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Chairman, Committee on Energy and Commerce
Remarks To The Federal Trade Commission News Media Workshop
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I want to thank Chairman Jon Leibowitz for inviting me to address you briefly today. It is a personal as well as a professional pleasure to be able to work so constructively with the Federal Trade Commission (FTC). The FTC deals with issues that touch the economic life of every American. Over the past several months, Chairman Leibowitz has made it clear that the FTC will aggressively protect American consumers, using both the agency's competition and consumer protection jurisdiction. Today's workshop is just one example of the FTC's vision, under its new leadership, to tackle 21st century consumer issues.

And I want to acknowledge the work on these issues of Chairman Genachowski of the Federal Communications Commission (FCC). He has brought bold vision and strong executive leadership to the FCC. I know his agency is looking closely, in the public interest, at the future of media in the context of the agency's proceedings on broadband, an open internet, and related issues. He has my support for these important initiatives.

I wanted to attend today precisely because of the reasons Chairman Leibowitz expressed in his call for this conference.

When I became Chairman of the House Energy and Commerce Committee, less than a year ago, I was confronted with the challenges on two major items that we would be dealing with this year: health care reform and the effort to address climate change.

I also had a priority for legislation placing tobacco under FDA regulation and revising our new food safety laws. And we passed both in the House. The tobacco legislation is now law.

As the Committee with jurisdiction over the FTC, we've been working with the agency on a wide-range of urgent consumer protection matters. Most significantly, we've been working to ensure that the FTC has the tools it needs to effectively protect consumers during this economic crisis.

Meanwhile, many thoughtful and concerned people who know the jurisdiction of our Committee have expressed the concern that a significant and troubling trend was occurring in the media sector – developments that threaten the very existence of something very precious to our democracy: the continued existence of a critical mass of quality journalism in this country.

All across the country, people are focusing on a really tough question: *Are The New York Times, the Washington Post, the Los Angeles Times, and the papers of other big cities and hometowns across the country going to be here in 5 or 10 years?*

People in Denver and San Francisco and Seattle already know the answer to that question. Newspapers in those cities have closed.

And their communities are worse off for it.

The newspapers, which my generation took for granted, are facing a structural threat to the business model of mainstream journalism.

Newspapers and other publication in the United States that rely on advertising revenues have been particularly hard hit, with advertising revenues declining by over 40% and more as the Internet has cannibalized advertising, particularly classified advertising.

The loss of revenues has spurred a vicious cycle with thousands of journalists losing their jobs, which reduces the quality of the paper and triggers the need for additional cost-cutting. As newspaper managements attempt to cope, their publications are suffering snowballing declines in circulation. As audiences shrink, advertising revenues fall off further. Even greater consolidation of the sector has not helped.

Journalism on the Internet could try to fill the void. But it is not certain that it can generate replacement revenues of such an extent as to ensure a restoration of the resources devoted to journalism by mainstream media over the past several decades – or anything close to it.

This recent depression in the media sector is not cyclical, but structural; that revenues will continue to be squeezed; and that, in any event, audiences have fragmented in direct proportion to the number of URL addresses.

Indeed, if anything, it appears these trends will continue to accelerate.

While this has implications for media and the livelihoods of everyone associated with it, it also has implications for our democracy. A free press plays an intrinsic role in getting the facts, reporting them, and making accountability possible in the public interest.

A vigorous free press and a vigorous democracy have been inextricably linked. We are here today because of these bonds and what they mean. This is why this conference is so important. We cannot risk the loss of an informed public and all that means because of a “market failure.”

With so much at stake, there have been numerous responses inside and outside this industry.

They have focused on the following areas:

1. The establishment of new legal or tax structures for publishers that can cushion the blow by permitting media companies to have the option of choosing other structures,

such as non-profit status, that would remove the pressures faced by publicly listed companies.

2. More philanthropic support for media outlets.
3. Examination of the antitrust laws and whether changing them might be of assistance.
4. Review of the cross media laws and other ownership restrictions that may constrain the commercial vitality of the industry.
5. The exploration of new sources of journalism, from universities operating news organizations, to new, hyper local web-based journalism enterprises to deliver local news and information and reporting.
6. The prospect of public funding for quality journalism as a means to preserve a critical mass of resources and assets devoted to public media. This has been articulated by Len Downie and Michael Schudson, in their report commissioned by Columbia University's Graduate School of Journalism, the Free Press organization, and others.

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

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

Others have raised red flags about the dangers of government support of the press.

I have an open mind on all the above proposals.

In the face of continuing closures of mastheads across the country, I see every reason to discuss them.

As this vital discussion proceeds, I would like to suggest several criteria for evaluating any proposed response:

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

-- Second, these initiatives require bipartisan support – vigorous endorsement from both sides of the aisle.

Those advocating for public funding need to address additional questions. They need to articulate the scope of such support, in terms of the activities to be supported and the dollars required. They need to respond to the concern that government support of journalism would lead to government control of content. And they need to explain the source of revenues.

The Internet is replacing the public square as the place where people in cities and towns across America go every day to absorb news and information and to reflect on issues and their meaning for our lives.

The atomization of content has resulted in the fragmentation of audiences, so that the commercial basis to support a critical mass of authoritative and informed news and information is melting away.

And this is creating a public policy issue of profound import for our future.

It is not our job to plug dikes and deny the evolution of media. Indeed, there has been an explosion of hyperlocal journalism, along with the proliferation of websites. And many of them are doing an excellent job.

But for all their energy and entrepreneurial verve, do they address what is at stake here?

Jim Lehrer was interviewed by the *Post* in Monday's paper. He talked about the value of original reporting. "The shouting and opinion and jokes don't exist if there isn't first a story," he said.

And that's the issue: an ongoing critical mass of original reporting.

Mr. Lehrer talked about all the commentary on the health bill, but then he observed:

"But what was actually in the legislation? Where are you going to get that piece? You go to a serious news organization."

And what has been discussed here over the past two days is: the future of serious news organizations in this country.

At the White House Correspondents Association Dinner last May, President Obama said:

"You help all of us who serve at the pleasure of the American people do our jobs better by holding us accountable, by demanding honesty, by preventing us from taking shortcuts and falling into easy political games that people are so desperately weary of.

And that kind of reporting is worth preserving -- not just for your sake, but for the public's. We count on you to help us make sense of a complex world and tell the stories of our lives the way they happen, and we look for you for truth ..."

We have to figure out, together, how to preserve that kind of reporting.

As the Chairman of the House Committee on Energy and Commerce, my door is open for the best ideas and proposals and initiatives you have to offer.

Thank you.