



Written Statement for the Record of

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Before the

**Congress of the United States
House of Representatives
Committee on the Judiciary
Subcommittee on Antitrust, Commercial, and Administrative Law**

Regarding

Reviving Competition, Part II: Saving the Free And Diverse Press

March 12, 2021

Chairmen Cicilline and Nadler, Ranking Members Jordan and Buck, esteemed members of the subcommittee, thank you for accepting our written statement for the record on today's hearing.

At Free Press Action we've spent nearly two decades imagining how to foster a free, robust and diverse press, one that holds the powerful accountable, promotes viewpoint diversity, challenges racism and lies, helps us better understand our neighbors who are different from us, and serves the people and our democracy with quality news and information in local communities across the country. That robust free press has never existed in this country, but we know it is possible. And we are committed to working with this subcommittee to build the conditions necessary to support it. As hate and disinformation flourish over social, broadcast and cable media, in a time when we are being called to build a multiracial democracy that reflects the great diversity of our nation, ensuring access to quality news and information has never been more urgent.

Since Free Press Action's founding in 2003, we've been concerned about corporate news media's failure to support quality journalism, and the relentless industry consolidation that continues to destroy jobs and crush local and independent voices. In the past few years, we've been highly critical of Big Tech platforms' prominent role in the massive spread of hate and disinformation while they move to undermine or buy up potential competitors and cement their dominance. To be sure, both traditional media and social media routinely undermine rather than serve the public interest in access to quality local news and information. We believe that Congress and administrative agencies must take decisive action to promote competition in these industries, regulate them to prevent them from harming people and our democracy, and support a

robust noncommercial journalism sector that amplifies the voices of people of color and creates new opportunities they were never given in broadcasting (especially when the FCC handed out licenses), in cable, or in publishing.

Accordingly, as you undertake your well-timed examination into the role of competition policy in promoting a free and diverse press, we respectfully request that you explore four main considerations:

(1) The hate-and-lie-for-profit business models of Big Tech *and* Big Media are both bad for democracy. These powerful companies shape public discourse but shirk public responsibility and accountability. And regrettably, too many rely on hate-and-lie-for-profit business models that disproportionately harm people of color, women, and other people who have faced oppression in our society. The right choice for policymakers here is not in picking winners between Fox and Facebook, or choosing between Mark Zuckerberg and Rupert Murdoch, but rather in recognizing how this larger corporate media ecosystem works together to distort facts and spread disinformation with deadly consequences.

(2) Corporate media never consistently served the public's need for quality local news and information and are less likely to do so now. The corporate media system has always been rife with racism, misogyny and other forms of bigotry that make it harder for us to understand the world around us, connect, and find common ground with people who are different from us. Our goal here should not be to go back to the fictional “good old days” — when three white men read the news every night, and so many people never saw themselves represented on the front page or in front of the camera — but rather to move forward to better days.

(3) Journalism is a public good that needs support, but broadcasters are still thriving. This committee is rightly concerned with how the platforms have disrupted journalism, dominated online advertising and exploited user data. But any viable answer to the crisis in journalism must also account for the reality that many of the journalism industry's worst wounds were self-inflicted. They can be traced back to the relentless wave of mergers and deregulation that media conglomerates pushed through in Washington, rather than innovating and investing in their content, technology, workers or local communities. Newspaper revenues have been in decline since 2000, before the ascendancy of today's social media and search giants, and newspapers' business model is less viable than it was 20 years ago. The internet itself is in part responsible for some of this change, as technology vastly increased the supply of information with which people can spend their time, and thus increased the supply of spaces for advertisers to reach the public. At the same time, hedge-fund vultures have gutted these news institutions and sacked tens of thousands of trusted journalists who gave residents a reason to subscribe to their local papers. The story on TV is completely different: Broadcast television revenues have significantly *increased* since 2010. Television broadcasters are cutting journalists to make more money, but not because of declining revenues, and they do not need a bailout.

(4) To save local journalism and serve *all* communities, we need competition policy, regulation and investment in new kinds of public media. We shouldn't help entrenched media — whether social-media platforms, solidly profitable broadcasters or propaganda-spreading cable news outlets — fail upward. Public policymakers should instead regulate media and technology platforms, enforce antitrust laws as applicable to promote competition across these sectors, invest public funding in a more robust public media system, and design policies that

move resources directly to newsroom workers and down to the local level. Propping up the previous (and still supremely profitable) generation of media giants in response to the unchecked rise of the powerful online platforms won't work. Whether Facebook or Fox, the top priority of these media and tech companies is maximizing profits, not serving the public interest in a free and diverse press. The favors and handouts they seek in Washington serve their self-interest and seek advantages over their competitors, but the policies we need are ones grounded in community needs and in funding media that is committed to truth-telling, public and corporate accountability, and localism.

The Hate-and-Lie-for-Profit Business Models of Big Tech *and* Big Media Are Both Bad for Democracy

Big Tech's hate-and-lie-for-profit business model has built algorithmic systems that help like-minded people find each other, including those whose core purpose is to prop up lies and bigotry and sow violence and chaos. The platforms direct traffic to content that keeps people engaged and enraged; and they funnel their users to certain kinds of content based, in part, on behavioral and demographic data that the companies collect on them. A sophisticated, international network of white supremacists and conspiracy theorists have joined forces to advance racist ideologies, all to sow chaos, pain and violence in the United States. This undermines our democracy and the well-being of our nation — and that's the point. These operatives are exploiting online platforms to manipulate people to join their ranks, and the platforms are knowingly allowing it to happen.

Last year, we learned Facebook's own research revealed that 64 percent of people who find extremist content on the site are led there by Facebook's own recommendations system.¹ Facebook buried that research for several years, until the *Wall Street Journal* exposed it. In a piece published this week in *MIT Technology Review*, Karen Hao reveals more detail about the extent to which Facebook has known (and concealed) how its platforms are causing harm. According to Hao's investigation, a "former Facebook AI researcher who joined in 2018 says he and his team conducted 'study after study' confirming the same basic idea: models that maximize engagement increase polarization. They could easily track how strongly users agreed or disagreed on different issues, what content they liked to engage with, and how their stances changed as a result. Regardless of the issue, the models learned to feed users increasingly extreme viewpoints. 'Over time became measurably become more polarized.'"²

How many of these studies has Facebook conducted? What else does it know about how its products are harming people and our democracy? As this subcommittee investigates the power of the platforms, these and other important questions must be answered by Mark Zuckerberg and other company leaders whose greedy and seemingly insatiable desire for growth has put users' personal safety, public health, and the basic functioning of our democracy at risk. The platforms have known about this for years and have refused to take appropriate action. People of color, women, religious minorities and others have repeatedly and outspokenly called for better content moderation to tamp down on abuse on the platforms. For instance, Change the

¹ Jeff Horwitz & Deepa Seetharaman, *Facebook Executives Shut Down Efforts to Make the Site Less Divisive*, WALL ST. J. (May 26, 2020),

<https://www.wsj.com/articles/facebook-knows-it-encourages-division-top-executives-nixed-solutions-11590507499>.

² Karen Hao, *How Facebook got addicted to spreading misinformation*, MIT TECH. REV. (Mar. 11, 2021), <https://www.technologyreview.com/2021/03/11/1020600/facebook-responsible-ai-misinformation/>.

Terms — a coalition of more than 60 leading racial justice, civil rights, human rights and digital rights groups, co-led by Free Press — has been calling on platforms to adopt comprehensive model policies to disrupt hate and disinformation and their sites.³ To date, not one social media company has adopted those policies in full.

Any moves these companies made in this direction have been very late — and only came after intense political and public pressure. For instance, it took a year of intense scrutiny for Facebook to remove the violent conspiracy group Q-Anon, which, among other things, encouraged people to storm the Capitol on January 6, 2021, and threatened to kill former Vice President Mike Pence and prominent women of color in Congress. A company without such perverse incentive structures to maximize “engagement” would not find it so hard to remove vile, violent groups like these, which undermine our democracy and make it less safe for women of color and all of you to show up to represent our country everyday.

As we confront these threats, however, we must remember that hate-and-lie-for-profit punditry is hardly a new phenomenon — and broadcasters and cable companies are exploiting it too, as they have been for many years. Following the historic immigration reform marches in 2006, Lou Dobbs routinely spewed anti-immigrant lies from his CNN perch, falsely claiming for instance that Latinx immigrants were bringing 7,000 cases of leprosy to the United States per year. Over that same period, iHeartRadio (at the time, Clear Channel Radio), the largest radio

³ Change the Terms, *Recommended Internet Company Corporate Policies And Terms of Service To Reduce Hateful Activities*, https://assets.website-files.com/5bba6f4828dfc3686095bf6b/5bd0e36186e28d35874f0909_Recommended%20Internet%20Company%20Corporate%20Policies%20%20Terms%20of%20Service_final-10-24.pdf.

broadcaster in the country with more than a thousand stations nationwide, was rife with talk shows spewing hate, divisiveness and downright racist conspiracy theories.⁴

Mega-media conglomerates like Fox News⁵ and Sinclair Broadcast Group,⁶ as well as channels like One America News Network⁷ and Newsmax TV,⁸ are also regular purveyors of hate and disinformation for profit to this day. In the past year alone, they have all spread, and amplified with their huge megaphones, dangerous conspiracies about the pandemic and vaccines, promoted outright lies about voting and the irrefutable outcome of the presidential election, and smeared activists, journalists and members of Congress. This is not the “journalism” that needs saving.

Corporate Media Never Served the Public Interest in Quality News and Information and Are Even Less Likely To Do So Now

At its core, journalism — particularly local journalism that is responsive to community needs — is a public good. We all benefit from it, even if we don't subscribe or read every word.

⁴ See, e.g., Chon A. Noriega & Francisco Javier Iribarren, *Quantifying Hate Speech on Commercial Talk Radio*, (Nov. 2011), https://www.chicano.ucla.edu/files/WP01_Quantifying-Hate-Speech.pdf; *Conservative talk radio contributes to more hate of minorities, study says*, FOX NEWS LATINO (Aug. 1, 2012), <https://www.chicano.ucla.edu/files/news/TalkRadio-ConservativeTalkRadio-FoxNewsLatino-08-01-12.pdf>; *Clear Channel Radio - A Risky Investment for Bain Capital and Thomas H. Lee Partners: NHMC Calls Investors to Help Stop Trafficking Hate*, LATINHEAT (Jun. 14, 2012), <https://www.latinheat.com/the-biz/clear-channel-radio-a-risky-investment-for-bain-capital-and-thomas-h-lee-partners/>; National Hispanic Media Coalition, *American Hate Radio: How a Powerful Outlet for Democratic Discourse Has Deteriorated Into Hate, Racism and Extremism* (2012), https://www.nhmc.org/wp-content/uploads/2021/03/american_hate_radio_nhmc.pdf; National Hispanic Media Coalition, *Clear Channel's Company Culture of Hate Profiteering: How a Corporate Conglomerate Has Grown Immune to Market Forces*, <https://www.nhmc.org/wp-content/uploads/2021/03/Clear-Channels-Company-Culture-of-Hate-Profiteering-Final.pdf>.

⁵ Media Matters for America, *Research on Fox News*, <https://www.mediamatters.org/search?search=Fox+News>.

⁶ Media Matters for America, *Research on Sinclair Broadcast Group*, <https://www.mediamatters.org/search?search=Sinclair+Broadcast+Group>.

⁷ Media Matters for America, *Research on One America News Network*, <https://www.mediamatters.org/search?search=OAN>.

⁸ Media Matters for American, *Research on Newsmax TV*, <https://www.mediamatters.org/search?search=Newsmax>.

We need journalists on their beats, going to public meetings, digging through public records, and holding both the government and corporations accountable. But the best journalists have done this hard, even heroic work in spite of the corporate media system — not thanks to it.

Although we can shape markets with the law, private markets are still fundamentally governed by the pursuit of the profit motive and the realities of supply and demand. That means that a news company's main mission is to turn a profit, and the incentive structure here has a long, corrupt and racist history that can be traced all the way back to the country's first newspapers supporting their enterprises, in part, through the horrific practice of publishing runaway slave ads.⁹

Today, as the journalism industry is just beginning to reckon with that history, we also must face the reality that an advertising-supported news industry alone simply won't produce the journalism needed to sustain a healthy democracy. While investigative journalism is an incredibly valuable product to society as a whole, it isn't a major profit-driver for media companies. Even at the beginning of the 21st century, when the U.S. newspaper industry was at its peak in terms of revenues and employees, corporate media were still failing to serve many communities and not holding leaders accountable, most tragically perhaps in news outlets' failure to question the Bush administration's rationale for going to war in Iraq (a moment which gave rise to the modern media reform movement).

Public policies that prop up corporate media in an attempt to restore journalism are likely to fail, and certainly Free Press Action would oppose any legislation that would enrich

⁹ Joseph Torres, Alicia Bell, Collette Watson, Tauhid Chappell, Diamond Hardiman & Christina Pierce, *Media 2070: An Invitation to Dream Up Media Reparations* at 27, FREE PRESS (2020), <https://mediareparations.org/wp-content/uploads/2020/10/media-2070.pdf>.

companies with a history of racist, false storytelling such as News Corp. Yet this company's claims are cited in the subcommittee's report, for the unsupported conclusion that "the dominance of some online platforms has contributed to the decline of trustworthy sources of news."¹⁰ If the subcommittee pursues policies that allow Big Media companies to collude in order to theoretically extract more revenue from online platforms — and we do not advise or endorse this approach — at a minimum, those policies should not include TV broadcasters, which are already in good financial health.

Public policies and public investments in journalism should instead require that any new revenue streams be directly reinvested in journalism and in paying the reporters who produce it in newsrooms every day. Media companies that benefit from such public policies must be restricted from using the revenue for share buybacks, debt payments, dividends, or anything else that doesn't directly support local reporting. Recipients of government support should also be required to commit to public-interest conditions, including commitments to serve the information needs of local communities. Funds should go toward hiring more journalists, editors and producers of color. And policies should target funding towards underserved communities and news deserts abandoned by corporate media rather than going to the companies that left them behind. Any legislation aiming to help journalism must not bail out hedge funds that have destroyed local media institutions. But it should include guidelines and guardrails to ensure that benefits reach newsroom workers and the communities they are supposed to serve.

¹⁰ House Judiciary Majority Staff Antitrust Report at 17, n.23.

Journalism Is a Public Good that Needs Support, but Broadcasters Are Still Thriving

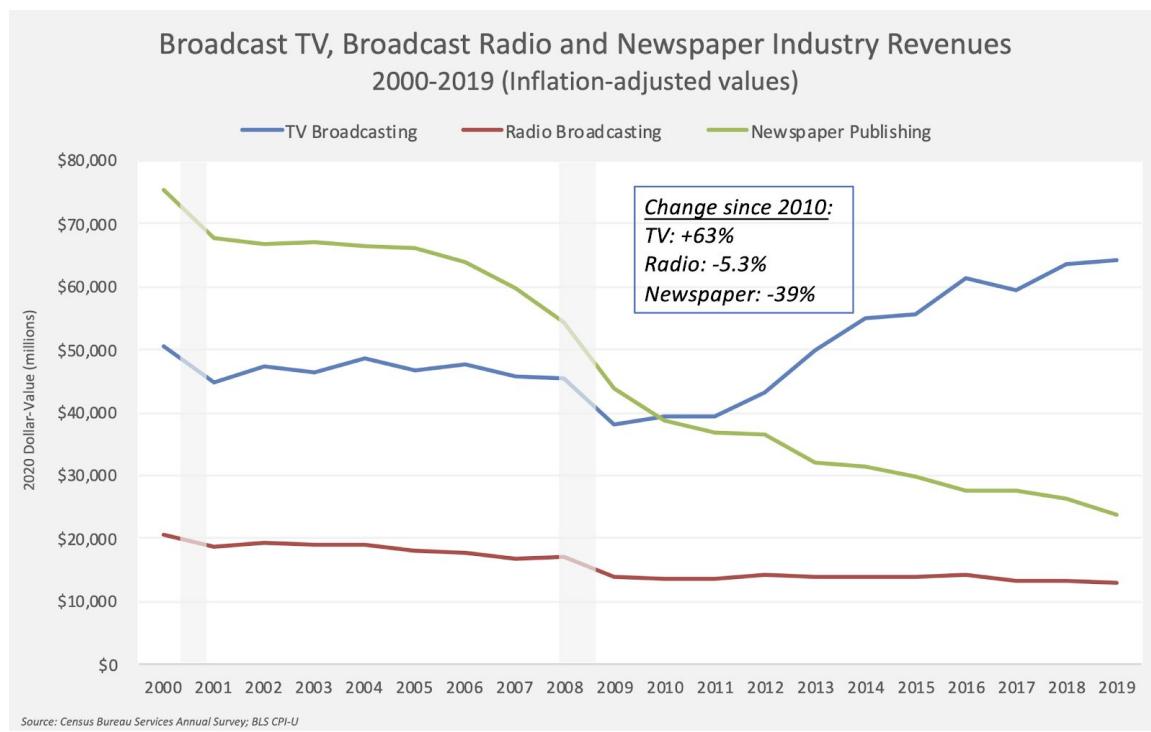
We wish to be clear that the online-ad dominance and sketchy advertising and data practices of the online-ad industry dominated by Facebook and Google deserve this committee's intense scrutiny. But the best answers won't be found in special favors for the previous generation of media giants, based on a less-than-full picture of the state of the news industry, in which the health of newspapers and broadcasters are very different and require different policy approaches.

Historically, the newspaper industry's position as the only way for advertisers to reach a large local audience in print helped produce more journalism than the market would otherwise support if advertisers had more outlets. Newspapers were the only product produced on a daily basis that had "new information," most of it about local matters, packaged in written form. That product was very valuable to advertisers. It enabled them to reach a large audience on a consistent basis, at a lower cost than local TV or radio ads.

Local advertisers as recently as the 1990s had limited choices to reach people: the local newspaper, weekly shoppers, direct mail or broadcasting. Today those advertisers have far more outlets, and readers have far more content. The newspaper industry's revenues declined, in part, because the internet offers advertisers a glut in supply of ways to reach audiences, not because of traditional publishers' inability to collude to set rates with the platforms. According to Census Bureau data, on an inflation-adjusted basis, the U.S. print industry's ad revenue has declined every year since 2000. This decline was in progress well before the platforms came along. That suggests the rise of the use of the internet itself is why the newspaper industry's advertising

business declined, and that it's not just the result of unequal bargaining power with the social-media giants.

Broadcasting should not be lumped in with newspapers simply because both produce local news content. As the chart below illustrates, broadcast television revenues actually have grown substantially over this same period. This is in part due to the broadcasters' ability to command retransmission consent payments. But broadcast advertising revenues have grown as well, as television is a medium that remains highly valued by advertisers.



On an-inflation-adjusted basis, the newspaper industry's total annual revenues have declined 39 percent since 2010, while the broadcast television industry saw a 63 percent increase in revenues. And according to an analysis from S&P Global, the impact of the COVID-19 pandemic was far worse for newspaper company ad revenues than TV broadcasters' ad revenues. During 2020 the newspaper industry saw a 30 percent decline in advertising revenues, versus an

11 percent decline in TV broadcaster advertising revenues (a downturn that was greatly mitigated by the continued growth in retransmission revenues for broadcasters). Consider Nexstar, the nation's largest TV broadcaster, which saw its same-station revenues increase 12 percent in 2020, and which due to cost-cutting saw net profits increase 88 percent in 2020.

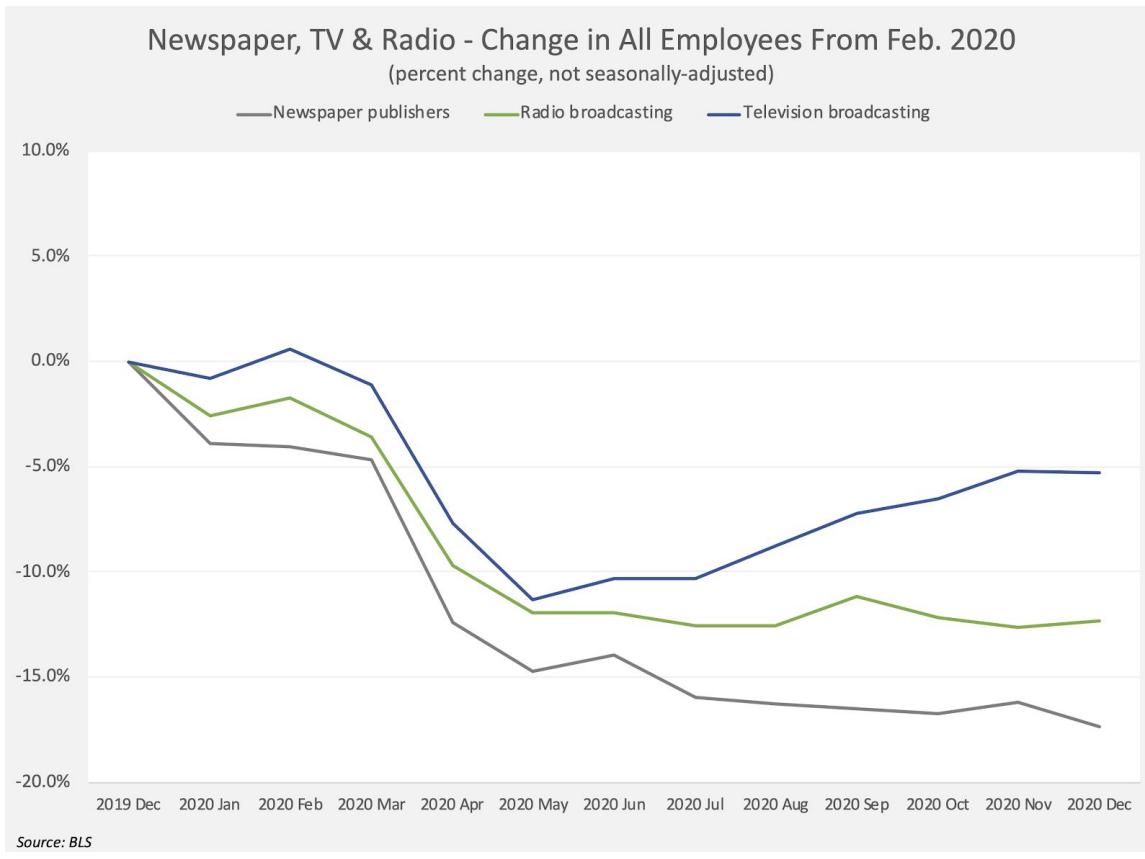
It's also worth noting that the stock prices of the largest media companies have outpaced the S&P 500, as shown on the chart below, despite traditional media's reported woes. While movement in stock prices is not a definitive indicator, it does reflect a consensus view about the future direction of a business. It seems that the investor community has a favorable view of the prospects of the traditional media industry coming out of the COVID-19 recession, including companies that are emerging from Chapter 11 bankruptcy.

One-Year Change in Publicly-Traded Media Company Stock Prices (3/11/20 to 3/11/21)		
Company	Industry	1-Year Change in Stock Price
Belo	Newspaper	8%
Cumulus	Broadcast Radio, Radio Network	31%
Disney	Broadcast TV, Cable TV, Conglomerate	75%
Entercom	Broadcast Radio, Radio Network	117%
Fox	Broadcast TV, Cable TV	42%
Gannett	Newspaper	62%
Gray	Broadcast TV	50%
iHeart	Broadcast Radio, Radio Network	44%
Lee	Newspaper	112%
McClatchy	Newspaper	525%
News Corp	Newspaper	136%
Nexstar	Broadcast TV	68%
NYT	Newspaper	42%
Scripps	Newspaper, Broadcast TV, Broadcast Radio	134%
Sinclair	Broadcast TV	81%
Tribune Publishing	Newspaper	104%
S&P 500	Broad Market Index	35%

Source: Free Press analysis of company share prices from market close on March 11, 2020 to market open on March 11, 2021.

Unfortunately, while the pandemic has not decreased media companies' fortunes uniformly, it has further accelerated the decline in employment of the people who produce local news. During 2020, the U.S. news industry saw an approximate 10 percent decline in the number of reporting jobs, and a similar rate of decline for the broader category of newsroom jobs. This equates to about 3,400 fewer reporting positions and 8,200 fewer newsroom jobs. The impact was worse for newspapers, with about a 15 percent decline in both categories, accounting for about 60 percent of all reporting and newsroom job losses. By way of comparison, Census data indicates that the United States lost 6.2 percent of all employment positions from the end of 2019 to the end of 2020, so newspaper reporting and newsroom job losses outpaced employment losses generally. Yet reporting and newsroom job losses in the television sector recovered quite quickly, and those in the radio sector flattened out, while the newspaper sector continued to see job losses throughout last year.¹¹

¹¹ For a detailed analysis of the scope and consequences of job losses in the newspaper industry, see Free Press Research Director S. Derek Turner's June 2020 paper, *How Big Is the Reporting Gap? To Save Journalism We Must Understand What We've Lost — and What's Worth Saving*, https://www.freepress.net/sites/default/files/2020-06/free_press_reporting_gap_analysis_report.pdf.



Free Press Action has endorsed policies that would target public investment toward essential newsroom workers as the industry and the country recover from the pandemic and subsequent economic downturn.¹² Recovery funds should be made available to any newsroom — for-profit or nonprofit, print or digital, community or ethnic media — covering the pandemic and its aftermath for a local audience. We believe that a mix of direct and indirect subsidies in the short term could protect a significant number of local reporting jobs. Additional policies could create a bridge from this emergency period to a future of sustainable journalism that serves and represents local communities, especially Black and Latinx communities that have been disproportionately harmed by the current crisis and poorly served by dominant media.

¹² These policy recommendations are described in *What a Journalism-Recovery Package Should Look Like During the COVID-19 Crisis*, Free Press' May 2020 report by Craig Aaron and S. Derek Turner, https://www.freepress.net/sites/default/files/2020-05/free_press_action_journalism_recovery_policies_final.pdf.

But any measure must include strong guardrails to ensure money is spent locally and directly benefits newsrooms and their communities. The goal should be protecting and promoting newsrooms and reporting jobs — not platforms, broadcasters, newspaper companies or any single industry.

Journalism, especially newspaper journalism, still has immense social value both to those who read it and to many others whose lives are impacted by the reporting. But we must recognize the stark reality that (with few exceptions) a recovery for the advertising-supported local newspaper industry may not be possible. Without new policy approaches — starting with a massive increase in public funding — the journalism industry will not produce the output needed to create an informed public or a healthy democracy.

To Save Local Journalism and Serve All Our Communities, We Need Competition Policy, Regulation and Investment in New Kinds of Public Media

Free Press Action is encouraged that this subcommittee is undertaking comprehensive review of antitrust law and policy and exploring how it pertains to the health of a free and diverse press. We are encouraged to see this subcommittee considering the crisis in journalism with the seriousness and urgency it deserves. In general, we agree that antitrust laws have been under-enforced across the board. We're supportive of efforts to rectify that by increasing and redirecting enforcement efforts, and strengthening antitrust laws when appropriate, too — while recognizing that antitrust law alone cannot solve all of the internet's problems. Notably, lackluster competition policy has been particularly glaring in the media industry itself, and we urge the subcommittee to also look at how consolidation and concentration have negatively impacted the newspaper, broadcasting, cable, telecom and tech sectors as a whole. We need

renewed interest in preventing unchecked merger activity and runaway consolidation — and renewed skepticism in the lies told to regulators and the courts, again and again, to get these mergers approved. Despite the long record of job cuts, decreased investment and a litany of other competitive and consumer harms that invariably follow such mergers, consolidation across the board has continued — and it is hurting our economy and undermining our democracy.

As this subcommittee’s landmark report last year revealed, there is “significant evidence of anticompetitive conduct and harmful business practices by Facebook, Google, Amazon, and Apple.” They “not only wield tremendous power, but they also abuse it by charging exorbitant fees, imposing oppressive contract terms, and extracting valuable data from the people and businesses that rely on them.”¹³ We agree with the report’s conclusion that there is “pressing need for legislative action and reform.”

Polling data shows that the public agrees as well. The American people are concerned about the abuses of Big Tech platforms and want legislative action. As the subcommittee’s report noted, a Consumer Reports poll from last fall found that “85 percent of Americans are concerned — either very concerned or somewhat concerned — about the amount of data online platforms store about them, and 81 percent are concerned that platforms are collecting and holding this data in order to build out more comprehensive consumer profiles.” A recent poll from Accountable Tech and GQR Research found that more than 4-in-5 Americans support “ban[ning] companies from collecting people's personal data and using it to target them with ads.”¹⁴ That same poll found that 60 percent of Americans favor “impos[ing] a small tax on social media giants in order to fund local journalism.”

¹³ House Judiciary Majority Staff Antitrust Report at 6.

¹⁴ GQR & Accountable Tech, Frequency Questionnaire (Jan. 2021),
<https://accountabletech.org/wp-content/uploads/Accountable-Tech-Frequency-Questionnaire.pdf>.

Congress Must Enact Comprehensive Digital Privacy and Civil Rights Laws

The Committee’s report found that “in the absence of adequate privacy guardrails in the United States” there is a “persistent collection and misuse of consumer data” and that platforms monetize their products ‘through people’s attention or with their data.’¹⁵ We agree and encourage Congress to solve this problem through comprehensive reform of online privacy law to prevent abusive data practices.

Online platforms extract people’s demographic and behavioral data and then use that information to target them not just with corporate advertisements, but also with social group and content recommendations that often steer people toward violent hate groups, conspiracy theories and false information about anything from vaccines to the election. Online platforms have every incentive to maximize profit by keeping people engaged. For instance, even in the face of massive public pressure campaigns — such as the Stop Hate For Profit campaign that Free Press helped organize last year, which resulted in more than 1,100 advertisers pausing advertising on Facebook in July in protest of rampant hate and disinformation on the site — Facebook allowed hate and disinformation to fester because they drive engagement and make money.

This dynamic is, of course, even more sickening than typical advertising manipulation because online platforms like Facebook target their users for emotional manipulation based on their surveillance of their users’ behavioral and demographic data, which users may or may not intend to share or to have used in those ways. Congress should adopt comprehensive tech policy regulations that ban discriminatory algorithms and privacy abuses and protect our civil rights.¹⁶

¹⁵ House Judiciary Majority Staff Antitrust Report at 18.

¹⁶ See Gaurav Laroia & David Brody, *Privacy Rights Are Civil Rights: We Need to Protect Them*, FREE PRESS (Mar. 14, 2019),

<https://www.freepress.net/our-response/expert-analysis/insights-opinions/privacy-rights-are-civil-rights-we-need-protect-them> (providing extensive problem analysis and detailed model privacy and civil rights legislation).

Congress Should Tax Big Tech and Redistribute Those Funds to Local Non-Commercial Journalism

Our final recommendation, and one that goes directly toward rescuing local journalism, is that Congress should adopt a tax on targeted online advertising to raise revenues to support non-commercial journalism and its distribution.¹⁷ We estimate that a 2 percent ad tax on 2020 U.S. advertising revenues of the top-10 online platforms would have yielded more than \$2 billion for local journalism, which could have been distributed by the Corporation for Public Broadcasting or a newly created endowment.¹⁸

A tax on targeted advertising is a much better approach than the “bargaining code” under consideration in Australia or the variety of “link taxes” that have been contemplated elsewhere. Such approaches not only seem designed primarily to benefit the existing biggest media companies (namely Murdoch’s NewsCorp) but even worse to undermine how the open internet functions. The targeted-advertising tax we envision would force the dominant (and tax-dodging) platforms to pay billions to help clean up the mess they’ve made of our civic discourse, while putting the funds generated to work on behalf of the public rather than just a handful of old-media moguls.

Thank you for your time and attention to all these important issues, and we look forward to working together to create the conditions for a robust and free press.

¹⁷See Timothy Karr & Craig Aaron, *Beyond Fixing Facebook*, FREE PRESS (2019),
https://www.freepress.net/sites/default/files/2019-02/Beyond-Fixing-Facebook-Final_0.pdf

¹⁸ Alternatively or additionally, a portion of the proceeds from auctions of the public airwaves — such as the \$80 billion haul recently received by the FCC for the so-called C-band spectrum — could be redirected to support non-commercial local news and community information needs.