

**Commissioner Nathan Simington
Federal Communications Commission
Address to The Media Institute
Communications Forum Virtual Luncheon
March 24, 2021**

Thank you, Rick, for the introduction. And thank you, Chairman Wiley, and the entire Media Institute team, for inviting me to speak at this event. It is a great honor to be here.

This will be my first address to The Media Institute. It is a signal honor to have been invited to have shared this virtual podium with the galaxy of stars who have come before TMI during its more than 40 years.

The Media Institute's goals – promoting freedom of speech, encouraging a competitive media environment and communications industry, and recognizing excellence in journalism – align with, and indeed inspire, many of my own priorities as a Commissioner on the Federal Communications Commission. Of course, the FCC has regulatory powers and obligations over radio and television, but in addition, members of the Commission enjoy the luxury of a unique “bully pulpit” to discuss pressing issues such as those around which The Media Institute was founded.

Of course, when I say this, I'm sure we're all reminded of one speech in particular. One 60 years on, Newton Minow's first speech as FCC Chairman has become a modern classic. His description of television as a “vast intellectual wasteland” gave a new phrase to the English language, but beyond mere rhetoric, it raised questions that still trouble us today. How do we determine what the public interest is? What, if anything, is it appropriate for a regulator to do to direct (or even merely to nudge) the mass media? Is it responsible and public-spirited to foster what we consider laudable content, or is this, as the rejoinder might come, the attitude of snobs and Pecksniffs? And, assuming that a regulator is to act, how do the qualities and defects of particular content cash out into public behaviors and attitudes?

In full knowledge of the complexity of these questions, I will duly proceed to rush in where wise men fear to tread. Today, I want to talk about the future of local journalism, and how the FCC can, through policy, either feed its growth, or watch it wither on the vine. And, of course, I hope everyone will forgive redundancies or dubious simplifications as I attempt to cover a lot of ground in terms suitable for a harried junior associate taking notes.

As some of you may already know, I am engaging with stakeholders across the industry and the political spectrum regarding local journalism. Let's define this for today as journalism that covers local issues and is produced in its region of distribution, outside of the established centers of national production. While I believe that local news fosters community and serves as a check on local abuses, this may be a matter of opinion. But what's beyond dispute is that local journalism, by definition, decentralizes the formation of media content and provides for organic

diversity. Local journalism, by its mere existence, gives the lie to the idea, perhaps too prevalent today, that most of the country is merely fly-over territory, passively serving as a receptacle for ideas and policies emanating from entrepôts and metropolises.

I learned recently that something like 1/6th of all journalists – probably a majority of those producing principally online content – live in New York, Los Angeles, or D.C., and that proportion is growing. This geographic and social concentration means that those who are making decisions about what to cover and how to approach coverage are all riding the same subways, eating at the same restaurants, and drinking at the same bars. The cursus honorum from top colleges to a few large cities means that, even with the best will in the world, up-and-coming journalists may talk mostly to members of a relatively narrow social class. The structure of their employment may restrict their opportunities to experience the scope, quality, and beauty of the larger America. Our representative democracy ensures that everyone has local representation in Congress, but there are no comparable protections to ensure that journalism truly covers the whole of the American experience.

Many expected that the digital age would see a journalism renaissance, with the explosion of independent voices and points of view, and unprecedented diversity in focused, topical coverage. With due respect to points of light in the fabric, I don't think this projected renaissance has arrived. Instead, journalism of the kind that is largely produced on and for the Internet seems to focus on issues of national moment on the one hand – national politics and international affairs – or issues of national culture on the other, like reactions to the last season of Game of Thrones. And, of course, national cable news networks are national, just like it says on the box.

Even independent creators – analysts and journalists who self-host content on YouTube or other platforms, for instance – generally play to national conversations. And why not? They're generally a little more controversial, a little more alarming, a little more engaging, and a little easier to use to raise eyebrows and hackles. And, of course, you gain economies of scale. That drives clicks. Clicks drive revenue. Revenue drives content. Indeed, as journalism has concentrated on digital platforms and within national content categories, dollars and eyeballs have concentrated here, too. And those trends continue. Note that none of the preceding is a value judgment on any particular journalist, outlet, medium, media figure, or indeed of the overall quality of work at present. This is all about looking at structural lacunae.

So, then, what have those trends meant for us as a culture? Well, at least two things. First: We just could not be a more politically polarized society, and polarization has certainly grown in a way correlated with concentration of digital content into national topics. I don't take a position as to the causal direction of that relationship, but I am sure there is a causal relationship there, and it may just as well be a positive feedback loop by now. Second: Trust in journalism has never been lower. Each day we reach some worrying new nadir of trust in reporting, and it has important material consequences for our health and well being as a society.

These are, I'm afraid, complete uncontroversial observations. They are facts about the world to which anyone paying any attention can agree. Ought they not to worry us? Ought it not create a moment for reflection?

It is against this backdrop that the FCC regulates broadcast media. Here are some things you probably already know about the state of local journalism, but, again, I'll speak for the benefit of that poor junior associate.

First, people trust it. More than any other kind of journalistic content, people look to their nightly news for information that they can count on: the journalist on the beat in front of the land records office, looking for shady doings at the city council, or the "on your side" consumer reporter who investigates a local mechanic overcharging for repairs not actually done. This seems perhaps a little Norman Rockwell, but it's still the best way to inform people of what's happening in their neighborhoods. And during the COVID pandemic, we have needed all of the trustworthy reporting that we can get. Even simple information, like where to get vaccinated, or what the mask policy is for the local grocery store, is still best distributed by local journalists. Indeed, it is literally impossible for national news to do because of the diversity of local mandates.

Second, it drives local ad revenue. Any broadcaster will tell you that broadcast ad dollars are made on local news, and that, when they can, they invest in more, rather than less, local news production. And that investment supports local jobs in the newsroom, and in turns spurs local investment in advertising.

Third, it is more challenging to profitably produce local journalism than ever before. You need "mics on the ground," as it were, to produce local journalism, and that costs a lot of money. And it's not like Google – which, by the way ... and I am going to slow down here for the dramatic effect it requires ... Google earns more local ad revenues than the entire broadcast industry combined. Google is a single company. Okay? One company, more local ad revenue than every broadcast group put together. Anyway: It's not like Google is going to send a local reporter to Lubbock or Youngstown to find out what's happening. They're in a digital content distribution business, and that's not in the economic model or the feature roadmap.

To be clear, this is not a criticism of Google, which did not sign up to be a nationwide local news producer. I don't blame them for this situation any more than I'd blame a national auto insurer for not operating a chain of garages. On the other hand, if we value local journalism, as I believe we should, we have to understand the economic constraints that constitute the reality of local journalism today.

And thus, if we care about local journalism, we must care about finding a sustainable business model for the future. Let me be clear: Local journalism is in trouble. 2020 was rough from an ad revenue point of view, and it was only the political advertising of a hotly contested election that prevented ad revenue from cratering entirely. Broadcast groups are, rightly, worried about 2021, and even more rightly worried about 2023.

It is sometimes said that the broadcast industry has cried wolf about the death of local journalism for some years. But the wolf is now at the door, and margins on the production of local journalism are trending to become as thin as the hairs on our chinny chin chins.

Something has to be done.

The FCC can do something. It cannot reverse secular trends toward cultural flattening and national content. It cannot, in the absence of a clear and specific congressional mandate, regulate Internet social media platforms like broadcasters. But it can get out of the way of broadcasters trying to find a path toward a sustainable business model.

We are all, of course, waiting for Prometheus – which sounds like some kind of play in endless pentameters that I don't want to read, perhaps by an Elizabethan existentialist – and while the issues there are nuanced and relate to whether and to what extent the FCC may modify its rules regarding media cross-ownership concentration, in the absence of a thoroughgoing analysis of that modification on rates of female and minority ownership of media outlets: The fact of the matter is that cross-ownership, national ownership, and the overall regulatory burden broadcasters face, much of it a hangover from a very different era, are squarely within the core ambit of the FCC.

And while we can talk about the particulars of the regulations, what so often gets lost in such conversations is the plain business facts that the broadcast industry faces.

Look at the trendlines. Local journalism is in trouble. Broadcasters are in trouble. So, at a first cut, in 10 years, if the FCC does nothing, what is it even regulating in the broadcast space? What diversity of ownership, exactly, will it be promoting? Look on my regulations, ye mighty, and despair? The ownership of lone and level sands stretching far away?

Now, we might say, okay, sure, but ATSC 3.0 and datacasting are just around the corner, and those technologies are going to bolster broadcast revenues, eventually. Sure – eventually. But broadcasters don't need eventually. They need now.

Further to the point: Reality has put the lie to the viewpoint diversity concerns that once animated media ownership concentration rules of any variety. When we have had greater media ownership concentration, economies of scale have permitted broadcast groups to invest in their greatest revenue-generating differentiator. Which is what? Local journalism. Local nightly news.

That's where the ad dollars are still being made! And in the same market, broadcast groups do not want their content broadcast in triplicate. They want to own diverse content within their markets, because they want to capture as many eyeballs as they can. And since people already have a place to go for national content, broadcast journalism is where they go for the content that is most relevant to them: local and diverse. Different stations producing different content for different viewers in local markets. That drives ad CPM, which is what broadcasters want.

Of course we want female and minority broadcast media ownership. But to have that, we need a healthy broadcast industry. We cannot permit the vestigial tail of ownership rules to wag the modern dog. We need sensible, slimmed-down regulations for the world we live in, not the world that was. And, by the way, that approach enhances viewpoint diversity by permitting investment in local journalism, which is the differentiator broadcast groups need to compete with digital behemoths.

I am not here proposing a particular alternative regulatory regime. I am still making a study of the industry, and I want to be sure that I've heard from everyone before I solidify opinions. But I will say that I want a healthy, thriving broadcast ecosystem, and the way to accomplish that must surely be to unleash the creative power of broadcasters, and to permit them to compete with digital platforms using every tool at their disposal. The Media Institute has always stood for the salutary effects of competition, and from what I've seen so far, I believe media liberalization will promote it. I'll be happy to get further into the weeds in the Q&A, but that's where I generally stand.

Thank you so much for the invitation, and I look forward to the discussion.