

American local journalism is still operating on an outdated business model. As a result, all around the country, newsrooms are shrinking or fully imploding in droves, leaving communities without a crucial service. And, as empirical evidence suggests, the recent decline of local newspapers will affect the very foundations of this country's democracy.

Perhaps the most important influence local journalism has on democracy is its role in keeping local governments in check. "I firmly believe that we're the watchdogs for the public," said Gemmet. "We are trying to make sure democracy runs as it should."

Researchers Alicia Adsera, Carles Boix, and Mark Payne performed a study titled "Are You Being Served? Political Accountability and Quality of Government" and studied newspapers nationally, as well as globally. Their findings established clear connections between robust local newspapers and healthy local governments.

"Free circulation of newspapers has a very strong effect on the level of corruption," wrote the researchers. "A change in the circulation of newspapers from its median value to its maximum level would reduce the level of corruption by... more than 1.5 standard deviations."

Researchers also found that, "Newspaper readership substantially boosts governmental performance. A change in newspaper circulation from its median to its maximum increases bureaucratic performance by one standard deviation."

"If you're letting an agency decide what you need to know, and what you don't need to know, and how they want to present it, and what details they're leaving out, and no one's asking them questions about those missing details," said Gemmet. "I think that's where it gets dangerous for democracy."

Another way in which local journalism influences communities is by encouraging constituents to participate in local elections. Researchers from the National Bureau of Economic Research determined that the act of reading a newspaper can encourage up to 13 percent of non-voters to vote, and just one additional newspaper in a region can boost voter turnout for national elections by .3 percent.

Researchers have also found that the strength of newsrooms affects the number of candidates for local office. NiemanLab's Joshua Benton summarized it, writing, "So imagine a 10,000-circulation daily newspaper, and imagine it at two staffing levels: a robust 18-person newsroom or a skimpy 3-person one. According to Rubado and Jennings' findings, that newspaper's city would likely have about 1 additional mayoral candidate running if it was covered by that strong 18-person newsroom than by those three poor overworked souls."

Gemmet said that she thinks that Mountain View has really robust elections and that she likes to think that the Voice plays a part in that.

We are trying to make sure... that people who live in our community of Mountain View have an accurate source for information and are empowered to make decisions, decide who they want to represent them, [and] decide when they want to take to the streets in protest because they have all the information at their fingertips," said Gemmet.

A lack of community journalism also has direct consequences on a national level: the polarization of politics.

According to a NiemanLab article by Joshua P. Darr, Johanna Dunaway, And Matthew P. Hitt, in 1992, more than 1/3 of the states voted for senators and presidential candidates of different parties, a phenomenon known as split-ticket voting. In 2016, none did.

The researchers found that when local newspapers closed, readers switched to national news instead, most often television, the vast majority of which, according to the researchers, “focuses on partisan conflict.”

According to the Pew Research Center, 57% of Americans get their news by watching television. And major news networks, such as CNN, have turned politics into a sports match, where it’s more circus than it is journalism.

Jeff Zucker, the President of CNN, said in an interview with the New York Times, “The idea that politics is sport is undeniable, and we understood that and approached it that way.” In fact, CNN has hired pundits whose sole goal is to defend President Trump and provide cannon fodder arguments for anchors and guests to tear apart. Carlos Maza, a journalist working for Vox, covered this phenomenon in a YouTube video on the Vox channel.

“This would all be fine and normal if this was reality television or ESPN,” said Maza, “but it’s not. At its most basic level, political journalism is about keeping viewers informed about how the government is impacting their day to day lives. That can’t happen when CNN treats every story as a chance to reopen the Thunderdome.”

However, CNN is still innocent of “game-frame” coverage of the Supreme Court, according to researchers Matthew Hitt and Kathleen Searles. Game-frame coverage is the usage of words and phrases associated with sports and wars, such as “attack,” “bombshell,” “curveball,” “won the battle,” and “losing side.” Hitt and Searles found that NBC was the largest culprit of the use of such language and that people who watched such coverage were “less likely to agree with and accept the court’s decision than those who viewed coverage that focused on

legal principles.” The result is that the Supreme Court, an entity whose core mission is to remain apolitical and in search of fundamental legal truth, has become a part of the political circus.

“Local newspapers provide a valuable service to democracy by keeping readers’ focus on their communities,” they write. “When they lose local newspapers, we have found, readers turn to their political partisanship to inform their political choices.”

It was that same political partisanship that led to the election of President Trump, a victory that puzzled political pundits and fundamentally changed American politics.

Joyce Dehli, a co-chair of the Pulitzer board, points out a reason a lack of local journalism contributed to President Trump’s victory: “The stories of disaffected citizens in rural areas and small cities have been simmering for years, largely untold by local news organizations.” Without local newspapers to ground national issues in the community, constituents are left with news only from a national lens.

“The basic hypothesis is that the collapse of local media institutions has kind of broken the foundation of political engagement in our country, which historically began at the local level,” said Lee Shaker, a political communications scholar at Portland State University (via Politico).

Back when robust local news coverage was commonplace, people were able to better determine their own beliefs themselves, promoting diversity of thought and resulting in a healthier political system. But now, with partisan national news channels dominating, people across the country are seeing the same things that others are, resulting in more homogeneity in viewpoints. As a result, voting across party lines is almost entirely dead, and your vote depends on which national channel you get your news from.

But even though local journalism is crucial to a democracy's success, it cannot continue operating on its decades-old business model.

The traditional business model relies on advertising revenue, almost exclusively from local businesses. According to NiemanLab, an organization dedicated to helping journalism transition to the digital age, a typical American newspaper in the 20th century collected 80 percent of its revenue from advertisers. Since local newspapers are often provided to communities free of charge, their dependence on advertising dollars can be comparably larger.

But that's changing. Bill Johnson, CEO of Embarcadero Media (a local media conglomerate operating in the San Francisco Bay Area), said that local businesses are finding less expensive and more targeted ways to reach consumers through social media and email campaigns.

Facebook and Google, the two corporations with strangleholds on the digital advertising sector, account for 77 percent of digital advertising revenue in local markets according to Brookings, much of it at the expense of local newspaper advertising.

So although local businesses and local newspapers were interdependent in the past, local businesses have recently begun pulling out of this symbiosis, leaving papers hanging.

“It was probably not a very good model to begin with, because it disconnected the real consumer, which was the reader, from the source of revenue,” said Johnson.

Victor Pickard, an associate professor at the University of Pennsylvania's Annenberg School for Communication, described the actual news being produced as a “by-product” of the main exchange, which was between papers and advertisers.

“Overreliance on a single mode of revenue exposed news institutions to enormous risk,” wrote Pickard. “That longstanding vulnerability became painfully clear with the advent of the internet.”

And the businesses that continue to advertise with local papers are demanding digital ads. According to Kevin Forestieri, staff writer at the Mountain View Voice (a subsidiary of Embarcadero Media), the Voice is seeing “a de-emphasis on print ads and a surge in online ads. And online ads are not amazing for revenue at all.”

The effect is apparent; according to a study by the Pew Research Center, newspaper print advertising revenue dropped from \$46.6 billion to \$16.4 billion from 2007 to 2014. During that same time period, digital newspaper advertising revenue only increased from \$3.2 billion to \$3.5 billion.

In addition to the rise of alternative advertising options for local businesses, this flat growth can also be explained by the decline of local businesses in the late 20th and the 21st centuries. According to the Institute for Local Self-Reliance, there were 108,000 fewer local retailers in 2012 than there were in 1997.

The large corporations replacing the small businesses cast a wider net with their advertising campaigns by going through television and digital advertisements. According to Zenith Media, print advertising comes in fourth in terms of the market share of the global advertising spending (half of which the US is responsible for). There simply isn't any reason for corporations to spend the resources advertising in local papers when they can go through larger-scale alternatives.

“There are not enough local, independent businesses left [who] have the ability to spend enough money on advertising to support the work of [the] 20 journalists on our staff,” said Johnson.

Failing newspapers, unable to support themselves on the meager advertising dollars they manage to solicit, are becoming a part of a new phenomenon: vulture capitalism in the news industry. Vulture capitalism is a business practice where investors, usually hedge funds, buy out failing firms and, as Mountain View Voice Editor Andrea Gemmet said, “scrap them for parts.”

“They start with layoffs,” said Gemmet. “Then they start selling off divisions that are making money, they sell off the real estate if they own a building, and, in the end, there's basically nothing left, and then they close it down.”

Alden Global Capital is currently the largest of the hedge funds preying on failing local newspapers. Through its subsidiary Digital First Media, Alden owns 100 local newspapers around the country with 30 of them in California alone. On average, Alden is downsizing them at twice the national rate. They also transfer their papers' cashflow into offshore accounts in the Caymans.

Beyond gutting their papers (some of their holdings have downsized to 20 percent of their original staff), Alden demonstrates complete disregard for their journalists: Digital First Media invested \$270 million of their own workers' retirement fund into two separate Alden funds.

The San Jose Mercury News, a local newspaper and current subsidiary of Digital First Media, has been one of Alden's hardest-hit papers. According to Gemmet, the Mercury News' newsroom—the actual reporters—went from 400 strong to just 20 recently. And on April 6,

2020, although news consumption has soared due to the COVID-19 pandemic, the Mercury News placed 21 employees on unpaid furloughs.

According to Johnson, the lack of aspiring journalists is another issue that local journalism faces. Johnson said that the perception among young people is that there isn't a good future in journalism due to its current economic status.

“How do you find the journalists of the future?” said Johnson. “And how, under what circumstances, will young people choose to do this type of work, knowing that it doesn't have a lot of opportunities for making as much money as one can make in other professions?”

During a Bay Area protest against Alden media in November 2019, Thomas Peel, a reporter at the East Bay Times and Mercury News, said, “I think our plight can be best summed up this way: For journalists living in the Bay Area, the rent is too damn high and the pay is too damn low.”

Another issue contributing to the dearth of future local journalists is a lack of opportunities to study local journalism in higher education institutes. Jock Lauterer, a lecturer in journalism at the University of North Carolina Chapel Hill, described an experience he had with a renowned scientific researcher in his textbook “Community Journalism: Relentlessly Local” where the researcher proclaimed, ““Oh?! Are there any of those [community newspapers] left?”” (Lauterer 14).

“That anecdote captures the sort of myopic vision of the American journalism landscape common to many college and university-level journalism programs,” writes Lauterer.

“Particularly during the '80s, as college and university journalism programs vied with one another to place graduates at so-called prestigious big-name major market media outlets to

enhance their ranking and appeal, many ‘J-schools’ either abandoned or simply overlooked community journalism.”

If local journalism is to survive, it cannot continue to operate on its existing business and product model. Magali Gauthier, the Chief Visual Journalist for the Palo Alto Weekly, the Mountain View Voice, and The Almanac, said she thinks that “most of us [newspapers] are going to have to be digital-only at one point.”

Johnson said that Embarcadero Media’s print newspapers are already an “afterthought” as compared to the fast-moving world of online news. And because online ads aren’t a sustainable source of revenue, the three primary alternative business models take the source of revenue elsewhere.

The first option is to bring the source to the readers through a subscription-based model. However, this system may not be able to sustain local journalism. According to the Pew Research Center, only 25 percent of Americans recognize that local news outlets are facing financial issues, and only 14 percent paid any local news outlets in 2018 (the year the survey was conducted). Victor Pickard, the aforementioned associate professor at the University of Pennsylvania’s Annenberg School for Communication, wrote that relying on a subscription-based model is “insufficient for a healthy democracy.”

The second and third options seem the most promising, with established systems providing promising results. The state of New Jersey allocated \$2 million for local news organizations this year through creating the Civic Information Consortium, an organization that promotes the wellbeing of the local press in the state of New Jersey. And it’s a system that can easily be adopted by other states. Mark Rispoli of Free Press wrote, “By following New Jersey’s

example, local and state governments can build off the decades-long tradition of public investments in media and target government funding toward news deserts and underserved communities.”

The Salt Lake Tribune, Utah’s largest newspaper, recently transitioned to nonprofit status, a decision that the IRS supported with no pushback. Owner Paul Huntsman told the Tribune, “We needed to find a way to sustain this vital community institution well beyond my ownership, and nonprofit status will help us do that. This is truly excellent news for all Utah residents and for local news organizations across the country.” The Tribune can now receive grants from nonprofit foundations such as the MacArthur Foundation, one of the world’s largest, that provides grants for local news outlets.

Local journalism, an immeasurably crucial public service, is facing a crisis under its current business model. But luckily, there are options that local news outlets can take to secure their futures; it’s only a matter of time.

“I think journalism plays a huge role and puts a spotlight on issues that need either public or legislative solutions,” said Johnson. “And so whether it's poverty or education, or environment, journalism plays a critical role and brings those issues to light... I have always viewed journalism as a means of activating public knowledge and engagement and action to address social and other problems.”