

COVERING CALIFORNIA

CAPITOL WEEKLY FORUM

THE FUTURE OF JOURNALISM IN THE GOLDEN STATE

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PROTECTING LOCAL NEWS

KEYNOTE ADDRESS • SENATOR STEVEN M. GLAZER

As I witnessed the decline of the media in California, I decided to try to do my part to support the profession.

Two years ago I carried a bill – Senate Bill 911 – to try to create a public media fund for California.

Our bill would have created an independent board to award grants to news organizations to increase coverage of local public affairs.

Some thought a public board giving out grants could be a way for the government to control the media. We took those concerns to heart and amended our bill to insulate the board and the industry from that kind of pressure.

But ironically, the bill was blocked thanks to opposition from some of the state's largest publishers.

They said they were concerned about keeping the press independent. But they were really worried about competition from start-ups who might use state grants to create new media organizations to cover the news that the old line media was ignoring. It's not that they didn't want public money. They just wanted most of that money to go to them.

They killed our bill. But we didn't give up. I had to go around that defeat and put the program and \$25 million in a budget trailer bill. That will raise the hair of a few reporters. That was how the new journalism fellowship program at UC Berkeley was created. I believe you heard about their good work on a panel earlier today.

The program places journalists in 40 newsrooms a year for paid two year stints and at an incredible diversity of outlets. Of course the publishers who opposed my effort are now happy to welcome a

fellow to their staffs. It saved each of them about \$150,000 for the 2-year placement.

I am very proud of that program. But it's not enough.

Earlier this year, I introduced Senate Bill 1327, to grant \$500 million worth of tax credits per year to media organizations to help pay the salaries of working journalists. Upon its introduction I talked about two gold rushes that put California on the map.

The first one in 1849, is well known for extracting gold from California hills and streams. You can still travel to the foothills to see the entrails soiling the hills from the mines long ago abandoned. The environmental damage never fully mitigated.

We had a second gold rush in California, less known but equally enriching. It started about 25 years ago and was the extraction of data from Californians who utilized social and shopping websites. They turned that acquired data into an advertising bonanza. It was a credit to the ingenuity of those companies to seemingly give free services in exchange for personalized information from millions of Californians. The specialized targeting of their ads was the difference makers to various enterprises. Of course, their profitability wasn't just from California but worldwide success. In 2023, the three largest platforms reported profits of \$142 billion.

When a development plan creates environmental, road, school or traffic damage, they pay a mitigation fee. SB 1327 applied the same principle. The proposed data extraction mitigation fee would pay for the damage to the advertising model that has sustained news rooms for a century or more.

Given that more than 65% of journalists have lost their jobs since 2005, it was quite ironic to have the State Chamber of Commerce label the bill a "job killer." I tell my staff when we debate many issues it's all about "definition." Job killer isn't always about people. In this case it's about profits.

You have to adjust your understanding.

As some of you reported the bill stalled on the floor of the Senate last week, short of the $\frac{2}{3}$ vote required.

Lets take a close look as the reasons Google, Meta and Amazon and even some publishers opposed this bill and similar efforts to sustain local media.

Claim 1. The cost of the advertising would increase as the platforms passed along the cost of the mitigation fee my bill proposed. This claim ignores common market forces of supply and demand.

The platforms will charge whatever the market will bear for their ads. And the more people selling ads – the lower the price will be. So the more news organizations we have selling ads creates market pressure to lower, not raise, ad rates.

Claim 2. Again, just like my Fellowship legislation, the big publishers sat on their hands rather than support this bill. They fretted again about the threat of government influence. First, my bill proposed a tax credit for each journalist on the payroll – content neutral. Second, for years we have had a tax credit for the film industry and there's never been an instance of government using the tax credit to exert influence over the film industry's creative and ideological independence. It's worth noting on the subject of editorial independence that it only matters if your news outlet still exists. California has lost one-third of the number of outlets that were in existence in 2005.

Claim 3. My proposal in particular discriminates against large publishers because it gives a higher tax credit to newsrooms with 10 or fewer employees. How about that – the big boys with hundreds of qualified journalists are concerned about the upstart community or ethnic outlets with a couple of reporters. Not only is it selfish, it undercuts the importance of growing the news ecosystem at the ground level.

Claim 4. If you charge data mitigation fees for ads to the big guys, it's only a matter of time before you charge our news outlets for ads too. Of course, that ignores the barter requirements that has both data extraction and advertising as necessary conditions for the mitigation fee. My bill specifically exempts media companies. But opponents always sell the ghost in the closet.

Claim 5. You shouldn't help non-profit news rooms, as they don't pay taxes. At least this is an honest concern that you want less competition. It is also selfish and hurtful to growing the broader journalism community. The news business is facing an existential threat and their fighting with each other over who will be the last passenger on the death star.

Claim 6. I don't like the folks who are in charge of the news. Whether it is ownership by venture funds or news owners you don't agree with, please get over it. We're trying to solve for democracy. There have always been folks backing the media that are on one side or the other of your viewpoint. Government has numerous programs that help people you may dislike. Saving news should be content neutral and ownership neutral.

Claim 7. You're supporting a dying medium. Actually, we are supporting the entire eco system of news gathering and reporting. Print is only one communication style, and we're trying to help original news content in every medium.

Claim 8. We give tens of millions in charitable support to news initiatives. Isn't that enough? Charitable giving is nice but shouldn't be a chain around the neck of an independent media. That is not a self-sustaining model at the scale required to provide news and information to the population.

By the way, If a news outlet is concerned about receiving tax benefits for keeping Democracy alive, consider the alternative.

Democracies make up a very thin slice of the history of civilized societies. The United States' system of democracy was seen as an experiment that has happily lasted 248 years.

Today, only about half the countries in the world would be called democracies. From a population standpoint, 71% live in autocracies.

In recent years, we've seen major democracies backsliding into authoritarian-styled governments such as Turkey, Argentina and Hungary. Backsliding out of democracies typically starts with limits on press freedom and coverage.

The foundation of our democracy has always rested in freedom of the press: People are led to authoritarian rule when the flow of information is limited.

These platforms should pause for a moment and think about how they would do if our democracy went away. Would they be nationalized like industries have been in those circumstances?

Can you name an example of where independent news survives under authoritarian rule? They should want to invest in democracy!

Yes, it was a blow that the platforms defeated my bill and now they are out there poised to deal another blow to the one proposed by Assemblywoman Wicks, which would require a link tax. What is doubly concerning is their exercise of control over the access to factual reporting that is going on today.

A few weeks ago, Google announced they were throttling back access to news sites. I've talked to numerous news outlets and for some traffic to their site has been significantly reduced.

They also, according to Axios, are telling non profits who receive their charitable giving – through the Google News Initiative – that it would end if my data extraction mitigation fee legislation – was

enacted. Add to that Meta cutting off links to news in Canada, and you have in plain sight, the threat these platforms have made to the independent access and exchange of news.

And, of course, we are hearing more about the fact that Artificial Intelligence will allow platforms to create their own artificial news and information. This would replace real on-the-ground news gathering and reporting, an existential threat to the very work you do.

This type of dominance on information exchange is a second serious threat to our democratic institutions.

We have seen monopolistic conduct in the private sector and government has acted to protect consumers: think back to the dominance of the railroads or even ATT over essential phone service or the liquidation of ENRON.

We don't need to wait for the meltdown of an AIG-like event to realize how a confluence of the powerful can take down an economy and even a government. AIG was a sub-prime lending meltdown that blew up our economy. The hollowing out of independent news can melt down our democracy.

Without the press holding government accountable and exposing its foibles – and worse – the public's ability to elect honest and capable representatives is seriously compromised.

That's why James Madison called a free press one of the "great bulwarks of liberty." That's why he argued for the First Amendment to protect the freedom of the press, as a check against the abuses of government.

Many western democracies have long had public support for media without any problems. Look at the numbers around the world and compare that to the United States who puts out a few nickels for Public Broadcasting Corp and National Public Radio.

Germany, for instance, spends \$142 per capita on public news; the United Kingdom spends \$81; France \$76; Japan \$55; Canada spends \$26 per capita. And the United States? \$3.16. We have a long way to go there.

As I close let me also say that I hope the *New York Times* and the other news outlets prevail in their copy write lawsuit against the platforms and AI to protect proprietary content.

We've had setbacks but we have a lot of work to do to fix this. I'm not giving up.

Thank you for dedicating your life to journalism. It is integral to the liberties that we enjoy here in America. It should never be taken for granted.