

June 17, 2010

Mr. Jon Leibowitz
Chairman, Federal Trade Commission

Mr. Leibowitz:

It has recently been published that you are at “the epicenter of a quiet movement to subsidize U.S. news organizations.” Apparently you see value in giving special tax treatment, exemptions from anti-trust laws and changes in copyright laws to “struggling news organizations which are suffering from a collapse in advertising revenues as the Internet upends their centuries-old business model.” Should this be the case, you make it clear per your intentions that you either loath, or don’t understand capitalism, and that the First Amendment of the U.S. Constitution exists for the amusement of the Cato Institute, the Heritage Foundation, and a bevy of constitutional scholars.

Special subsidies and tax breaks for news organizations opens up a rat-hole that perhaps you should avoid, especially when your “quiet movements” go mainstream. When legitimate news sources begin asking the tough who, what, where, when, how and why questions regarding subsidies and tax breaks, government may be seen as trying to drive a competitive advantage toward news sources favored by the White House. This also means that government will have imposed its authority and weight of intimidation (subsidy withdrawal) to directly affect or influence editorial content and outcome. Should this happen, “abridging the freedom of speech, or of the press”, government will have stepped beyond its authority to regulate. Regulation beyond government authority impacts the liberty and freedom of Americans, and we will not allow this to happen.

Secondly, if a business is failing you don’t subsidize it. Instead, you identify why it is failing, and make the necessary changes to make it successful. If the necessary changes can not be made, failure is an option. Welcome to capitalism. A collapse in advertising revenues means that a news organization is losing market share, and it loses market share because readers prefer a competitive product. Giving incentives to artificially stimulate a failed product will not improve market share, ad revenue, or long-term economic viability. It will not create new dollars. Have you not learned that yet? Furthermore, a centuries-old business model should be upended. If a subset of an apologetic and sycophantic media is facing extinction, one can easily see why the current administration would sound the alarm. However, legislating against the will of the people, trampling our First Amendment rights, and abandoning the principals of capitalism will ultimately re-weight this Congress in November of 2010, and seat a competent Executive in 2012.

Respectfully,

Greg Jewell
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