

**Spring 2012
Industry Study**

**Final Report
*News Media Industry***



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NEWS MEDIA 2012

ABSTRACT: The News Media (NM) industry is in transition. The information technology revolution has moved the industry across an inflection point eliminating barriers to entry and drastically increased availability and consumption of news. As the news media industry adjusts to new business models, we see consumers accessing news in three tiers of media environments. For purposes of discussion and recommendations that follow, we label these tiers as “private,” “general public,” and “global commons.” Traditional radio, television and print media reside primarily within the general public tier supporting broad general audiences with content largely funded through advertising revenues. The migration of news consumers to the global commons, where non-traditional news sources proliferate, advertising revenues are scarce, and news becomes a two-way dialogue, is the primary force behind industry transition. This paper examines those changes, acknowledges emerging challenges and recommends actions that can improve the overall health of the industry and strengthen national security. These include policy changes, examination of public broadcasting funding and structure, and education efforts. We conclude it is essential for US national security that strategic leaders understand this dynamic environment, as its evolution strengthens the power of the free press – and has great influence on their decisions.

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PLACES VISITED/GUEST SPEAKERS

Domestic:

20/20 ABC News, (New York, NY)
 Bloomberg News, (New York, NY)
 Broadcasting Board of Governors and Voice of America (Washington, DC)
 CBS News Radio, (New York, NY)
 Center for Public Integrity, (Washington, DC)
 Columbia School of Journalism, (New York, NY)
 C-SPAN (Washington, DC)
 Falls Church News Press (Falls Church, VA)
 Fox News Channel (New York, NY)
 National Press Club, Foreign Press Center (Washington, DC)
 Gannett (Washington, DC)
 National Maritime Manufacturers Association (Washington, DC)
 News Media Strategies (Washington, DC)
 Nielsen (Tampa, FL)
 Newseum and Freedom Forum (Washington, DC)
 OMD (New York City, NY)
 Pentagon Press Corps (Arlington, VA)
 Poynter Institute (Tampa, FL)
 Pro Publica (New York, NY)
 Project for Excellence in Journalism (Washington, DC)
 Reserve Officers Association (Washington, DC)
 Tampa Bay Times (formerly St. Petersburg Times) (Tampa, FL)
 The Colbert Report, (New York, NY)
 The Daily Show with Jon Stewart, (New York, NY)
 Time (New York, NY)
 Washington City Paper (Washington, DC)
 Washington Post (Washington, DC)
 Washington Times (Washington, DC)

International:

London, United Kingdom

Al Jazeera English
 BBC World News
 U.S. Embassy
 Evening Standard
 ITN
 Thomson Reuters

Prague, Czech Republic

Czech Public Television Executive Director

Independent American Journalist and Businessman
Radio Free Europe, Radio Liberty
U.S. Embassy, Prague

Istanbul, Turkey

Fox TV
Cumhuriyet Newspaper
Hurriyet Daily News
Haberturk News
Ihlas News Agency
Samanyolu News
U.S. Consulate Press Affairs Office



INTRODUCTION

“The basis of our governments being the opinion of the people, the very first object should be to keep that right; and 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.” – Thomas Jefferson, 1787¹

The 21st century news media industry is in a period of significant transition as it embraces the digital information environment. These changes ultimately strengthen the information component of U.S. national security with a rich and pervasive palette of credible global reporting; however, they also present challenges to policy-makers and the American citizen as information sources diffuse, risks for use of uncorroborated sources increase and news media/entertainment firms consolidate into several conglomerates. The role of U.S. Government in dealing with this industry is principally one of ensuring the conditions exist for free speech and freedom of the press as outlined in the Constitution. Benefits from the information delivered, the watchdog service performed, and the support of the republic resulting from an informed citizenry drive the U.S. government to protect freedom of the press and appropriately regulate its associated industry as a component of national security.

In recent years, print newspapers have declined in the U.S. and some have concluded that this imperils the provision of quality news or journalism per se. It is true that we have entered “the age of mobile” with devastating impact to print news services.² Newspapers, however, are only one segment of the broad multi-channel means for providing 21st century news to the American people. Shrinking commercial print newsrooms are offset by growing numbers of individual journalists and digital non-profit newsrooms. From a national security perspective, the question is whether this offset will retain the vital civic function cited referred to by Thomas Jefferson.

The relatively simple news industry of our parents’ generation, based on homogenous content for a mass audience, is now transforming into a three tiered structure of private, general public, and global commons news production. The private segment specializes in production of news for audiences willing to pay for specialized content whereas the general public news tier accounts for products funded traditionally through corporate sponsors and advertising. The advent of the internet creates a third tier of the news market that directly connects news producers with global audiences. This tier is different from the private and general public news tiers in that it offers the consumer direct access to content from blogs, social media, non-profit and watch-dog organizations as well as foreign news sources not available via traditional radio, television and newspaper channels. This is the segment of the industry driving change and the search for new business models as competition for audience is fierce and revenues from advertising minimal.

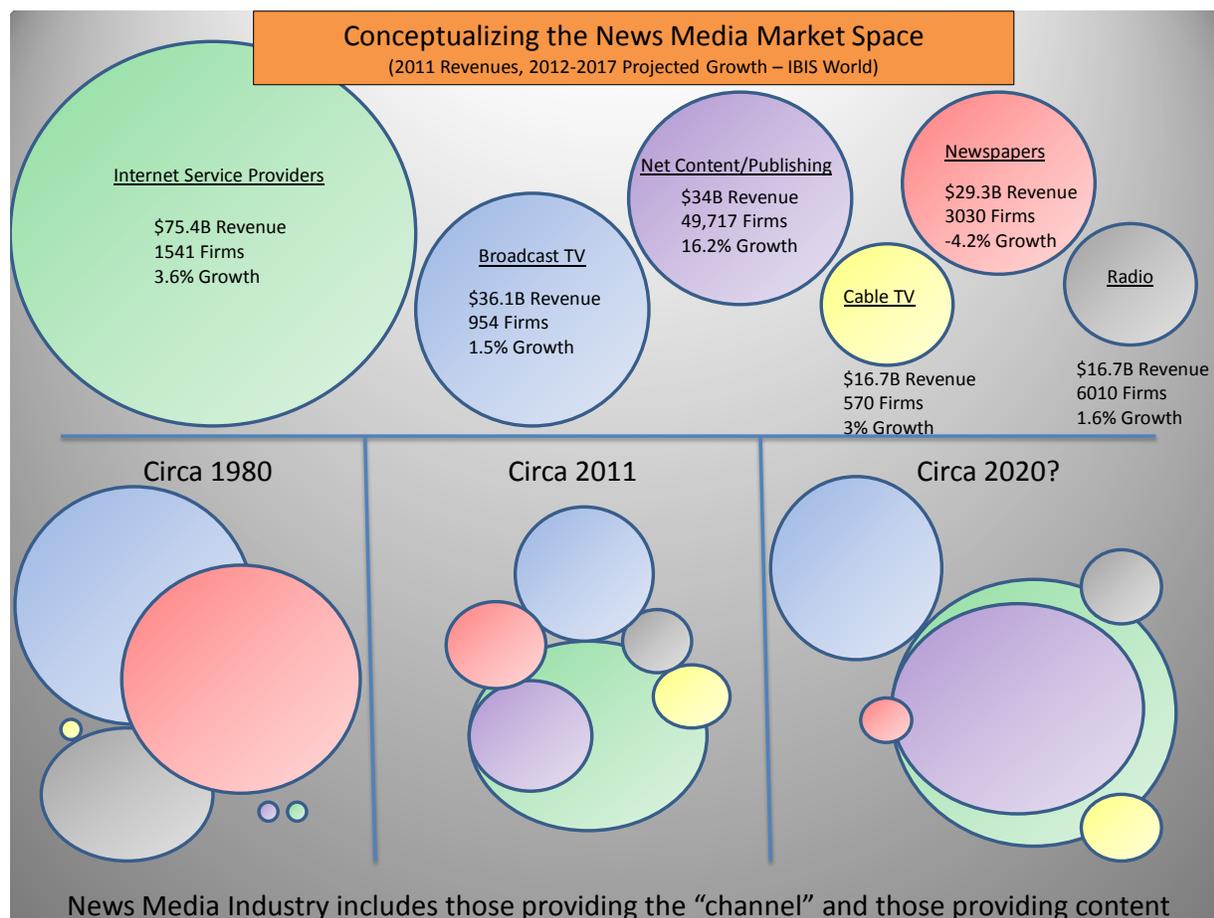
This study concludes that there are great changes underway within the industry, changes that open the information environment directly to the consumer with great potential benefit. This paper examines those changes, acknowledges emerging challenges and recommends actions that can improve the overall health of the industry and strengthen national security. These include

policy changes, examination of public broadcasting funding and structure, and education efforts.



THE NEWS MEDIA INDUSTRY DEFINED

This industry includes both the technological/physical infrastructure used to transmit news products, and the collection, production, and distribution of news content to audiences over those channels. The industry has at least six major segments: TV broadcasting, cable TV, radio, newspapers, internet service, and internet publishing (see illustration).³ While Internet Service Providers provide the transmission of ideas and news rather than the content, they are included in the media comparison to provide a sense of relative scope and scale between channel and content, as well as to indicate possible synergies in the future as technology and media companies blur boundaries and find new ways of carrying content on various media.



Although market conditions and key players vary by segment, some overlap of content, competition, and dynamics exists. News Corp, for instance, is a player in broadcast TV (second largest at 13.5% market share), cable (fifth at 9%), and newspapers (Wall Street Journal).⁴ Broadcast TV, newspapers, and radio long enjoyed a near-monopoly on news production and related advertising revenue, but in recent years the industry has seen rapid growth in the means of transmission (adding cable TV and the Internet) and in ease of entry for new content providers and competing technologies. These dynamics are driving an explosion in the number of content providers, and a constant struggle by content providers to adapt to new modes of transmission.

CURRENT CONDITIONS

The delivery of the news to the public has always been subject to innovation. Town criers gave way to print news with the invention of the printing presses that made newspapers easily reproducible, affordable and widespread. Next came radio and television; further expanding the reach of the news media into the lives of the public. With the advent of cable television technology, nightly broadcast news over public airwaves quickly expanded to 24/7 coverage of news anywhere in the world; again expanding the reach of and access to news by more and more people. Next came the internet explosion which opened news beyond the newsroom creating unprecedented opportunities for global dialogue, consumption and citizen reporting of news that is changing consumer habits and, as a result, market structure.

Structure, Conduct and Performance

As consumers migrate to internet delivered news, so too do advertisers.⁵ This migration is driving openness and change in the industry with a residual effect of expanding the power of the free press while challenging profitability of the press. To put the current market in context, a three-tiered model of private, general public, and global commons news production is useful. News specialization is on the rise as news producers look to provide content that customers are willing to pay for and create what can be termed a “private” tier of specialized news for specialized audiences. The “general public” tier is where we find traditional forms of news production such as from radio, newspapers, broadcast, cable, and satellite TV; it is funded primarily via advertising revenue. The “global commons” tier is the internet-enabled open channel that encompasses a widely accessible news spectrum from deep analytics to two word tweets from heterogeneous sources. It is this tier that is enabling citizen journalism and formation of direct dialogue between news consumers and news sources. *“The news media and consumer non-profits no longer have a monopoly on serving as watchdog on government and private industry. Individuals and citizen groups are stepping in to fill the void they believe has been created by lapses in coverage by big media.”*⁶

Tier	Accessibility	Specialization	Accuracy	Cost
Private (Bloomberg Business, STRATFOR, Wall Street Journal)	Low	High	High	High (Consumer funded)
General Public (ABC News, ESPN, LA Times, Rush Limbaugh, FOX News)	Med	Medium - Low	Medium (Curated)	Medium – Low (Ad funded)
Global Commons (Drudge, Fbook, Twitter, SCOTUS Blog, Christian Science Monitor, ProPublica)	High	High – Low	High - Low	Medium – Low (Ad and Consumer funded)

From a competitive forces perspective, rivalry within the private tier is limited due to the specialized content provided. Buyers of deep analytics and specific types of information are willing (even compelled) to purchase the most current reports. The combination of unique information sources, specialized analysis, speed of production and expertise forms high barriers to entry for competitors. News supporting the business community (e.g., Bloomberg) and the national security community (e.g., intelligence agencies) have traditionally fallen in this category. This is the area where we now see newspapers venturing as they seek the paying news consumer. As of March 2012, ten major US newspapers and several hundred smaller newspapers have or will soon limit content to paying customers.⁷ The Wall Street Journal, as an example, has over 537,469 paid digital subscribers.⁸ (See Reinkober essay on pay walls, below.)

In sharp contrast to the private tier, conditions in the general public tier are more volatile, with strong rivalry for news audiences of interest to advertisers. The cable news industry has fashioned success in this environment by appealing to audiences via their viewpoint. As an example, the *Fox News Channel* has secured the largest portion of the cable news market during the last 10 consecutive years by providing news with a lean to the political right. The number two cable news channel during prime-time, *MSNBC*, is at the opposite end of the political spectrum, and saw a 20% increase in daytime viewers during 2011.⁹ These television channels sustain market leadership by satisfying the consumer's demand for more choice across the ideological spectrum. (See Crary essay on ideological news, below.)

The decentralized global commons tier migrates content from the oligopolistic general public realm to a far more competitive internet environment in which substitute news sources evolve daily. News delivered via the internet involves: websites such as Cable News Network, Al Jazeera, British Broadcasting Corporation, and washingtonpost.com; aggregated news sites such as Drudge; articles from watchdog organizations such as the Center for Public Integrity and the Project On Government Oversight; voluntary individual postings such as the SCOTUS Blog; non-profit journalism such as ProPublica; and social media sources such as Twitter and Facebook. The news consumer has access to more news than ever before with this combination.

The migration of consumers to the global commons most directly impacts the print newspaper segment of the general public tier. Accounting for revenue and circulation, the newspaper industry shrank 43% during the last decade.¹⁰ This decline is attributed to lower spending associated with a poor economy and the migration of advertisers from newsprint to the internet. Perhaps the most profound example of this is classified advertising revenue. In 2000, classified advertising revenue for the newspaper industry totaled almost \$20 billion annually. With the advent of websites like Craigslist, Monster.com and eBay, classified advertising revenue dropped 75% to \$5 billion in 2011.¹¹ It is not just the numbers of firms in the industry that are shrinking, but the employed workforce as well. As individual newspapers attempted to cut costs to remain viable, newsrooms reduced full-time staffs from almost 55,000 in 2006 to just over 40,000 in 2010.¹² See end notes for specific market performance statistics across all media channels.¹³

Perhaps the single most important benefit to national security delivered by today's news industry is expanded availability of both traditional and non-traditional news sources via the global commons. Unprecedented access to deep analytic sources such as specialized blogs, rapid notification of breaking events through social media, and aggregation of highlights from global

reporting now offers rapid access to critical information previously unattainable to policy makers and information analysts. In recognition of this, the Director of National Intelligence established an Open Source Intelligence Center in 2006 directly targeting analysis of information available via the global commons.¹⁴ NATO's 2011 Operation Unified Protector in Libya was an example of impressive developments in this direction.¹⁵

Potential Market Failures

The government treads lightly when it comes to freedom of the press, and intervention is only considered in the case of clear market failures. These include: failure of competitive conditions; overuse of common resources; uncompensated negative externalities; under-production of positive externalities; and inefficient provision of public goods. The 21st century news media industry shows signs of potential market failure in the last two categories.

Specifically, socially useful types of journalism, such as such as investigative journalism and foreign affairs coverage, may constitute both positive externalities and public goods. The positive externality of serious journalism is a *byproduct* of newspaper and television cross-subsidy from revenues paid by advertisers for audience access. Changing business models may reduce the incentive for companies to produce serious journalism in favor of more popular or commercialized content – this would be a market failure. They are public goods in that they are available to the entire public (are *non-exclusive*) and may be used simultaneously by all (*are non-rivalrous*.) If previously ubiquitous news sources are replaced by more fragmented, technology-dependent products, the role of serious journalism as a public good could also fail. This failure has the effect of making a public good (serious journalism) act like a private good. Typical remedies for these potential failures would be provision of charitable status or some type of public subsidy. The failures are speculative at this point, but there is reason for concern. Despite the social benefit of an informed citizenry, the average consumer is unwilling to pay consumption fees sufficient to offset lost advertising revenues for print media. The assertion that news coverage outside of newspaper journalism cannot match the quality or quantity of the old model also remains speculative, it is clear that the old sources are increasingly expensive and decreasingly available.¹⁶

Can the Global Commons Help Mitigate Market Failures?

In some cases, new technologies now offset the effect of shrinking journalism staffs. Smart phones combined with social media outlets were first to report 2011 attacks on Osama bin Laden's compound and Egyptian citizen protests in Tahrir Square. This is a new phenomenon, but with 133 million Americans active on Facebook, 24 million active on Twitter, and 44% of Americans owning Smartphone's, there is an amplifying effect that is offsetting the shrinking newsrooms.¹⁷ One of the most progressive approaches we observed of a traditional news organization embracing the potential contributions from social media is Czech public television's cross-platform integration effort. In this case, the television broadcast community is reaching out to Czech citizenry via social media for the purpose of including citizen dialogue in television broadcasts.¹⁸

Within the U.S., the non-profit news marketplace is growing and filling many of the gaps just where the industry and American public needs them most – investigative or watchdog journalism. Industry experts see promise for growth of non-profit news organizations, though they note barriers to entry stemming from outdated government regulation. Specifically, journalism is not an eligible category for tax exempt status within IRS code 501(3)c. Non-profit news organizations such as ProPublica and National Public Radio are well funded via philanthropic foundations and grants. Such healthy funding is not generally available for community level journalism. According to the FCC, the number of reporters covering state capitals decreased by 32% from 2003 to 2009.¹⁹ Every community has different reporting needs thus it is difficult to accurately quantify the shortage; however, the FCC estimates that 5,000 more reporters are needed to fill the gap in local reporting left by shrinking for-profit newsrooms.²⁰ On a positive note, trends indicate that, with the exception of newspapers, investment in newsrooms grew industry-wide in 2011.²¹ With the proper business model and adequate community support, it is easy to foresee local nonprofit news efforts emerging to fill the gap in local journalism.

Because of low barriers to entry and easy access, the global commons tier contains much information of questionable merit for the purposes of an informed citizenry and a check on government excess. The examples above show, however, that there are many tools available to meet the needs of a free press as envisioned by the founding fathers. The global commons tier is the major change to the media landscape, and even as it poses challenges to firms and to the public good, it provides many of the tools to meet those challenges.

CHALLENGES TO NATIONAL SECURITY

The quality and availability of news content along with an emerging need [to effectively interact within the global commons] presents the most pressing challenges from this industry to national security. Consumers relying primarily on the private and general public tier of news channels enjoy a level of trust in the information provided based upon experience with well known news brands. Standards for journalism such as source verification and editorial oversight are routinely applied by traditional radio, television and print news providers though the same is not assured by non-traditional news sources within the global commons.

A consistent concern voiced by news media leadership contacted for this study is the concern for accuracy in news generated by non-professional journalists or citizen journalists. Lacking formal journalism training, many fail to apply journalism standards and validate the information they present. As a result, there is increased risk that within the global commons, inaccurate news can be disseminated far and wide within a matter of minutes – “going viral” – and cause damaging effects. New news sources within the global commons such as individual blogs and social media place the burden of verification on the consumer rather than the producer. This can be problematic when consumers choose to only consume and share news that confirms their own political beliefs and bias. The result could be a dialogue of the deaf, where competing versions of news generate a cacophony of voices with no real listening or attempt at understanding.

From another perspective, one senior news media industry analyst highlighted the impact of missing context on accuracy. He noted that the cyclical nature of the traditional news media

connected dots and provided context to the consumer. “That extra time they spent was time saved for the reader, who did not have to review multiple sources to assess the relative wisdom or veracity of different parties.”²² When there are multiple conflicting reports of the same event, it is now left to the consumer to interpret what is accurate. News organizations such as the Poynter institute are targeting this issue by offering to train citizen journalists in protocols and editorial methods, though there is no overarching controlling mechanism for publishing within the global commons.²³ In the words of John Lawton: “It is the irony of the Information Age, that it has given new respectability to uninformed opinion.”²⁴

Another challenge lies in the fact that there are so many possible sources for news that they make it difficult to find the best, most relevant information. Trained analysts and general interest readers alike can suffer hours of wading through data tangential to their real need or interest: “right now, we are awash in media...working to bust through the clutter of massive media to provide news and information that is of interest on the consumer’s own terms.”²⁵ In addition, information can be obscured by limitations imposed by internet search engine preferences. The current method for navigation – search engines which prioritize based on algorithms reflecting public interest and revenue generation – can be of limited use when results are returned based upon the number of page views. What is of greatest interest to a general audience is frequently not of greatest relevance to the national security decision maker.

In response to the quantum leap in availability of digital data, information technology research groups like Gartner are studying how to better manipulate and move through “Big Data...the volume of data available from multiple sources such as sensors, mobile devices, online transactions and social networks.” Gartner predicts that more than 85% of Fortune 500 organizations will be unable to effectively exploit Big Data by 2015 and describes an equivalent challenge for news organizations in extracting “massive amounts of web content across multiple geographies and languages in real-time, and at the same time perform text transformation such as translation, extract meta information and filter out noise with 100% reliability.”²⁶ Issues for Fortune 500 and news organizations are no different for the general public or national security decision-maker. As a result, intelligence, science and technology communities are evaluating industry solutions to the problem of Big Data to include “visualization tools that will better enable analysts to more effectively extract and manipulate critical information from all available information sources.”²⁷

The opportunity for two-way dialogue between news producers and consumers within the global commons is a relatively new challenge for national security decision-makers. By its nature, government organizations are news generators. Arguably positive public opinion and support is directly related to the amount of favorable media coverage given to news about government actions and organizations.²⁸ The rapid pace of information flow enabled by the global commons can quickly turn a minor issue into an issue of significant concern. It can also shape national and international opinion favorable to U.S. national security policy objectives. Recognizing the importance of both understanding and providing a credible voice to discussions within the global commons, government organizations – to include all embassies and news organizations visited in this industry study – now employ social media specialists.

A final challenge resides in the possibility for monopolization of media infrastructure and resulting risk for media censorship. Some of our interlocutors, domestic and international, expressed concerns about media ownership and specifically, that the concentration of news gatherers and distributors into the hands of only a few could lead to less efficient governments and more corruption. In the US, telephone companies have become the largest owners of wireless communication networks and cable systems. Internet companies continue to amass communications companies and broadcast and print companies are experiencing an unprecedented consolidation of ownership.²⁹ In 1997, the US industry had 27 media companies which each earned over \$1 billion dollars in sales. Now only 13 companies (three of which are technology companies, Yahoo, Google, and AOL) now earn revenues of over \$1 Billion.^{29,30} This decline in numbers supports concern that the U.S. is heading toward limited ownership of news infrastructure and that content censorship could result. (A 2000 Pew Survey found approximately 50 percent of journalists felt pressure to self censor their reporting because of corporate ownership).³¹

Internationally, the effect of limited media ownership is clearly evident. In Turkey, many media outlets operate as part of corporate conglomerates with broader business dealings involving the government, and become instruments of corporate strategy and access. The self-owned and managed media face the threat of punitive tax and terrorism investigations following unfavorable coverage of the ruling party. The result is a Turkish media that is almost completely controlled by government: guided by corporate interest or state admonition, they report in less than a fully critical and independent manner. In the UK, overly familiar relations between political parties, government employees, and major corporate press (primarily News Corp) have fueled a major crisis involving media ethics, privacy rights, and protection of the public interest. On the other hand, greater state intervention in press standards compared to the U.S. constrains the scope of political debate in British broadcast media, though the print media remains largely exempt. In the Czech Republic, press ownership suffers from the same lack of transparency that prevails in the business and government sectors. Under these conditions, transition for newspapers and journalism of every stripe to new technologies and business models is made more difficult. Should media software and hardware for transmission migrate to the hands of the few as experienced in the United Kingdom, Czech Republic and Turkey, it could dramatically shape, limit, and spin the information diet of U.S. citizens. The utopia of free, broadly available, high-quality, wide-perspective information might become the dystopia of mind-numbing, hyper-commercialized, shallow-content, always-on "messaging news" used to divert the public's attention from serious national dialogue to serve the needs of business and government elites.³²

OUTLOOK

The current landscape offers positive and negative trends. Certain types of news are clearly better in the new media environment, others less so. The American Press Institute's Newspaper Next project identifies two key requirements for the media to maintain its social utility: the regular attention of a large majority of the public and a strong and sustainable financial base. The project foresaw that once news firms commit fully to innovation as a core function, they will be able to serve broader constituencies with more products and services than ever before. Individual firms can become more profitable and contribute more social value when

they get their business model right for the new landscape, a model based on multi-tasking, quality content, and reaching audiences where consumer preference take them. One digital news consultancy describes the result as a business model that increases the quality and quantity of original content on platforms of the consumers' choice, involves the crowd, expands the audience, expands revenue opportunities, lowers costs, and increases profits.³³ Another expert predicts that “web technology offers the potential for greater-than-ever journalism and will be the savior of what we once thought of as newspaper newsrooms.”³⁴ Virtually every threat to the industry also presents a growth opportunity, viewed through the lens of innovation. “The deciding factors, it turns out, are the industry’s own willingness and ability to innovate.”³⁵

M.E. Sprengelmeyer, editor of the *Guadalupe County Communicator*, is one of those innovators. His community newspaper is thriving because, as he states: “Community newspapers have a captive geography. As long as you can keep everyone within 10 miles reading your piece of paper, you can deliver value for your advertisers.”³⁶ This hyper-local approach to news coverage can be successful. At the regional level, coverage of municipal and state government news has struggled, but with an interesting twist. While traditional media at the regional level has not been able to maintain robust staffing, they have expanded their online audiences. In cities such as Toledo, Seattle, and Richmond, the local newspaper or TV station has emerged as the dominant provider of online local content.³⁷

At the national level, news is vibrant and dynamic. There are areas of concern, but national newspapers have developed new methods to reach national and even global audiences, and national-news aggregators such as Drudge and the Huffington Post have developed effective and profitable business models. On the whole, today there is more reporting, more methods to publish and consume the news, more accessibility and transparency in the U.S. than was the case in the years of dominance for major daily newspapers and big broadcast news.

International news for U.S. audiences is a mixed picture. “The contraction of newspapers, newsmagazines, and network news severely undercut traditional ways of getting foreign news. But other media organizations—including Bloomberg, the *Wall Street Journal*, and NPR—have expanded their overseas presence, and a few nonprofit organizations are funding international reporting. Just as important, the Internet, cable, and satellite offerings (of international news) have greatly increased.”³⁸

It may be too early to draw firm conclusions as to the net benefit or harm to US democracy and national security, but the net outlook is guardedly optimistic. Broadly speaking, the evolution of the news media industry has enabled significant advances in the quantity, quality, and public accessibility of facts and arguments informing national security decisions. If significant portions of the public manage to effectively navigate and digest this torrent of information, the U.S. will finish the next decade with the best media it has ever had in terms of public service.

RECOMMENDATIONS FOR THE ROLE OF GOVERNMENT

The emergence of a global information commons based on internet expansion has changed the landscape of the news media industry and created conditions for an increasingly free press.

That very freedom is predicated on participants, both producers and consumers rather than the government, deciding how it will operate and what forms will persist. There are several areas that can use an assist from government, though, to facilitate successful consumer navigation within the transitioning news media environment.

To encourage the growth of journalism as a public good, Congress should broaden Internal Revenue Code 501(c)3 provisions for non-profit tax exemption to include non-profit journalism. This would encourage and strengthen investigative journalism, foreign news reporting and news reporting of government activity at the state level and below. It would also stimulate robust production of news that consumers are generally not willing to pay for, but holds social value for maintenance of an informed citizenry. The federal government should create a streamlined, pre-packaged process for appropriate news organizations to convert to the non-profit model.

From an organizational perspective, there is room for efficiency in the current structure of public broadcasting organizations governed under the Public Broadcasting Act of 1967. The House Committee on Energy and Commerce, Subcommittee on Communications, Technology and the Internet should lead consideration of integrating the Corporation for Public Broadcasting, National Public Radio and the Public Broadcasting Service for a more efficient and integrated approach to leverage modern information flows and better inform the American public.

From an infrastructure point of view, current efforts by the Federal Communications Commission (FCC) and the National Telecommunications and Information Administration (NTIS) to develop national broadband access represent a critical enabling task. Expanding nation-wide broadband capabilities is essential to bringing access to the global commons to all American citizens and should be considered for inclusion within the structure for public broadcasting. Congress should protect funding for this expansion of broadband access.

As a part of public education policies and priorities, the Department of Education should address the changing skill sets required for American citizens to effectively navigate, consume and produce news within the digital environment. This can be accomplished by establishing core standards for critical thinking and research within existing primary and secondary school curricula. This would form an early foundation for critical thinking about news as the digital information environment continues to evolve. In addition to educating citizens on how to find and think critically about information, education on basic journalism as a component of language arts will directly support the emerging phenomena of citizen journalism. By teaching basic fact checking, use of multiple corroborating sources, and how to put information in context, the overall risk can be reduced for false reporting within the global commons.

Due to the Constitutional provision for a press establishment independent from state control, the U.S. government has traditionally been a follower, not a leader in media affairs. As the pace of technology change has increased, this has created a lagging presence in social media and other cutting edge media engagement. Though national dialogue is increasingly carried out in the global commons, government training in social media communications techniques are immature and fail to fully leverage the opportunities available. The Office of Personnel Management and the Department of Defense should establish training for national security professionals in how to effectively communicate within the global commons.

An effective cross-tier engagement strategy would impact national security politically, militarily, economically, and socially. Perhaps most importantly, it can create unprecedented transparency as government officials participate in both traditional and modern communications with the American people and invite anyone to join the conversation through global media. The US Government will benefit greatly by leveraging the strengths of private, public, and global media enhancing strategic communication, transparency, and security.

In the final analysis, dramatic changes in the news media landscape create many opportunities for citizens, society, and state. With these prudent and targeted policy measures, we can make great strides toward ensuring the U.S. is the big winner, rather than a bewildered loser, in the media environment of the 21st century.

ESSAYS ON MAJOR ISSUES

A description of the current media environment emerged after several months of field observation and seminar discussion. We found an industry in transition, with some firms having to adapt to changing technology and business trends while full of possibilities for growth or jeopardy. Several seminar members focused additional attention on specific drivers of change, such as content pay walls, social media, media in emerging democracies, and public diplomacy. Excerpts from several of these trend essays are included below, in order to provide a sense of the group discussions that informed the above synoptic essay. The Reinkober article highlights the efforts of the New York Times to transition to a pay-for-content model. The Numa article highlights the growing weight of social media in the Middle East, both as a part of the way people access news, and how they can be mobilized for action. The Akhmetzhanov piece reminds us that some states remain separated from the global information environment, and that integrating and transitioning such societies as they emerge remains a challenge for national leadership in the U.S. and in the countries affected. Colonel Angyal reminds us that the proliferation of both communication channels and media content provides powerful tools for U.S. soft power, if used in an agile and nuanced manner. Finally, Lieutenant Colonel Clearfield sounds a cautionary note – what if the transition to a richer, more varied new media is derailed by the very forces driving change? Could elements of the more traditional, newsprint-centered journalism be irreplaceable? Taken together, these essays illustrate the growing complexity of the national and global news media.

PAYWALLS

COL Eric Reinkober, USA

The New York Times Company's digital strategy provides a model for monetizing news content in the digital domain. However, this model is unlikely to work across the industry for non-national or local newspapers. While the New York Times possesses clear advantages over other newspapers with its large following and brand differentiation, its performance in the digital domain can inform the newspaper industry on what is possible as other newspapers attempt similar strategies.

The addition of 454,000 digital subscribers from March 2011 to March 2012 is an encouraging sign for the New York Times. In addition to the new revenue stream from paying digital subscribers, the New York Times maintained the same level of web site traffic post paywall as it did prior to the enactment of the paywall, with over 48 million monthly hits.³⁹ Despite the non-paying digital readers, the large website traffic represents an important metric for advertisers in the digital domain. For 2011, industry analysts estimate that the New York Times' digital strategy generated a new revenue stream of approximately \$218 million dollars, with \$63 million dollars from digital circulation gains and \$155 million dollars from digital advertising.⁴⁰ There are characteristics of the New York Times' digital strategy that may help inform other newspapers as they consider similar strategies. While the initial paywall results are encouraging, it is unlikely that similar pay-for-content models can be applied across the newspaper industry for non-national and local newspapers.

A transition to a pay-for-content model must complement the print platform and not destroy it. For years, newspapers put themselves in a difficult position with paying print subscribers and non-paying readers in the digital domain. With its digital strategy and paywall, the New York Times successfully added an additional revenue stream in the digital domain without destroying the revenue stream provided by the print platform. While print advertising revenue continued to fall across the industry, the New York Times was able to increase print circulation for their Sunday edition for the first time in five years, an important source for print advertising revenue. As newspapers enter the pay-for-content digital domain, it is important to find the right pricing strategy for digital and print products. It will likely be different across the newspaper industry.

Differentiation and a loyal customer base are important characteristics of a successful newspaper digital strategy. With free news content choices available on the digital domain, it is helpful for newspapers to compete on differentiation or the qualities that make it unique and valued by its customers. For example, the New York Times is known for high quality journalism and substantive analysis that appeals to an educated reader. The Times sees itself as unique and believes it is the news organization of record in communities and the world it serves.

As newspapers transition to a pay-for-content model in the digital domain, the importance of a large scale readership volume on the web site is an important start point. For example, with 48 million visitors per month to the New York Times web site, the company enjoys a critical advantage over competitors as it seeks to convert digital readers to paying digital customers. With such a large start point in scale, it would be reasonable to expect that there are growth opportunities to add digital subscribers for the New York Times. As of March 2012, the New York Times has only converted one out of every 100 of its online readers to sign up for a digital subscription.⁴¹ Smaller metropolitan or local newspapers don't enjoy the same advantage of digital readership levels when compared to the New York Times.

The sales and marketing aspect of the digital strategy is an important characteristic of a successful digital strategy. Newspapers must develop a sales strategy that engenders commitment from potential customers to buy the newspaper. After years of free digital content, this is not an easy task and will not just happen automatically with entry into the pay-for-content model. Since March 2011, the New York Times conducted an aggressive sales and marketing campaign with television advertising and targeted mail advertising to select markets. Sales and

marketing in the digital domain is complex, but it also offers tremendous opportunities to help accelerate and sustain digital subscriber sales.

The ability to continue to grow and sustain digital subscribers is an important characteristic of a successful digital strategy. When the New York Times removed their paywall in 2007, their digital subscriber levels had leveled off for three consecutive months and began showing signs of decline. Through continued investment in innovation and a focus on customer needs, a successful digital strategy seeks to retain the existing digital subscribers while at the same time attract new digital subscribers. Sales and marketing campaigns must focus on both customer groups to avoid a subscriber level plateau and possible downward spiral.

The settings of the paywall limit or other restrictions to free content are important characteristics of a successful digital strategy. In March 2011, the New York Times set their paywall limit at 20 free articles per month. The decision on the paywall limit may be different for each newspaper. While the Wall Street Journal does not have a paywall ceiling, they do restrict access to reading the full article length. The setting of the paywall also allows the newspaper to accurately measure reader interest levels that helps inform advertising sales and subscriber marketing efforts. During the transition from free digital news content to a paywall, it is important to set a limit, measure results and reset the paywall level, when necessary.

As of March 2012, ten major US newspapers and several hundred smaller newspapers have already or will limit content to paying customers by enacting an online paywall.⁴² The Wall Street Journal, a key competitor with the New York Times, has over 537,469 digital subscribers.⁴³ Like the New York Times, the Wall Street Journal competes on the basis of differentiation and focuses on educated, affluent readers who value and are willing to pay for the information the Wall Street Journal provides. In March 2012, the Los Angeles Times announced their digital strategy offering subscribers a \$3.99 per week rate (\$192 per year) with a paywall set at 15 free articles per month. While the USA Today has indicated their desire to keep their content free on the digital domain, other Gannett newspapers are transitioning to a paywall model. The Minneapolis Star Tribune gained 14,000 digital subscribers (5.7% of their total print circulation) since the enactment of their pay for content model in November 2011.⁴⁴ As newspapers look to the initial success of national newspapers, such as the New York Times and the Wall Street Journal in the digital domain, it may take one or two years to properly assess the results and determine long term viability of the model.

The New York Times Company's digital strategy is moving in the right direction with the addition of 454,000 new digital subscribers since March 2011. However, this model is unlikely to work across the industry for non-national or local newspapers. The characteristics of a successful digital strategy include differentiation, large scale readership, flexible marketing strategies to attract and sustain digital readers and the proper setting of restrictions to free content. While many pundits predicted failure for the New York Times paywall, there is reason to be cautiously optimistic about its future. Indeed, there are opportunities for the New York Times to grow circulation among digital subscribers throughout the country, especially as other newspapers continue to struggle. The New York Times is better positioned to be a survivor and fill voids created by failing metropolitan newspapers. In this environment, government policy has no role in picking winners and losers. While the New York Times' paywall is still a work in

progress, similar digital strategies by other newspapers, such as the Los Angeles Times and several Gannett Company newspapers, face an uphill battle.

SOCIAL MEDIA IN THE “ARAB’S SPRING”

BGen Ronney Numa, IDF

As time goes by it seems that information-communication technology and especially the social networks played a crucial role that cannot be ignored in the Arab Uprising. Even though social media is a limited tool and had different impacts from country to country, it merged with communications technology and traditional media channels to have a growing impact on civil society in the Middle East region.

A CHRONOLOGY OF EVENTS OF THE “ARABS SPRING” The revolution in Tunisia started instinctively without early warning and the role of social media and communication technology was mainly in the distribution and spreading of the story. Specifically, the first pictures of the demonstrations in Tunisia were spread in this manner in the Middle East and throughout the rest of the world. By contrast, the Egyptian revolution was set, planned and motivated in and by the social media. The first three days were the days of the bloggers that motivated the people to go out and demonstrate. After three days, the Egyptian government shut down the internet infrastructure but it was too late. From that point on, other civic forces like political parties and religious movements used their social power and physical networks (like mosques and schools) to keep the people motivated to go out and risk their lives in order to achieve the revolution’s purpose. The pictures from Egypt and Tunisia were widely published and the social media had a pivotal role in spreading these pictures and movies. The social media helped to reinforce the power of the social movements and the social movements in turn reinforced the power of the social media. What can be seen in the Egyptian case study is that social media and cell phone technology merged with social movements (especially the “Muslim Brotherhood”) and inspired the people to go out and risk their lives in public demonstrations.

The Tunisian case is different than the Egyptian one with regard to the role of social media and communications technology. The Syrian and the Libyan cases are unique, but they share some of the same characteristics from events in Tunisia and Egypt. In Libya and Syria, social media was not essential in planning the upheaval, but it cannot be ignored that all of these different case studies share the same common basic role of social media and communications technology. Public discussions that were highly limited under autocratic regimes suddenly were more available. Even though the discussions were limited, they were good enough to influence people which “let the genie out the bottle”. The social structure and the circumstances are different from country to country, but it cannot be ignored that social media and the technological capability to communicate and spread videos and pictures was one the crucial engines of the Arab Spring.

Contrarily, the Bahraini case study shows the limitation of the social media when it’s not connected to other media channels. The lack of connection between the social media and the traditional news media, because GCC (The Gulf countries) governments put pressure on Al - Jazeera and El Arabia to deemphasize the demonstrations. This limited the opposition in Bahrain to spreading their message only through social media when they were counting on



widespread fourth estate media coverage. Therefore, the Bahraini story was not widely published or publicized and this is one of the reasons why these protesters so far are failing to achieve their goals.

WHAT LESSON CAN WE LEARN? The major lessons that can be taken from these case studies regarding the future role of social media and communications technology in news media are the following: First, social media has become and continues to be a growing factor in the way that people all around the world communicate and choose their news. Although it can be interrupted and blocked or biased, social media still has a considerable impact on society.

Secondly, is that in order to reinforce the positive effect of social media, the traditional fourth estate media channels must pick up the story and carry the message. When both the social media and the fourth estate media merge together, the result is a very powerful force multiplier that helps to expand and spread the “marketplace of ideas.” Social media and technology communications reinforce the role of news media in every nation all around the world. The lesson learned from the Bahraini case study is that although social media is growing, it is a limited tool when it becomes the only channel for broadcasting news.

Lesson three is to increase government involvement in social media in order to better communicate with the public and explain their point of view.

The last lesson regards national, the new communications-technology and social networks provide an opportunity for access and influence all around the world, but also increase the risks and vulnerability. Regulations are needed in order to mitigate disinformation during crises.

Social media and new tools of communication-technology are becoming more and more influential in societies all around the world. Although these tools are limited and might be observed as superficial journalism it strengthens the exchange of ideas and gives an opportunity to a wide spectrum of people to participate and be part of all kinds of conversations. When the new communication-technology is merged with the other fourth estate actors of the news media it reinforces the democratic values and by that strengthen the society.

PAVING THE WAY FOR DEMOCRACY: MEDIA AND THE BALTIC REVOLUTION **LtCol Aman Akhmetzhanov, KZ AF**

The Baltic States of Estonia, Latvia, and Lithuania are a good example how countries could make comparably rapid transitions from totalitarian regime to democratic state, aided by an increasingly free press. The damage done by the Soviets to these small nations was massive. The entire process of democracy, a free market economy, and the freedom of speech had to be restored, as well as people’s understanding about values, work ethics, and social responsibilities.² News media in the Baltic States played a significant role in this remarkable transition, and there are lessons that can be applied by countries to the east of the Baltic borders.

The Baltic States took back their independence from the Soviet Union in 1991, with peaceful, democratic revolutions. The changes in the media after independence were unbelievable. During the Soviet years, the communist party owned all news outlets, including print, broadcast, and radio.³ Soviet newspapers were cheap and easily available, but there was little to read in them. The articles fawned over the managers of the party, as well heaped praise on workers in some factory or farm. Often the front page contained transcripts of government documents and regulations. This format crumbled in the momentum of the revolution.

The media was a source of inspiration for the independence movement in all three states. The peaceful revolution in the Baltic States, also known as "singing revolution" and many songs were sung by the media.⁴ The media was where the world learned about the destiny of the Baltic countries. People protected the national radio and television in Latvia and Lithuania when Soviet troops attacked. The journalists reported even in the hopeless moments of crisis. It was in all respects the "golden era"⁵ of the media in the Baltic countries. "The radio and television were the only sources of information at that time. They worked 24 hours a day, transmitting news regularly and giving hope and to the people", observed media scientists.⁶ The level of trust in the media is still high today, and this is largely due to the role they played in late 80s and early 90s in the independence movements.⁷

At the same time western governments, educational and research institutions, political parties, the media, nongovernmental organizations were excited by the democratic revolutions in Baltic States, and they started helping this transformation.⁸ Many western initiatives, programs and organizations provided financial aid and technical assistance. This principle was to help transform institutions and develop democratic practices in post-communist countries following the model of those that functioned in Western Europe and the United States.⁹

Consequently, the news media in the Baltic States told the truth and established freedom of speech which was not only one of the major demands of the independence movements but also the most important tool for taking apart the totalitarian Soviet system of political and social control. This experience meant that from the beginning the governments of the new independent countries confidently believed in maintaining freedom of speech as a primary right.¹⁰ In the first years after independence, it was very difficult for the media economically, as the price of the papers was raised, but people did not want to pay them because of general economic conditions were poor.¹³ Owners of media had to invest in the development, operation, and in journalists. The concept of western style of reporting has appeared along with the market conditions. The journalistic tradition was very poor, so the reporters had to learn themselves and educate a new generation of journalists and editors.¹⁴ In spite of the prompt transition from state-owned to independent media, the Baltics have a weak tradition of professional journalism.

Many media outlets were transferred to the media professionals, who worked for these outlets during Soviet period. All three countries set new journalist training schools and modified the existing programs.¹⁵ Positions were taken by the young generation without suitable training, but very enthusiastic on Western ideals of liberty. They adopted a different approach from their Soviet-trained generation, who stressed the ideological role of the media and turning media into a business, free market, and independence.¹⁶ Journalists and reporters, who served as the agents of propaganda, had to adopt one of element of the news media tool a "watchdog" role and learn to report critically about the events. The role of "watchdog" suggests that the media has to examine public officials and government, and report on their misdeeds, thus contributing to democratic processes.

Estonia, Latvia, and Lithuania as new democracies were reinforced by the desire to get as close to the western democracies as soon as possible. As a result, the Baltic States joined the European Union (EU) and North Atlantic Treaty Organization (NATO) in 2004 and now are full

members of both³⁰. Joining NATO and the European Union meant having a functioning democratic system with a free press and strengthening national security. The recent economic indicators show that the Baltic countries have made great steps. All Baltic States achieved the status of democratic society comparatively in short period of time with functioning liberal economy; these achievements were possible due to democratic role of the news media.

The international human rights organization Freedom House started evaluating freedom of the press in the Baltic States in 1992, and since 1994, it has rated the press in all three countries as “free.” For more than twenty years, their scores placed them in the company of established democracies such the United States and Great Britain.³¹ Free, independent, and pluralistic media of the Baltic countries was a necessary condition for the establishment and strengthening of democracy, economic development, and national security. The independent media, serving the interests of society, plays a crucial role in new democratic countries that seek to overcome social problems and internal conflicts, and take the path of democratic development.

INFLUENCING FOREIGN AUDIENCES: THE SOFT POWER OF US NEWS MEDIA **COL Joe Angyal, USA**

Globalization, interconnectivity and convergence are influential forces in today’s environment, and all serve as testament that the world has long-since passed from the industrial into the information age. This period is certainly volatile, uncertain, complex, and ambiguous. State actors are now on a level playing field with non-state actors, largely because of the power of information and technology. Yet information power is more than cyber power. It is not only the connectivity; it is the content and cognitive effects of information.⁴⁵ The news media plays an important role as a conduit into the marketplace of ideas, where truth competes freely with misinformation and propaganda. Discussing the importance of media as a part of battlefield strategy, Abdul Sattar Maiwandi, the web editor of a Taliban website said, “Wars today cannot be won without media...media aim at the heart rather than the body, if the heart is defeated, the battle is won.”⁴⁶ The United States must make better use of info power to meet the challenges of the world as it is. The news media is an important element of soft power, and the national security team must use it more effectively to bend, mold, and shape the environment into the world that we seek.

There are many lessons to be learned from the last decade of combat and stability operations. One of the major themes emerging is achieving the proper mix of instruments of national power, known as “smart power.” Joseph S. Nye, Jr., a former Assistant Secretary of Defense and Deputy Assistant Secretary of State in the area of security affairs, believes: “...soft power rests on the ability to shape the preferences of others...we all know the power of attraction and seduction. The ability to establish preferences tends to be associated with intangible assets such as an attractive personality, culture, political values and institutions, and policies that are seen as legitimate or having moral authority.”⁴⁷

The news media is vital to national security. Furthering the national agenda requires an open and active relationship with the press. The Department of State’s public diplomacy efforts are critical for engaging and influencing international audiences favorably towards the United States and our interests. Public diplomacy directly engages foreign publics, and uses news media

extensively to achieve foreign policy goals. Specifically, it uses media-centric ways of public affairs and international broadcasting to: "...shape the narrative; expand and strengthen people-to-people relationships; combat violent extremism; and better inform policymaking."⁴⁸

Technology has not only greatly increased the speed of communication; it has also dramatically increased the speed of the spread of disinformation, able to counter to our ideals and our cause. Edward R. Murrow, as then-director of the U.S. Information Agency said, "American traditions and the American ethic require us to be truthful, but the most important reason is that truth is the best propaganda and lies are the worst. To be persuasive we must be believable; to be believable we must be credible; to be credible we must be truthful. It is as simple as that."⁴⁹ Public diplomacy continues to evolve alongside technology, and is constantly looking for ways to get their message out. News media is an important enabler of this form of engagement.

In 2008, then Undersecretary of State for Public Diplomacy James Glassman rolled out the State Department's plan to incorporate the revolutions in internet technology into a program called "Public Diplomacy 2.0." Also known as "Facebook Diplomacy," "digital diplomacy," or "e-diplomacy," the program offers unprecedented access to the diplomatic community, and is stronger than ever more than four years later. One of the main theories supporting this effort is that the U.S. enjoys a significant competitive advantage over organizations such as Al Qaeda: the U.S. fundamental messages of democracy and personal freedom are more compatible with the internet, as opposed to those of cultural war and global jihad.⁵⁰ Controlling the message is critical for terrorists, but impossible in the open internet, especially considering the rise of social media and press freedoms.

Ensuring strategic communications synchronization across the interagency is challenging. It is also an extremely important foundation for soft power for the U.S. government, and one of the main links between the national security community and the news media. President Obama, in his 2010 report to Congress, described strategic communications, "...as the synchronization of our words and deeds as well as deliberate efforts to communicate and engage with intended audiences..."⁵¹ Strategic communication links directly to the nation's credibility and legitimacy; if the words do not match the actions, there is a serious impact on the amount of soft power the nation can bring to bear. Further, in the report, the President highlights the urgency for getting this right:

The development of new media platforms is empowering global populations to reach out and communicate with others in ways they could not just a few years ago, and social and political movements are becoming savvier at mobilizing constituencies. Since our report in 2010, global events - from Cairo to Tehran - demonstrate that our engagement and communication with public audiences have never been more important.⁵²

With the added pressure of the twenty-four hour news cycle, and near real-time communications with publics, synchronization of communications across the national security team can be challenging.

Our security, prosperity, values and desired world order all rest upon the strength of the American democracy, itself rooted in a long tradition of personal freedom. The news media plays an important role in securing the nation, and is a powerful source of attraction in an

uncertain and volatile world. Scarce resources limit the ends and ways available to the national security team, and require application of power in the most efficient manner. The United States must harness the power of information if we are to continue to be successful in the complex times ahead: not just using it to address the world as it is. More importantly, we will use it to bend, mold, and shape the environment into the world that we seek.

CONSOLIDATION OF MEDIA OWNERSHIP AS A THREAT TO DEMOCRACY **LtCol J.R. Clearfield, USMC**

The vision of a flourishing, participative, responsible press may run up against formidable barriers in the coming years. One unsolved question has been extensively discussed above – how do you replace the quality of journalism that was resident in newspaper newsrooms when the newspapers go out of business? Sure the common man can now publish, but what if they fall short of journalistic standards necessary as a support to healthy democracy? A second barrier, less obvious and less-frequently discussed is posed by the ongoing consolidation of media ownership in the U.S.

The 1996 Telecommunications Act was a noble attempt by the US government to build and provide telecommunication (i.e. computer based, interactive service) infrastructure and services on a competitive basis with regulations that mandated below cost prices for customers. The goal was to provide US citizens with a low cost “universal service” available to all citizens by building new channels that brought information at greater speeds.⁵³ As a result of the Act, telephone companies became the largest owners of wireless communication networks and cable systems. Internet companies began amassing communications companies and broadcast and print companies saw an unprecedented consolidation of ownership.⁵⁴

“The year 1995 was most eventful. First Ted Turner sold his complete operation, including CNN, to mega-media giant Time Warner and skeptics grumbled that a serious news organization would have difficulty trying to function as part of such a corporate colossus. At the end of the year Microsoft announced it would ally with NBC to form MSNBC to directly challenge CNN. Rupert Murdoch's News Corps., Inc., and Capital Cities/ABC also promised future 24-hour news services to contest CNN around the world.”⁵⁵

Currently, technology companies are the only firms in the market substantially profiting from online ad revenue. “(I)n 2011 only five technology companies accounted for 68% of all online ad revenue (this list excludes Apple and Amazon). By 2015, Facebook is expected to account for one out of every five digital display ads sold.”⁵⁶ The most successful contemporary firms studied employed a strategy built around a brand, and/or profitable niche; entertainment (sports, celebrity), financial, or ideological information for which citizens were willing to pay. Fox News and Bloomberg Financial were much more profitable than the Washington Post, or Tampa Bay Times. Consider the impact of this new market of the citizens of Laurel, MS. They once depended upon *The Laurel Leader-Call*, which was the mainstay for more than 100 years in this small city but published its final edition on 29 March 2012. Residents (readers) and the paper's 18 staffers were only given three days notice.⁵⁷ No technology or media entertainment company has moved in to fill this void.

The 1996 Act successfully moved the industry from an oligopoly to a monopolistic competition (the intent of the regulators and a positive outcome for consumers). This act and new digital technologies (i.e. the internet and mobile devices) eliminated barriers to entry and paved the way for free riding internet news aggregators and cable news networks. These firms entered the market via niches to compete with the homogenous broadcast network news. The result of these developments is the destruction of the legacy media business model and newspapers:

In 2005, the best year ever for newspaper ad sales, when combined print and digital revenues were \$49.4 billion. Industry sales have fallen unrelentingly since then to \$23.9 billion in 2011 – the lowest point since 1984, according to the Newspaper Association of America. The net result is that \$26.7 billion in print sales evaporated in the same six years that publishers netted \$1.2 billion in new digital revenues.⁵⁸

This concentration of ownership, internet service providers, content aggregators, search engines, and video on demand services (that use non-transparent practices and algorithms) have the potential to distort both the content, access to and distribution of information.⁵⁹ How can we measure this potential distortion? Three metrics illustrate why the government should be concerned with the changing dynamics of the industry: the competitiveness of US elections; the trend of US scores on government accountability and transparency; and cases of self censorship by media ownership. Elections have become decreasingly competitive, with most incumbent seats uncompetitive and safe.⁶⁰ Simultaneously and perhaps resultantly, U.S. scores on government accountability and transparency measures have been dropping.⁶¹ A nexus of concentrated ownership and chummy relations with comfortable incumbents has negatively impacted the bite of accountability journalism, with self-censorship a consequently rising risk.⁶²

CONCLUSION

A study of the news media three or five years ago might have sensed the disruption to the traditional media brought by technological and competitive changes, but might not have seen how new solutions are emerging alongside the problems and dilemmas. In final analysis, there are grounds for optimism in the emergence of social media, non-profit news, and citizen journalism as important contributors to the news media landscape. The U.S. government must remain vigilant and clear-eyed as to the dangers posed by information overload, abundance of “junk” news or false reports, and concentration of ownership. A few prudent policies discussed above, rather than an alarmist tone and aggressive suite of measures, is in order. Government should ensure its own voice is heard in this expanding and dynamic environment as an aid to transparency and effective policy, even as it lays the groundwork to sustain the broadest possible participation by the people.

“Never has there been more journalism produced or consumed, never has it been easier to find or create or curate news items, and yet this moment is being portrayed by self-interested insiders as a tale of decline and despair.” - Matt Welch, April 2012⁶³

Notes:

¹ Thomas Jefferson, "Letter to Edward Carrington," January 16, 1787, Papers 11: 48-49, Document 8, http://press-pubs.uchicago.edu/founders/documents/amendI_speechs8.html, (accessed May 18, 2012).

² Amy Mitchell and Tom Rosenstiel, "Overview," State of the News Media 2012, Pew Research Center's Project for Excellence in Journalism (PEJ), March 2012, <http://stateofthemedial.org/2012/overview-4/>, (accessed May 15, 2012).

³ This list is representative rather than comprehensive as regards industry segments related to news. For instance, much news content is produced by the Associated Press, Bloomberg, and other networks of news reporters and analysts, who are grouped by industrial analysts under the grouping "News Syndicates." Similarly, an increasingly important provider of transmission means for news content is the wireless service segment, which is currently undergoing rapid growth. The point of the slide is to show that transmission media vary over time, and quality news – good journalism as well – can be produced for and transmitted over a dynamic variety of media.

⁴ (Mitchell and Rosenstiel 2012)

⁵ Mitchell and Rosenstiel, "Major Trends," *State of the News Media 2012*, accessed March 30, 2012 at <http://stateofthemedial.org/2012/overview-4/major-trends/>.

⁶ Mitchell and Rosenstiel, "Major Trends," *State of the News Media 2012*, accessed March 30, 2012 at <http://stateofthemedial.org/2012/overview-4/major-trends/>.

⁷ Russell Adams, "Papers put faith in paywalls," *Wall Street Journal.com*, accessed March 27, 2012 at <http://online.wsj.com/article/SB10001424052970203833004577251822631536422.html>.

⁸ Ibid.

⁹ Jesse Holcomb, Amy Mitchell, and Tom Rosenstiel, "Cable: CNN Ends Its Ratings Slide, Fox Falls Again," *State of the News Media 2012*, <http://stateofthemedial.org/2012/cable-cnn-ends-its-ratings-slide-fox-falls-again/> (accessed March 31, 2012).

¹⁰ Mitchell and Rosenstiel, "Major Trends," *The State of the News Media 2012*, <http://stateofthemedial.org/2012/overview-4/major-trends/> (accessed March 30, 2012).

¹¹ Rick Edmunds, Emily Guskin, Tom Rosenstiel and Amy Mitchell, "Newspapers: By the Numbers," *State of the News Media 2012*, <http://stateofthemedial.org/2012/newspapers-building-digital-revenues-proves-painfully-slow/newspapers-by-the-numbers/>, (accessed March 31, 2012).

¹² Ibid.

¹³ Broadcast TV experience contracted at an average of 2.1% annually from 2006-2011, though analysts predict a return to profitability in 2012-2016. Cable TV grew at 8.2% annually from 2006-2011, and is projected to sustain 3% growth in the next five years. Radio lost 3.6% annually over the past five years, but is projected to return to profitability with a yearly average of 1.6% over the next five. Newspapers had a catastrophic period following their summit of profitability in 2006 and 2007; from 2007 through 2011 they averaged 10.3% revenue loss, and despite cost-cutting and diversification efforts are projected to lose 4.2% annually over the next five years. Internet Service Providers grew revenues at 3.8% in the past half-decade and will keep up the pace at 3.6% in the next, with wireless providers even higher (4.1% and 4.4%, respectively). Meanwhile, online publishing has grown tremendously: 11.4% for the past five

and a projected 16.2% for the next five years. IBIS World Data accessed March 15, 2012 at <http://clients.ibisworld.com/launch.aspx?show=1>.

¹⁴ Director of National Intelligence (DNI), “National Open Source Enterprise,” *Intelligence Community Directive 301*, Government Printing Office, Washington, DC, 2006, 1.

¹⁵ In June 2011, Wing Commander Mike Bracken, RAF and NATO spokesman, described a targeting fusion center that was using multiple media sources to develop targets during Operation Unified Protector (a NATO lead mission to protect Libyan citizens from their dictator); “You name any source of media and our fusion center will deliver all of that into usable intelligence. Graeme Smith, “How Social Media Users Are Helping NATO Fight Gadhafi in Libya,” *The Globe and Mail.com*, June 14, 2011, <http://www.theglobeandmail.com/news/world/africa-mideast/how-social-media-users-are-helping-nato-fight-gadhafi-in-libya/article2060965/>, accessed May 17, 2012.

¹⁶ Laura Frank, “The Withering Watchdog,” *Exposé*, <http://www.pbs.org/wnet/expose/2009/06/the-withering-watchdog.html> (accessed April 1, 2012).

¹⁷ Ibid.

¹⁸ Pavelina Kuspilova, “Social Media and Czech Public Television,” briefing, Prague, May 4, 2012.

¹⁹ Jennifer Dorroh, “Statehouse Exodus,” *American Journalism Review*, April/May 2009, <http://www.ajr.org/article.asp?id=4721>, (accessed April 1, 2012).

²⁰ Steven Waldman, “The Information Needs of Communities: The Changing Media Landscape in a Broadband Age,” Federal Communications Commission (FCC) Report, July 2011, <http://transition.fcc.gov/osp/inc-report/INoC-22-Media-Food-Chain.pdf> (accessed March 15, 2012), 262.

²¹ Amy Mitchell and Tom Rosenstiel, “Key Findings,” *The State of the News Media 2012*, <http://stateofthemedias.org/2012/overview-4/key-findings/> (accessed March 30, 2012).

²² Waldman 2011, 242.

²³ There are efforts underway on several fronts in this regard. One example is the Tampa Bay Times’ Poynter Institute, which seeks to provide foundational journalistic skills for new entrants into the news field, with a special focus on web-based content and foreign audiences. Another example is training by CNN and other news producers for citizen-journalists in areas without traditional news bureaus. A third is the high quality social media skills training available on-line at low or no cost, such as that provided by Dr. Sree Srinivasan of Columbia University.

²⁴ John Lawton, undated, http://www.goodreads.com/author/quotes/256186.John_Lawton, (accessed May 15, 2012).

²⁵ Bruce Sherman, “Research as Key to Achieving Impact,” briefing at Media Freedom and Public Confidence Conference, Gallup World Headquarters, Washington D.C., March 28, 2012.

²⁶ Darryl Plummer, “Gartner Predicts 2012,” Gartner.com, <http://www.gartner.com/technology/research/predicts/> (accessed April 23, 2012).

²⁷ Richard A. Best, Jr. and Alfred Cumming, “Open Source Intelligence (OSINT): Issues for Congress,” *CRS Report for Congress*, Dec 5, 2007, 8.

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