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"The Future of Newspapers: The Impact on the Economy and Democracy"  
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Thank you, Madam Chairwoman, for the opportunity to testify today.

In the next few minutes, I'd like to offer an overview of what's occurring in the newspaper industry and what it may mean to our civic life.

There are a lot of misconceptions about where we get our news. Only about 54% of Americans say they regularly read print newspapers. But those surveys do not tell us much about where news comes from.

Far more than that of what we know about our communities today still originates in newspaper newsrooms. A good deal of what is carried on radio, television, cable and wire services comes from newspaper newsrooms. These media then disseminate it to broader audiences. In every community in America I have studied in 26 years as a press critic, the newspaper in town has more boots on the ground--more reporters and editors--than anyone else—usually than all others combined.

When we imagine the news ecosystem in the 21<sup>st</sup> century, the newspaper is still the largest originating, gathering source.

The second misconception about newspapers is that their crisis is loss of audience. Not so. Weekday print circulation last year fell by 4.6%, but the number of unique visitors to newspaper websites grew by 15.8% to 65 million. When you combine print and online audiences of newspapers, the industry overall is faring better than other legacy media—and many newspapers are seeing audience grow. One study, by Scarborough suggests audience gains of 8.4% from online. What's more, the Internet offers the potential of a more compelling, more dynamic, more interactive journalism—a better journalism than print—coming from these newsrooms.

The crisis facing newspapers is a revenue problem. Advertising, the economic foundation of journalism for the last century, is collapsing, particularly classified. Print newspaper ad revenue fell by roughly 25% in the last two years, and 2009 will likely be worse. Meanwhile, online display advertising for newspapers is now declining, too.

Last year, the traffic to the top 50 news websites grew by 27%. But the price of an online ad fell by 48%.

The consequence is that the amount of our civic life that occurs in the sunlight of observation by journalists is shrinking. The number of city councils and zoning commissions, utility boards and state houses, governor's mansions and world capitols being covered on a regular basis, even by a lone journalist, is diminishing. One out of every five people working in newspaper newsrooms in 2000 was gone at the beginning of 2009, and the number is doubtless higher now. My old newspaper, the Los Angeles Times, has half the reporters it did a decade ago. The problem is more acute at bigger papers than at smaller ones, but no one is immune—and I venture metropolitan suburban areas may be most vulnerable.

Alternative news sites such as Voice of San Diego and MinnPost are exciting innovations, but the number of people working there does not yet come close to the lost numbers—and none of these sites has so far found a sustaining business model.

More of American life now occurs in shadow. And we cannot know what we do not know.

Newspapers are more than partly to blame. Like other legacy industries before them, newspapers let a generation of opportunities slip through their fingers—from E-Bay to Google, to Realtor.com to Monster.com. The industry is running out of options, though I believe some remain. Those include charging for content, getting tough with aggregators, creating online retail malls, and more. No one knows which will prevail. I am an analyst, not an advocate. The only thing close to a consensus is that most likely no one revenue source will be sufficient.

So should we care whether newspapers survive? Perhaps not. Typewriters have come and gone. But I believe we do have a stake as citizens in having reporters who are independent, who work full time, and who go out and gather news, not just talk about it, and who try to get the facts and the context right. And its not just the high-lying investigative reporters I have in mind, but perhaps even more so the reporters who simply show up week after week, sit in the front row, and bears witness, and who, simply by their presence, say to those in power on behalf of all the rest of us, you are being watched.