

USC ANNEBERG

CENTER ON

Communication Leadership & Policy

PUBLIC POLICY AND FUNDING THE NEWS

A PROJECT OF THE USC ANNEBERG
CENTER ON COMMUNICATION LEADERSHIP & POLICY

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**FEDERAL TRADE COMMISSION
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USC ANNEBERG

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THEY WERE RIGHT!

GOVERNMENT AND THE FUNDING OF NEWS

**THERE HAS NEVER BEEN A TIME WHEN
AMERICAN GOVERNMENT WASN'T SUPPORTING THE
COMMERCIAL PRESS.**

GOVERNMENT AID BEGAN IN PRE-REVOLUTIONARY DAYS

POSTAL SUBSIDIES

- Began as a way for citizens to be informed.
- They've remained for more than 250 years.



GOVERNMENT AID BEGAN IN PRE-REVOLUTIONARY DAYS

PUBLIC NOTICES

Colonists imported the idea from Old Europe.

Like postal subsidies, they endure at every level of government.

They support newspapers at every level.



BIG BUCKS FOR THE NEWS BUSINESS

- **By late 1960s, postal subsidies worth nearly \$2 billion (today's dollars).**
- **Public notices brought in hundreds of millions in revenue.**
- **State and federal tax breaks were worth hundreds of millions more (today almost \$1 billion).**

AND THEN, A LONG-TERM DECLINE

POSTAL SUBSIDIES

- **Pre-1970 subsidy: 75 percent.**
- **Current subsidy: 11 percent.**
- **Total reduction in today's dollars: \$1.7 billion.**

Postal subsidies plummet

As Postal Service subsidies for mailed newspapers and magazines decline ...



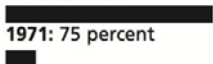
1967: \$1.97 billion

2006: \$288 million

Sources: U.S. Postal Service, Congressional Research Service
(Note: Figures expressed in 2009 dollars.)

... publishers now shoulder nearly all costs of mailing newspapers and magazines.

Subsidy level



1971: 75 percent

2006: 11 percent

Source: U.S. Government Printing Office

AND THEN, A LONG-TERM DECLINE

FEDERAL AND STATE TAX BREAKS

- Many tax benefits are tied to fading print model (newsprint and ink).
- Cash-strapped governments will look to reduce existing tax breaks.

AND THEN, A LONG-TERM DECLINE

PAID PUBLIC NOTICES

- Efforts in 40 states to move public notices to the Web.
- Most public notices remain in newspapers.
- But a shift to the Web is inevitable.

SO, A QUESTION...

Since government support for the news business has been a constant throughout American history, shouldn't new forms of government assistance be considered at this critical moment for the news industry?

TWO SPECIFIC ARENAS TO CONSIDER

EXPAND PUBLIC BROADCASTING

- It has the trust of the American people.
- It is considerably underfunded by world standards.

TWO SPECIFIC ARENAS TO CONSIDER

TAKE RESTRICTIONS OFF THE INTERNATIONAL BROADCASTING PROGRAM

- Current laws prohibit the domestic dissemination of news from VOA, Radio Free Europe/Radio Liberty, etc.
- The Internet has made these laws outdated.

It's time to take full domestic advantage of this fine reporting.

A PROPOSED FRAMEWORK

- **First, do no harm.**
- **Focus on innovation.**
- **Government assistance should be based on formulas.**

POLICY BASED ON FACT, NOT MYTH

- **The church/state division ascribed to the news media and government has never existed. New support for the news business may or may not be desirable. But it would be perfectly in sync with American history.**

FOR MORE INFORMATION:

WWW.FUNDINGTHENEWS.ORG

