

33 Print

THE MOST FAMOUS FOUNDING FATHER QUOTATION about the press comes from Thomas Jefferson: “Were it left to me to decide whether we should have a government without newspapers, or newspapers without a government, I should not hesitate a moment to prefer the latter.”

The full quote was written in a letter from Jefferson to Edward Carrington of Virginia, January 16, 1787.¹ Jefferson believed that Shays’ Rebellion, an armed insurrection of economically frustrated farmers and merchants in Western Massachusetts, might have been prevented if only the people had been better informed. That led him to conclude that it was necessary to “give them full information of their affairs thro’ the channel of the public papers, & to contrive that those papers should penetrate the whole mass of the people.”²

How did Jefferson and the other Founders “contrive” for the papers to reach “the whole mass of the people”? They focused not on content but on distribution. First, they created a network of post offices, “reaching towns and villages deep in the interior and employing more than 8,700 postmasters, or just over three-fourths of the entire federal civilian workforce.”³ With the support of Washington, Jefferson, Madison, and others, the new government then subsidized postal rates, allowing newspapers to pay steeply discounted distribution rates that were far below the actual costs of fielding, feeding, and caring for that day’s distribution technology (horses.) This changed the economics of newspapers, reducing publication costs and enabling papers to reach readers outside their hometown.

Though newspapers got a big boost from public policy, it would be misleading to give the impression that the press blossomed only because of government support. Early growth of the American press stemmed as much from the fact that newspapers in the Colonies were far *less* regulated than in Europe. Guild regulations did not limit who could become a printer, as they did in England, and for much of Colonial history, the Stamp Tax did not apply to the Colonial papers.⁴

Early efforts to help newspapers led to a closeness between politicians and the press that would today seem grossly inappropriate. In the early days of the Republic, each newspaper was usually aligned with a political faction. This did not mean they merely had ideological proclivities; it often meant they received money from and coordinated with political sponsors, usually through printing contracts or by placing “official notices” in the paper as advertisements. In 1830 in New York State, for example, 22 editors served as postmasters.⁵ Parties and interest groups also used “gifts, donations, loans, and sometimes even outright ownership of papers to assure that the party’s views were advanced.”⁶ Without support from political parties, many of the partisan newspapers would not have survived.

After the Civil War, under pressure from the magazine industry, government policy began to support periodicals as well. In 1863, it created “second-class mail” for regular publications and, to make sure that advertising circulars would not qualify, restricted the low-cost rate to materials that disseminated “information of a public character, or be devoted to literature, the sciences, arts, or some special industry.” In 1885, Congress slashed second-class rates by two-thirds, “making them far cheaper than advertising circulars as a vehicle for marketing” and leading to the growth of the low-price, mass circulation magazine.⁷

For the next 115 years, government provided assistance to the newspaper and magazine industry in a variety of ways. The Newspaper Preservation Act of 1970 provided an exemption from antitrust law to newspapers that joined together, to keep from going out of business.⁸ And the postal subsidy continues to this day. Professors Geoffrey Cowan and David Westphal of the Annenberg School of Communications estimate:

“As recently as the late 1960s, the government was forgiving roughly three-fourths of print publications’ periodical mailing expenses, at a cost of about \$400 million annually (or, adjusted for inflation, about \$2 billion today). Much of that disappeared with the Postal Reorganization Act of 1970 and in subsequent cutbacks. But the Post Office still discounts the postage cost of periodicals by about \$270 million a year.”⁹

As a result, magazines receive taxpayer aid. This has been particularly beneficial to opinion and political magazines which have forever struggled to attract advertisers.

Another postal policy, unknown to most Americans affects newspapers in an indirect but powerful way. The Postal Service charges one price—its standard mail “saturation rate”—to companies that send the same piece of marketing mail to everyone in a community. To compete with these bulk mailers, which reach everyone in a community, newspapers will put some advertisements in the paper as inserts and then, to ensure that advertisers reach all the customers in the community, mail the advertisements to residents who do not subscribe to the newspaper. For that mail, newspapers get charged the standard mail “high-density rate”—which is now 18 percent higher than the saturation rate. Newspapers believe that they are losing millions of dollars a year as advertisers take advantage of the lower postal rates to mail directly to consumers instead of working with the newspapers to do a combination insert-and-mail campaign. The gap between these two mailers—the mass marketing mail using the “saturation rate” and the “high-density rate” ads sent by newspapers—has been growing. Whether this rate differential is sensible public policy may depend on what the primary policy goal is. The Postal Service justifies giving the preferential rate to the everyone-gets-one saturation mail because it costs less to deliver, since no sorting is involved. But viewed through the prism of media policy, this differential makes no sense—as it incentivizes advertisers to do direct-to-the-mailbox solicitations instead of advertising through newspapers.

Added together, the government’s current annual spending on postal subsidies, notices, and advertising is an amount several times the yearly budget of the Corporation for Public Broadcasting. We mention this not as an argument for added government subsidies for newspapers, which we do not recommend, but rather to point out the relative lack of controversy over these currently existing forms of government subsidy that benefit media.

We suspect these have been relatively noncontroversial because they are content neutral. To qualify for the postal subsidy, a periodical need only prove that it has content; no IRS inspector has to inspect or judge the quality of the articles. Of course, this is a blunt instrument: all sorts of inferior publications end up being subsidized by taxpayers. But the First Amendment stands uninjured, because once the government set the rules, it then put the disbursements on autopilot.