

May 6, 2009

## Kerry Statement on the Future of Journalism

WASHINGTON, D.C. - In advance of the Senate Commerce Subcommittee on Communications, Technology, and the Internet's hearing, "The Future of Journalism," Chairman John Kerry (D-Mass.) released the following opening remarks.

Today's 2:30 pm hearing will be held in room 253 of the Russell Senate Office Building and simultaneously webcast on the Commerce Committee website at <http://commerce.senate.gov>.

*Full remarks as prepared are below:*

A brass plaque on a wall at Columbia University's School of Journalism bears the words of legendary newspaper publisher Joseph Pulitzer: "Our Republic and its press will rise or fall together." If we take seriously this notion that the press is the fourth estate, or the fourth branch of government, it is time we examine the future of journalism in the digital Information Age and what it means to our Republic and to our democracy.

Americans once counted on newspapers to be the rock on which journalism was based. As Princeton University communication professor Paul Starr notes in the most recent issue of Columbia Journalism Review, "More than any other medium, newspapers have been our eyes on the state, our check on private abuses, our civic alarm systems."

Most of us in this room probably begin our day with a newspaper -- maybe two or three. Newspapers have been a part of our daily lives since we were old enough to read, and since our first paper routes, for me delivering the now defunct Washington Star. We learned about our neighborhood, our country, our world from newspapers - they entertained us; they enraged us; but always, they have informed us.

But today, newspapers look like an endangered species. The latest circulation figures, released just last week, show that the largest metro newspapers are continuing to lose daily and Sunday readers - a long-time trend that is now accelerating to record rates. In the six-month period ending March 31<sup>st</sup>, major metro dailies in great cities like Boston, San Francisco, Houston, Miami, and Atlanta all saw double-digit percentage decreases in daily circulation.

The 150-year-old Rocky Mountain News ceased publishing altogether this year; the 146-year-old Seattle Post-Intelligencer and the 100-year-old Christian Science Monitor shifted completely to the Web; and the Detroit Free Press cut home delivery to only three days. And this week, efforts are intensifying to keep the Boston Globe from closing.

If you look at the stock market, the fortunes of the newspaper industry look just as bad. Earlier this year, a share of The New York Times sold for less than the \$4 it costs for a Sunday edition of the Times. In 2008, newspaper stock prices fell an astounding 83 percent. The New York Times bought the Boston Globe for \$1.1 billion in 1993, but the value of all Times stock is less than \$800 million now. And this past weekend, the oracle of Omaha himself, Warren Buffet, gave newspapers a vote of no confidence when he said that he wouldn't invest in newspapers at any price.

These are the stark numbers that newspapers face. The numbers for broadcast journalism are not much better. We're here today to talk not only about the conditions that have led to these jolting statistics, but about the path that lies ahead for news delivery, and how during a time of great creative destruction within the market for news delivery we might preserve the core societal function that is served by an independent and diverse news media.

Now, as many in this room will remember, I have frequently spoken out against relaxing media ownership rules, such as the cross media ownership rule, which bans a media company from owning a newspaper and television station in the same market. Some may even look at the current set of circumstances and think that further relaxing this rule is one step that could be taken to save the old model. But when you look at how fast technology is moving-how the economics of news delivery really work in an age where everything you read in ink can be found on the web faster and cheaper and further from where it is printed-well, you are whistling past the graveyard if you think that relaxing cross ownership rules will save newspapers.

We saw a sign of the times just this morning, when Amazon introduced a new larger version of its e-book reader Kindle as an alternative to the newspaper in an effort to salvage the dying print media.

As a means of conveying news in a timely way, paper and ink have become obsolete, eclipsed by the power, efficiency and technological elegance of the Internet. But just looking at the erosion of newspapers is not the full picture; it's just one casualty of a completely shifting and churning information landscape. Most experts believe that what we are seeing happen to newspapers is just the beginning-soon, perhaps in a matter of a few years, television and radio will experience what newspapers are experiencing now.

The rise of newspapers and broadcast news was made possible by the fact that they served as market intermediaries - that is, they connected buyers and sellers through advertising. But the Internet makes it possible for buyers and sellers to connect at virtually no cost and with no need to attract either with general interest news. It is no surprise, then, that with advertising dollars going elsewhere, these are hard times for what is now being called the "legacy" media.

But these are times of great innovation, too, as journalists, both inside and outside of the mainstream media, are collectively searching for an economic support system for good, solid reporting. Journalists laid off or bought out by the old media are becoming entrepreneurs, building up Web-only news sites in cities throughout the country to make up for the shrinking newsrooms of local newspapers or to reach specialized audiences.

As the economic model continues to shift, important questions require answers. As advertising revenues continue to vanish, will there be room in the budget for the great investigative journalism that marked the last half of the 20<sup>th</sup> Century? Will the emerging news media be more fragmented by interests and political partisanship?

There also is the important question of whether on-line journalism will sustain the values of professional journalism, the way the newspaper industry has. The new digital environment certainly is more open to "citizen journalism," bloggers and the free expression of opinions. In the last eight years, we have gone from zero bloggers to more than 70 million, and news is broken over twitter feeds and cell phones instead of on local broadcast networks. Just look at the way Janis Krums, a New York City ferry passenger, broke the news that flight 1549 out of LaGuardia had landed in the Hudson River-- he took a picture himself and tweeted the feed to an audience of thousands.

Consider this:

- Google topped \$21.7 billion in advertising revenue in 2008, but the news it provides is an aggregate from free news sources.
- Craigslist, which provides free classified ads on-line, gets about one billion visits a month, costing newspapers billions of dollars a year.
- YouTube has more than 100 million viewers each day and about 65,000 new videos uploaded daily. Its ad revenue reportedly totals somewhere between \$120 million and \$500 million a year.

- Facebook, the free-access social networking website, now has 200 million users and is adding 700,000 new users each day. It reportedly had \$300 million in ad revenue last year. Ironically, the New York Times has a paid circulation of 1.45 million, but on Facebook the newspaper has 447,926 "friends."
- Mobile subscribers total some 250 million in the United States and send more than a billion text messages each day. This two-way interactive media is getting more and more attention from advertisers. It's estimated that the mobile advertising industry already exceeds \$2 billion annually.

The words of Joseph Pulitzer are still true -our Republic and its press will rise or fall together. We are just talking about a new kind of press, a new media, one that Pulitzer and all the other newspaper barons of this country never envisioned. This new kind of press, this new media is going to require a new economic model, one that everyone is still trying to figure out. That is why I wanted us all to sit down and talk about it - and try to figure it out together.

While we're searching for answers to these questions, there's one thing we can do today to recognize the contributions of online journalists who shoulder the responsibility that comes with covering congress: we can make sure that the rules for credentialing congressional reporters are modernized. I will be working with Senate Rules Committee Chairman Chuck Schumer and the Standing Committee of Correspondents to make sure that is done.

The Standing Committee of Correspondents was created in 1877 as a way to organize and regulate media access to the halls of Congress. It was created to rid the press galleries of lobbyists, or "claims agents," as they were once called. It was created to replace a system of questionable journalism practices. Before the committee was created, in fact, Mark Twain worked as a secretary to Senator William Stewart of Nevada at the same time he was also a "letter writer" to two newspapers - the Alta Californian of San Francisco and the Chicago Republican.

The congressional credentialing system has worked well for more than 130 years, so we should be careful about how we change it. The rules have undergone some changes over the years, and in the last three years, the Standing Committee has struggled with how to address the digital information age. Now is the time to make sure these rules treat online reporters fairly.

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