

**Prepared Remarks of Chairman Julius Genachowski
Federal Communications Commission**

June 2011 Open Agenda Meeting

Statement on Information Needs of Communities

**Washington, D.C.
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In 2009, a bipartisan commission formed by the Knight Foundation looked at how technology is changing the media landscape and affecting the information needs of communities.

The Knight Commission called on the FCC to examine some of these issues more closely.

And I asked Steve Waldman to lead a working group to do so – to assess the landscape, identify trends, and make recommendations on how the information needs of communities can best be met in a broadband world.

Today, I'm proud to say that they have completed and delivered their report.

The project Chair – Steve Waldman – is here to present the key findings and recommendations of the staff report. But before I turn it over to Steve, a few brief comments about the process and Steve's remarkable team.

Anyone who reads this report will be impressed by the thoughtfulness of its analysis and recommendations.

The report's findings and recommendations contain a strong and hopeful throughline: there has never been a more exciting time than this broadband age to achieve our Founders' vision of a free democracy with a free press and informed and empowered citizens.

As the report identifies and celebrates the potential of new communications technologies, it also highlights important gaps that threaten to limit that potential.

The report does all of this in a thoughtful and fact-based way, with a full grasp of the opportunities of new technologies as well as deep respect for long-established forms of media.

That the report deserves this description is hardly surprising given Steve Waldman's impressive and diverse background. He worked for many years as a highly respected reporter and editor at Newsweek and U.S. News & World Report. He's a successful Internet entrepreneur, having created an online multi-faith community that had millions of Americans as regular users, and he also wrote for WallStreetJournal.com.

Steve was the ideal person to lead the effort on this report, and on behalf of all of us, I thank him for his service.

Of course, this was a real group effort within the agency – a great example of collaboration across departments. I'm grateful to the FCC staff who worked on this, often squeezing in time on top of their other responsibilities. I want to especially note Elizabeth Andrion, the Deputy Chief of our

Office of Strategic Planning; Sherille Ismail, Senior Counsel; and Tamara Smith, Senior Advisor at OSP, for their extraordinary work.

Steve also attracted an impressive collection of outside journalists, academics and scholars including Professors James Hamilton of Duke, Ellen Goodman of Rutgers, Peter Shane of Ohio State and Cynthia Kennard of USC Annenberg.

The team conducted more than 600 in-depth interviews with a very diverse range of people from across the country, held multiple public hearings, made numerous site visits to newsrooms across the country, analyzed scores of studies, and reviewed and compiled more than 1,100 comments from the general public.

The Commission takes pride in this process, and in the final product.

With that, I would like to turn it over to Steve Waldman.

[PRESENTATION BY STEVE WALDMAN]

I want to thank my colleagues for their thoughtful comments. In particular, I want to recognize Commissioner Copps for his longstanding commitment and passion in this area. Many of the issues and recommendations highlighted in this report are directly related to topics on which Commissioner Copps has long been educating the public and his fellow commissioners.

This is an area on which there's been debate for many years in the past – and on which there'll be debate for many years in the future.

And that is as it should be in an area involving both enduring principles and changing technologies.

That is as it should be in an area that has the First Amendment and a vibrant free market of ideas as its central stars.

And so it is a healthy thing, I think, that there are differences of opinion among us.

Different levels of confidence, for example, in the ability of government to solve problems in this area where the First Amendment rightly limits government's role. On this, I believe caution is warranted.

Different views on how to approach broadcasters' public interest obligations, on whether the shift in emphasis outlined in this report is more likely to be effective and consistent with the Constitution, and more attuned to the practical needs and opportunities of today's landscape and tomorrow's. I think it is.

And different levels of optimism on what news and information entrepreneurs – both new entrants and traditional players using new media platforms -- can achieve with a free, open and universally available Internet, and whether business models will emerge and strengthen. On this, I'm optimistic – cautious, but optimistic.

These points – and the fundamental fact that the only thing certain about the future in this area is ongoing change – are reasons to focus on the steps the report focuses on, including achieving universal broadband access for all Americans; ensuring low entry barriers for news and

information entrepreneurs; moving public information online in a way that's easily available to consumers, citizens, and reporters; and enabling the development of business models that can sustain vibrant news and information in the 21st century.

These and the other approaches outlined today are preferable in my opinion to ones that would involve a heavier government hand, particularly in the area of speech and content. They more strongly reflect both the spirit and the law of the First Amendment. And I believe they are more likely to achieve their objectives than past approaches which, while certainly well-meaning, have proven ineffective, as the Waldman report shows, and as a number of leading and respected commentators who have been involved in these issues for decades have concluded.

Now, despite the differences that exist, I believe we all share the same goals: a vibrant free press and an informed and enlightened citizenry, playing central roles in our democracy and our economy.

The report issued today builds on these core principles. It's important for many reasons, but I'd like to highlight three areas.

First, the report makes clear that new technology is creating a new world of opportunity to keep the public informed in ways we couldn't even imagine just a few short years ago.

Digital innovations have made the gathering and distribution of news and information faster, less expensive and more democratic. With the Internet, everyone who's connected has access to their own personal printing press or TV station.

New communications technologies are connecting more people in more ways and in more places, inside the U.S. and out.

Twitter, Facebook, mobile phones with cameras and other new technologies are connecting and empowering citizens and journalists around the world, opening closed societies, and paving the way to democracy and freedom.

In the U.S., we see more and more news and information entrepreneurs pursuing their visions online and on mobile, with creativity and confidence. As of 2010, more people are getting their news from the Internet than newspapers.

Empowering individuals with new digital tools has given us breakthroughs like "hyperlocal" news. In many cities today, you can find news on your individual neighborhood. Even in the heyday of newspapers, this type of block-by-block coverage didn't happen.

In our nation's history, we have never had a greater opportunity to realize the Founders' vision of a free society, bolstered by a strong and free press and an informed citizenry.

So the first contribution of the report is its focus on the *opportunities* of new technologies. The second is its focus on the *challenges*.

Foremost is the disruptive impact the Internet and economic pressures have had on local news gathering.

Newspapers have cut back staff and – something we would have thought impossible 10 years ago – shut down. Local broadcast news continues to play an important role, with some stations

increasing their commitment to their communities and seizing multiplatform opportunities, reaching their audience on the Internet or mobile. But many other TV stations have cut back, or offer no news and limited local content.

With a multitude of facts and data, the report identifies an emerging gap in local news coverage that has not yet been fully filled by other media.

This matters, because if citizens don't get local news and information, the health of our democracy suffers. Professional journalists provide a vital check against corruption in both government and business. The less quality local reporting we have, the less likely we are to learn about government misdeeds; schools that fail children; hospitals that mistreat patients; or factories that pollute the local water.

Local reporting is essential to accountability. That's why Thomas Jefferson said he'd rather have "newspapers without government" than "a government without newspapers." The technology has changed, but the point endures.

The third important contribution of this report is that it suggests thoughtful and practical initiatives to help address the challenges it identifies.

In crafting recommendations, the report started with the overriding and correct recognition that the First Amendment circumscribes the role government can play in improving local news. It also recognizes that the only thing certain about the future in this area is ongoing change in technologies and markets.

But Steve Waldman and his team did not throw up their hands and say there's nothing to be done. While government is not the main player in this drama, there are areas where government can make a positive difference. And Steve developed a creative set of recommendations for government, the private sector and the nonprofit sector that can have a big positive impact – or more precisely, make it possible for the citizens and entrepreneurs that are trying to solve these problems to do so.

The report's recommendations focus on several key areas:

1. On achieving universal broadband access for all Americans;
2. On ongoing vigilance to ensure low entry barriers for news and information entrepreneurs and new entrants, including preserving Internet freedom and openness;
3. On streamlining and removing overly burdensome rules, and obstacles for traditional news providers seeking to distribute their news and information on multiple new platforms or to strike new innovative news partnerships;
4. On enabling the development of business models that can sustain news and information in the 21st century;
5. On ensuring that media policy works for historically underserved communities;
6. On government transparency and encouraging the development of ideas like state C-SPANs; and
7. On moving public information from paper to online in a way that's easily available to consumers, citizens, and reporters.

On that latter point, there is much room for progress by agencies at all levels of government: federal, state, and local. And while the FCC has been steadily moving information from paper to online, including earlier today, this report identifies additional areas for progress.

For example, there is data and information that the FCC asks broadcasters and others to disclose, but this information is still being disclosed in paper form, often in filing cabinets at the stations themselves.

In a broadband world, that just doesn't make any sense.

The report recommends accelerating the move from paper disclosures to online – with the eventual goal of making all public information available online.

This won't happen overnight. Some things are harder to do, and more costly, and costs and burdens, particularly on small businesses, will be taken into account. But in the Internet age, we should be moving in this direction.

Beyond this general call to move from paper disclosures to digital, the report makes an important recommendation about what exactly we ask broadcasters to disclose. It suggests that we change course and rather than creating programming quotas for broadcasters, and rather than implementing some pending rules that are overly burdensome, create a streamlined, web-based system that will more effectively and efficiently provide citizens and communities more information.

For example, if some stations are allowing advertisers to dictate news coverage through “pay for play” arrangements, the public should be able to find that information online. Conversely, if one station is doing far more coverage about their community than others, the public should know that too.

The report calls this a “shift in emphasis.” I support this shift – because I think it is not only more respectful of the First Amendment but also because it will be more effective than what the agency has been trying for the past several decades. The technology of the Internet makes it possible for disclosure-based public policy approaches to be far more effective than before. Let's use them.

Another streamlining recommendation involves the role that religious broadcasters can play in helping charities in their communities or around the world, including in times of crisis, proposing increased flexibility for charitable fundraising.

The report also states that we should be vigilant about removing barriers to innovation and online entrepreneurship in news gathering and information sharing.

One barrier is cost. Ensuring that more public information is available online not only helps citizens directly, it also reduces the cost of reporting and journalism. Research and reporting that previously would have taken a reporter weeks or months can be done in days, or faster.

Another barrier to online entrepreneurship is America's broadband deployment and adoption gaps.

The principle of universal access to information goes back to the early years of our Republic. In 1832, newspapers accounted for 95% of the weight carried by the Postal Service, and those newspapers received a discount for postage.

The primary news delivery mechanisms of the past -- newspapers, radio, and television -- were all universal. The emerging news delivery mechanism of the future -- broadband -- of course should

be, too.

Doing so would have multiple benefits: for one, bringing the vast news and information available via the latter to all Americans. And another benefit: improving online business models. To get to 100% broadband adoption from today's level would represent a 50% increase in the online audience. The larger the online market, the greater the scale, the more likely a news-and-information online business can succeed.

Moving more public information online will help promote broadband adoption. More broadband subscribers, a large base for advertising, and other measures to increase broadband adoption will help improve online business models for news and information entrepreneurs, spurring new innovation and increasing broadband demand. This is a virtuous cycle that will help the news business in the U.S., and help Americans participate both in our democracy and our economy.

As you all can see, Steve and his team have produced a thorough and thoughtful report, one that has done a huge service by deepening our understanding of how technology is affecting the information needs of our communities. It provides a roadmap for a wide variety of players, including the FCC, to understand the media and information landscape, and to take sensible action to fill gaps.

This issue is essential to the health of our democracy, and I look forward to working with my colleagues to act on its recommendations.