Draft Testimony to Ohio Senate
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My name is David Chavern, and I am President and CEO of the News Media Alliance, a nonprofit trade association representing over 2,000 newspapers in the United States and Europe. Our members range from the largest news organizations in the world to local newspapers both online and in print. Our members touch the lives of every American on a daily basis—whether it is reporting on geopolitical events from a distant corner of the globe or community-based issues much closer to home.

The Alliance represents newspapers in Cincinnati, including The Cincinnati Enquirer, Delhi Press, Northwest Press, Price Hills Press, Western Hills Press, and Hilltop Press, and we represent another 100 newspapers across the great state of Ohio.

The news media has played a vital role in our democracy since the founding of our republic. Its mission has been to uncover and disseminate knowledge to foster a public discourse—a necessary part of any healthy democracy.

The news media has long been an industry of innovators. We are often the first to adopt new technologies and to find new ways to use those technologies to connect with the public. Over the past two decades, news organizations have evolved from a print dominant industry to a digitally dominant one. In doing so, we have changed the way news gets reported and the way consumers receive their content.

- We have invested in making sure audiences have the most up-to-the-minute facts about rapidly developing world events.
- We have invented ways to personalize news to deliver stories that are most relevant to individual readers.
- We have developed new ways to gather, analyze, and present data that gives people a deeper understanding of the world.
- We have created apps and websites to offer a better user experience inviting audiences to engage more deeply with the news.
- And we have invested in video, podcasting, and other online media formats to connect with audiences in new ways.
But, while the news media has largely embraced organic modern innovation, the rise of digital news has introduced new, and potentially existential threats to the industry. Specifically, the rise of dominant tech platforms as intermediaries between news organizations and their audiences threatens to undermine the industry’s investment in a digital future. According to the UNC Hussman School of Journalism and Media, the number of newspapers in Ohio has decreased by 39 percent in the last 15 years, with newspapers that have closed or merged including dailies such as the Cincinnati Post and the Vindicator. Similarly, newspaper circulation has gone down in Ohio by 51 percent.

It is indisputable that online platforms serve an important purpose. They help consumers find news and content that they might otherwise have missed. In doing so, these platforms have played their part in the growth of digital news over the last two decades. But the concentration among digital platforms also means that a small cadre of giants now exercises an unprecedented level of control over web traffic and control which news organizations do and do not get traffic. The same giants control the digital advertising technologies that news organizations use to monetize digital traffic. This is a dangerous combination.

This duality of control over traffic and distribution, as well as ad monetization, has made it extremely difficult for news organizations to build sustainable business models. These tech giants use proprietary algorithms to determine whether and how content will be delivered to consumers. They also have the power to suppress news organizations’ brands, control their data, and arbitrarily refuse to recognize quality journalism. In essence, because of the nexus between distribution and ads, a handful of tech platforms act as the regulators of the entire digital news industry. But, these “regulators” are not constrained by legislative or democratic oversight. And their motivation is not to serve the public interest, but rather to maximize their own revenues, profits, and power. Today, two companies—Google and Facebook—control the vast majority of online ad revenue, taking a large chunk of revenues for themselves, leaving news organizations will less and less to reinvest in high-quality journalism, or the next wave of innovative technologies.

And, the way antitrust laws are currently set up, news organizations do not have the power to fight back against these negative influences. Indeed, news organizations face a collective action problem. It is in each organization’s interests to resist the harmful and exploitative policies imposed by these platform monopolists. But no single organization can stand up to the dominant platforms on their own. The risk of demotion or exclusion from search and distribution is simply too great. Under the current formulation of the antitrust laws, news organizations cannot act collectively, so the result is that the entire industry is forced to accept whatever terms or restrictions the dominant platforms unilaterally choose to impose.
Thankfully, Congress has recognized this imbalance of power and has attempted to fashion an innovative, market-oriented solution. The 2018 Journalism Competition and Preservation Act allows news organizations to bargain collectively against dominant tech platforms. Markets work best when parties of different sizes can negotiate with one another on equal footing—when either party can credibly threaten to withdraw from negotiation if the other side demands unreasonable or exploitative terms. Monopolies frustrate this dynamic because one side always knows the other side is unable or unwilling to walk away from the negotiating table. This legislation should enable the news organizations to engage the tech platforms on more even footing, and perhaps even to partner together to find better ways to reach audiences, generate content, and support high-quality journalism.

Historically, the state of Ohio has played a crucial role in checking the monopoly power of dominant firms. It was Ohio Senator John Sherman who introduced our country’s first antitrust laws, and he lent his name to that legislation. The Valentine Anti-Trust Act was one of the earliest state law efforts to fight monopolies. Ohio should continue to take the lead. That means both supporting federal antitrust efforts against Google and ensuring that Ohio’s own antitrust and consumer protection laws—which often extend beyond their federal counterparts—are vigorously enforced.

Without further action from Congress and/or the states, we face the real possibility that news organizations will be forced to rely on private charity to stay afloat. If that happens, it could have disastrous for the independence of the news media and the public’s faith in it.

History has shown that our antitrust laws are most likely to be enforced when state governments push for action. Our country is now dealing with an unprecedented threat of monopolization and anticompetitive abuses from some of its biggest companies. Ohio should seize this moment to take the lead in pushing for an effective and lasting remedy to this problem. The time to check the power of these dominant monopolies is now.