors making
20 less than \$50,000 a year. That promise has gone
21 nowhere, and so we've rated that a promise broken. You
22 can see here the sources that we used to make that
23 determination.

24 Our most popular feature, though, is the
25 truthometer, and here what we do is we listen to the

1 political discourse on any given day, and we then do
2 research and rate the accuracy of what elected officials
3 and now pundits are saying. So, you'll see here we've
4 got a Keith Olbermann claiming that Ronald Reagan
5 wouldn't pass the Republican litmus test. We gave that
6 a half true. Paul Litman, we do anyone from Rush
7 Limbaugh to Glenn Beck.

8 Glenn Beck is our most popular pundit page.
9 I'll show you just some of the items we've rated on him.
10 This is all just ordinary journalism produced in a webby
11 way. Here's a Glenn Beck item, he actually said this on
12 the radio, and he was serious, "In the health care bill
13 we're now offering insurance for dogs," and he was
14 basing that on a provision, a public health provision in
15 the bill. We checked it out, we found that it was
16 ridiculously false and we gave that our lowest rating,
17 pants-on-fire.

18 You can see here, you can see Glenn Beck's track
19 record, he's actually one of the people we've checked,
20 and we only check things that we're curious about, he
21 has not received any true or mostly true ratings, he's
22 received three falses and two pants-on-fires.

23 We also do President Obama, and his record is a
24 little better than some. He's got 64 trues, 34 falses,
25 and three pants-on-fires. So, you should be happy with

1 that.

2 MR. CHOPRA: I am, yes.

3 MR. ALLISON: So, we get a lot of cooperation
4 from the White House Press Office and other press
5 offices. The offices on Capitol Hill are very aware of
6 us. So, they're pretty good.

7 Let me get to our point here about reducing
8 costs, and transparency. As if you look over there on
9 the right, you see under the About This Statement, some
10 of the sources that we used in reporting this item. The
11 kind of stuff that we do on PolitiFact would not have
12 been possible ten years ago, because these kind of
13 things just were not available.

14 I remember when I came to Washington 12 years
15 ago, it was right about the time that, I think it was
16 Newt Gingrich who had created Thomas, and Thomas was
17 just getting started, but the whole idea of transparency
18 is really only just beginning, and I'm really encouraged
19 to hear the commitment, not just by the White House, but
20 by everyone in government to more transparency.

21 I've got to say, though, we have a long way to
22 go, and even when we talk about the White House visitor
23 logs, I think we're not seeing every single visitor,
24 we're seeing a subset of that. I would challenge our
25 government and our White House to adopt what is the law

1 in Florida, the sunshine law, which basically says that
2 as a citizen, as a journalist, you can go into any
3 government office and say, I want to see what's in that
4 file cabinet, or I want to see all of the mayor's
5 emails, or I want to see all of the governor's
6 correspondence. That should be the law of the land, I
7 will say, and I think every journalist would say, in the
8 Federal Government, and I encourage you to adopt the
9 sunshine law, Aneesh, and you guys can probably do it by
10 an executive order.

11 So, anyway, thank you very much.

12 MS. MICHEL: Thank you. If anyone in the
13 audience has questions for any of the panelists when we
14 move on to the question section, feel free to pass them
15 up, they will be passed to me and we have Jessica in the
16 back who will float through and she will bring it up to
17 us.

18 Our next speaker will be Alisa Miller, who is
19 president and CEO of Public Radio International, thank
20 you for being with us.

21 MS. MILLER: Thank you.

22 I am excited to be here today to talk about what
23 I believe is an incredibly important time for our
24 democracy, both exciting for journalism, as well as
25 steering for journalism and how we can sustain quality,

1 trusted journalism that helps us be informed,
2 enlightened, and whole power structures to account, and
3 at its best, inspire people based on powerful
4 story-telling to live their lives better.

5 I am the CEO of PRI, we are a public media
6 network, an organization focused on providing global
7 news and cultural perspectives to millions of people
8 each week, and in this role, I've listened to and
9 participated in many sessions about the future of
10 journalism, and I would like to underscore a key point
11 that I think is missed in some of these discussions. I
12 believe that we're not just facing a journalism business
13 model problem, but that we're suffering from a
14 journalism scope and quality problem in America.

15 Because even when profits were high, the fact is
16 that in many communities, and even from many mass media
17 news sources, key beats have not been represented for
18 years. Certainly not at levels that are sufficient
19 given these topics' importance to our society. This has
20 everything to do with incentives that were present in
21 the commercial sector, as well as the mass consolidation
22 of sources and channels in the last decade or so.

23 With that said, the impact of new media shifts
24 in advertising revenue and economic downturn, as we've
25 all been talking about, have only accelerated part of

1 this decline.

2 So, what can we do? At the same time, I'm
3 incredibly optimistic in this digital environment, there
4 is so much that's possible. I believe the future is
5 about how we can strive to practice more of what we call
6 at PRI galvanizing journalism.

7 PRI's galvanizing journalism model is driven by
8 five major principles and it is more possible than ever
9 today. Number one, meet the need. It starts with
10 asking ourselves what are the unmet content needs that
11 Americans have in terms of functioning in our democracy,
12 on living successfully in our interconnected world.

13 For PRI, this means making the local to global
14 connection, and have content that reflects the changing
15 face of America, inclusive of diverse and robust voices.
16 Number two, focus on context each day. Focus resources
17 on conceptualized journalism and producing this
18 journalism in a sustained manner each day and each week
19 responsive to the new cycle.

20 Third, and I think a part that we can really
21 explore today, is to leverage the power of partnership
22 to tell stories differently. This means featuring
23 diverse voices and focusing on nonduplication of
24 resources, something that PRI has worked on for a number
25 of years. We believe that partnership done right and

1 with experience can lead to a model that can be three to
2 five times more efficient than traditional vertical
3 journalism operations, and can complement these many
4 institutions, and I look forward to sharing some
5 examples of this.

6 In other words, don't look at your editorial
7 capacity as your editorial capacity or the end of your
8 editorial capacity. As Jeff Jarvis said in WebWorld,
9 "Cover what you do best, link to the rest," but we think
10 that should be just the start.

11 We can also partner more with our public, and
12 blogs, who can provide eye witness accounts, highlight
13 and bring issues to the fore and crowd source to attack
14 complex topics together with journalists.

15 Number four, operate as a catalyst to galvanize
16 organizations and resources. It's just not enough to
17 create the content anymore. How are you helping and
18 leading others to create content, too? And number five,
19 model the transparency that we seek in others. Use the
20 semantic web to help people make connections and
21 understand our content better and how are we being
22 transparent in how our content is actually being
23 created.

24 So, I look forward to the discussion today, and
25 thank you again for the opportunity.

1 MS. MICHEL: Thank you.

2 Next we will hear from Bill Buzenberg, who is
3 executive director of the Center for Public Integrity.

4 Chris?

5 MR. GRENGS: For anyone watching the webcast or
6 following online, we are also, again, taking questions
7 via Twitter and using the @ftcnews. We've been taking a
8 few questions and we will be happy to have more as we
9 have time.

10 MR. BUZENBERG: I'm delighted to be here.

11 I applaud what you're doing with data.gov and
12 all of that, and I share the sentiment there's a long
13 way to go. You still have to fund a lot of these
14 things, you have to convince the bureaucracy that they
15 should actually get engaged, and you could also create a
16 federal cloud of documents and other things yourself.
17 In many ways.

18 I could talk more about that. I want to talk
19 about the center.

20 We're 20 years old, an investigative news
21 organization, nonprofit, nonadvocacy, nonpartisan. We
22 do, and I'll give you about five examples of the kind of
23 work we do, which uses this data and documents, and we
24 spent so much time cleaning it up and trying to use it,
25 it's really, it's interesting.

1 We do believe in transparency, that's our
2 mission. We hold institutional power accountable to
3 make this information transparent for people. Here's a
4 project we did just this year on naming the top 25
5 subprime lenders in America, we thought after the crash
6 a year ago we started working on this and we downloaded
7 350 million mortgages to start with from the HMDA data
8 and then isolated it to seven and a half million
9 subprime loans, who made them and where they were made
10 and we created maps of this.

11 We listed every one of them, who their CEO was,
12 who funded them, because they were all invested in by
13 the major banks that we bailed out, by the way. But it
14 was a good project. It got used on the front page of
15 the Financial Times, every major California newspaper
16 used this, because California was the epicenter of so
17 much of what happened. It's still being used. We get
18 attorneys general asking us for information, all of
19 that. Because nobody quite made it accountable and
20 transparent who did this to us a long time ago. So,
21 that's one quick one.

22 Another, we do states of disclosure. We work in
23 all 50 states. We've been tracking their ethics laws to
24 see who is making their information transparent on
25 conflicts of interest, and we grade the states. We've

1 been doing this for ten years. We actually give 20
2 states still get an F in this country. Michigan and
3 Vermont and Idaho still have no disclosure laws, no
4 ethical requirements for their members, and they don't
5 make it public. So, they get the lowest of the low.
6 But we could happily say that 24 states have actually
7 changed their laws to represent more openness and
8 ethical disclosures on conflicts of interest. The
9 latest being Louisiana, which went from an F to an A
10 under Bobby Jindal, because he came to us and said, what
11 do I need to do? We said, well, the only A state is
12 Washington State. So, they adopted all of the ethics
13 laws of Washington State, and now are disclosing it.

14 What difference does this make? Well, from the
15 newspapers in Louisiana, we hear different people are
16 running for office. Those who didn't want to disclose
17 anything are not running and those who don't mind that
18 disclosure are running. So, it's changing who's running
19 for office.

20 This is a little project on the transportation
21 lobby. We've looked up everybody who is lobbying on the
22 new transportation bill, thousands of lobbyists, as you
23 would expect, but we didn't know all of the issues
24 they're lobbying on, so we made a national map. We made
25 it for every state, every community, and you could go in

1 and see who's lobbying and who's paying them, and then
2 we're asking as sort of a crowd-sourcing project, tell
3 us who's doing that. Tell us what they're looking for,
4 because this is how our transportation policy is made in
5 this country, which is the worst way to do it, but we
6 thought we should make it more open and transparent and
7 that's getting traffic.

8 Just two quick ones. When the climate bill was,
9 and it still is, going through the Congress, we looked
10 up every single lobbyist, you can look up any one of
11 them, we have them listed by sector, by name, who's
12 paying for them, 2,000 and some lobbyists in this
13 country, four or so for every member of Congress, just
14 on the climate lobby bill. It was a good project, and
15 we decided to take it global as well, because of the
16 Copenhagen.

17 So, we did it in eight different countries and
18 we did a comparison of the fossil fuel industry's
19 lobbying on climate lobbying in all of these countries
20 and put this together. But we did a Canadian database,
21 we gave them the data of their lobbying in Canada, which
22 is going up this weekend and will be in the Montreal
23 Gazette. We did it for Australia, we gave them and we
24 predicted that Australia would probably not vote for
25 restrictions on their fossil fuels. Anyway, they

1 didn't, because we saw all the lobbying going on in
2 Australia.

3 But it's a good project. Again, we have
4 partners. The center has two different partnerships I
5 will just tell you about and then stop. We have
6 something called the International Consortium of
7 Investigative Journalists, it's 100 journalists in 50
8 countries who work with us to do these projects. It's a
9 very efficient way to work and do global cross-border
10 investigations. We helped start the Investigative News
11 Network in the summer, bringing together 20 different
12 organizations that are doing this at the state level,
13 often many of these, and we find we can share data,
14 share information, we can create the best of it. If the
15 government will give us information or we can get it,
16 and I have one FOIA request that I am going to pass on
17 here.

18 If we can get this information, we can share it
19 with these investigative centers and basically it makes
20 more accountability, more transparency.

21 One of the things we wanted to do was Medicare
22 during this whole issue of the new health care
23 legislation. So, we, of course, followed FOIA and, of
24 course, we were denied because lots of people in the
25 government want to deny it and they said, no, it's

1 proprietary. If you pay \$90,000, we will give you the
2 ten years of data that we are requesting for the
3 Medicare, because we want to show who's doing it.

4 Anyway, my time is up. I have to say this one
5 and then I will really, really stop. This is the last
6 one, last slide. It's a prototype. What have we done?
7 This is the Ujima project, it's called, and we have
8 taken all of the data and I give Ron Nixon at the New
9 York Times tremendous credit because it's his idea and
10 we are now expanding it to any African country, they
11 have no access to any kind of information, but it's
12 available in our country and it's available in Europe
13 and it's available from the UN, so we have reverse
14 engineered it. You can go in and go into Uganda and
15 find all of the arms sales, all of the aid traffic, who
16 that money is going to, they could do this and use all
17 of that information for their own reporting in each of
18 the countries. So, each country is listed on five or
19 six different topics, and it's something we want to take
20 to both Eastern Europe, East Asia and Latin America,
21 where we also have partners that we can do this for.
22 The data is available, it's making it and making the
23 interface and giving it to people, and, in fact, giving
24 it to journalists.

25 Thanks.

1 MS. MICHEL: Thank you so much.

2 We just have another minute or so of Aneesh's
3 time. I just ask for your reaction, we've heard calls
4 for more information and more accurate information from
5 the government. We are sitting here in a room where the
6 fans and the Wi-Fi don't work at the same time, so I'm
7 wondering what's feasible and what's doable and what
8 your thoughts are.

9 MR. CHOPRA: Well, let me begin by saying, I'm
10 taking copious notes, because you learn a lot in these
11 environments, and actually, I'm very grateful. Part of
12 my service to the President is we act, not in budget
13 cycles or multiple years, but literally in days. So,
14 there will be several things that have come out of this
15 that I am pretty confident we will take action on right
16 away.

17 By the way, in defense of the \$90,000 CMS issue,
18 it's in part because of the patient privacy concerns,
19 but I know that exact database that you are describing
20 and I know the price point is fixed at that level, so I
21 know about the issue.

22 MR. BUZENBERG: We don't want the patients'
23 names.

24 MR. CHOPRA: I know, it's hard to de-identify,
25 without going through some very difficult work.

1 I will make three observations. Observation
2 number 1: Nothing can be better to cleanse the quality
3 of data than more exposure, because then you point out
4 the inaccuracies. What often happens is, look, we're
5 all good people trying to do good work. It's maybe get
6 a good set of laughs to say that someone uploaded an
7 inaccurate report that Congressional District A doesn't
8 exist, but the data is wrong. Well, you ask a technical
9 question. Can we auto populate the Congressional
10 district by geocoded map, right? So, you surface these
11 stories, and you don't just say, woe is me, everything
12 is wrong. We actually say, we can iterate and improve
13 as we go.

14 By the way, a lot of the reason why our websites
15 that we have launched carry the beta tag, and we're not
16 removing the beta tag, is that we are constantly
17 improving on their capability.

18 Number two: I would say that this notion of
19 score-carding done by the public sector, these public
20 stakeholders, whether they be the center or these
21 nonprofit consortia, or media companies themselves, they
22 have a remarkable impact. They capture the imagination.
23 This notion that a politician would come to you and say,
24 how do I go from F to A and then turn that into
25 legislation, that should not be an uncommon occurrence.

1 By the way, same is true, we had a very specific
2 conversation when best places to work in the Federal
3 Government came out, which agency scored high or low in
4 terms of their work force thing. I can assure you, a
5 conversation was had about what does it take to get from
6 bottom of the pack to top of the pack. Precisely the
7 point you raised.

8 So, I strongly value those types of activities,
9 and that's point number two, which is these create
10 feedback loops, which then lead to action.

11 I would say the third point, and I would say
12 this one is the most interesting one, that the third
13 point is this notion of this line between what is this
14 side of the FOIA request and that side of the request.
15 You heard in this session that line is already blurred
16 when we are "allowing" the American people to help weigh
17 in. You asked one of these sites said, hey, others are
18 coming in to help inform the answers, was it the
19 PolitiFact thing, maybe it was? In a sense, that blur
20 is healthy. This notion that you have to send something
21 in and it like sits in some room and then something will
22 come back to you, maybe or maybe not, that may be kind
23 of the legacy world in which we're operating in, but
24 really, this notion of collaboration is such that there
25 should be an open place where conversations can take

1 hold.

2 I will go back to that health IT standards
3 point, because I personally was involved in that effort,
4 you theoretically could have had FOIA-like circumstances
5 that would have taken weeks and weeks and weeks to kind
6 of answer what an online forum surfaced and answered in
7 minutes, because it was just the nature of the discourse
8 and the platform that enabled it.

9 So, that third concept of this sort of ongoing,
10 thriving, the product quality improves with time,
11 aspect, I would imagine DocumentCloud has that same
12 spirit, more documents in, the better the quality, the
13 iteration.

14 So, anyway, I have several ideas that will come
15 out of this, and I thank you for the chance to
16 participate. With that, I am off to Boston. Cheers.

17 MS. MICHEL: Thank you so much. We appreciate
18 your time and your openness.

19 **(Applause.)**

20 MS. MICHEL: We heard many calls for more
21 government information. We're going to now launch into
22 a conversation among the panelists, let me say, and if
23 you would like to respond to any of my questions, Chris'
24 questions or to each other, please turn up your table
25 tents. Also feel free to jump in.

1 I encourage you to talk to each other, to
2 respond to each other. You are the experts and we want
3 to hear from you.

4 So, I will start the conversation, throwing out
5 a question that we heard very many calls for more
6 information, calls for more transparency from the
7 government, from you today. Can any of you provide any
8 specific suggestions, and some thoughts about how you
9 think the information that you're calling for will lower
10 the cost of doing good journalism?

11 MR. UMANSKY: I can respond.

12 MS. MICHEL: Yes, please.

13 MR. UMANSKY: Sure. So, as I mentioned earlier,
14 in addition to DocumentCloud, I'm an editor at
15 ProPublica, we're a nonprofit investigative news room,
16 and one of our large projects has been bird-dogging the
17 stimulus, and reporting on the stimulus on an ongoing
18 basis.

19 I will say, when recovery.gov, the government's
20 stimulus website, came out, and it's come out, as Aneesh
21 said, in different versions and they have rated on it
22 and improved a lot on it. We really, well, at first,
23 there was very basic information on there, and so we
24 went through it ourselves, downloaded information from
25 various sources, put it online, and got enormous

1 feedback from readers and an enormous response from
2 local reporters, because we had information that wasn't
3 even actually on recovery.gov.

4 When recovery.gov then improved, we then went
5 through the data again, and as others have pointed out,
6 we had to clean up the data time and again and spend an
7 enormous amount of time cleaning up the data. If they
8 were to spend more time, if the government were to spend
9 more time with recovery.gov and the data regarding the
10 stimulus, that would be enormously helpful.

11 MS. MICHEL: What do you do with the data when
12 you clean it up? Do you share it with other
13 journalists? Is there some way to make it more
14 accessible to everyone?

15 MR. UMANSKY: I am not the cleaner, so I can't
16 say exactly what we did when we cleaned it. But we then
17 put it online. One of the things that we did, for
18 example, was we created a database to allow you to
19 search by county, so effectively you could say, what are
20 the stimulus projects near me. You could type in your
21 zip code, you could look up by county, and that was
22 something that at the time recovery.gov didn't have.

23 So, that's the kind of thing that you spend time
24 and you're just able to offer more features.

25 MS. MICHEL: Yeah, Bill? I should say Bill

1 Adair.

2 MR. ADAIR: A lot of Bills, I think we have
3 three.

4 One thing I think the government can do is one,
5 I think the government deserves credit, more credit than
6 it often gets for FOIA. I often tell other reporters
7 who come up and work in our bureau that FOIA has a
8 reputation for being slow and painful, and it's
9 surprising sometimes that you can get timely information
10 out of it, and I often have, and I think there are many
11 people in the Federal Government committed to making
12 FOIA work. Not just for news organizations, but for
13 anybody.

14 But I think much of that process is still
15 paper-based, and I just think the approach by too many
16 in government is you can't have that. I'm very
17 encouraged by the Administration's commitment to
18 transparency, and I think if they walk the walk the way
19 they talk the talk, I think we'll be in much better
20 shape in four years.

21 These first steps are encouraging. But we
22 talked about the White House visitors log, we're not
23 seeing the whole log. We're seeing, what, I think a
24 subset of people with names who others have requested or
25 something.

1 So, for the Administration to say, well, we're
2 being transparent, nuh-uhh. What they've done is put
3 out a list of some people who have gone to the White
4 House. I'm not on there, and I've gone. So, it's
5 interesting that I think we need to hold them
6 accountable when they say that they're open about it.

7 MS. MICHEL: Aron?

8 MR. PILHOFER: Yeah, I actually am, I spent most
9 of my professional journalism career as a data cleaner,
10 that's what I used to do. I mean, it sounds horrible,
11 and it actually is, it's just about as horrible as you
12 can imagine. Because almost everything you get from the
13 Federal Government, or anywhere, you just have to assume
14 that it's dirty data and you still have to go through it
15 and split names and geocode addresses and standardize
16 before you can actually start analyzing the data.

17 So, that's very frustrating. I'm not sure how
18 much you can do about that, but I'll tell you what you
19 could do right off the bat is build these systems with
20 FOIA in mind. I mean, we were just talking about that,
21 this FOIA request that Bill was mentioning, where
22 there's nonreleasable information embedded in the
23 database. If that system were built up front with FOIA
24 in mind, you could have built in the ability to export
25 that data in a format that would conform with both FOIA

1 requests and with privacy. I don't understand why that
2 isn't done, and I think it ought to be done.

3 MS. MICHEL: Bill, did you have a comment?

4 MR. BUZENBERG: Yeah, I mean, I agree with
5 everything that's been said completely. I think the
6 idea of just getting the raw, wholesale, structured,
7 machine-readable data is what the government has to
8 think about, and you get things on PDFs, I mean, that's
9 good. We get it on paper still. It's just, really,
10 they could think about this as here's the data, yes,
11 it's going to take some cleaning, they could do much
12 more of it, but if we had a machine-readable for the
13 whole database.

14 I mean, there's a lot of research that goes in
15 behind this, this, this and this, and sure there are
16 some things that are private and need to be restricted,
17 but so much of that information, the raw data, could be
18 released, could be made public, and in a format that we
19 could all use and use much more quickly. It would save
20 tremendous time. We do spend, we have teams of
21 researchers and they spend months and months and months
22 cleaning up data to make it useful.

23 MS. MICHEL: Bill Allison, I know Sunlight views
24 this as a very important issue.

25 MR. ALLISON: I just wanted to touch on one

1 thing about why go and do this, and a lot of these
2 systems were legacy systems that were designed years and
3 years and years ago, and when they put usaspending.gov
4 online, they found that I think it was the agricultural
5 department was listing loans and in part of the loan
6 contract they would use the people's Social Security
7 numbers as an ID number because it never occurred to
8 them when they set this thing up probably in the 1940s
9 or 1950s that a Social Security number one day online
10 would cause problems with people.

11 But there are some new technologies that are
12 available to clean up this data and process it more
13 quickly. I mean, one of the big things that Sunlight
14 Labs is working on is something called Matchbox, which
15 is kind of an entity extractor, and matching, so when
16 you have Boeing Company and Boeing, Inc. and all these
17 other kinds of things that you can go through thousands
18 of records and process them.

19 But again, this is kind of the outside working
20 on the data, and I think that there just isn't a
21 commitment inside the Federal Government to producing
22 these records in a clean, usable format. I mean, and a
23 lot of it, again, goes back to these legacy systems that
24 are used.

25 MS. MICHEL: What's the role of organizations

1 like opensecrets.org that mediate public databases and
2 reporters in supporting investigative journalism?
3 You've talked about all the work you put into cleaning
4 up this data, are there groups out there doing it, how
5 do you get the cleaned-up data distributed to reporters
6 who want to use it? How does that save on the cost of
7 journalism? Where do you see the role of those kinds of
8 organizations going in the future?

9 Professor Hamilton, I know you've written a
10 little bit about this.

11 MR. HAMILTON: Sure. To make it even a harder
12 question, I think the biggest market failure is in state
13 and local reporting. So, we've been focusing a lot at
14 the federal level, but at the state and local level,
15 some of what we're seeing is with the decline of major
16 newspapers in North Carolina, for instance, more people
17 are getting denied their request for documents, more
18 meetings are actually being held closed and they're
19 essentially saying, we know you're not going to sue us,
20 because you've already fired half your staff.

21 So, the fact that the mainstream media is
22 declining at the state and local level, we're focused on
23 federal transparency here, but at the state and local
24 level, it's the news is even worse.

25 MS. MICHEL: Yeah, Eric?

1 MR. UMANSKY: I would just say this actually
2 gets at a number of different issues that we've been
3 talking about here, because databases are a way in which
4 you can reduce costs for journalists. I think some
5 people mentioned it earlier. We did a database earlier
6 this year, again about the stimulus, and it was
7 basically about proposed cuts. I believe it was in the
8 Senate bill for school construction funding in the
9 stimulus, because the House bill had the funding, the
10 Senate bill didn't, so we said, see if your school
11 district is basically having funds cut in the Senate.

12 It was this enormously successful thing, and one
13 thing we could have done is just write a story about it.
14 That could have been one model. But what we did
15 instead, did write a short story, but we created this
16 database where local reporters and residents could
17 search. What happened was, and this wasn't even really
18 more, frankly, thinking so much about it. What happened
19 was we had somewhere between 100 and 150 local stories
20 written about what was happening and the potential cuts
21 basically in each community and each paper's community.
22 If you think about it, it was a force multiplier. We
23 never could have done that. If we had tried to do it
24 ourselves, who knows how many dozens of reporters we
25 would have had to assign to it, and the corollary is the

1 local reporter couldn't have done it themselves, because
2 it would have been them pouring over all the data,
3 cleaning up all the data. So, when these things
4 married, it was a quite successful thing, and, frankly,
5 a real reduction in cost.

6 MS. MICHEL: That raises an interesting question
7 of who is and who can fund this kind of data clean-up to
8 make these databases more usable to reporters? In the
9 project that you talked about, where did that funding
10 come from?

11 MR. UMANSKY: It came from our benevolent
12 funders at ProPublica. We have a wonderful
13 computer-assisted reporting director, and she oversees
14 these projects, she's part of our news team, she's a
15 full-time staffer. We hired more cleaners as necessary,
16 effectively, but it's an integrated part of our news
17 room. So, it's part of the overall cost of our news
18 room. Which is not cheap. I mean, it is not cheap by
19 any means.

20 MS. MICHEL: Jim?

21 MR. HAMILTON: I think it's important to talk
22 about failures. So, last year, I applied for an NSF
23 grant on computational journalism, because I wanted to
24 see how the agency would think about the development of
25 software that would help reporters. The responses from

1 the academic reviewers were bimodal. One set of
2 reviewers said, this is impossible, you could never do
3 public interest data mining. This stuff can't be
4 developed. The other set said, we do this every day,
5 it's all been funded by Homeland Security.

6 So, the idea that the government has wonderful
7 software that they use for text mining, it was lost on
8 the agency that there was a need to help develop
9 software to help the people hold government accountable.
10 So, I thought that was an interesting example.

11 MS. MICHEL: Bill Allison?

12 MR. ALLISON: One of our former colleagues at
13 Sunlight used to love the saying that the future is
14 already here, it's just not evenly distributed, and I
15 think that there are a lot of these technologies out
16 there that can bring down the costs.

17 Just to give an example, I'm going to bring it
18 back to the Center for Responsive Politics. This is a
19 website that you can go to now and plug in any entity, a
20 member of Congress, any kind of name, it uses Google
21 Search and some other search technology, and pull up all
22 the campaign finance records, campaign contributions,
23 lobbying, whether or not a member of Congress owns stock
24 in a particular company and bring it all in one page.

25 That's something you used to have to go, and I

1 used to come down in 1995 to 1996 to Washington, I was
2 working in Philadelphia, and spend days and days going
3 from the SEC, to House Clerk's Office to Senate Office
4 of Public Records, to I don't know how many other
5 places, Justice Department, FOIA records, and now a lot
6 of the stuff is online, and just with one search you
7 plug it in and you click. That's a huge savings that
8 just didn't exist ten years ago, 15 years ago.

9 MR. GRENGS: This is a question for Alisa. I
10 think you mentioned earlier some of the ways you're
11 using digital technology to leverage partnerships and
12 researchers, and I was wondering if you could give us
13 some tangible examples of what you're doing and how
14 digital makes a difference in terms of getting
15 information out to the public.

16 MS. MILLER: Sure, great. Two levels of this.
17 One I think is we've been thinking a lot about and in a
18 sense it's digital and in a sense it's just how to
19 practice or operationalize the work of creating
20 journalism. So, there's the aspect that we've been
21 talking about of putting data out there that's
22 reviewable and then has been scrubbed, and for us as a
23 journalistic organization, how we can then take that
24 data and create the kind of analysis that can help
25 people.

1 I think one of the things that we worked on over
2 a number of years is how the cumulative effects of
3 journalists working together, and how multiple editorial
4 organizations, how they can come together to create
5 economies in terms of going after and creating content
6 on a scalable basis.

7 So, for example, when we recently launched a new
8 morning news initiative, a program called The Takeaway,
9 in partnership with the New York Times, with the BBC
10 World Service, with WGBH in Boston and out of New York
11 at WNYC radio, that's an example of instead of paying
12 for correspondents across the world, being able to
13 leverage various organizations that can come together to
14 create content in a way and really leverage resources to
15 be credible in breaking and contextual morning news.

16 So, as many news organizations are figuring out
17 how or having to cut back how we are investing to create
18 more capacity in key areas, and obviously technology is
19 a key way of how you end up collaborating because of
20 systems and other things that can talk to each other.

21 The other way in terms of just economies, things
22 like, and we're more fortunate to some extent in
23 broadcasting, because each additional person that you
24 reach, it's not like you have an incremental cost in
25 terms of reaching them, unlike our friends in the print

1 model on the print side. So, that allows us to do
2 things like podcasting, and for relatively nothing being
3 able to have your content out there in various forms so
4 that people can consume it in different ways, and
5 becoming much more ubiquitous in a simplified way.

6 So, I think for us as the content creators,
7 thinking about how digital technologies can help us tell
8 stories differently and how we can scale that activity.

9 So, one of the things that we're thinking about
10 at PRI is, okay, if we're managing ten partnerships
11 really well in the analog plus digital world, how can we
12 scale up to handle 100 partnerships really well, because
13 we're no longer confined by broadcast hours and minutes.

14 So, one of the things that we're working on
15 within Public Media and collating this with National
16 Public Radio as well as the Minnesota Public Radio's
17 national arm, American Public Media, is a public media
18 platform which the purpose is an application layer, an
19 API that allows us to pool our content in ways that
20 allows developers and others to conceivably create new
21 applications and things on top of it to be able to
22 export our content, use our content in different ways,
23 leverage analysis that we've created, and also partaking
24 in things like DocumentCloud and other initiatives so
25 that we can link sort of this public media universe so

1 that the people as well as other journalistic
2 organizations or technology providers can collaborate.

3 MS. MICHEL: Are you then talking about
4 partnerships and collaborations both in generating
5 content and in distributing content?

6 MS. MILLER: Correct.

7 MS. MICHEL: Okay. Are there other thoughts on
8 collaborations in creating content? Bill, how does CPI
9 work with other news organizations?

10 MR. BUZENBERG: Well, with this, I've talked
11 about the International Consortium of Investigative
12 Journalists. We have regular roundtables online which
13 we're drawing ideas that they're coming up with ideas in
14 Brazil that actually apply in India and so we come up
15 with a project that way and we've been doing that.

16 With the little Investigative News Network, the
17 same thing, we have these conference calls all the time
18 about editorial collaboration. We just did a project
19 yesterday that we released on campus assaults around the
20 country, a survey of 160 universities, and found a lot
21 of really interesting things, and we gave it to this
22 group early, and then they're using it. Many of these
23 are university-based, so they're doing their own
24 reporting based on the information we gave them.

25 So, there's a lot of back and forth in this

1 virtual way of working that's very efficient, this
2 future that you talked about is really being built now
3 and in so many ways.

4 MS. MICHEL: Bill Adair?

5 MR. ADAIR: I think it's interesting as we look
6 at this panel, I was just doing a little survey to see
7 how many of us are still in the for-profit world, and I
8 think it's just you and me, Aron. I think that speaks
9 that this thought that as times have gotten tough, that
10 journalism has to go outside of a commercial model to do
11 good journalism, and I think we definitely need to
12 explore that. I'm still hopeful, I think Aron probably
13 is, that we can still do these things within the
14 traditional media companies, because that's still the
15 way that the overwhelming majority of people are getting
16 their journalism, is from for-profit companies, whether
17 it's broadcast or print. Now, online is a slightly
18 different mix.

19 What we're hoping to do with PolitiFact is take
20 PolitiFact into the states. It's our hope that every
21 elected official in America should have to face the
22 truthometer, and we're seeking partners in different
23 states to do that, and our hope is, and we're open to
24 different ways of doing that, but I hope ultimately we
25 can still be a for-profit company and do that. It just

1 seems to work on the sort of scale that's necessary.

2 There just isn't enough foundation money out
3 there to pay for a ProPublica in every state, to pay for
4 a Center for Public Integrity that's going to cover the
5 city council, that's going to cover the county
6 commission.

7 So, it's our hope as we expand PolitiFact to
8 find media companies that want to do this and still,
9 hopefully, turn a profit.

10 MS. MICHEL: Aron, from the commercial side?

11 MR. PILHOFER: I guess so I'm the spokesman for
12 the commercial side, interesting. I actually did used
13 to work for a nonprofit as well, I worked for Center for
14 Public Integrity, so I've seen it on both sides,
15 actually. I've partnered with news organizations from
16 the nonprofit side and I have partnered with nonprofits
17 from the for-profit side, and if you look at what's
18 going on in particular with the New York Times these
19 days, we're partnering with nonprofits in San Francisco,
20 with one in Chicago. We've experimented with some local
21 blogs. We're branching out in ways that you probably
22 wouldn't have seen five years ago, and we're not the
23 only ones doing it.

24 So, I would expect that this sort of
25 relationship between the organizations that have this

1 sort of bully pulpit, the New York Times, the St.
2 Petersburg Times, the news organizations that are, I
3 think, quite frankly, I think are smart, are going to
4 start looking at that as the way both to increase their
5 impact to, frankly, lower costs, and cover more, and
6 satisfy that journalistic mission, and from the
7 nonprofit side, I think organizations that are working
8 with organizations like mine are going to benefit
9 because we, frankly, raise their profile, and provide
10 the impact that these organizations struggle to find
11 because they're so new.

12 I think this is a really interesting area and I
13 think this is definitely something to keep an eye on.

14 MS. MICHEL: We just have a couple of minutes
15 left. So, I wanted to get to the idea of partnering
16 with the public. Several of you mentioned that, or
17 getting public input into your stories. Can you give
18 more specifics about that?

19 Alisa, you mentioned getting input from the
20 public. Can you expand on that a little bit?

21 MS. MILLER: Sure. One of the initiatives I
22 spoke to earlier, our morning news initiative that we're
23 actually doing with the New York Times, as I mentioned,
24 is called The Takeaway, and part of it is how can we
25 engage in an American conversation about things and

1 topics and news that's really important.

2 So, a key editorial strain of the show is how we
3 can use technology to reach out and incorporate. So,
4 there are examples where you'll have an hour, and tee up
5 a particular topic, let's say it's on education or
6 health care, and by the mid to the end of the hour, not
7 only have we featured various voices that have been on
8 the website, for example, or called in to this
9 technology we use called SpinBox, but conceivably,
10 people may be interviewed on the show in concert with
11 experts because you have a person who is really being
12 affected by a particular issue, and the expert.

13 So, it's about experts and expertise. I think
14 that it's really about an editorial commitment to figure
15 out how those things are incorporated together.

16 Of course, there's many examples, like what
17 ProPublica has done with Shuttle Watch, which we worked
18 on with you, where you're really leveraging crowd
19 sourcing for people to help you mine through the data
20 and try to figure out what is actually happening once
21 the data set is made available.

22 So, I think there's a lot of opportunity there
23 to look at the altruistic world that people care about
24 these topics and these issues and how they want to
25 communicate with and be a part of helping to enlighten.

1 MS. MICHEL: Other thoughts? Yeah, Bill?

2 MR. ALLISON: A couple of things. There's a
3 group called Capital News Connection which serves a lot
4 of National Public Radio stations based right here in
5 Washington, and they have a feature on their webpage
6 where you as a constituent can say, I'd like to ask my
7 member of Congress this, you type in the information and
8 leave the question and their reporters will go out and
9 try to ask the question.

10 That's one example. I think another example is
11 something that Sunlight was involved in in 2006 where
12 someone in Congress had a secret hold in the Senate on
13 the Coburn-Obama Bill, this is the one that created
14 usaspending.gov and there was an ad hoc group of
15 bloggers called Courtbusters, and Sunlight kind of
16 joined in to try to find out who has the secret hold.
17 You just had average citizens calling up members'
18 offices and saying, does your Senator so and so have a
19 hold on this legislation?

20 We had to do kind of reporting 101, we can't
21 accept it, just when you say that no, he doesn't have a
22 hold, we have to know who you talked to, was it somebody
23 who is capable, did you get to the press officer, did
24 you get to a legislative aide or was it just an intern
25 answering the phone, did you get the name of the person

1 answering the phone.

2 But anyway, ordinary citizens got it down from
3 100 Senators of possible suspects with the secret hold
4 to just four, and who jumped in but Talking Points Memo
5 and Rebecca Carr who is with Cox News Service who did
6 the final legwork reporting on those last four and found
7 out, lo and behold, there were two members, Robert Byrd
8 and Ted Stevens, who had the hold. It was Ted Stevens
9 first and then Robert Byrd put one on later. So, that
10 was kind of citizens kicking off the ball and doing all
11 the legwork initially and bringing in reporters at the
12 end to close the loop.

13 MS. MICHEL: Interesting. Unfortunately, we are
14 out of time, but this was a great panel and I thank you
15 very much. Please give our panelists a round of
16 applause.

17 **(Applause.)**

18 MS. DeSANTI: We're going to move on to our next
19 presentation. Please take your seats. This is what
20 happens when you have a really fascinating panel,
21 everybody wants to go up immediately and talk about
22 everything that was put out on the table and that panel
23 produced a lot.

24 But now we're going to move on, because we have
25 Reed Hundt with us. Reed Hundt served as Chairman of

1 the Federal Communications Commission from 1993 to 1997.
2 He's a principal of REH Advisors, LLC, a business
3 advisory firm, and of Charles Ross Partners, an
4 investment firm. He's the author of You Say You Want a
5 Revolution: The Story of Information Age Politics, and
6 critically, he's a member of the Knight Commission on
7 the Information Needs of Communication in a Democracy,
8 this is a very important report that was issued
9 recently, and he's going to be telling us about it
10 today.

11 Reed?

12 MR. HUNDT: Hello, everybody.

13 So, in a world that's unaccustomed for me, I'm
14 actually going to talk about somebody else's work
15 without claiming credit for it, and I am going to talk
16 to you about the Knight Commission. First, however, I
17 would like to thank Chairman Leibowitz and the Federal
18 Trade Commission in general for organizing this very,
19 very important conference. All of yesterday and all of
20 today are the first two days that I can recall literally
21 in 40 years where the government or any government
22 agency has organized itself and organized different
23 stakeholders to think through these very important
24 issues in a holistic and complete fashion.

25 All through the 1990s, I can testify from

1 experience that the idea of having a conference like
2 this would have been thought to have been an
3 inappropriate intrusion of government on the thought
4 processes of the private sector, and I think that in
5 fact, the reality that a law is relevant to the shaping
6 of business opportunity and is a part of our culture is
7 one that we now seem to accept.

8 By no means does it imply that we want
9 government to effect the content of media or in any way
10 impinge on the freedom of the press, but I think that
11 it's great that we can have an honest discussion about
12 the relationship between law and the opportunities to
13 actually exercise a freedom of speech and transmit
14 information.

15 When I came out of law school, it was about the
16 same time as the Newspaper Preservation Act was passed,
17 which is definitely an out-of-date piece of news. I
18 mean, both me being a lawyer and the act are both a
19 little out of date. But it's high time, some 33 years
20 later, to take a fresh look at the relationship between
21 law and the opportunities for freedom of expression.

22 So, I commend the chairman for doing this, and I
23 hope that the spirit of openness that he and his
24 Commission have demonstrated is one that can be
25 continued as these discussions continue, since in my own

1 mind, there's very, very little doubt that there are
2 affirmative positive steps that can be taken by probably
3 more than one regulatory, or if you'll forgive the
4 phrase, deregulatory agency that would be an aid of
5 individual rights and freedom of speech.

6 One step taken in furtherance of that very goal
7 was taken by the Knight Commission under the leadership
8 of Alberto Ibarguen, the totally awesome head of that
9 commission, and this is what I want to talk to you
10 about.

11 This foundation, which was founded by a great
12 newspaper family, assembled a group of commissioners,
13 pretty clearly bipartisan, but more than bipartisan,
14 drawn from a wide, wide range of disciplines, or to put
15 it another way, we had newspeople sit down with Google,
16 and mediated by Ted Olson, who as you know won at the
17 same time the winner of the case that caused me the most
18 personal pain in my entire life, Bush versus Gore, and
19 also is without question one of the most meaningful
20 constitutional scholars in the history of the United
21 States.

22 So, this was a terrific group, and it was an
23 honor for Michael Powell and me to be part of it, and to
24 go along with it. For more than a year and a half, in
25 meetings all over the country, this commission

1 deliberated, took evidence and built a heck of a record,
2 and I'm going to give you just the summary of the
3 outcome and I'm going to just try to underscore what I
4 think are the most important points that the commission
5 made without in any way hoping to discourage you from
6 looking into the entirety of the report.

7 First and foremost, it was the fundamental
8 conclusion that the lens to use when examining the media
9 was a geographic lens with a focus on local communities.
10 This notion of localism, many of you will know, actually
11 goes right back to the earliest days of the regulatory
12 paradigm for broadcasting, and was and has been, since
13 those early days, the 1940s and 1950s, with a brief
14 period of renewal in the 1970s, it has been consistently
15 eroded over the years.

16 It has been purposely eroded from a business
17 perspective, as media conglomerates have become national
18 and international, seeking, quite reasonably, to obtain
19 economies of scale, but what's happened over these
20 decades is that the regulatory paradigm has become, and
21 I think it's fair to say, fundamentally indifferent to
22 the geographic location of media outlets. Indifferent
23 to it. That doesn't mean against, it simply means not
24 necessarily cognizant of.

25 What that commission concluded is without

1 reaching the question of regulation or nonregulation,
2 that's the wrong lens for Americans. That the
3 fascinating paradox, I wouldn't call it an irony, the
4 fascinating paradox of the Internet is that more of the
5 information is available without any boundaries of
6 distance, the more that it actually needs to be
7 translated to action in a local community.

8 That's the fundamental lens used by this
9 commission. Why is that? Because communities, in fact,
10 are where Americans solve problems, where they identify
11 problems, and solve problems, and where accountability
12 really occurs. I suppose you could say this is a piece
13 of political science, and it's certainly there so that
14 you can debate it, but here's what it isn't: It isn't a
15 statement that for most problems we operate as a 300
16 million person collective and that we develop
17 centralized solutions.

18 It's a statement that, like the computer itself,
19 we are a nation of distributed activity. Like the whole
20 network itself, we are a nation of distributed access.
21 That, therefore, on a truly localized basis, people do,
22 in fact, gather to debate such things as what should be
23 the food served in the local school, to our kids in
24 elementary school, should we have special diets, what do
25 we do about curb cuts, what about people with

1 disabilities, should we put speed bumps in the road, and
2 on and on and on to issues of greater and greater
3 significance when they're aggregated across the country.

4 But our view and our conclusion was that all of
5 these issues, whether they're grave issues of national
6 security, and involve a war in Afghanistan or not, or
7 whether they're local issues about speed bumps,
8 nevertheless, that they start and in some way they're
9 ultimately resolved in a granular, local fashion.

10 Since that is what we concluded, then it
11 followed that the media should serve that and not
12 something else. A local community should not be
13 exposed, principally, to some sort of common denominator
14 news access that, in fact, didn't inform local people
15 about local issues. This, we concluded, served both
16 people in their individualized and in most of their
17 civic engagements, as well.

18 So, with this lens, we reached these
19 conclusions: That if we're going to focus on localism,
20 then we ought to think anew about the meaning of
21 competition and innovation on a localized basis. Most
22 tests, for example, about competition, which frankly
23 that the FCC in my time really tended to be national,
24 really needed to be local.

25 The second thing is that that led us to the

1 conclusion that to talk about support for public media
2 really should mean, not exclusively, but in very large
3 part, support for public media on a localized basis.
4 This has various corollaries that include but are not
5 limited to local media. So, for example, radio is
6 intrinsically local as a technological matter.

7 The third recommendation, if you take the local
8 lens and put that on, you reach the conclusion, and our
9 commission reached the conclusion, that you will then be
10 looking for local institutions to be hubs of local
11 media. Community colleges, schools, community
12 organizations, nonprofits that are particularly active
13 in a particular town and in a particular city, that
14 these can be hubs of journalistic activity that it does
15 not follow that a very big building that has in it an
16 enormous hundred million dollar printing press is a
17 natural hub for a local community. That doesn't mean we
18 shouldn't have those buildings. It just is let's think
19 about what the hubs are, particularly in a
20 distance-free, virtual world if what you want to serve
21 is a local community.

22 Recommendation four is that public records
23 acutely of a local kind ought to be accessible. To that
24 end, standardized formats are absolutely necessary. So,
25 having it be that thousands and thousands of towns and

1 villages do not have standardized formats raises an
2 unnecessary cost burden to access to that information.
3 The same point could be made about health care records,
4 the same point could be made about energy monitoring
5 records, it's a point that could be made across the
6 board, and on the very last slide, I make that point
7 across the board.

8 Recommendation number five, that if we're going
9 to put the local lens on, we ought to be able to develop
10 metrics that relate to local communities, and we ought
11 to be able to test on a community-by-community basis
12 exactly how we're doing. This, I heard from a
13 wonderful, wonderful presentation made by Chancellor
14 Joel Klein of the New York Public School System last
15 night is exactly the way he's approached the school
16 system in New York. He has said, it is not a case where
17 we want to fall to Simpson's Paradox and have it be that
18 we look at an average, we want every school to stand on
19 its own in some kind of metric-based measurement, so why
20 don't we judge community access to information on this
21 same basis instead of on big national averages, or even
22 regional averages.

23 Then we talked about the information capacity of
24 individuals and established the rights. I want to move
25 quickly, in the interest of time, to focus on

1 recommendations.

2 As to individuals, then, we said, if individuals
3 operate in a local community, then it also follows that
4 they ought to be able to be educated in the use of
5 digital media, on a localized basis, and that what's
6 important is not the silos of federal, state and local,
7 but rather all the ways that government and public
8 institutions touch an individual in a local community.
9 Think of the individual as the center and all of the
10 arms of government as wheels, but it's the hub of the
11 wheel that really matters here.

12 Recommendation seven, where would you go to that
13 training? Again, local places is where you would go to
14 that training. This is different than saying find it
15 online at harvard.com, this is a different approach than
16 that particular notion.

17 Recommendation eight, if we are going to focus
18 on individuals in communities, then it follows that
19 everyone ought to have very high-speed broadband. That
20 in fact, having it be a country where a third, more or
21 less, don't have high speed broadband is no more
22 acceptable than saying more than a third you have
23 students who aren't going to graduate from high school,
24 prepared to go on to a job or to a community school or a
25 third of the community isn't going to have access to

1 quality health care or a third of the people aren't
2 going to be secure in their homes against natural
3 disaster or acts of violence.

4 None of these statements would be acceptable, so
5 why should it be acceptable that a third won't be
6 connected to the information that makes it possible to
7 participate in developing, understanding and solving
8 problems. So, it isn't just a nice thing to have
9 universal broadband, if you adopt this local lens and
10 think about the individual in the community, it becomes
11 an absolute imperative, no less important than any of
12 these other acts of connection of all of us to each
13 other.

14 Number nine, if everyone is going to be
15 universally connected and being able to operate on a
16 local level, then we do not need gatekeepers of
17 information to establish the boundary conditions for
18 access.

19 Recommendation number ten, we aren't talking
20 only here about broadband, but about all technologies,
21 because we're really talking about information across
22 multiple platforms. So, the multiple platform approach,
23 which is also distinctly contrary to 40 years of FCC
24 regulation, just to point out what this is not, the
25 multiple platform approach is a recommendation that it's

1 not the first time you've ever heard it, but it isn't
2 the way we currently do things in the United States.

3 Recommendation number 11, you would then expand
4 all of the local media initiatives, this would follow,
5 this is in the concluding category, and in particular,
6 you would focus on the next generation. So, of all the
7 things that I was probably and most enduringly proud of
8 that the team at the FCC working with Senator Snowe and
9 Senator Rockefeller was able to do in the nineties, it
10 was the E-Rate, where we created a matching grant
11 program that produced the following result which is from
12 a 1997 through until yesterday, the single community of
13 the United States that most readily had the lowest price
14 access to high speed broadband was young people in
15 schools and anyone that would go in a library. Over the
16 last ten years, what we discovered is that that's the
17 demographic that, outside of financial investors working
18 on Wall Street firms and their offices 22 hours a day,
19 have the highest usage rate of broadband in the country.

20 We have, because we made the access available to
21 the young people, first and not last, and simultaneously
22 to those in the poorest communities, as well as in the
23 richest communities, that is why we have, across all
24 demographic characterizations of that generation of
25 America today, the highest penetration rate for

1 broadband access and broadband literacy. Also, they're
2 smarter.

3 So, this focus on this demographic is what our
4 commission urges as the extra lens when you're thinking
5 about these problems.

6 Recommendation 13, if you're going to
7 communicate to them, then you have to empower them to
8 participate in your problem-solving, and recommendation
9 14, that will lead to design decisions about all public
10 spaces and communities, and here's the easy example, the
11 example that my sister always talks about, because she's
12 a librarian in the Montgomery County School District.
13 There's not enough space for the computers, there's too
14 much space for the books, they use the computers more
15 than the books, the design is wrong. Sounds really
16 simple, except for that it's a fundamental design
17 decision which if altered will take many a year and
18 billions of dollars will be spent over a long period of
19 time to change the design. So, let's get on it. Let's
20 start doing it.

21 And recommendation 15, when we do all of this,
22 and when we go back and measure, let's look and see
23 whether we succeeded. Let's look and see whether every
24 community actually does have some virtual and real world
25 information hub that is operative and people are

1 participating in it, and if they don't, let's ask
2 ourselves why.

3 So, those are our recommendations, and they told
4 me that I could have just a few seconds in which to say
5 things that I think that I didn't run by anybody and
6 these are those things and you're very nice to indulge
7 me.

8 I like to add to everything else the following,
9 which is, let's think about broadband not as a
10 technological platform, although it is; not as multiple
11 platforms, although it is; not as networks of networks,
12 although it is. Let's not think of the conveyance,
13 let's think of the thing conveyed; let's not think of
14 the pipe, let's think of the think pipes; let's not
15 think of the conduit, let's think of the content.

16 Let's see if we don't agree to the following:
17 That there are five public goods that ought to be
18 available at basically zero price, or very, very close
19 to zero price, for everyone in America, all the time,
20 everywhere, ubiquitously, and these are what I call
21 leads, because I can't remember things without acronyms.
22 So, they would be health care, energy, efficiency,
23 information, education, democracy and security.

24 So, what do I mean specifically? By regulation,
25 if your car is caught in a snow bank in the middle of

1 Iowa and you have a cell phone and you can't get out of
2 that snow bank, instead of waiting there until, God
3 forbid, you freeze to death or somebody else can save
4 you, you can hit 911 and somebody will come and get you.
5 That signal goes up to a satellite and this is by
6 regulation.

7 So, why can't your health care records work the
8 exact same way, and you transmit them anywhere, any time
9 that you need, whether it's an emergency, or whether as
10 in my case and you go to see the orthopedic doctor on
11 Monday to ask why after all these years of running my
12 feet hurt, he says, fill out this form. It's the exact
13 same form I've filled out every time I've seen him for
14 the last 20 years, and I fill it out and hand it to him,
15 and I say to myself, is somebody going to then copy this
16 down on another form and eventually type it into a
17 computer? Because I can give him this little thumb
18 drive which I would be happy to carry around with me and
19 keep it in my pocket, and it's stupid not to be able to
20 do this.

21 Also, \$1 million is the amount of investment
22 that we would see if we mandated electronic health care
23 records and if they could be transmitted for free
24 everywhere all the time. \$100 billion is the minimum of
25 investment that we would see. \$1 million is 10,000 new

1 jobs. So, \$100 billion is a million job years. This
2 would be good, not bad, in our country at the present
3 time.

4 This can be done at the stroke of a pen. It is
5 necessary to write some words on top of the page before
6 you sign at the bottom, but this is a totally feasible
7 activity, not more complicated than 911, same point
8 about energy information, the same point about access to
9 education, there's no reason why these fairly thin
10 streams of data need to be blocked by incompatible
11 formats, uncoordinated transmission protocols, and extra
12 price that ought not be charged by anybody.

13 So, they can all ride for free, which is what
14 911 does on the network today. If they can all ride for
15 free on these networks, and if all these things rode for
16 free on the network, the bandwidth usage they would
17 represent would be trivial, but the empowerment of
18 people in local communities would be awesome.

19 Thank you for listening to my add-on to the
20 Knight Commission, and I hope you join me in admiration
21 not of the things I said, but the very, very hard work
22 of this commission who did it really to serve the
23 public. Thank you very much.

24 **(Applause.)**

25 MS. DeSANTI: Now we're actually going to have a

1 break, for 15 minutes. Well, I take it back, we're
2 going to be back at 3:00.

3 **(Whereupon, there was a recess in the**
4 **proceedings.)**

5 MS. DeSANTI: I would like to invite the next
6 panel to come on up and take your places, please. To
7 the rest of you, please take your seats. We will get
8 started so that we can stay on time.

9 Let's get started. We still have a lot of
10 ground to cover. This panel is one that we've put
11 together because as we were preparing for this workshop,
12 we heard a lot about how consumers are using the
13 Internet and information on the Internet differently, or
14 approaching it differently, there are different things
15 that you can do on the Internet. We heard a little bit
16 about this from Josh Marshall yesterday of Talking
17 Points Memo, that he basically encourages his staff to
18 write for the Internet, differently than he would for
19 print.

20 So, we thought it would be very useful to have a
21 panel that focused on the different kinds of ways in
22 which you can engage consumers and inform consumers in
23 the new digital age, and that's the point of the panel.
24 We've given each of these panelists, we're getting
25 really lax here. Instead of three minutes, they get

1 four minutes, and each of them will go through a
2 four-minute presentation.

3 We're going to start with Jim Gaines. Jim is a
4 former corporate editor of Time, Inc., and was the
5 managing editor of People, Life and Time Magazines. He
6 is now the editor in chief of FLYP, a website for
7 digital multimedia journalism at www.flypmedia.com.

8 MR. GAINES: Thanks, Susan.

9 Thanks to the Commission and Susan and
10 Elizabeth, who is floating around, for inviting us here,
11 and for the last two days, much of which I watched
12 yesterday, almost all of which the stream was a little
13 weird, but almost all of which yesterday I watched and
14 listened to, and frankly, found a bit depressing,
15 because so little of what I care most about was really
16 under discussions.

17 So much was about data and hits and clicks and
18 page views and content. I hate that word. It's amazing
19 to me, and it may have been the stream, or it may have
20 been real, I hope it was the former, that it was not
21 until mid-day today in the panel on public funding that
22 I heard the word "story". Alisa Miller talked about
23 story-telling in talking about PRI.

24 Hearing Arianna Huffington whining about pay for
25 content, hearing Rupert Murdoch quoting the founding

1 fathers yesterday was truly repulsive. Of course people
2 pay for content. People will pay for what they want.
3 One of the things that NPR and PRI are doing very well
4 is telling stories that people want to hear.

5 I think one of the problems is our digital
6 experience is disintermediated, no question about it.
7 It's famous for that. I think one of the challenges
8 that we have is re-intermediating what has been
9 disintermediated.

10 I think that lots of things will contribute to
11 that. But one of the things that won't is a cramped
12 view of what journalism is. It is not data, it is not
13 content, it's stories. It's things that it's not
14 important what we put down on a page, what is important
15 is what people take into their minds and hearts. For
16 all the talk of transparency and databases, that is
17 great, and it is the bulwark of good journalism, but it
18 needs to be taken into the form of stories.

19 I'm going to run way over if I keep on this
20 rant, so I will try to resist.

21 We haven't done a great job of journalism.
22 It's, oh, my God, one minute? Okay. I will cut to the
23 chase.

24 The new devices that are coming will change
25 fundamentally the experience of the stories that we put

1 out. They will change the Internet from a lean-forward
2 experience to a lean-back experience. I'm talking
3 specifically about the Apple iPad, the Microsoft
4 Courier, but especially the descendants. You will be
5 able to, I mean, radio is the ultimate lean-back
6 experience. She was talking about 30 million visitors a
7 week, four and a half hours a week, of consumption,
8 that's because radio is a great story-teller, and a
9 great leaning back experience.

10 That is what is coming in the broadband
11 environment with these new devices, which we have become
12 more flexible, more ubiquitous, and more important,
13 which will require new arts and new crafts of
14 story-telling in all media at once. That is the
15 challenge that we're looking forward to.

16 I just want to repeat something that Eric Newton
17 said this morning, quoting a Knight Foundation report,
18 "Journalism doesn't need saving, it needs creating."

19 I'll stop there. Thank you.

20 MS. DeSANTI: Thank you very much, Jim, you've
21 given us a lot to think about already.

22 Next we will hear from Kathy Times, she is the
23 president of the National Association of Black
24 Journalists, an Emmy-award winning investigative
25 reporter and co-anchor of Fox 40 News at 9:00 in

1 Jackson, Mississippi. She so-authored the NABJ's First
2 Diversity Census of Senior Managers Working At Network
3 News Operations. She plans to increase training for
4 NABJ members, who would like to assume managerial and
5 executive positions in all media platforms.

6 MS. TIMES: Thank you so much, Ms. DeSanti, and
7 to Chairman Leibowitz, for putting this conference
8 together, and we are delighted to be here today.

9 I believe a more appropriate question is how
10 will journalism be transformed by the Internet, because
11 journalism will survive. I want to thank all of you for
12 being here, because I certainly hope that you will take
13 something away, and tell our stories to others.

14 Diversity and inclusion are two areas of great
15 concern for the thousands of African-American members of
16 my organization who are represented around the world.
17 But we are also concerned about the black community at
18 large, and how it will receive news and information in
19 the future.

20 The challenges that our members face are very
21 real and entrenched. Newspaper jobs held by black
22 journalists were cut by an alarming 18 percent since
23 2001. Making African-Americans the single most targeted
24 group for job losses in the news rooms across the
25 country.

1 In real numbers, nearly 400 black journalists
2 lost their jobs at newspapers alone last year, and they
3 continue to do so today. Worse, 458 newspapers still
4 have no minorities in their news rooms.

5 On the television side, as Ms. DeSanti just
6 mentioned, we conducted our second annual NABJ census
7 and it revealed facts about who's making the decisions.
8 The 2009 census looked at the diversity of the
9 management teams at 111 stations, owned by ABC, CBS,
10 Fox, First Argyle, Media General, NBC and Tribune. Only
11 11 percent are people of color. Fewer are black.

12 At the network level, there are no
13 African-American executive producers supervising nightly
14 newscasts or those wonderful morning shows. The numbers
15 are equally poor at online media outlets. Many of these
16 start-ups left the starting gate without black
17 journalists.

18 Without diversity, stories and events that are
19 important to the African-American community are less
20 likely to be covered, and more often misunderstood. The
21 Obamas' triumphant first bump was one of those moments.

22 We want to enlist the help of not only the FTC
23 and the FCC but the major networks, and even Fox, to
24 dedicate resources that will lead to online partnerships
25 and boost entrepreneurship. This will strengthen

1 coverage of the African-American communities.

2 Now, some partnerships have emerged, such as
3 theroot.com, with the help of the Washington Post. We
4 want you to consider solutions that will make training
5 more accessible and ownership easier to attain.

6 Now, it is imperative that if any federal
7 assistance is available, we use it to retool news rooms
8 and assist African-American newspapers that are
9 struggling. As newspapers downsize, and disappear,
10 consumers will become more dependent on electronic
11 media, namely, of course, the Internet and mobile
12 devices.

13 African-Americans are more likely to access the
14 web using handheld devices. Now, we implore the media
15 to find more effective ways to reach them, with
16 important and relevant stories, that impact their lives.
17 We are not advocating feel-good bandaids, but rather
18 pushing good business sense, a broader audience leads to
19 more revenue. At the end of the day, that's what we
20 need to eat.

21 In closing, it's important to point out that
22 NABJ has long been a leading advocate for training and
23 educating black consumers and professional and student
24 journalists. We have programs in the Washington area
25 that are held here every year and across the country

1 with more than 83 chapters, on college campuses as well
2 as professional chapters.

3 As NABJ celebrates its 35th anniversary, we are
4 powered by change. We are ready at the starting gate.
5 We've seen what's happened in the past, and that doesn't
6 have to be the future.

7 Thank you.

8 MS. DeSANTI: Thank you very much, Kathy.

9 Next we're going to hear from Jason Seiken, who
10 is the senior vice president of PBS interactive, where
11 he is leading the transformation of PBS on the web and
12 mobile platforms. Before joining PBS, he led content
13 development for AOL's businesses in the UK, France and
14 Germany, and before that, he was the founding editor in
15 chief of washingtonpost.com.

16 Jason?

17 MR. SEIKEN: Thank you, Susan, and thanks to the
18 Commission for this opportunity to share a few thoughts.

19 At PBS, we're focused on transforming ourselves
20 from the traditional broadcast organization to a
21 right-brained/left-brained company. Right-brained
22 because these days media organizations need to be
23 risk-takers, experimental, fast-moving, and willing to
24 cede significant control to the audience. Left-brained
25 because we need to overlay that caldron of

1 experimentation with a hard-nosed business discipline of
2 focused accountability and most important using data to
3 drive decisions.

4 Three examples of how this works at PBS. A year
5 ago we launched our video hub for kids. It was pretty
6 much an overnight success with more than five million
7 streams a month. But by examining the audience data, we
8 knew kids were hungry for more interactive experience.
9 So, we took a design that was designed to insert
10 advertising into online video and repurposed it for an
11 interactive online, interactive educational games.
12 Instantly, linear television was transformed into an
13 interactive experience. We saw a 10x jump in traffic to
14 those videos.

15 A second example, when we launched video.pbs.org
16 this spring, we decided to push the PBS brand in a risky
17 new direction by adopting an unconventional design. The
18 audience was somewhat taken aback. One older woman gave
19 us the feedback that this isn't at all what I expected
20 from PBS, it's so modern. Someone on Twitter said
21 simply, this is "sick nasty," and it took the younger
22 people in my organization to assure me that that was a
23 compliment.

24 So, at the same time, we've adopted a
25 disoriented approach to looking at video data and

1 rapidly iterating based on what the audience wants. We
2 launched a video site in April and since then we are now
3 on our seventeenth release, we're just about to launch
4 our seventeenth version of the video site.

5 So, this approach has paid off with a larger,
6 younger, more diverse and more engaged audience. On
7 air, the average PBS viewer is pushing about 60 years
8 old, but half the PBS.org audience is under the age of
9 35. Traffic to PBS sites has jumped to almost 20
10 million hits a month, and the average user on our video
11 site is watching for 26 minutes per video screen.
12 PBS.org is now significantly more diverse than the U.S.
13 web population, indexing 82 percent higher for
14 African-Americans and 55 percent higher for
15 Hispanic-Americans.

16 The final example I use is our approach to local
17 news and information. Rather than stick with our
18 traditional model of a central PBS website and hundreds
19 of local station websites, we've blown up a model with
20 two changes that analysts tell us are industry firsts.

21 First we architected the PBS video platform to
22 allow three-way sharing of video, national to local,
23 local to national and local to local. What that means
24 is that the audience that goes to a PBS station website
25 can now view local video side by side with programs like

1 Nova and Frontline. At the same time, local stations
2 can bubble up their video to PBS.org and they can share
3 it from station to station.

4 In phase two of this project, we're taking from
5 a local national one step further by re-architecting
6 PBS.org so that all visitors will automatically be given
7 a seamless mix of local and national content, using
8 their IP address and APIs to automatically suck in
9 content. Sorry for that word, Jim. To automatically
10 suck in content from local PBS websites to PBS.org.

11 So, for PBS, the key to this
12 right-brained/left-brained approach has been to remain
13 true to our key principle, which is to use every minute
14 on air and every pixel online to help Americans make
15 their lives better for themselves and their children,
16 while at the same time embracing experimentation and
17 risk-taking in how we live up to that principle.

18 In closing, a couple of thoughts about creating
19 a right-brained/left-brained organization and how doing
20 so is relevant to the future of journalism. The first
21 key is institutionalizing risk-taking. The new media
22 group at PBS has built an informal new category into our
23 annual performance review. It's a failure category.
24 The way it works is that if an employee doesn't fail
25 enough times during the year, they get marked down.

1 Which means they haven't been taking enough risks.

2 The second key really is leadership. During the
3 past two days, this conference has heard two very
4 different stories, one from start-ups and another from
5 the mainstream media. Personally, I think that in this
6 time of marketplace upheaval, the key advantage that
7 start-ups possess is that they are native, most of them
8 are native born right-brained/left-brained companies.
9 By contrast, most newspapers having enjoyed near
10 monopoly status for decades are entering the
11 right-brained/left-brained world, especially to the part
12 that requires change and risk-taking.

13 When the dust settles, the winners will be the
14 companies with extraordinary leaders, like Don Graham at
15 the Washington Post, John Miller, who I know well from
16 AOL, Paula Kruger at PBS, who are able to instill new
17 cultures and transform their organization, their
18 traditional organizations into start-up-like companies
19 with a right-brained/left-brained approach that is
20 second nature.

21 Thank you.

22 MS. DeSANTI: Thank you.

23 Next we will hear from Jonathan Miller, who
24 practically needs no introduction, because we know he
25 just got kudos. But I will say that Jonathan Miller is

1 digital officer and chairman and CEO of the Digital
2 Media Group for News Corporation.

3 MR. MILLER: Thank you, Susan, thank you to the
4 Commission, and most of all, thank you, Jason, for that
5 kind remark and for the idea of getting kudos for
6 failing. I would like to see if you can institute that
7 at least in regards to myself. Because you do have to
8 try some stuff.

9 Part of what I try to do for News Corporation,
10 which is obviously a large, diverse and global media
11 company, is figure out what's important. There's so
12 much change going on and so many things that come up,
13 and a big part of it is what do you actually focus on,
14 what really matters, what makes a difference, what's
15 important. Obviously very specifically to this, how
16 does it affect news, information, story-telling, and is
17 it forming on a global basis.

18 So, there's really three things right now that I
19 latch onto, and think about, and sort of all day and all
20 night. They're mobility, the realtime nature of
21 information, and content, sorry, again, and the third is
22 socialization of the Internet, and frankly of our lives,
23 our digitalization and socialization of our lives.

24 So, let's look at each of those. Mobility I
25 think is the most profound change that's going on right

1 now around the world in terms of technology. By some
2 time in 2011, most people in the world that access the
3 Internet will access it primarily over some form of
4 portable and mobile device. That is a profound change.
5 We are entering the post-PC world in a very real way.
6 We kind of know that and it's kind of exciting, with
7 iPhones and Smart Phones, but it's a fundamental change.

8 The world is now shifting to a portable and
9 mobile environment. I think that affects everything,
10 economics, the kinds of information that people want,
11 where they want it, how they want it, the stories that
12 are told and how they are told. All that is affected by
13 mobility.

14 Also, it allows many, many more people to be
15 online and to be online all the time or most of the time
16 that they choose to be, because it is much easier, it is
17 much less expensive, it reaches neighborhoods and areas
18 of the globe that haven't been reached before. So, I
19 think it is a tremendous force for diversity at every
20 level, regarding the world community and the world
21 online community.

22 Second, about the realtime nature of things,
23 it's really been a profound change. There is technology
24 now that underlies it, we think of it in many ways, it's
25 often discussed as Twitter is realtime, and it is, but

1 there are many technologies, and essentially lead to the
2 world getting accustomed to and wanting to know what it
3 wants, get what it wants, when it wants, where it wants.

4 So, we want to know what's going on in Iran in a
5 disputed election when it's happening, just as we want
6 to know what's going on in our local community and with
7 our friends as it's happening. That is, again, a
8 profound change. We want that coupled with mobile, we
9 want that to be able to be available to us at any time.

10 The third thing is the whole socialization of
11 the 'net. This is a profound change, as we know, I
12 think everybody is familiar, with the leading companies
13 in that regard, but it's a profound change, obviously,
14 for the news business, and many others, as we now get
15 information from people we know, from interest-based
16 groups, and it is much easier now to form these kind of
17 interest-based groups of many, many different kinds who
18 represent many, many different communities.

19 So, I think socialization is also a force for
20 organization, for diversity, and for now really
21 performing an editorial aspect that was previously done
22 only institutionally. These will live side by side. By
23 the way, that is a really interesting and great world.

24 Lastly, given the time, there is one high-level
25 concept that you just always have to, I think, keep in

1 your mind, even though it's the simplest statement you
2 can make of all, and that is bits are bits. That we are
3 now seeing all of these bits come together, and Reed
4 Hundt talked about this in terms of the regulatory and
5 de-regulatory environment, that what was television is
6 now really primarily delivered digitally to most people,
7 for example, in the United States. The television you
8 watch on your TV set is delivered digitally, just like
9 the stuff you get on the web is digital and the stuff on
10 your phone is digital.

11 So, bits become bits, and you want the bits that
12 you want, where you want, when you want, and you want
13 them timely and you want them to represent the kinds of
14 information, stories, content, data, that you want. All
15 of that is happening at the same time, and all of that
16 affects not only many areas of business, but affects the
17 news business very directly, and I think is underlying
18 the profound change in the industry at this time.

19 MS. DeSANTI: Thank you very much.

20 Next we are going to hear from Linda Solomon who
21 is an award-winning photojournalist, noted author and
22 committee member of Citizens to Save the Eccentric, the
23 local community newspaper who I think has the best name
24 of any newspaper I've ever heard.

25 Linda?

1 MS. SOLOMON: Thank you very much, and it's
2 truly an honor to be here today.

3 I am going to start with a story, and it's one
4 that changed my life, certainly. In April of this year,
5 I found out on Facebook, how ironic, that our local
6 newspaper was closing. This was a complete shock to me.
7 The Birmingham Eccentric in Birmingham, Michigan, a
8 suburb of Detroit, connected our community for over 131
9 years. It's also the oldest business in Birmingham.

10 This is the paper that we all looked forward to
11 every Thursday and Sunday. I remember when I started my
12 freshman year at college, I asked my parents if they
13 would send our subscription to my dorm, because I wanted
14 to keep in touch.

15 When I started my career as a photojournalist, I
16 felt comfortable enough to walk into the offices,
17 without an appointment, of the Eccentric, and show my
18 photos and one byline from the Detroit News. The
19 editors were gracious and warm and, yes, they let me
20 freelance. Two years later, I was hired by the Detroit
21 News as a columnist, because of this experience.

22 So, when I found out our local paper was
23 closing, I sent a letter to the editor about my
24 feelings, and they were very personal. When the letter
25 was printed, I asked my husband, who was the first one

1 to pick up the paper, and I said is it in? He said,
2 yes, it is, but there's also a letter from the editor
3 stating that the paper is not closing. I said, what?
4 What happened? Now I'm going to tell you how a
5 community saved a newspaper.

6 One of the citizens in our community had the
7 hutzpah to come here to Washington to meet with
8 Mr. Hunkey at Gannett, and pleaded with him to keep our
9 paper on our kitchen tables. This was not an easy task.
10 Because as you know, with the unemployment, as in
11 Michigan and all of the other problems that we're
12 currently having, the advertising dollars certainly were
13 down, subscriptions were down, but yet he listened,
14 Mr. Hunkey listened to this citizen, David Bloom, and
15 said, okay, let's go back to the local publisher and see
16 what we can do to save your paper.

17 So, there were some very difficult decisions
18 that were to be made. Number one, we would have to
19 increase subscriptions substantially in order to keep
20 the paper alive. Now, that's not easy today.

21 So, I read this article and I said, well, what
22 can I do? This is the paper that started my career, I
23 want to help this paper. I called the editor, whom I've
24 known for 20 years, and I said, can I volunteer to write
25 a column? He was a little surprised. He said, you

1 would do that? I said, yes, I would, and I am also
2 going to ask other celebrities from our area to also
3 volunteer their time.

4 I called Hall of Famer Al Kaline, who has never
5 written a column, but he was writing a column. I called
6 Bob Woodruff, ABCs Bob Woodruff to write a column, he
7 started writing a column. Jill Rappaport from The Today
8 Show. All sorts of very famous people. The former
9 chairman of Ford Motor. They were all writing columns
10 to save this paper.

11 I have always specialized in working with
12 children and developed many programs in encouraging
13 children to express their feelings through photography,
14 and I said to the editor, would you give me the
15 opportunity to give children a chance to take
16 photographs and write for this paper? He said, well, if
17 you want to, and I said I would love that.

18 I put in my own column that I was volunteering
19 to do, that I was looking for young journalists to write
20 to me, to tell me how much they want to work for
21 newspapers. The response was incredible.

22 I will share with you some of the stories, I
23 mean, for a 13-year-old to see a photo that he has taken
24 on the front page of a newspaper is really something. I
25 mean, this builds self esteem, and then he was able to

1 photograph Curtis Granderson and also have that on the
2 front page. This is an experience that changed this
3 child's life.

4 Now, was he interested in newspapers prior to
5 this? Probably not. But is he interested now? Yes.
6 Are his friends reading newspapers? Yes. Do they walk
7 past a newsstand and say, wow, isn't this cool? All the
8 kids can have their photos on Facebook, but when you
9 have your photo on the front page of a newspaper with
10 your byline, that's something that stays with you for a
11 lifetime.

12 So, while we were saving our newspaper, 45
13 minutes away, in a very academic community, a
14 200-year-old paper wasn't able to be saved, and that was
15 the Ann Arbor News, and a friend in Ann Arbor called me
16 and he said, Linda, why didn't we do what you did, but
17 you know, it was too late. The paper had closed.

18 So, the importance here of getting right on top
19 of this, right when it's happening, so that your paper
20 can stay right here on the table, and that you can enjoy
21 encouraging children to participate in the paper, that
22 is the key. Because they are our future, and if they
23 understand how important it is to share their lives and
24 to share their hearts by contributing their words and
25 their photos, then we'll be able to continue to receive

1 our papers.

2 MS. DeSANTI: Thank you, Linda.

3 Next we're going to hear from Deborah Osofsky,
4 who is the National Director of News and Broadcast for
5 the American Federation of Television and Radio Artists,
6 a labor union representing over 70,000 journalists,
7 performers and other artists working in the news media
8 and entertainment industry.

9 MS. OSOFSKY: Thank you. I thank the
10 Commission, Ms. DeSanti, Ms. Jex and Ms. Hoke and all of
11 the other folks who made it possible for AFTRA to come
12 and add our view to this workshop.

13 AFTRA has filed a comment, which I understand
14 will be up online soon, that covers a number of areas,
15 including our support of meaningful media ownership
16 rules, but I'm going to focus my comments here on the
17 topic from this panel, which is the informing consumers
18 portion of the discussion. Care needs to be taken as we
19 move into this Internet Age, as we move to multimedia
20 platforms that Americans in their capacities as citizens
21 and as consumers are getting the news that they need,
22 that they're getting the high quality journalism that
23 they need, and that means high quality professional
24 journalists.

25 I noticed yesterday there was a lot of

1 conversation about citizen journalists, some made
2 references to that as well today. I believe that this
3 is a term that we should watch very carefully.
4 Essentially, everybody who is in this room, because you
5 have to think about what it means to say that there are
6 citizen journalists. If everyone and anyone is a
7 journalist, what's the value of the product that you're
8 trying to sell? I mean sell, not just sell to an
9 ultimate consumer individually, but also if you're
10 trying to sell to a foundation, to say to a foundation,
11 you should support our journalism.

12 So, be careful what you say and the terms that
13 you use. Professional journalists are expected to
14 adhere to a code of ethics, that includes truthfulness,
15 accuracy, objectivity, impartiality, fairness and public
16 accountability. Maybe your list looks a little bit
17 different, but there's certainly a code of ethics that
18 journalists are expected to uphold.

19 Citizen journalists are not held to these
20 standards. Moreover, citizen journalists don't have the
21 kind of resources to do the fact checking, the analyses
22 that are necessary in order to have a quality product.
23 These are important hallmarks of a professional
24 journalist.

25 So, let's call citizens citizens. Let's

1 understand that they could be citizen sources, and
2 that's really important. We want to engage those
3 citizens, that's important, too, but let's be careful
4 and say, journalists are professional journalists, and
5 citizens are citizens that simply being in a place where
6 breaking news is happening with a cell phone does not
7 make a person a journalist. That we need the context,
8 the analysis, and the stories that make journalism
9 journalism.

10 So, let's talk for a little bit about
11 professional journalists, and make sure that as we
12 progress through this digital age, that the journalists
13 themselves have the resources that they need in order to
14 do the quality journalism that Americans need as
15 citizens and as consumers.

16 The combination of the proliferation of these
17 platforms, and unfortunately, a cyclical downturn in the
18 economy, has put a lot of pressure on journalists. I
19 speak mostly from knowledge of broadcast journalists
20 AFTRA represents. There has been a lot of pressure to
21 try to do much more with much less. A lot less time
22 available to do the journalism that needs to be done.
23 There's a request to do additional reportage for the
24 Internet, to feed that beast of the Internet, or to
25 repurpose stories for iPods, downloads.

1 Reporters used to have, particularly in TV, used
2 to have an editor or producer, a camera person or
3 videographer, in order to get the full story. Now we're
4 saying to some of our journalists, we're not going to
5 give that all to you, you need to do that, many or all
6 of those jobs yourself, and become a one-man band.

7 When reporters have more work to do, and they
8 don't have more time to do it, something has to give.
9 So, it's important that we focus on making sure, as we
10 go into this digital age, that our journalists get a
11 chance to be journalists, and do the quality of
12 journalism that we all expect and want, that people are
13 going to be willing to pay for, in one way or the other,
14 either through their pocketbooks or that we expect the
15 government or foundations to fund.

16 We need to make sure that the stories that
17 Americans need to hear about their local communities,
18 the zoning board, the schools, that all of that
19 continues to get covered. That we get the kind of
20 in-depth analysis that matters to citizens in a
21 democracy.

22 So, we need to be vigilant in this new digital
23 age to make sure that professional journalists have the
24 opportunity to do the proper investigative reporting
25 that we all want to see.

1 So, in sum, those with the expertise, those who
2 follow journalistic standards and those who are going to
3 have the time to do the proper journalistic work that
4 professional journalists continue to be respected in the
5 digital age.

6 Thank you.

7 MS. DeSANTI: Thank you, Deborah.

8 Finally, we're going to hear from Benjamin Todd
9 Jealous, who was a member of the Knight Commission,
10 about whose report you just heard, and is the CEO and
11 president of the NAACP.

12 Benjamin?

13 MR. JEALOUS: Sure, and I used to run something
14 called the National Newspaper Publishers Association,
15 and from my perspective as a federation of 200 black
16 newspapers, and my perspective I want to talk about
17 today is somewhat, I think, imbued with that experience.

18 Probably the scariest thing about the Knight
19 Commission on the future of information needs in a
20 community of democracy is its name, right? We're
21 talking about media and journalism without mentioning
22 media and journalism because we're so freaked out that
23 neither may exist and we don't want to seem
24 anachronistic in our prognosis.

25 But the idea that I found most compelling is we

1 traveled around the country, we listened to people talk
2 about the state of the quality of information, whether
3 it's in the worldly west, whether it's in urban or
4 northern California on the edge of the Silicon Valley,
5 was the idea of information deserts, both geographic, as
6 well as generational.

7 In other words, you may have broadband
8 saturation, but you may have 30 percent of your voting
9 population just not engaging. What that means, both for
10 expanding broadband access in places where it's
11 geographically just sort of a poor situation, whether
12 it's not enough competition or there's none at all, but
13 also for postal rates. Also for postal rates. Small
14 publications like the one I used to lead in Jackson,
15 Mississippi, the Jackson Advocate, we just treated most
16 of our circulation, people all over rural Mississippi,
17 the post office. But the rate structure is there to
18 really benefit mass marketers, and it constrains the
19 options for growth, for small publications, which become
20 increasingly important in this sort of media moment.

21 Part of my role on the Commission was to remind
22 people who just wanted to keep on talking about, oh,
23 there's nothing like this has ever happened before. But
24 actually, there are appropriate analogies from history
25 that are available to us, including what happened to the

1 black press as a result of the, I guess the Knight
2 Commission back then, and with the Kerner Commission,
3 excuse me, and the desegregation of media.

4 The Baltimore AFRO, the Baltimore-Washington
5 AFRO today has a circulation of I think about 25,000.
6 In 1920, it had a bigger circulation than the New York
7 Times. It was distributed in every major city from
8 Charleston to New Haven. Up and down the railroad line.
9 It had its own printing press, it was unionized, because
10 it was worth unionizing, that's how big the staff was.

11 The analogy, I could spend more than the two
12 minutes I have left or whatever, on the history, three
13 big lessons came out of the experience, and by the way,
14 the drivers were very similar, it was a loss of
15 classified ads that drove it. It was the loss of
16 classified ads to mainstream newspapers that killed
17 black newspapers. So now it's the lost to Craig's List
18 or whatever, but it's the same dynamic.

19 Three things come out. One: Giants fall. I
20 was at the hundredth anniversary of the Amsterdam News
21 last night, the Amsterdam News used to be a huge
22 publication in New York City; it's not that today.

23 Two: Opinion journalism becomes more dominant.
24 As your editorialist, I was a former managing editor,
25 the editorial budget shrinks, the opinion budget is a

1 lot cheaper than hard news, and now citizen journalists,
2 right?

3 Thirdly, the consequences of the social moment,
4 this is that I'm talking about today, the consequences
5 of the social moment are enhanced. Now, following the
6 Kerner Commission report, the social moment was one of
7 desegregation and enhancing it was a good thing. But
8 the social moment right now is a different social
9 moment. We're at moment where on the one hand we have
10 probably the smallest number of hard-core bigots in our
11 society we've ever had. Time is a good thing, and some
12 folks dying off has been a good thing.

13 On the other hand, we also, and we want more
14 people committed to a multiracial inclusive society than
15 we've ever had. We also seem to have more people in the
16 middle. People who can truly go either way. Folks who
17 are stumping and going door to door for Obama, and New
18 Hampshire got a whiff of this, where you would meet an
19 independent who was crying because he didn't know
20 whether to vote for John McCain or Barack Obama, right?
21 I mean, they're kind of towards the center, but it gives
22 an example of literally we have people who go this way
23 or they can go that way. They're profoundly different
24 leaders.

25 Because of that, we really had to be concerned

1 about what is happening in the media. We have two
2 dynamics. One, Kathy referred to, one aspect of, which
3 is the real threat of diversity in news of all sort
4 right now. Just as we have 458 newspapers that have no
5 minorities in the news room, 15 percent of our ad
6 agencies don't have any black employees. Period. Only
7 five percent of the advertising managers in the industry
8 are black. So, we're literally talking about something
9 that looks like a Jimmy Stewart movie in 2010.

10 Similarly, black media ownership is really under
11 threat, because when you have a recession, sinking in
12 with a major restructuring, the folks who are going to
13 be sort of marginal in ad budgets get hit hardest. So,
14 we have journalists being shredded faster, media being
15 under a greater threat, and then we're also dealing with
16 a dynamic that, quite frankly, where segregation has
17 been preserved in ad agencies, for instance, who are
18 critical to the budgets, say, of black radio, and black
19 newspapers much longer than should be acceptable. That
20 means that you have an environment that's more
21 vulnerable already that really is being pushed to the
22 brink.

23 At the same time, we have the mainstreaming,
24 proliferation of radio, the proliferation of radio on
25 television. So, we literally are in a situation where

1 we have to understand that there are profound social
2 implications for the decisions that we make about
3 whether or not diversity is a priority and who will say
4 the Federal Government partners with as far as ad
5 agencies, as far as where it buys ads, about whether or
6 not it decides to make finishing the job of the 20th
7 Century a priority as we move into the 21st.

8 Thank you.

9 MS. DeSANTI: Thank you very much.

10 We have got a number of wonderful and
11 provocative issues on the table, and I would like to
12 start by pulling together some themes from yesterday and
13 today, and facts, and put them together in a question to
14 all of you. We have one fact which is that the United
15 States is gaining a much higher proportion of a minority
16 population, and by 2050 is projected that the minority
17 population will be the majority population.

18 The second fact is, mobile platforms are
19 becoming more and more used, and I believe Jonathan, you
20 were talking about the movement towards mobile. The
21 third fact is that minority populations, according to
22 the Pew Report, tend to use mobile devices, or handheld
23 devices, more frequently than other populations.

24 So, I'm wondering, isn't there an opportunity
25 here for better serving minority communities and how

1 could we go about taking advantage of that?

2 Jonathan, I thought I would start with you
3 because it's probably something you've thought about.

4 MR. MILLER: Thank you.

5 Yeah, I think it is, again, it's a profound one,
6 not just in the United States, but globally, because in
7 China, there will be as many people in two years using
8 mobile devices to access the Internet as there are
9 people in the United States. India is pretty close to
10 that.

11 So, we're seeing very diverse populations on a
12 global basis coming online. Most of the Internet users
13 are no longer in the United States and that's forever
14 going to be true. So, I'm extrapolating your trend even
15 further, that it's a very broad trend.

16 I think that the cost of being online, the ease,
17 and so on, as those things become easier, the cost comes
18 down. The ability to use things becomes easier, you
19 don't require a manual to use your phone. Although you
20 could.

21 All of that serves to have many more voices
22 emerge. As I was saying before, I also think in the
23 world where socialization becomes easier and social
24 networks become easier, you have the ability to
25 self-organize. So, it's not just about Facebook and

1 Twitter and MySpace, there are literally hundreds of
2 thousands of social networks and social communities and
3 it's expanding on a global basis.

4 So, I actually think this is one of the
5 underlying natural trends that's going on towards
6 greater diversity. I think it's a United States trend
7 and it's a global trend, both are in concert.

8 MS. DeSANTI: But isn't there also a profit
9 opportunity that maybe news organizations should be
10 paying more attention to?

11 MR. MILLER: Absolutely. I think, again, on the
12 same reason that people can do it and self-organize,
13 companies can target and go after, if you want to call
14 them niches, fine, call them niches, and go after
15 different targets, different niches, in ways that you
16 couldn't afford to do before when you've just looked at
17 what it took you to do cost-wise, now you can do it.
18 Inevitably, you have to do it, because people want
19 things that are going to be tailored to them with
20 greater and greater, call it relevance. So, I think
21 actually if you don't do it, you're going to be
22 disadvantaged.

23 MS. DeSANTI: Jim?

24 MR. GAINES: Yeah, I would just say, I think
25 that there's a bottom-up solution as well as a top-down

1 one. I did a story for FLYP in Detroit, and it was
2 really not the usual Detroit story, it was a story about
3 what's going on at the grass roots in Detroit and it was
4 very, very hopeful. It was all about young people and
5 their technologies in their garages creating record
6 labels and new media. I thought it was very interesting
7 and very hopeful, also, that the director for
8 Corporation of Public Broadcasting's title was vice
9 president of diversity and innovation, because I think
10 they are inextricably linked, and I think that to go to
11 the overall question that's being raised by this
12 conference.

13 Yesterday Jeff Jarvis was very explicit in
14 telling the Federal Government to let a level playing
15 field exist and stay off the grass. I would put it very
16 differently. I would say, please make sure there's a
17 level playing field, and tread lightly, because I mean,
18 the Federal Government is us.

19 The real point is, broadband ubiquity is
20 critical to our communications future, our information
21 future, but equally critical is to make sure that that
22 doesn't come with a digital divide. There was an idea
23 that came up earlier about a device tax, that device tax
24 could be better spent to make sure there's no digital
25 divide than to underwrite the creation of journalism.

1 MS. DeSANTI: Jason?

2 MR. SEIKEN: There's another type of diversity
3 that's absolutely crucial and has been missing, I think,
4 so far from this debate, and that's socioeconomic
5 diversity. There's still a huge digital divide in this
6 country, both in terms of access to broadband and
7 especially in terms of the types of content that are
8 available, educational content that are available
9 particularly to kids. It's not an area that the
10 commercial media companies are particularly interested
11 in, because there's not a lot of advertising revenue
12 there, but it's something that absolutely has to be
13 addressed.

14 The government is putting some money into it,
15 Department of Education funded a wonderful program at
16 PBS called PBS Kids Island, which is all about teaching
17 literacy skills to Title I kids, and the Title I kids
18 are where we see a huge percentage of those kids
19 accessing this site from libraries. But there really
20 hasn't been enough focus on serving the really truly
21 needy segments of our society.

22 MS. DeSANTI: Deborah?

23 MS. OSOFSKY: I do want to add another comment
24 on the diversity idea, and that is diversity also means
25 source diversity. The fact that there are lots of

1 platforms to put information or news or stories out on
2 is great, but you need to make sure that there are
3 different view points in that that's going out on those
4 platforms.

5 So, when you have a situation where you have
6 media consolidation and you have too few view points,
7 too few sources, that's also an issue we need to be
8 aware of when we talk about diversity.

9 MS. DeSANTI: Kathy?

10 MS. TIMES: I will piggy-back off of what
11 Deborah said. Now is the prime time to do this, to take
12 this investment, because as African-Americans in our
13 community, we certainly are online, however one
14 interesting study pointed out that when we are online,
15 we're looking at consumer-related issues, career issues,
16 not necessarily health or politics; however, our
17 interest in politics is really heightened today, like
18 never before. So, I ask Jonathan Rogers, the head of TV
19 One, why? He said, it's not that we are not interested,
20 sometimes we don't trust the source.

21 So, now more than ever before is the time for us
22 to do the target marketing, to reach those communities
23 where newspapers are closing bureaus that did cover our
24 communities and were able to offer that specialized
25 coverage that no longer exists as our industry papers

1 disappear.

2 So, at NABJ, one thing that we are doing is
3 laying the foundation for our own interactive network
4 where we will use our members, many of whom have been
5 pushed out the door or they're on the beach, so to
6 speak, for a variety of reasons and their voices are not
7 being heard. But we want to offer them that platform.

8 So, I think the Internet definitely provides a
9 great place for us to all come together and partner with
10 different newspaper outlets or rather television,
11 because that is the trend now. You have got to have a
12 partner in this, because people will go to the Internet,
13 but at my television station, we have just produced an
14 entire show surrounding the web, in our content, and
15 using all the social networking and how stories are
16 broken online on Twitter, and that's where the young
17 people and African-Americans, many of them are looking
18 down at their handheld devices and getting the latest
19 information.

20 So, I think the wonderful thing about the web
21 and its content is now is the time to enter a place in
22 which in the past we were not able to have that kind of
23 money and revenue coming from the television stations
24 that we don't own.

25 MS. DeSANTI: Thank you. Elizabeth?

1 MS. JEX: I wanted to follow up on the issue of
2 interactivity and diversity to ask you all how does
3 digital technology and its interactivity allow you to
4 tell more compelling stories than analog technology
5 allowed, or more diverse stories, if at all?

6 MR. MILLER: I don't know if I'm supposed to
7 start all the questions, but I will.

8 MS. DeSANTI: We're really appreciating it,
9 Jonathan.

10 MR. MILLER: I'm happy to do it. There's always
11 a trend and counter-trend, and I think in this case, the
12 trend towards diversity of voices and stories outweighs
13 the counter, the one towards concentration. Because
14 there are so many different ways a story could get told
15 now, and so many ways it can be accessed, it really does
16 allow many more people to have a voice that they've
17 never had, and even though our company may have some
18 issues with some of the ways, the practices of certain
19 search technology, search also provides a way to find
20 things that has never existed before.

21 So, the overall trend is towards a much greater
22 diversity of sorts, much greater diversity of voice. At
23 the same time, diversity doesn't equal validity, as some
24 other panelists have pointed out, and there is that
25 aspect as well. But I think the good outweighs the bad.

1 The trend, the trend line is clear, and will continue to
2 be so from the example that Linda cited earlier of kids
3 who can now participate in different ways to people,
4 again, as on a global basis.

5 So, the trend is there. The question, to me, is
6 how does that get organized into meaningful things? How
7 does there became economics under it, the different
8 communities can be supported and there's real
9 organization and meaning and depth to the voice.

10 So, I think there will be lots of voices, the
11 question is, out of that can there emerge new
12 institutions alongside the existing institutions that
13 have both gravitas and merit.

14 MR. GAINES: I would answer, not that I
15 disagreed with anything you said, but I would answer in
16 a slightly different way. We haven't talked at all
17 about gaming in the last two days. Gaming and education
18 seems to me to be a killer app, and that is about
19 story-telling. I mean, if you could get an avatar to
20 show you your way through the French Revolution and see
21 the pamphleteers on that side and the aristocrats
22 driving through the streets on this side, you don't
23 forget that. It's not something you have to memorize
24 for the test.

25 Gaming brings with it, somebody called this a

1 culture of persistence, it's something you keep at. As
2 the father of three kids of school age, persistence is
3 something I strive for in their study habits.

4 But anyway, software development. We need to be
5 talking more about software development, about bringing
6 software development into the story-telling process,
7 about bringing gaming into the story-telling process,
8 and about the new devices, as I said, and I think that
9 as we learn more, this is sort of like getting new pens.
10 We need to learn how to put video and text and flash
11 animation, or any sort of animation, JavaScript, and
12 information graphics that move and databases that stream
13 through information graphics that move.

14 We need to form a new vocabulary of
15 story-telling around these new tools and devices. Just
16 I mean, the story-telling is just far more compelling
17 when you use all these media at once, and it's a great
18 new day. I mean, I think that I'll quote another
19 panelist from this morning who said we should not
20 concentrate so much on the dying patient, but on the
21 baby that's being born.

22 MS. JEX: I just wanted to follow up with Jason,
23 can you describe a little bit about the gaming and the
24 interactivity with children's programming at PBS?

25 MR. SEIKEN: Well, PBS, of course, we devote a

1 lot of our resources to media for kids, educational
2 media for kids that's all curriculum-based. I can
3 certainly endorse Jim's statement that at least for the
4 two to nine-year-old set, games are killer app, the
5 killer educational app. You put a game in front of a
6 kid, and all of the sudden, he or she is not engaged in
7 the lesson, he's engaged in something in fun learning.
8 We've seen it over and over again in sites that we've
9 launched, we're just about to launch one around biology,
10 and the administration has a big initiative around STEM,
11 science, technology, engineering and math, and this
12 really, for young folks, games is the best way to get at
13 that.

14 I also, while we're talking about kids, I want
15 to raise something that I don't think has been talked at
16 all about, but we've all over the last two days heard a
17 lot about the diversity of voices, the fragmentation,
18 the fact that professional journalists aren't the only
19 ones who are providing information, it's no longer a
20 world of newspapers and Walter Cronkite giving you your
21 information.

22 In that environment, what's really crucial and
23 is missing is media literacy for kids. Because when I
24 grew up, you knew who to trust, right? You trusted your
25 local paper, you trusted the New York Times, you trusted

1 Walter Cronkite. I'm dating myself. These days, kids
2 growing up, do they know the difference between a
3 blogger or a citizen journalist or the New York Times?

4 MS. DeSANTI: Excellent question. I doubt my
5 kids do.

6 Did you have something you wanted to say,
7 Jonathan? I have another question.

8 MR. MILLER: No, no, please, go ahead.

9 MS. DeSANTI: Well, I just, I really, I want to
10 say based on my own experience that the gaming as a
11 teaching tool is powerful long after nine years old.
12 Especially for boys like my guy. I suspect that if we
13 all could read stories in that kind of a mode, we might
14 find it taking us into new experiences and new learning
15 that we hadn't thought of before.

16 So, I'm wondering how all of you are thinking
17 about the future. Obviously the present is very
18 involving and very much on everybody's minds, but in the
19 future, you are going to have these people like my
20 12-year-old who learned about Roman life by going
21 through the maze of a Roman town, through a game, that
22 her teacher had created, and she's going to be expecting
23 things to be equally interesting when she goes looking
24 for news.

25 So, are we thinking about that for the future?

1 Benjamin?

2 MR. JEALOUS: So, one of the best kept secrets
3 about the NAACP is that we really started as a media
4 company. You look at how we spread and grew so quickly
5 in the second decade of the 20th Century because of our
6 leadership, from Ida B. Wells to W. B. Du Bois to Walter
7 White, eventually Roy Wilkins. We're all journalists.
8 They wrote. They wrote prolifically through black press
9 and through mainstream press. The Nation, the publisher
10 of the Nation was actually one of our founders, the
11 publisher of the Nation before Du Bois even founded the
12 crisis, we were in its pages, on a weekly, monthly
13 basis.

14 So, as a journalist coming into this and the
15 first journalist to run it since Roy Wilkins left, and a
16 young one, I've been very focused on bringing new media
17 into how we do what we do. So, one of the things that
18 we realized was we had a bunch of young people coming to
19 our website looking for civil rights history. We are
20 going to launch a website that will not only tell the
21 story of the NAACP in a way that's engaging, using folks
22 who designed websites for the Smithsonian and so forth
23 to design this virtual museum, but they also allowed the
24 1,200 communities that are active in the NAACP around
25 the country to upload their civil rights history and to

1 bring it down by heroes and really tell the stories
2 locally, encourage them to tell good stories. We're
3 modeling it off of something that was successful at the
4 California Council for the Humanities.

5 We're also rapidly building technology to serve
6 the information needs of communities, for instance,
7 about police brutality. So, we put up something called
8 Rapid Report that allows you from your iPhone or your
9 BlackBerry to actually file everything that we need to
10 go to the Department of Justice to seek a pattern and
11 practice investigation right with us from your PDA.

12 In a few months, we had 700 reports. We linked
13 it up to Google maps and were able to see trends and in
14 about a year or so we will actually roll this out and
15 citizens will be able to see what the trend is in their
16 community and will expand that to sort of through the
17 range of discrimination complaints.

18 Voting last year, we created a viral voter
19 registration application that increased, in the last
20 three weeks of the National Voter Registration period,
21 increased our tally for the year, the number of voters
22 that we registered throughout the country, by 20 percent
23 in two weeks, and brought down the cost by 80 percent,
24 from \$7 to \$8 per registration to 76 cents.

25 I put all of that out there to say that part of

1 this is about news, part of this is about information
2 and civic engagement, and preserving civil life. There
3 is an increasing void that nonprofits have to step up
4 and fill. There's a real opportunity to do that. Kathy
5 referred to it with what they're seeking to do at NABJ.
6 If we're going to maintain a sort of vibrant civic life
7 in this moment of transition, because we've relied on
8 professional journalists, for instance, for types of
9 information like investigative reporting, that simply
10 isn't being done anymore, in many communities.

11 So, what we're seeking to do with both
12 digitizing the complaints that we're receiving,
13 categorizing them, representing them geographically,
14 partly it's to make it easier for the voter, but partly
15 to make it easier for the journalist in that community
16 to recognize the trend because they may not have the
17 budget to go through all the files or in some instances
18 the access anymore to the records down at the station
19 that we used to be able to access freely.

20 MR. MILLER: I will take a shot at tying
21 together games and journalism, and a little bit of what
22 was just said. Because I don't think we want to turn
23 journalism into game play, but these interactive game
24 companies are really terrifically good at what they
25 understand as an engaging premise and then they really

1 know what you do when you play. They know how long you
2 play, how much you play, what you click on, what you
3 don't click on, where you came from, what you go to, how
4 long do you stick with it. That's what actually those
5 game companies get fantastically good at is
6 understanding how to do that. Incentivize your human
7 behavior.

8 If you think about it now, what's becoming
9 available to journalists and to people who use the
10 medium is you can tell how long someone reads an
11 article, did they click on the photo, did they not,
12 where did they come from, where did they go, did they
13 look to find out more information about it or not. You
14 can really begin to understand how to motivate behavior
15 in a different way if you really pay attention to that
16 stuff.

17 So, I think that's a powerful tool for
18 journalism and journalistic organizations if you think
19 that way. Also, some of the information you were just
20 describing, providing that to people who might not
21 otherwise be able to do all this kind of analysis or
22 assembly, all of that can be provided, again, this used
23 to be impossible. Now it's actually relevant, what I
24 just described is relatively mundane by your smart kid
25 in a garage kind of stuff because the technology has

1 really progressed that far.

2 I think that's a terrific thing to harness. Now
3 you're not just making an engaging story, you know
4 exactly how engaging it is and what people like and
5 didn't like about it, just by their behavior. You never
6 knew any of that before.

7 MR. SEIKEN: I would agree with that and I would
8 also mention another trend that we're seeing,
9 particularly when it comes to gaming and particularly
10 with how younger folks interact with content and the web
11 these days. That trend is a trend of turning over more
12 and more control to the audience. You see it on
13 Facebook, you see it on MySpace, but you also see it in
14 the more affected games.

15 We're launching a gaming site this month called
16 Lifeboat to Mars which is all about biology curriculum
17 for kids, and in order to win the game or in order to
18 advance to the next level, you need to know your facts.
19 But the really interesting thing is once you advance to
20 the next level, it opens up a modding level, and modding
21 is slang for modifying level, it allows the user to
22 modify the game and to create their own game and you
23 can't create your own game unless you know the facts,
24 unless you know the curriculum.

25 This type of approach is becoming not just more

1 popular, but really what the younger audience expects
2 and demands.

3 So, I think, and I was a journalist for 15
4 years, so don't shoot me, the purists in the room, but I
5 really think that journalists need to be open to these
6 types of developments and these types of opportunities.
7 It's too many of my friends and colleagues in news rooms
8 around the country are still very much focused in this
9 one way type of we grew up in the mountaintop and we
10 deliver the news to folks, when it ain't that way
11 anymore. It's very much, for the successful
12 organizations, it's very much a two-way street.

13 MR. GAINES: Could I just add my total agreement
14 with that? Google Analytics is great for finding out, I
15 mean, it's pretty primitive compared to what you're
16 talking about.

17 MR. MILLER: It's not bad.

18 MR. GAINES: From what the gaming guys
19 understand, but we get a lot of information on exactly
20 how readers move around our stories, what they click on,
21 what they don't. We try to learn the lessons from that,
22 and it is true, it offends that traditional journalistic
23 sense that we are the experts and you are the consumers.
24 That whole mindset needs to go away and we need to
25 understand that just having more information doesn't

1 prevent us from making imaginative leaps and figuring
2 out that there's a better way to tell this story. The
3 fact that we know more doesn't make us less, it makes us
4 more, it makes us able to get more off the page. We
5 just have to keep thinking about it what we're getting
6 into people's minds.

7 MS. DeSANTI: Deborah?

8 MS. OSOFSKY: I did want to pick up on something
9 that Mr. Jealous said about the use of his website to
10 gather information, that there's this information about
11 police brutality, people send it to you, you're trusted
12 and that's excellent, and so the information comes to
13 you, but then you use your journalists to then take that
14 information and do the other pieces, go do the
15 interviews that need to be done, do the analysis that
16 needs to be done.

17 So, it's a fabulous use of the Internet. It's a
18 fabulous place to be, but still, you're essentially
19 crowd sourcing, pulling in the information, but
20 ultimately, it goes through journalistic standards and
21 you have the time and the energy to be able to make it
22 into a proper story and have it be a trusted news story
23 at a later point. So, that does seem like a very
24 positive part of what we're dealing with in terms of
25 digital revolution.

1 MS. JEX: I wanted to bring Linda back in the
2 conversation by asking you, do you think that small
3 towns in America who still are able to engage in sort of
4 analog traditions are performing the same kind of
5 engagement that we've been discussing with digital
6 technology in larger communities?

7 MS. SOLOMON: I would hope so. It's interesting
8 when I talked about in our effort to save our paper, and
9 I neglected to say we now have 3,000 new subscribers,
10 but also with the impact of incorporating children and
11 their wonderful knowledge of technology and certainly
12 photography, I think it's so important for them to
13 enhance that knowledge that they have in photography,
14 and incorporate their image-taking into newspapers by
15 the expression of true feelings.

16 In a program I developed for homeless children,
17 where I visit shelters all over the country and I treat
18 the children as journalists when I ask them to go off
19 and capture what they hope for for a better life. Now,
20 the images that they take are presented on cards and 100
21 percent of the proceeds goes back to helping them, but
22 when they get to see the images on the Internet and when
23 they share these images, it's life-changing. Some of
24 the things that the children have expressed. Sometimes
25 it's not easy to express something that's so personal,

1 but verbally, but when you can express it through
2 photography, and when those images can be seen and
3 hopefully change one's life.

4 I just, if I could give you a brief story, when
5 we go to shelters, we find that when we ask the children
6 what they hope for for a better life, they never hope
7 for anything materialistic. They always hope for a good
8 education. So, I feel that our program is really
9 dispelling many misconceptions about the homeless in a
10 variety of ways. But one image in particular really did
11 change a child's life. It was an image of one little
12 boy, he said I just hope one day to get a scholarship,
13 and he had photographed the exterior of Rhodes College
14 in Memphis and someone had seen this photo online and he
15 now has a four-year scholarship.

16 So, we now know that something like this has
17 changed this child's life, but it's so important to show
18 these children that their feelings matter and that
19 they're respected and that's always been my goal in
20 working with children. I treat them just the way I
21 would treat a friend who's a photojournalist. I give
22 them that kind of respect so that when they go off on
23 their assignment, they truly open up and share what's in
24 their hearts.

25 MS. DeSANTI: Thank you.

1 Does anyone have a point they would like to make
2 that they haven't had a chance to make?

3 **(No response.)**

4 MS. DeSANTI: You've been a terrific panel.
5 Please join me in thanking everyone.

6 **(Applause.)**

7 MS. DeSANTI: We're going to go right into Lisa
8 George's presentation now. Could you all please take
9 your seats now.

10 We're going to have a presentation from Lisa
11 George, who is an associate professor of economics at
12 Hunter College. She is an empirical applied economist,
13 that means she deals in facts, not theories, although
14 I'm quite sure she's quite experienced with theories as
15 well, specializing in the fields of industrial
16 organization and political economy. She has a special
17 interest in the economics of media markets and her
18 current work examines factors that shape the production
19 of differentiated content, which we've been talking
20 about since yesterday, and the role of media in social
21 networks, product consumption and political
22 participation.

23 Thank you, Lisa.

24 MS. GEORGE: So, today I think my contribution
25 to this discussion is to talk to you a bit about the way

1 economists think about media markets and how they
2 deliver value, and then the ways in which technology
3 changes those fundamentals of media markets.

4 Economics also has, I think, a useful way of
5 thinking about the good and the bad. What we gain and
6 potentially what we lose, and how to balance between
7 them.

8 So, I have a lot of detail in my slides, you can
9 look at them later, I'm not going to cover all of that
10 material.

11 So, I'm going to talk about five fundamental
12 characteristics, economic characteristics of media
13 markets. The first is high fixed costs. We've heard
14 about this, it's first copy costs. In traditional media
15 markets, these costs of generating content have
16 naturally limited the number of papers that any single
17 market can support. Large cities have bigger papers,
18 have more papers, and they also have higher readership.
19 That's important because you can spread these content
20 costs over a larger population.

21 One consequence of this that I've found in my
22 work is that groups with minority taste, I mean I've
23 looked at minorities specifically, but in general groups
24 with distinct tastes are less likely to read traditional
25 media in markets where they're a smaller part of the

1 population. So, this is a real disadvantage that just
2 comes from these fundamentals of when you have a larger
3 market, you can spread these costs.

4 Technology lowers much of the costs of producing
5 content, easier and cheaper access to data and facts and
6 opinions and also opens the market for the supply of
7 content. From a consumer standpoint, we're at the FTC,
8 so we're thinking largely about consumers, this really
9 reduces the advantages of being in a large market. So,
10 you're in a small market, you can access information
11 that you might not have been able to support in your own
12 paper, and you have more content that can satisfy
13 minority tastes.

14 So, when we think about the new regime or the
15 new shape of media markets, these are important
16 advantages of new technology.

17 The second attribute is distribution costs.
18 Newspapers are heavy, it takes a long time, and a lot of
19 gas, and a lot of effort to move them around physically.

20 It is this physical cost of moving around
21 newspapers that has shaped the geographic nature, the
22 very small geographies of our small newspaper market in
23 the U.S. Still, even if you think of today that we have
24 a smaller number of newspapers as five or ten years ago,
25 we still have about three times as many newspapers per

1 capita than many European countries, which have more
2 concentrated populations in smaller geographies, in part
3 because you can just get the news to people more
4 quickly.

5 What we have lost, what we have less of in the
6 United States, when we had to physically move around
7 those papers, is some of the differentiation of opinion.
8 Only the very largest cities could support more than one
9 paper with different view points. This is, again, part
10 of just the fundamental costs of moving newspapers
11 around.

12 Technology has transformed this distribution
13 cost aspect more than anything else. I mean, it
14 essentially costs nothing to move information across
15 space. In electronic format, and so this naturally
16 leads to less geographic and more viewpoint
17 differentiation. We've seen this trend, really since
18 the beginning of television, but it's continuing today
19 in the print world with the Internet.

20 So, as we think about changing newspaper markets
21 toward fewer papers covering larger regions, part of
22 this is a movement toward something that we just
23 couldn't have before, not necessarily that people needed
24 or specifically wanted before. That's an important
25 distinction.

1 Now, another effectiveness is what everyone,
2 when you can move around information costlessly, well
3 then everyone has access to everything. If you're going
4 to read two articles this week about the war in
5 Afghanistan and one about the health care bill and maybe
6 a couple of product reviews, you're going to choose the
7 best ones, likely, or maybe the ones that are easiest
8 for you to access.

9 So, this will mean more attention to a smaller
10 number of writers, we'll call them content producers,
11 but they might be analysts, they might be experts, they
12 might be reviewers, they might be reporters, but you'll
13 in economics we call this a superstar market and there
14 are lots of places where technology is leading to more
15 superstar markets with more attention focused on fewer
16 players. That is something that we will clearly see in
17 journalism.

18 This year's Nobel Prize in economics went to
19 Oliver Williamson, who wrote his work on the nature of
20 productive activity that gets organized inside a of
21 firms versus economic activity that's sort of organized
22 in a more decentralized way. In my view, there's no
23 industry where that Nobel Prize work is more relevant
24 than in newspaper markets.

25 In a world where there were few opportunities

1 for writers and experts to interact directly with
2 readers and individuals and citizens writers and
3 journalists worked for newspapers, they were tightly
4 integrated, newspaper firms provided the resources,
5 there was certainly low pay for journalists, low pay in
6 this industry, but there were lots of journalists, and
7 there wasn't a lot of risk of failure.

8 As technology allows more and more direct
9 contact between readers and experts or journalists, we
10 expect to see the disintegration of that tightly
11 integrated newspaper firm. So, we expect to see more
12 freelancers, more writers who are, say, experts in a
13 topic in academia, or in think tanks, and other types of
14 experts interacting directly with the public.

15 We see this already, we see, say, the New York
16 Times hiring experts from outside, rather than sort of
17 growing them in-house. We see more and more attention
18 focused online toward non-journalists.

19 The content type, sort of following the Oliver
20 Williamson theory of the firm analysis, some types of
21 content are still going to reside within firms and the
22 content type will really determine the vertical
23 integration for the future.

24 What this in part means in terms of a welfare
25 trade-off is more of the returns, more of the profits,

1 more of the value in writing is going to be captured by
2 the writers and the content producers, not necessarily
3 these media institutions, but there will be fewer of
4 them.

5 This slide has got a little too much jargon on
6 it, but we've heard, I missed yesterday, because I was
7 teaching, but I know we heard about aggregators versus
8 content producers, and economics has something to say
9 about this topic.

10 The value created in media markets has always
11 had two components to it. There's the value to people
12 of a particular story or article. So, I learned
13 something about health care in Vietnam, I learned
14 something about education reform, I learned something
15 about health care. So, there's value in that content
16 you read.

17 But there's also value to consumers in the
18 editorial function of picking the topics every day that
19 you're going to put in a particular piece of media to
20 cater to tastes. The New York Times does a pretty good
21 job of aggregating up topics that I like; however, there
22 are a couple of blogs that I follow, like the Marginal
23 Revolution, that does an even better job of finding
24 topics that I particularly am interested in.

25 But these two sources of value have long been

1 combined within media firms, but there's no reason that
2 they have to be and technology separates them. Because
3 its advertisers really value this bundling aspect,
4 advertisers don't really care very much about any
5 particular topic, they care about reaching consumers
6 with particular tastes.

7 So, the value in the bundling is really where we
8 would expect to see advertiser funding. So, I think in
9 the future, we will see advertisers focusing on the
10 bundlers. Newspapers are good bundlers, media firms are
11 good targeters, at least some of them. But the market
12 for bundling is competitive now. Used to be a monopoly
13 market, or close to a monopoly market, but today,
14 anybody can enter the market for bundling. They might
15 fail.

16 So, advertisers will be there. This, I think,
17 the crucial piece for the future is the funding that
18 leaves how do we capture the value for that content. I
19 am a big proponent of micropayments, penny per click.
20 If you have 100,000 clicks on your article, you can
21 support content in this way, and I mean, there are some
22 reasons why I think media firms are resisting it a
23 little bit, but the technology is there.

24 So, in my view, this is the missing piece. From
25 a welfare standpoint, we've been hearing about how bad

1 this is because advertising subsidizes content,
2 whatever. But there are reasons that this is actually a
3 good shift. Despite what you hear from journalists who
4 know we have a code of ethics and we beat up on our
5 advertisers and we don't give them special treatment,
6 there are always incentives inherent in advertiser
7 finance to produce the kind of content that will attract
8 advertisers.

9 So, the New York Times added a home section a
10 few years ago. Not because of some intrinsic desperate
11 need for people to read more about interior design, but
12 there were firms selling a lot of furniture and home
13 design products, and they could attract this
14 advertising. So, it doesn't have anything to do with
15 your code of ethics and do you beat up on the furniture
16 producers or not, but there's an incentive to produce
17 content that will bring in more revenue when you have
18 advertiser finance.

19 So, losing advertiser finance in favor of
20 subscriber-funded finance is a very good thing in that
21 you see a shift toward more value.

22 One example that I've used about this distortion
23 toward advertiser funding is that the largest papers
24 with the most elite, high-educated, high-income readers,
25 tended to have the largest share of revenues from

1 advertisers. So, if you were at sort of a paper in
2 Topeka, Kansas, you were already funding your content
3 more with subscriptions than with readers than you were
4 with advertisers.

5 So, this advertiser funding, if anything, it
6 distorted content toward what was preferred by elites.
7 So, it's another reason why subscriber-funded content
8 can benefit us.

9 So, finally, my research has had quite a bit to
10 say about the externalities associated with media
11 markets. So, what you read affects what you do. What
12 you talk about, whether you vote, what you buy. Also
13 the presence of an active press can discipline
14 politicians because the fear of exposure disciplines
15 politicians can potentially limit corruption.

16 So, these are important things to think about
17 when we consider exchanging technologies and changing
18 media firms. But what we're seeing, it's not
19 necessarily a loss of attention, people are not
20 consuming less information about their world today, but
21 it is a shift. So, we see people consuming less local
22 information and more national information.

23 So, when we think about externalities, we have
24 to think about, well, we're shifting the behavior and
25 attention and voting and interest from local things to

1 national things. For much of the 20th Century, a
2 criticism of the U.S. was isolationist, provincial, too
3 focused on domestic affairs, not enough focus on the
4 world.

5 So, a shift away from some local topics toward
6 more national and global ones made possible really first
7 with television, and today with the Internet, is not a
8 slam-dunk bad thing. It takes some data, it takes some
9 measurement, and some careful theory to weigh these two
10 things, but the important message from me today is that
11 there are things to weigh and balance. This is not a
12 story about well, here is what we lose.

13 It's the same factor on the politicians side.
14 So, when we think about, okay, we are moving to the
15 world with fewer papers covering large areas, we're
16 concerned that maybe we have less eyeballs on different
17 political offices, and so maybe we have more
18 opportunities for corruption.

19 But any given story, any given case, has much
20 more widespread and much more dramatic impact. So,
21 maybe the probability can go down of detection, but the
22 consequences can go up.

23 So, in the story I was talking about recently
24 has been the case of, I live in New Jersey, the New
25 Jersey Rabbis, a corruption case in Newark, which

1 instantly made national news over the Internet, on
2 television, actually some international coverage as
3 well.

4 So, these types of cases have a much more
5 dramatic impact when the world can see them than when
6 they were much more localized.

7 So, again, not to say that always the balance
8 works toward the future is better, but you need to weigh
9 the two factors.

10 So, we'll summarize sort of my trends, fewer
11 papers, more viewpoint differentiation, less geographic
12 focus. Larger freelance market for journalism,
13 especially for topics where expertise matters. So,
14 where journalists compete with academics or think tanks,
15 I think this plays less integration. More advertising
16 funding for the bundling piece, more reader funding for
17 content.

18 Then some gains and losses, at least the trade
19 we need to make, geographic versus viewpoint
20 differentiation, the geographic, the large number of
21 smaller papers in our country, different than many other
22 places in the world, arose in part because of the
23 physical costs of moving papers. Viewpoint
24 differentiation, which we've been gaining, has
25 advantages as well.

1 Advertiser funding, skewed content, especially
2 toward elites, and as we move away from advertiser
3 funding, we can get closer to the types of content that
4 people actually want to read.

5 Superstar markets for journalism, higher risk,
6 fewer journalists, but higher reward.

7 Finally, behavioral locally versus
8 externalities. So, local versus global externalities,
9 we need to make that trade-off.

10 My time is up, thank you.

11 **(Applause.)**

12 MS. DeSANTI: I would like to invite the
13 panelists for the next panel, the one we've been waiting
14 for, the new news, so come on up and join us.

15 This is the panel that everybody has been
16 waiting for, because it is about the new news, new kinds
17 of websites that are emerging now, and we're going to
18 start with John Servais, who has been a political
19 blogger with Northwest Citizen U.S., which he founded,
20 since 1995. So, we have one of the pioneers with us.
21 He was also a weekly newspaper publisher for three years
22 and has worked on weekly alternative and other daily
23 newspapers.

24 John?

25 MR. SERVAIS: Thank you. I started in Green Bay

1 Press-Gazette, 1960, when I was 20 years old as a news
2 photographer, a wonderful start covering Lombardi and
3 the Packers as a kid. I had no idea.

4 I want to say a little bit really in the opening
5 of what Northwest Citizen is, why I started it, how it's
6 evolved and its future, and I can't do that in three
7 minutes.

8 What it is, it was started, despite my
9 background in journalism, in and out of newspapers, and
10 alternative newspapers, and weeklies, it started because
11 of civic activism, and a frustration with the local
12 daily newspaper not covering news that we felt should be
13 covered. A couple of incidents that we had about 19
14 years ago.

15 For about ten years, it was strictly myself and
16 a few other friends who wanted to contribute, and we did
17 all the hand coding, the old-fashioned way. In fact, we
18 started it before there were really any programs to do a
19 whizzy-wog, but two years ago, I was able to take the
20 technology and do a database which we bought and we now
21 have about a dozen writers, I started off with a list of
22 30 to 40 writers that I would like to get.

23 These are people in the community, this is a
24 little town of 100,000 people north of Seattle. People
25 in the community who perhaps they're former elected

1 officials, perhaps they're professors at the college,
2 perhaps they're accountants, but they're citizens who
3 have a tremendous amount of expertise in some particular
4 fields or knowledge of the local political scene.
5 They're not just plain people who have an opinion.
6 They're people who know what they're talking about.

7 Just as you can look at your daily newspapers
8 for guest columnists, this is what we're looking for.
9 There is a tremendous amount of expertise as we've heard
10 from a couple of previous speakers, in the communities.
11 They don't get paid for writing, but they can write any
12 time they want, any length that they want, 100 words,
13 3,000 words, I don't care. They can post them in the
14 middle of the night if they're inspired, there is no
15 editor. We do have editing services available for typos
16 or sentence structure or even rearranging their
17 paragraphs. We want good writing.

18 So, in the last two years, we've done that. A
19 key thing to Northwest Citizen, anybody can comment, but
20 the real actual name appears under their comment. There
21 are no anonymous. We verify each person that they are
22 actually the person that they are, that they say they
23 are. We have had a few attempts at people pretending
24 they're somebody else, perhaps through misdirection,
25 mischievousness, whatever, we've stopped it.

1 We have over 150 commenters and we're open to
2 more. We are not trying to go for quantity, we are
3 going for a good online discussion. Boy, when a person
4 is putting their actual name to their comment, that's a
5 huge filter to keep the comments relative to the subject
6 and not out of bounds.

7 We removed one comment once because it got out
8 of bounds and that person we later had a beer, we
9 straightened things out, they're back commenting.

10 I think I've mentioned the why, okay. By the
11 way, the subject of the daily paper would not cover
12 eventually blew up into our local port authority, \$4
13 million loss, none of the commissioners were re-elected
14 and three staff were fired, but for a year, our local
15 paper would not cover it. Went to the Seattle PI, a
16 wonderful paper that's no longer with us, and they came
17 up to Bellingham, checked it out and made it a
18 front-page story and that's what started to blow it
19 away. But our local paper ignored it. They were in bed
20 with the Court.

21 It's evolved now into a community discussion.
22 Sort of unique. The format we've put together, you'll
23 have to look at it, it's hard to describe it. The
24 future. I'm getting more interest from advertisers.
25 I'm going to be putting a new thing called Kachingle,

1 which allows voluntary donations to websites. It's
2 brand new, in beta right now, I have no interest in the
3 company, I'm interested in their concept.

4 My time is up. Thank you.

5 MS. DeSANTI: Thank you very much, John.

6 Next we will hear from Paul Bass who is the
7 executive director of the not-for-profit Online
8 Journalism Project and the editor of its daily news
9 site, the New Haven Independent.

10 MR. BASS: Thanks, Susan, thanks for having me.

11 I would like to say this is the best time to be
12 a journalist. I have been a reporter for 30 years.
13 I've loved every day of it, because I love being a
14 reporter, and this is the most fun I've had and the most
15 difference I've ever made because I'm online doing
16 nonprofit, independent local reporting.

17 Let me just take you back and walk you through
18 it. I was on a book leave about five years ago, I
19 didn't want to go back to my news room, because even
20 though I liked the people, the company had been bought
21 by a boring, smiley-faced chain that took us to seminars
22 about how not to tell people their lead stunk because
23 then you're going to get sued and so you have to kind of
24 be phony all the time and not really run a newspaper.

25 I said, how am I going to do the reporting that

1 I love to do? I didn't like blogs, because I was a snob
2 and I said I would do real reporting. I noticed on the
3 Internet there was a chatroom, people were talking about
4 make it like a public utility. Develop the funding
5 model of the NPR style, not-for-profit, raised \$80,000
6 to start, because I had to make a living, get some
7 freelancers, just to cover news in New Haven.

8 What's happened in the last four-plus years has
9 really surprised me. Our budget has grown to close to a
10 half a million dollars. We have two editions now in our
11 community, our second district community that had no
12 papers for the last 17 years. We break a lot of stories
13 all the time. We're a daily. We've involved our
14 community in the traditional way of shoeleather
15 journalism, we break stories that have made a
16 difference, formed a safe streets coalition, gotten a
17 corrupt person out of a job and everything, but more
18 importantly, the reporting has sparked a community
19 conversation and accountability for us that I have never
20 experienced before.

21 When there's a shooting in a poor neighborhood,
22 the family of the person getting shot is speaking with
23 someone who makes laws and with someone who would never
24 go in that neighborhood. This happens day in and day
25 out, and as our journalism role is being defined, which

1 is what we went into business to do, just to cover
2 stories all the time, tell the stories in new ways, more
3 immediacy, use video and all that, but our opinions
4 count less, and journalism begins the conversation
5 instead of ending it. This good reporting starts a good
6 conversation and people decide where to take it.

7 The other media has been affected, too. Since
8 I've been in New Haven, we've gone from two newspapers
9 coming out every day, print, that have good-sized staff,
10 to one that has hardly anyone there. Five radio news
11 rooms, all gone, all big corporations, so now it's being
12 reborn.

13 When we started out, no one was covering the
14 school board. We showed up, the school board wasn't
15 even showing up. We took attendance, their rates were
16 lower than the people getting kicked out of high school
17 for truancy. We wrote about it, not only did they start
18 coming again, the daily newspaper started coming again.

19 This happened with the zoning board. We have a
20 friendly competition, not from under-funding, basically
21 from different levels we have accomplished from the
22 stories.

23 Then when national stories break, that's fun,
24 there's this terrible murder at Yale, we got on national
25 TV a lot, people were using our stories. But what

1 really matters is the day-in/day-out local reporting,
2 and I think it's making a difference.

3 Everybody says what is your site? This morning
4 I was at the Senate doing a story, they didn't know what
5 news room to put you in, are you print, I was trying to
6 figure out what do you call it, like Razzles, when you
7 were a kid, is it a gum or a candy? I decided what we
8 are is journalism-driven communities. The community
9 online that starts with news reporting, but doesn't end
10 with it.

11 Future funding, to make it sustainable, we have
12 to come up with a lot of ideas. Some of us will
13 survive, some won't. We are talking about partnerships
14 with national organizations that cover local races,
15 viable news room, we're going to get a development
16 person, I will talk about that later if I have time.

17 Thanks.

18 MS. DeSANTI: Thank you very much.

19 Next we will hear from Marcia Chambers who is a
20 journalist in residence and research scholar in law at
21 the Yale Law School, as well as editor of the Branford
22 Eagle, her town's online newspaper.

23 Marcia?

24 MS. CHAMBERS: Thank you very much, Susan, it's
25 very important that you are having us all here today and

1 I am sure you are going to find a way to keep us all
2 here.

3 I am part of the New Haven Independent and I
4 began the Branford Eagle almost four years ago. I
5 didn't begin it because we had no local newspapers in
6 town. We had two weeklies, and we only have one now,
7 but we had two. I began it because those two along with
8 the regional paper were not covering the news of the
9 day. This is similar to what John was saying, and in
10 particular, we had an election that led to a whole
11 series of events that was going uncovered that would
12 have changed dramatically the government of Branford, as
13 well as its commissions and its whole life.

14 My neighbors pleaded with me to go attend some
15 meetings. This was the last thing I wanted to do, I was
16 a magazine writer, I had no intention of becoming a
17 local news reporter at all. I spoke to Paul, because I
18 certainly wasn't going to work on those other two
19 newspapers, and he suggested I come on board. I began
20 the Branford Eagle as a column, so I was not laid off.
21 I did this as a mission in the very beginning, and I
22 must say at the end of the two years, the elected
23 officials that had been elected were removed from
24 office.

25 Over the four years of the Branford Eagle, as

1 Paul has said, a lot has changed in our area.
2 Connecticut as a small state was attached sort of at the
3 hip a little bit to the New York Times, where I worked
4 for many years. There was a Connecticut section. There
5 is no longer a Connecticut section. Nor does the New
6 York Times cover the state house anymore.

7 The Hartford Current has very few people in the
8 state house and no longer covers the cities of New
9 Haven. It is in bankruptcy. The New Haven Register,
10 also in bankruptcy, it has no one covering the state
11 house.

12 In part, this has led to a new development. I'm
13 a member of the board of directors of a new organization
14 that will begin to publish in January the Connecticut
15 Mirror, which will have people at the state house in
16 Connecticut in Hartford to look at state government and
17 public policy and other issues. This is also funded,
18 it's a nonprofit like we are, and it is funded in part
19 by foundation funds.

20 So, that is also an effort I am on, part of some
21 of whom come from the Current to invigorate our state
22 coverage, of which we have very little at the moment.

23 The Branford Eagle actually expanded from a
24 column to what I like to think of as a community
25 newspaper, about a year ago. One of the dailies of the

1 Branford Review folded. The Journal Register Company,
2 which owns the New Haven Register, also purchased some
3 years ago, I'd say probably ten or 15 years ago, 16
4 weekly papers in and around the New Haven area. All 16
5 were closed about a year ago. The editor and reporter
6 of one of them came to me and said, would you expand,
7 and I agreed that I would, and I tried to get them to
8 cover nearby towns, no, they only wanted Branford.

9 So, as a result, I now have a staff. These are
10 freelancers, I have to do copy, as Paul reads mine, and
11 we go from there. It's an been extraordinary
12 experience, we can cover a great deal and we're becoming
13 a very vibrant newspaper, I think, online, with lots of
14 comments.

15 Last week, I asked a new blogger to come aboard,
16 not a reporter, a blogger, and she is doing educational.
17 We've already got 11 to 12 comments, so we've tapped
18 into an area that needs to be done, and that's what's so
19 much fun about it.

20 Thank you very much.

21 MS. DeSANTI: Thank you, Marcia.

22 Next we'll hear from Jim Brady, who is president
23 of Digital Strategy for Allbritton Communications where
24 he's currently working to launch a local Washington,
25 D.C. news website. He previously served as executive

1 editor of washingtonpost.com for 2004 to 2009.

2 MR. BRADY: Good afternoon. Always good to be
3 on the last panel of a two-day session.

4 MS. DeSANTI: Somebody has to be last.

5 MR. BRADY: Somebody has to be. About a year
6 and a half ago, I was up in New York at CUNY, at one of
7 Jeff Jarvis' all-day sessions on how to build a news
8 room of the future, specifically the local news room of
9 the future, and I was white boarding while Jeff was
10 talking about how many people it would take to build out
11 a local news room, and if you were just doing it only
12 with no print, and little did I know a year later I
13 would actually be doing it.

14 For me, when I took my time toward the end of my
15 time at the Post, end of last year, I started to drift
16 towards this idea of, God, I would love to go out and
17 build a news room from scratch, not that I don't love
18 journalism, not that I don't love the Washington Post,
19 which I do, but I had started to realize that for as
20 much as we had done on the web we were sort of like the
21 in-law suite attached to the house.

22 You were in the house, which was great, but you
23 were really not driving the ship, you were sort of off
24 on an addition they had built to the house. I really
25 got to the point of thinking I wanted to do something

1 where you could build a house from scratch, because I
2 was at a conference a couple of weeks ago in Columbia,
3 Missouri, and they had us in a conference. Michael
4 Skoler, who used to be on Minnesota Public Radio, made a
5 comment about how culture always trumps strategy, and it
6 really stuck with me as a real truism, in that as much
7 as the Post wanted to push forward into the new era, it
8 still legitimately has a print business that drives the
9 majority of their revenue and does and should garner a
10 lot of the attention of people inside the building.

11 But what if you didn't have that print cost
12 structure associated with what you were building and you
13 could build a web news room from scratch that could
14 embrace all these sort of things that make the web so
15 wonderful, because I completely agree with Paul, this is
16 a great time to be in journalism, if you can separate
17 out the financial chaos with the actual tools of
18 journalism.

19 A lot of people just bulk them together and say
20 this is a terrible time for journalism, people are
21 losing jobs. But if you can separate what is
22 legitimately the business disruption with the actual
23 tools of the craft, the tools are amazing right now and
24 they have never been better to involve citizens in the
25 creation and the publication of journalism to be able

1 for journalists in communities and citizens to talk to
2 each other, to tell stories in a variety of different
3 story-telling forms to crowd sourcing.

4 So, the decision was finally, my decision was
5 finally to leave the Post and really experiment with
6 going out and doing the web-only thing, and Allbritton,
7 which owns two local TV stations, and Politico was
8 willing to fund basically a project where we go
9 basically hire 50 people and we try to build a local
10 news website that covers this region, the Washington
11 region, doesn't try to cover everything, because the
12 sort of days of trying to put a reporter on, attached to
13 every single municipal structure in the city is probably
14 over, but what are the key things that matter in
15 people's lives in the city.

16 So, I won't go through all of them right now,
17 but so we're going to build a site that will launch in
18 the spring, it will be very aggressive, aggressively
19 engaged, not only the professionals that we hire but the
20 hundreds of citizens in this area who produce
21 information that's really valuable to the community, and
22 on top of that, really move heavy into aggregation, move
23 heavy into mobile, and try to build a website from the
24 ground up that sort of is the culture, going back to
25 Mike's comment about culture trumps strategy, but what

1 if you could build a culture before you build a
2 strategy, and I think that what we're trying to do with
3 this new website.

4 So, I have 30 seconds left, but I will not
5 filibuster.

6 MS. DeSANTI: Thank you.

7 Next we will hear from Elisa Camahort Page, who
8 is co-founder and COO of BlogHer.com, where she leads
9 events, marketing, public relations and research.

10 MS. PAGE: Thank you. Hi, everybody.

11 So, if we go back six years, I was actually in
12 Silicon Valley, high-tech, building hardware, running
13 product line management and marketing for some product
14 lines. We actually built digital communications
15 platforms, but I wasn't much of an Internet user myself,
16 other than searching, email, I wasn't a participant. I
17 was a media-consuming hound.

18 I was an early adopter of Tivo. I had every
19 magazine, I mean, I must have gotten so many magazines.
20 I had recently bought a home and thought I was going to
21 be the next Martha Stuart, despite no talent or time to
22 do so. I have at this point 15,000 legally acquired
23 songs on my iPod. So, I like it all.

24 But in a move that some of my friends thought
25 was insane at the nadir of the .com bust, I walked away

1 from a high-paying job on total burnout and I started
2 blogging as a purely personal expression. I had always
3 been a writer from a business point of view, and
4 discovered I actually also liked writing from lots of
5 other points of view, namely mine, and I wanted to share
6 mine.

7 Then I had my peanut butter chocolate moment
8 about blogging and communications platforms and realized
9 that blogging was this perfect marketing tool, and
10 that's how I started having a marketing consultancy.

11 As it happens, one year later, serendipitously I
12 met my two co-founders of BlogHer, Lisa Stone and Jory
13 Des Jardins, and we originally founded BlogHer to answer
14 a question we thought needed to die, which is where are
15 the women who blog?

16 This is a recurrent theme, where are the women,
17 it still comes up today, it is not just about blogging,
18 it is not just about technology. In early 2005, this
19 was after Carly Fiorina had been pushed out of HP, and
20 people were saying, where are the women in Fortune 500
21 board rooms? There was a study that came out on the
22 number of women on the Sunday morning talk shows, or
23 mainstream newspaper, on webpages, where are the women
24 there? Where are the women in Congress?

25 So, we thought, well, rather than talk about it

1 on our blogs, which, grant it, was the obvious thing to
2 do, what if we blogged this idea we had to have a
3 conference, covering all the same topics as any other
4 tech conference or blogging conference, but with all
5 women bloggers, all women experts.

6 Turns out it was the right time. Women were
7 passionate and thrilled about the idea, they showed up
8 in droves, 120 days later we had a sold-out event, all
9 because we had the idea, we had good timing and we had
10 the hutzpah to put the down payment for the meeting
11 space on our credit cards.

12 But then we sat down and said, what should we do
13 with all this passion and interest and energy? It turns
14 out what we needed to do was create a media company.

15 Now, our backgrounds were complimentary. Lisa
16 was a journalist, having worked at the Oakland Tribune,
17 CNN, she started blogging the DNC for the LA Times,
18 that's where she started blogging. So, from day one,
19 she said, we need to have professional guidelines in
20 place so that this is a quality, credible place to come
21 for news, as BlogHer.com, which we then launched.

22 Jory had been in publishing and then ended up on
23 the biz dev side of it. So, from day one, she was
24 saying, how are we going to pay for this, who's going to
25 help us pay for this, where are we going to get the

1 money for this? Because we all had mortgages to pay. A
2 lot of people assumed, because we were women, that we
3 were obviously forming a nonprofit. We were like,
4 uh-huh.

5 So, and then I coming from a place where I lived
6 and died by the P&L of my product lines, was like,
7 what's our bottom line, how do we get to profitability,
8 if we want to spend money here, where are we not
9 spending money?

10 So, we kind of brought those day-one
11 perspectives together, and we weren't just building a
12 fun thing, we were building a business. All under the
13 umbrella of who is our community, what do they want,
14 what are they leading us to do?

15 Today, more than half of American women are
16 active social media users, they use it weekly or more
17 often. They are leaders and they are certainly the
18 leading consumers in this country and that's why there
19 is a business model here.

20 They are passionate about news, more than half
21 of the users in our community turn to blogs for news,
22 politics, tech, green, business, career, hard topics.
23 They're getting interested in topics they didn't know
24 they were interested in. We got an email saying, before
25 BlogHer, I didn't know I had an opinion about health

1 care reform, but now I know, I want to have an opinion,
2 I'm reading all the information, I'm getting into
3 participating, I'm getting into the debate, and what we
4 have now is people who are not only interested in the
5 news, but they are invested in the news because they are
6 part of participating in the conversation.

7 Thank you.

8 MS. DeSANTI: Thank you.

9 Next we're going to hear from Andy Schwartzman,
10 who is president and CEO of Media Access Project, which
11 he has directed since 1978. MAP is a nonprofit public
12 interest telecommunications law firm representing the
13 public's interest and promoting the First Amendment
14 rights to speak and to hear. He's also a faculty member
15 of the Johns Hopkins University Master of Communications
16 Program.

17 MR. SCHWARTZMAN: Thank you, Susan.

18 One of the benefits of being in the last panel
19 is that most of the important points have been made and
20 things have been said and I'm very glad that some of the
21 things that I wanted to stress have been discussed over
22 the course of the days, particularly today I have a
23 written statement that I submitted in the record and
24 that is available for people that really talks about
25 what I really do for a living, which is on the media

1 side, I certainly feel very strongly about the
2 importance of broadband deployment and maintaining
3 diversity and focusing on creating new institutions, and
4 I've presented some thoughts about how the First
5 Amendment obligations for government play into this.

6 The First Amendment not only authorizes but
7 encourages aggressive government action to promote
8 robust debate and civic discourse. As has been
9 discussed, quality journalism is a public good and
10 government should intervene, I argue, to promote it.

11 So, I support many of the proposals that have
12 come forward, including subsidies of various kinds for
13 public media and for innovation. But now I'm going to
14 talk about what I'm not an expert in, which is one way
15 that government can indeed facilitate the new methods of
16 journalism. I have no idea if this will work, it's not
17 the only answer, but it's an important one, and this too
18 has been alluded to during the course of the
19 discussions, and it's the LCCC model for ownership of
20 media properties, and this has made me much more of a
21 tax lawyer than I ever had been before, to get into it.

22 Basically, this is a newly developed business
23 structure which may be particularly well suited to
24 facilitate philanthropic and altruistic investment in
25 struggling newspapers and TV stations in new media

1 ventures. It's a hybrid form of ownership. That's
2 what's interesting about it. When you've got a public
3 good that's not being provided, there are interested
4 citizens, there are foundations that may want to play
5 into it, but that cannot, as we've heard, possibly
6 finance on an ongoing basis the whole operation, and you
7 may well have for-profit investors willing to
8 participate and you may have altruistic investors who
9 are willing to accept a limited rate of return for
10 something that's important to their community.

11 Foundations also have the opportunity to make
12 something called program-related investments. The LCCC,
13 which stands for Low-Profit Limited Liability Company,
14 is a modality that enables you to have different classes
15 of ownership. So, you can take, for example, the
16 bondholders out of the bankruptcy and give them a piece
17 of the action and give them a profit opportunity. You
18 could put in some community money, some foundational
19 money and you may get some altruistic investors who are
20 willing to take a limited rate of return and everybody
21 can contribute and take or not take, as the case may be,
22 out of it.

23 This is going to require some help with the
24 Internal Revenue Service, which doesn't know how to
25 handle these things. The LCCC model has been enacted in

1 a number of states, so that's not a problem. You can
2 incorporate in Vermont and have media property in
3 California. So, that part is taken care of. But we do
4 need some tax law changes in order to make it work, in
5 order to facilitate this and sell it. But I do think
6 it's an opportunity, something I want to continue to
7 explore, precisely because it may give us an opportunity
8 to find better ways to finance start-ups and maintain
9 existing media entities.

10 Thank you.

11 MS. DeSANTI: Thank you very much, Andy, that's
12 an important topic, and we appreciate having you bring
13 it up.

14 Next we're going to hear from Dean Christopher
15 Callahan, he's the founding dean of the Walter Cronkite
16 School of Journalism and Mass Communication at Arizona
17 State University. He's brought several new initiatives
18 to ASU, and he's currently also leading the National
19 News 21 Initiative, a 12-university program aimed at
20 transforming journalism education.

21 MR. CALLAHAN: Thank you, Susan.

22 I want to just talk a little bit broadly about
23 the role of journalism schools in providing content. As
24 I think most people know, this is not a new concept.
25 University of Missouri has produced a daily newspaper

1 for more than 100 years for that community, in Columbia,
2 Missouri. The Dylan News Service, which covers
3 Washington, four local newspapers, has been around for
4 decades. I helped start something called Capital News
5 Service here at the University of Maryland at College
6 Park, covering state government news.

7 But certainly, the landscape in the last couple
8 of years has changed dramatically. The opportunities
9 for journalism schools to provide important rich content
10 has never been higher.

11 One obvious reason is there's enormous need.
12 But with that need has come an openness by news media
13 companies, and even large news media companies, to
14 partner with journalism schools that, quite frankly,
15 wasn't there ten years ago, five years ago, maybe even
16 three years ago.

17 What do journalism schools bring to the table?
18 First and foremost, bright, young, energetic, aggressive
19 reporters, to Paul's point, which I think is a great
20 one, on the fun factor, our students aren't afraid of
21 the future. I'm afraid of the future. My students
22 aren't afraid of the future. They're excited about this
23 digital age, and they are excited about the fact that we
24 don't know exactly where it's going. They want to be
25 part of helping inform what is going to be a new news

1 media.

2 This year, my freshman class, from last year to
3 this year, is up 45 percent. While that's higher than
4 most schools, it's indicative of the great interest that
5 is growing among young people in journalism in its new
6 and various forms.

7 Well, what else do journalism schools bring to
8 the table? They bring some terrific editors and
9 terrific journalists, and there have always been
10 wonderful former journalists at journalism schools.
11 There are more today. For lots of reasons. I will tell
12 you that in the last few years, I've doubled the size of
13 my faculty and four of my full-time faculty are former
14 executive editors of major metropolitan newspapers,
15 including a panelist who you heard from yesterday, Len
16 Downie, the former editor of the Washington Post.

17 Universities can also bring facilities and
18 actually create physical news rooms and provide the
19 equipment. Financial resources, and make no mistake,
20 the sorts of programs that I'm talking about are
21 expensive. The Missourian, the Cronkite News Service,
22 the News 21, and the university-funded programs are
23 probably the most expensive on a per-student basis than
24 almost anything else at the universities.

25 Of course, a university can provide some sort of

1 fundraising capabilities. They have development
2 operations already in place.

3 So, why should more journalism schools be
4 involved, and I think very much more journalism schools
5 should be involved, while it's grown in the last few
6 years, these content providers at J-schools, it's still
7 a very small minority of the overall J-school
8 population.

9 Two main reasons. One is the learning
10 environments that these create are tremendous.
11 Essentially, what we're doing is we're combining the
12 very best elements of the classroom and the very best
13 elements of an internship, and combining them into one
14 experience. Secondly, it's the right thing to do. It's
15 universities serving their communities and that should
16 be part, certainly part of the public university
17 mandate.

18 Thank you.

19 MS. DeSANTI: Thank you very much.

20 Okay, last but surely not least, we will hear
21 from Bill Densmore, and I have to say, I was reluctant
22 to put you last on this panel, Bill, because it was your
23 conference at GW that I first went to in May to start
24 learning about all of these issues, and it was a
25 terrific conference.

1 Bill is an expert on Internet information
2 technologies and Internet-related business models. He
3 was a 2008-2009 Donald W. Reynolds Fellow at the
4 Missouri School of Journalism, and he's vice president,
5 director and co-founder of CircLabs, Inc.

6 MR. DENSMORE: Thank you, Susan, and also thank
7 you to both you and Jessica Hoke, who I am not sure
8 where she is now, but I know you guys have done so much
9 logistically to put this together, and I only know from
10 doing a conference myself how much work it is.

11 I want to talk about an idea that is actually
12 spawned from academia to play off Chris' remarks. It's
13 a proposal about personal litigation, privacy,
14 advertising and commerce, and I think you'll see when
15 I'm finished talking in a few minutes that it relates to
16 a lot of the themes we covered over the last day or so.

17 The defining challenge of news organizations in
18 the 21st Century is no longer managing proprietary
19 information that they have, it's really about helping us
20 manage our attention to ubiquitous information. We've
21 moved from a world of relative information scarcity,
22 access restricted by a variety of technical choke points
23 like presses, to a world of such information abundance
24 that the average user's challenge is not how to access
25 information, or even how to find it, but how to

1 personalize and make sense of it.

2 The Internet, as we know it today, is not up to
3 this task. To unleash a new user-driven attention
4 economy, the next generation Internet needs a common
5 platform for sharing user identity, one which explicitly
6 values and allows us to trade our privacy and make some
7 market for digital information in the classic
8 retail/wholesale sense.

9 In such a world, the new news organizations that
10 we're talking about on this panel should thrive, because
11 they will have a new way to exchange value for
12 information.

13 This system, this platform, this clearinghouse,
14 should uniformly exchange payments for the sharing of
15 text, video, music, game plays, entertainment,
16 advertising views, across the Internet. It could, for
17 example, manage background, wholesale payments for
18 content that is repurposed for advertising gain, by
19 bloggers. Aggregating and settling copyright and other
20 value exchanges among users, publishers and aggregators.

21 Now, it's easy to think of this as really too
22 big an idea, something that would require significant
23 technology and infrastructure, and that's true, it will.
24 But to be compelling, the system has to have solid
25 technology, a structure that enables the new media

1 service economy, and a motivating mission and culture.
2 It has to be ubiquitous, it has to never be owned or
3 controlled by either the government or a dominant
4 private for-profit entity, and it should be massively
5 distributed and in some fashion maybe ideally
6 collaboratively owned. It should ride on the existing
7 web, as we know it today, and web protocols, and not
8 interfere with those.

9 We achieved this big an idea once before when
10 the U.S. defense establishment developed the Internet,
11 its goal was a massively distributed system that would
12 withstand nuclear attack. Forty-some years later, it's
13 the Internet's design itself that has exploded our
14 information culture, more thoroughly than any feared
15 warhead might have.

16 But while the system has exceeded beyond
17 anyone's imagination to open up access to information,
18 it's done little to enable the transfers of value to
19 nurture and sustain information. The Internet
20 eliminates physical information, product scarcity,
21 becoming the perfect copy machine. As a result, the
22 product-based model sustaining information creation
23 crumbled, first in music, now in newspapers. What's
24 needed is this ubiquitous social network that enables
25 consumers to share value for information services.

1 In this new attention economy, we're moving
2 towards a new paradigm, part aggregator, part content
3 creator, part social network, and we're searching for a
4 name for that service. It's sort of the thing that Lisa
5 George was talking about in her talk earlier. For a
6 lack of a better term, and I don't really like this very
7 well, but I've called it the information valet, to
8 describe this entity. It's been the focus of my
9 research at the Reynolds Institute over the last year.
10 Also earlier with the founding of Clickshare Service
11 Corp. quite a while ago that I am part owner of, in that
12 I have to say for full disclosure purposes has a
13 potential related patent in this area.

14 So, it's also led to the creation and a major
15 equity partnership with the University of Missouri and
16 investment from the Associated Press of a company called
17 CircLabs, but there's a missing piece. The need for a
18 collaborative, transparent, nonprofit ownership of this
19 needed clearinghouse for information transactions, my
20 hope, and I'm just speaking for myself here, is that
21 that missing piece can be formed as something that I
22 call the Journalism Trust Association.

23 The mission of the Journalism Trust Association
24 would be to help sustain, update and enrich the values
25 and purposes of journalism through collaboration among

1 news media, the public and public-focused institutions.
2 The JTA might be capitalized by major technology
3 publishing, advertising, consumer and philanthropic
4 organizations. It would guide in the creation of new
5 standards and a platform for exchange of user
6 authentication and transaction records, which enable a
7 competitive market for information, respecting enabling
8 consumer privacy and choice.

9 So, like common gauge railroad tracks,
10 interstate highways or the standard 60-cycle current,
11 this platform should create a level playing field for
12 things like the gold standard measurement of user access
13 to web resources, sought yesterday by Mark Contreras,
14 and it would keep open the idea of personalization
15 needed by Jason Seiken's PBS website.

16 It would create the opportunity but not the
17 requirement to be able to charge for content the way
18 Rupert Murdoch and Steve Brill would like. It would
19 create the possibility for a user-controlled
20 personalization advertising service, which would allow
21 Arianna Huffington to survive without charging.
22 Finally, it might allow for the accountability to users
23 for their privacy sought by Jeff Chester.

24 So, just to finish up, because I know I've gone
25 way over here, to make a new market for digital

1 information and attention, we need to start creating a
2 unique ownership and governance framework, assemble the
3 required technology, assess the impact on law,
4 regulation, advertising and privacy. If you want to
5 help with this idea, to help make it a reality, please
6 go to www.journalismtrust.org where you will find the
7 substance of these remarks, a slide deck and also more
8 detail and my contact information.

9 Thanks for giving me a little bit of extra time.

10 MS. DeSANTI: I think it's only fair to
11 compensate you, Bill.

12 I would like to start out with a question about
13 sustainability. We've certainly heard about exciting
14 efforts here, and there is a really, and I'm curious as
15 to the difference between the revenue model for the New
16 Haven Independent, and Jim Brady's effort, because
17 there's a big difference in scale there, and the
18 underlying question has always been these are great, how
19 are we going to sustain them. So, maybe you could
20 start, Paul, and then Jim you can follow up and we'll
21 get everybody involved.

22 MR. BASS: My answers for the first five years
23 and going forward are different. Looking back five
24 years, it's not that I was smart, I was lucky.

25 If you look in the realm of local journal

1 experiments for local reporting that were able to
2 produce payrolls for professional reporters to get
3 salaries and health insurance, there were all of us who,
4 unknown to each other at first, did the NPR model.
5 Voice of San Diego, Mint Post, St. Louis Beacon, New
6 Haven Independent, now a couple we've helped start get
7 going and go in that direction.

8 It was a combination of grants, individual
9 contributions and sponsorships. I don't know if that's
10 long-term sustainable. My hunch is there is no one
11 answer, no one magic bullet.

12 I think it's a good model because I think NPR
13 did better than the big papers in the last recession. I
14 think moving forward, we have to keep re-inventing it.
15 I'm not sure that any one outlet is going to be
16 sustainable. I think some of us are going to crash and
17 burn. I did not expect to be in business five years
18 later, I did not expect to have five times the budget.
19 I know my budget is falling in place for next year, I
20 don't know beyond that. I think we have to keep
21 re-inventing it.

22 So, some of us are looking at these partnerships
23 right now, we are talking with a couple of national
24 outlets about having a joint archive of how we cover the
25 state political races, we have a high coverage in Senate

1 races. We are partners with a Spanish language
2 for-profit print newspaper, we share offices, stories
3 that get translated into Spanish. We are looking maybe
4 for funding for a bilingual news room in the future
5 where we have a team of reporters producing
6 multi-platform continually.

7 We are also looking at donors in a community who
8 can afford that 15, the kind of people that theaters,
9 for instance, go after, who now that we're established,
10 can we get 15 of them to give \$15,000 a year, guaranteed
11 over three years. We've been offered by a funding
12 foundation to give them an incentive, that if they do
13 that, it will be partially matched. Those are some of
14 the ideas.

15 MS. DeSANTI: Jim?

16 MR. BRADY: I think when this idea came up, it
17 was a certain passion that I had for it being a
18 for-profit model, not because I have anything against a
19 nonprofit model, I think it's a great model, I think
20 there's a sense, maybe this isn't correct, but there's a
21 limited supply of where you can get the money to
22 continue to fund nonprofits, but if you can figure out
23 how to make a profit, then there is an endless supply of
24 people who are more than willing to make profits, and if
25 you can figure out how to crack the nut of how you can

1 turn local journalism into a profitable business, then
2 there are all sorts of people who would be willing to
3 follow that model.

4 I agree, so that in looking at how we would
5 model this out, the idea from the beginning was always
6 there is no silver bullet, I totally agree with that,
7 that's got to be shrapnel. It's little pieces of
8 revenue from a lot of different streams, and those
9 streams will be display revenue, they will payroll
10 revenue, certainly making a strong run at mobile
11 advertising, using all of the GPS capabilities, your geo
12 targeting capabilities that a local site like this has
13 to have to be successful, also advertising that's a very
14 small but relevant audience.

15 So, for me the model, I like the pressure of
16 trying to figure out how to make money off this. I
17 think that's something I kind of wanted because I do
18 think, I'm a great believer that I love journalism and
19 I've been doing it for 25 years, but I think we're all
20 in agreement, I would assume, that if you can't figure
21 out the business model for this, we're going to have a
22 serious problem. That figuring out how to build a
23 really cool website with great features, while ignoring
24 the business model, seems to be a bit short-sighted.

25 So, for me, that was a certain passion in doing

1 the for-profit thing just to solve that problem.

2 MS. DeSANTI: Elisa, I'm sure you have things to
3 contribute on this?

4 MS. PAGE: Yeah. I do agree that there isn't
5 one silver bullet, not only are you trying to put
6 together multiple revenue streams, but those revenue
7 streams change over time because this is an extremely
8 fast-moving industry and environment we're in.

9 When we started BlogHer.com, we had almost 60
10 editors who volunteered their time at first, and then
11 when we started to make a little revenue, we shared a
12 little revenue. When we made more revenue, we raised
13 what we could pay them, and so on. When we launched our
14 publishing network, which is now over 2,500 bloggers,
15 reaching 20 million unique visitors a month, we split
16 the revenue with them.

17 So, and why we're able to generate the revenue
18 is because of the community. So, they are what make us
19 who we are and understanding who they are, what they do,
20 how they behave, what their motivations are, what they
21 purchase, and what they're doing is why we can go out
22 and have for a list of Fortune 500 customers.

23 So, we have a very valuable audience. Yet, that
24 is insufficient to stay in business, if we were to
25 continue to do business the way we did when we launched

1 the network three years ago, we would be gone by now,
2 because we launched it with your basic CPM banner ad,
3 and so now we've had to get creative and develop
4 different kinds of programs and engagement campaigns and
5 different ways of measuring all so that we can match
6 both the needs of our community and the needs of the
7 advertisers and sponsors.

8 So, it does require agility and it requires just
9 as much agility on the operating expense side as it does
10 on the revenue side. So, when we have to adjust what
11 we're doing at the top line, we have to go look at what
12 that impact is, and where are we spending our money and
13 how do we move it around and how do we make this all --
14 we signed up for projections when we got venture capital
15 and we have to live by them.

16 That requires, sometimes, changing our approach,
17 changing what we do, changing how we're spending our
18 money. Sometimes I think I get a lot of questions about
19 how we generate revenue, and nobody ever asks how we
20 control our expenses. But it's two parts to the same
21 equation that eventually is going to lead to
22 profitability.

23 MS. DeSANTI: John?

24 MR. SERVAIS: Okay, I'll address the question, I
25 was not going to volunteer, because Northwest Citizen is

1 not economically sustainable. Now, its cost to me is
2 about how much one would spend if one had a golf hobby,
3 and one of the things I would like to stress is that we
4 heard a lot about technology costs over the past two
5 days, really putting something online is incredibly
6 inexpensive. A couple of hundred a year for the ISP,
7 for the web posting, \$200 for Expression Engine, which
8 is a wonderful database program, rather than using a
9 free one. My biggest costs are the young 26-year-old
10 programmer that I use in order for us to create a unique
11 format.

12 So, there is some advertising, there is some
13 revenue. There are more advertisers who are interested.
14 I'm looking forward to contributions. Two years ago I
15 asked for contributions and got \$100. I got the
16 invitation to this conference, and I could not afford to
17 come out here from the Northwest. A couple of the other
18 writers said, we'll put it up on the web and ask for
19 contributions. I didn't want that, because I didn't
20 want the failure. Well, they did it anyway, and \$1,500
21 came in within about four days and I'm here.

22 So, it's not sustainable. But I think the point
23 is that it's probably a model that can work in many
24 communities, and it's only one of many models as we've
25 heard here and yesterday.

1 In that, our goal, my goal, isn't to make a
2 living. I make a living with another website that
3 promotes commerce in a town. The goal is civic
4 information, civic discourse, civic discussion, those
5 things that we think are missing from the community. We
6 have outstanding people who write about some
7 developments and stuff, that are analysts and financial
8 people, are not reporters, but they go into EISs and
9 whatnot. So, on that basis, the costs are very low.
10 There is some revenue and I am hopeful in the next year
11 or two that it actually might pay me something. But how
12 much, I don't know.

13 So, that's my answer.

14 MR. DENSMORE: Can I follow up on that?

15 MS. DeSANTI: Please, Bill.

16 MR. DENSMORE: You just said it's not
17 sustainable but it's probably a model that can work in
18 many communities. I don't think that was a
19 contradiction when you said that. I don't think it was
20 because I think what you're saying is it's not
21 sustainable in the traditional economic sense.

22 MR. SERVAIS: Correct.

23 MR. DENSMORE: But it may be sustainable in the
24 way that a PTA is sustainable. In the sense that there
25 may rotate through your business a continuing secession

1 of people whose motivations and whose rewards have
2 nothing to do with money.

3 MR. SERVAIS: Exactly.

4 MR. GRENGS: Following on that team of
5 sustainability and engagement, John talked about how
6 some of his audience has contributed to make his trip
7 here possible, and I was wondering if some of the other
8 panelists had any thoughts or stories about particular
9 ways that they have tried to engage their audience that
10 have worked that could be replicated in other ways or
11 ones that might have failed. We obviously have some
12 existing content providers, but if Jim Brady or Dean
13 Callahan or any others have any other thoughts in terms
14 of ways that multimedia might be used, or crowd sourcing
15 engagement might be used or what are the limits of these
16 methods and techniques.

17 MR. BRADY: Well, we've had lots of successes
18 and failures, but I think the common theme is we were
19 willing to try an awful lot of things at the Post and
20 experiment with things, be willing to accept failure and
21 hopefully accept some successes along the way. But I
22 think that the theme certainly at the Post, where you
23 got the most engagement from your readers, is when you
24 made them feel like they were part of the conversation.

25 I would even say we didn't go far enough for the

1 Post to do that. In my mind there's sort of two levels
2 of engagement with the audience. The ones where you've
3 let them comment on stories you've already written or
4 question reporters who have already written a certain
5 story or you cross that really big gap and you actually
6 let them upload photos to your site, although most of us
7 have asked for things like pictures of your dogs. We
8 have sort of let the audience into our front yard, but
9 not let them into the house is the way I kind of view
10 it. We want you to be a part of the conversation, but
11 not too much a part of the conversation, and I think
12 that the next step, whether the mainstream media
13 organizations or new media organizations have to cross
14 is you have to let the audience into the house. You
15 have to let them help and participate in the process of
16 producing journalism.

17 So, a community to me is still the key. The
18 example I always use at the Post is we had a Redskins
19 Insider blog that -- you could put anything up on a
20 Redskins Insider blog and we get 500 comments. I mean
21 the Redskins are a religion in this city, even when they
22 stink. There was a guy in there who was posting
23 something about a son or relative who had an illness and
24 needed to raise some money and like they raised, just
25 like raised all this money out of this blog because all

1 these people who commented on the Redskins in this blog
2 knew this guy, they had been trading email and
3 e-comments with the guy for five years. No matter what,
4 a lot of the news that the Redskins Insider blog
5 reported was pretty commoditized, an injury report here
6 and game report here, stuff you could get on ten
7 websites. But if you wanted to meet these people and
8 talk to these people every single day, you had to come
9 to washingtonpost.com to engage with this group.

10 That's really in a lot of ways the stuff that's
11 really unique about your website is the people that
12 other people want to come talk to. So, that's why the
13 community piece is going to be a huge part of the site.
14 We don't want people to just come to the site because of
15 the information and content we produce, we want them to
16 come to the community because people feel like they have
17 friends or in some cases people they want to argue with,
18 but people they engage with and get them passionate
19 about something.

20 MS. PAGE: Can I add that most companies, and I
21 talk more often to companies than media organizations,
22 but most companies say, oh, yeah, we have community,
23 we're building community, we have a blog, or we have
24 this. I always go to their home page and say, show me
25 where your community is on your home page. It's never

1 there.

2 If you really want to make the community feel
3 like they're a valued part of what you're doing, you
4 need to highlight that community, whether it's their
5 faces, from their profiles, whether it's their comments.
6 So, their comments are on the home page, whether it's
7 community posts and headlines, whether you do it
8 algorithmically or with human, we actually do it with
9 human editors. Let your community actually show to the
10 outside world as part of the top line of what people see
11 is the only way you actually prove to them that they are
12 a value, or the value that you keep saying they are, I
13 guess.

14 MS. CHAMBERS: I would like to give one insight
15 about, well shortly after I began the Branford Eagle, I
16 had to figure out a way to let people know about the
17 Branford Eagle. So, one of the things I did early on
18 was to create a list, an email list, to send out to
19 everyone, and that email has generated some requests
20 from various folks, particularly the head of the public
21 access television station in Branford called BCTV, and
22 before long, the Branford Eagle was on BCTV.

23 So, I still have a show, I've been at it now for
24 about two and a half years, I interview public officials
25 and others. I have a Branford Eagle banner, and I have

1 a Branford Eagle logo that says you can read all about
2 us at the newhavenindependent.org, and lots of people
3 have learned about the Branford Eagle and will come up
4 to me, I'll be in a diner and they'll say, hey, I just
5 saw you on TV.

6 So, it's sort of a combined, it turned out to
7 be, or it didn't start out that way, but it's turned out
8 to be a marketing device for the column, and now for the
9 community newspaper.

10 MR. BASS: Real quick, I think you were asking
11 specifically about ways to involve the readers. One
12 thing we did early on, at first we didn't have a lot of
13 editing capability. We called our readers to catch
14 typos, we keep a monthly list and whoever gets the most
15 in a month gets a mug. So, it gets us to make fewer
16 typos as we have them fix them and then list them, but
17 then every month a new group will be competing to see
18 who has the most.

19 That worked. A program, even though we have our
20 own webmaster who said I want to do something, build for
21 you all, build a crime map, if you just need the data
22 every month. So, now you can go to any street, any
23 date, any kind of crime and see it all mapped out.

24 Something that failed that I think will succeed
25 on some of your other efforts, depending on your

1 relationship with the readers, I got a grant to do
2 Citizen Critic, you do the place and the concerts and we
3 throw them up there. But that didn't work. People like
4 when we start the ball rolling sort of news coverage,
5 they want us to kind of start it going as a professional
6 work and then they'll do their own reviews. So, that's
7 just three things we tried.

8 MR. DENSMORE: So that notion of authority is
9 still there. They want that authority?

10 MR. BASS: I don't know that's universal. I
11 really think these ideas are different in every
12 community. I know there's that one website in Oregon
13 that everyone reviews restaurants and they go on their
14 own. So, I don't know that we can really take, but
15 yeah, some places need more authority than others. I
16 think journalists have a role in setting standards for
17 authority.

18 MS. DeSANTI: Dean Callahan, could you share
19 some of what you all are teaching your journalism
20 students about how to engage communities?

21 MR. CALLAHAN: Certainly there is the techniques
22 of the multimedia techniques, but beyond that, we're
23 really trying to teach them a different way to think.
24 We're focusing, two of the things that we are trying to
25 embed in all of our students are the notions of

1 innovation and entrepreneurship, and I can tell you that
2 a few short years ago, those words were, well, one of
3 those words would have been banned in journalism schools
4 and the other simply wouldn't have been talked about.

5 How really sort of unshackling, if you will,
6 these digital natives. One of the things that major
7 news organizations are now looking to journalism schools
8 for is for the students to help them think about what
9 these products should look like. It's a very different
10 world than it was just a few short years ago.

11 Now, how you teach innovation and how you teach
12 entrepreneurship is, quite frankly, a little more
13 complex than teaching how to write a hard news lead, but
14 we think terribly important.

15 MS. DeSANTI: Andy, I wanted to come back to
16 you, because the LCCC model you were talking about seems
17 like an important idea for discussion in terms of the
18 sustainability issue. One of the things I've heard
19 about it is that it's a possibility, some people are
20 thinking about it as a possibility if there are
21 newspapers that are going into bankruptcy, the current
22 owners have a lot of debt and all, if you can find
23 people who want to make a profit but the rate of return
24 doesn't have to be 20 percent for them to be happy, that
25 this might be a possibility to get some of those people

1 involved in newspapers again. I'm wondering what you
2 have thought about in terms of the potential for the use
3 of this concept.

4 MR. SCHWARTZMAN: Well, certainly without
5 getting overly legalistic, the print packaged bankruptcy
6 approach makes a great deal of sense. You could take a
7 troubled entity and, surprise, as we've heard, most
8 medium and large-sized major market dailies break even
9 or make money even in this recession. Smaller community
10 papers do even better.

11 If the problem is debt, if the problem is some
12 bad business decisions that were made, if the problem is
13 somebody who paid too much, Sam Zell, an approach which
14 gives the surviving bondholders 50 cents on the dollar
15 in the form of future profits, which allows a community
16 foundation to kick in an endowment of some sort, allows
17 other foundations to make what are known as
18 program-related investments, and allows public donations
19 or other forms of charitable donations, and as I've
20 said, altruistic investors, people willing to take less
21 than the usual rate of return, and LCCC can combine all
22 of those.

23 So, I think it has promise as a means of taking
24 troubled properties and giving them a chance to survive.
25 It doesn't solve all the problems, it's not something

1 that is a universal fix. I do think the LCCC, as I've
2 said, has promise for helping to incubate new ventures
3 and brand new ideas and new platforms as well, but this
4 is certainly one of the areas where I hope we can get
5 the LCCC thing going sooner rather than later because of
6 the current economic times.

7 MR. DENSMORE: There is no LCCC in federal law
8 right now, but I know because I was part of the
9 conversation, there is a mark-up being worked on now and
10 it will probably get filed some time early next year.

11 MS. DeSANTI: That's definitely of interest.

12 Bill Densmore, I wanted to give you more time to
13 talk about your project because I think that's an
14 extremely interesting idea, it's a big idea, but why
15 don't you go ahead and say some more of the things that
16 you wanted to say about it.

17 MR. DENSMORE: Well, we really started off a
18 year or so ago with the idea that we wanted to create a
19 shared user network on the web, so that consumers could
20 go to a most trusted information valet, this term that
21 I've had to invent because the entity doesn't exist, and
22 have an account with that information valet and be able
23 to get a personalized relationship sort of put together
24 in consort with that information valet, which has
25 benefits for the consumer because the consumer now has a

1 better information experience, and is able to manage
2 their privacy, because presumably, you would tell the
3 information valet a little bit about yourself, and a
4 little bit about your personal information preferences,
5 and then you would have a trust relationship with that
6 valet. Which could be a newspaper or could be an NPR
7 affiliate or could be an NGO or a trade association that
8 you're part of.

9 It has benefits, if your information valet is a
10 news organization, it has a benefit to them because they
11 can take what they know about you with your permission
12 and share it with advertisers and hopefully get better
13 CPMs on advertising.

14 It also means that and implementation of this
15 that we're working on through CircLabs, this for-profit
16 company that the University of Missouri is an investor
17 in, is a tool bar that would ride on the top of your
18 browser window and the sort of programming of that tool
19 bar would be done by your home base information valet,
20 so that they could, with your permission, serve you
21 custom headlines, serve you custom ads that are related
22 to your interests. That would be always with you.

23 One of the problems newspapers have today is
24 only about one percent of the time that news consumers
25 spend on the web reading news is actually at newspaper

1 websites.

2 So, if you're a newspaper and you want to
3 monetize your users, it's pretty hard to do that if
4 they're hardly ever on your website. So, this
5 particular first implementation of an info valet concept
6 would allow the newspaper to make money by showing you
7 ads and by showing you custom information all the time.

8 Beyond that, I think the idea that I think is
9 interesting is the extent to which you might be able to
10 use information valet to settle transactions across
11 multiple independent websites. I don't feel it's best
12 to use the word micropayment to describe that, because
13 that's sort of a red herring word now with a lot of
14 consumers, but I think just as the way the copyright
15 system trades activity about who's using what, across
16 copyright clearance center, just as the cell phone
17 system manages transactions and background, just as the
18 cable companies have to settle activity among the
19 suppliers of content, just as Visa and MasterCard have
20 to track where you're going for your physical goods
21 purchases, it seems to make sense that we might create a
22 mechanism for sharing activity that you do across the
23 web among aggregators and content providers and having a
24 common way to settle that so that everybody gets
25 rewarded.

1 MS. DeSANTI: Reactions? Other thoughts?

2 I'm going to take my personal three minutes now,
3 before we end this panel. I have to take a couple of
4 minutes to thank both our outstanding speakers, and my
5 outstanding staff. A conference like this is possible
6 only because leaders in journalism, advertising,
7 economics and other fields are willing to donate their
8 time and share their insights, and I know that
9 journalism will survive and thrive because of all of the
10 outstanding people we have had thinking about this
11 problem and sharing experience and learning and ideas
12 for the future, today and yesterday as well.

13 We are so grateful to all of you and all of
14 those who came before you in making presentations, and
15 speaking on panels. But before the panelists and the
16 presenters came my staff. They researched these issues
17 and found all of you to come and talk with us.

18 So, I need to thank them, I especially want to
19 thank Elizabeth Jex, Jessica Hoke, Chris Grengs, Gus
20 Chiarello and staff from the Bureau of Economics,
21 Deborah Holt, Deepak Chandra and Robert Squibb for their
22 persistence and talent in finding all of these speakers
23 for us.

24 I also want to thank the many people who helped
25 out in pulling this workshop together, and certainly

1 Bill, you're absolutely right, there's a lot of
2 logistics to all of this. Suzanne Michelle, Tom
3 Krattenmaker, Michael Wroblewski, Kelly Fine, Dan
4 Gilman, Suzanne Drennon, Pat Schultheiss, Gail
5 Kingsland, Brian Reita and Jerry McLaughlin.

6 With that, I can say that we now adjourn. Thank
7 you.

8 **(Applause.)**

9 **(Whereupon, at 5:36 p.m., the workshop was**
10 **adjourned.)**

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1 C E R T I F I C A T I O N O F R E P O R T E R

2

3 DOCKET/FILE NUMBER: P091200

4 CASE TITLE: HOW WILL JOURNALISM SURVIVE THE INTERNET

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