

A Business Model to Save the Internet and Journalism?

by Wally Bowen, executive director and founder of MAIN

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“The Mountain Area Information Network is a true pioneer in guiding us toward a democratic, accountable, sustainable and independent media for the coming generations. It deserves widespread recognition and even wider-spread support.” **Media scholar [Robert W. McChesney](#)** and author of [“Corporate Media and the Threat to Democracy.”](#)

“Finding new business models for journalism and preserving an open Internet are two of democracy’s most pressing needs. The nonprofit business model of the Mountain Area Information Network (MAIN) in Asheville, N.C. meets both challenges. Let’s hope the MAIN model is replicated throughout the land.” **[Eric Alterman](#)**, The Nation magazine media critic and author of [“What Liberal Media?: The Truth About Bias and the News.”](#)

“Wally Bowen’s ‘third-pipe’ model could be the start of something big. The old journalism is slowly disappearing. To replace it, we need citizens with something to say and a place to say it. Such grass-roots efforts as this one in Western North Carolina might offer our last, best hope for supplying the public with what James Madison called ‘the power which knowledge gives.’” **[Philip Meyer](#)**, Knight Professor of Journalism, UNC-Chapel Hill; author of [“The Vanishing Newspaper: Saving Journalism in the Information Age.”](#)

“The implosion of traditional media’s financial structure is sparking all kinds of experiments to come up with new business models that will support quality journalism. Wally Bowen and his colleagues at the Mountain Area Information Network are among the people we need to watch carefully, because it looks like they’re onto one of the more promising approaches.” **[Dan Gillmor](#)**, Founding Director, [Knight Center for Digital Media Entrepreneurship](#) at Arizona State University and author of [“We the Media: Grassroots Journalism by the People, for the People.”](#)

The Endangered Internet

The Internet is changing from an “information highway” where all traffic is treated equally, to a divided “toll road” where the traffic of favored users gets express treatment, while all others ride second-class.

As the cable/telco “duopoly” creates the “Corporate Internet” via discriminatory routing of Internet traffic, the nonprofit [Mountain Area Information Network](#) (MAIN) is part of a national movement to preserve the Internet’s original non-discriminatory nature. Cable and telephone companies now control approximately 98 percent

of all broadband Internet connections. This duopoly control – combined with advances in digital switching technology – positions these companies to impose a new business model by changing the Internet’s original non-discriminatory operation.

Since its inception, the Internet has been an “[open access](#)” platform, similar to the historic “common carrier” operation of our telephone network. This common carrier principle treats all traffic (data, phone calls, etc) in a non-discriminatory manner. Phone calls placed from a pay-phone in the most impoverished hamlet of Appalachia are treated the same as calls from the White House or Wall Street. The same has been true for traffic on the Internet, until regulatory actions by the [Supreme Court](#) and the [FCC](#) in the summer of 2005 opened the door to discriminatory traffic-routing.

Innovative devices – such as fax machines, answering machines, cordless phones, and modems – were created, in large part, because an open network platform made experimentation and unfettered deployment possible. By contrast, the loss of open network protocols recently forced Apple to cut an [exclusive deal](#) with AT&T for its iPhone release.

This new regulatory environment not only threatens innovation and economic growth, it also threatens core civil liberties, such as freedom of speech, the free press, watchdog journalism, and privacy. Evidence of this threat began surfacing in August 2007, when [AT&T admitted to censoring political speech](#) in a live webcast of a Pearl Jam concert. In mid-September 2007, [Verizon blocked NARAL](#)’s pro-choice text-messages (Verizon reversed its decision Sept. 27).

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Meanwhile, revelations grow about telephone companies collaborating in [warrantless wiretapping](#) of U.S. citizens, resulting in heavy telco lobbying in Congress for retroactive immunity. [Future immunity](#) was granted in the Protect America Act which President Bush signed

into law on Aug. 5, 2007.

Indeed, [sharing private subscriber-data](#) with government agencies has become so routine that cable provider Comcast views it as a potential profit-center, according to the trade journal, Cable Digital News.

In a PBS program entitled “[The Net At Risk](#),” journalist Bill Moyers described the new “toll road” regulatory regime: “For those companies that pay the fee,” said Moyers, “their content would breeze through the fast-pass lane at the toll bridge, reaching users more quickly; those who don’t pay will be stuck in the crowded, slow-moving line, and users will have to wait longer for their content to load.”

A ‘Third Pipe’ Remedy

Open network advocates see two possible remedies: first, Congress could pass “net neutrality” legislation to preserve a non-discriminatory Internet. However, Congress is paralyzed, mainly because the [issue is framed](#) as one set of big corporations (AT&T, Verizon, et al.) against another (Microsoft, Google, et al.) Even if Congress were to act, the legislation is likely to be watered-down and the protections inadequate.

The more realistic and lasting solution is to use market forces and competition to create a “[third pipe](#)” – an alternative broadband Internet service using wireless technologies currently not subject to duopoly control. This alternative access would enable a “strategic market bypass” to generate competitive pressure and thus preserve a non-discriminatory Internet.

Open network advocates have long looked to local governments to create this “third pipe” via a municipal wireless (“muniwireless”) buildout. But as USA Today reported Sept. 19, 2007 on its front page, “[Cities are turning off plans for Wi-Fi](#)” because they are “proving to be too costly and complicated.”

As the municipal wireless “third pipe” strategy fades, MAIN’s 12-year old nonprofit ISP business model is emerging as a key player in a national strategy to preserve an open Internet. [MAIN’s](#)

[business model](#) is simple: give citizens, nonprofits, and small businesses the option of spending their Internet dollars to support local, independent media.

How Our Public Airwaves Can Save the Internet

Reform of U.S. spectrum policy is essential for the creation of a viable “third pipe.” Existing unlicensed spectrum is crowded, and it can’t penetrate buildings or bend around mountain ridges. Fortunately, unused spectrum is available in lower frequencies (e.g. 700 MHz) that can penetrate buildings and bend around ridges. But there’s a catch: several years ago, Congress told the FCC that it could auction off a swath of 700 MHz spectrum that has been called the “[Malibu beach front](#)” of our public airwaves. This spectrum is so valuable and versatile that it could solve our [rural broadband](#) and “third pipe” problems simultaneously.

Unfortunately, the FCC – in a 3-2 party-line vote in August 2007 – refused to designate a portion of the 700 MHz spectrum for “wholesale” leasing to rural and independent ISPs. This policy decision opens the door for the big telco and cable companies – or their subsidiaries – to purchase this spectrum in order to protect their duopoly control of the Internet. That [auction](#) is set for Jan. 24, 2008.

‘White Space,’ the Final Frontier

Meanwhile, another source of unused, low-frequency spectrum is “[white space](#),” that portion of the public airwaves – on loan to TV broadcasters – that sits vacant in virtually all U.S. communities. For example, studies by the New America Foundation [measured this vacant spectrum](#) at 62 percent in Tallahassee, Fla.; 70 percent in Columbia, S.C.; and 72 percent in Charleston, W.Va.

However, TV broadcasters want to [warehouse this spectrum](#) for future speculation and profit, despite

the fact that this spectrum belongs to the American people. This new “battle for the public airwaves” has begun, with broadcast lobbyists raising alarms that unlicensed use of this vacant spectrum will interfere with local TV reception. Their goal, of course, is to prevent Congress from reallocating spectrum for broadband Internet access.

<http://www.nytimes.com/2007/10/21/business/media/21view.html?ref=business> (registration required)

The bill to [reclaim](#) the “white space” spectrum is the bipartisan Wireless Innovation Act of 2007 (S. 234/H.R. 1597), currently pending in Congress. One thing is certain: the fate of the Internet rides on the success or failure of [spectrum reform](#).

Endangered Journalism and the Nonprofit Path

The [collapse](#) of journalism may be the most underreported story of our time. The failure of our “watchdog” press to challenge White House claims about Iraq is the most glaring example of this collapse. The subprime lending crash is simply the latest debacle that was [overlooked](#) until long after the damage was done.

Veteran journalist Charles Lewis, writing in the [current issue](#) of Columbia Journalism Review, cites Time magazine’s 2006 elimination of 650 jobs as one glaring example of the “hollowing out” of corporate newsrooms. Included in those cuts was the award-winning investigative reporting team of Don Bartlett and Jim Steele. A week after giving the pink slip to Bartlett and Steele, Time reportedly paid \$4 million for exclusive photos of Angelina Jolie and Brad Pitt’s newborn baby.

Lewis goes on to quote UNC-Chapel Hill journalism professor Philip Meyer, author of the 2004 book, “[The Vanishing Newspaper](#)”: “The only way to save journalism,” writes Meyer, “is to develop a new model that finds profit in truth, vigilance, and social responsibility.” With the Internet delivering the coup de grâce to advertising-supported journalism, Lewis argues that journalism’s “new model” will be some form of not-for-profit enterprise.

Ezra Klein, writing in the American Prospect (Oct. 4, 2007), [echoes](#) Meyer and Lewis: “What if we could create a funding source that recognized the news’ role as a public good?” Also in an (October 2007) online essay, “[How to pay for a free press](#),” legendary publisher Andre Schiffrin concludes that: “Newspapers and book publishers that belong to independent, not-for-profit foundations or cooperatives may be the best way to preserve political and cultural autonomy.”

Journalism for Freedom or Control?

It’s tempting to think that valuing journalism as a “public good” is a universally-held belief in the nation that enshrined a free press in its Bill of Rights. However, the “public good” is open to broad and contradictory interpretations.

Justice Hugo Black, in the landmark [Associated Press v. United States \(1945\)](#), gave a robust interpretation when he wrote for the majority that “the widest possible dissemination of information from diverse and antagonistic sources is essential to the welfare of the public.... Freedom of the press from government interference under the First Amendment does not sanction repression of that freedom by private interests.”

By contrast, conservative thinkers from Walter Lippmann to Leonard Garment have viewed a free press and the public good quite differently.

Lippmann was a journalist hired by the U.S. government to stir up anti-German sentiment in the run-up to World War I. In his 1922 book, “[Public Opinion](#)”, Lippmann wrote of the need for ruling elites to “manufacture the consent” of the masses, which he portrayed as a “bewildered herd” incapable of participating in public policy.

Indeed, Lippmann’s view dominates the post-WWI period, which gave rise to [public opinion polling](#) and the [public relations industry](#), both aimed at keeping populist democracy in check. The period also gave us the 1934 Communications Act, which led to the [elimination](#) of more than 200 nonprofit radio stations (including some run by labor unions) and entrusted the public airwaves

solely with for-profit corporations.

In the aftermath of Vietnam and Watergate, media policy shifted dramatically during the Reagan era under the guise of “[deregulation](#),” leading to stronger corporate control and greater concentration of media ownership. With the minor aberration of Clinton’s [low-power FM radio initiative](#), that policy direction continues today.

A rare public glimpse into conservative thinking on media policy occurred Dec. 21, 1994, when veteran GOP strategist Leonard Garment published an [op-ed](#) opposing Newt Gingrich’s pledge to eliminate funding for National Public Radio and PBS.

“Remove Federal funds and you remove officials’ ability to influence the system,” wrote Garment, who argued that liberal bias resided mainly at the flagship, urban stations. Weaken their influence on the smaller stations, he concluded, and you can “make programming more truly national and better able to serve its legitimate unifying purposes.”

Conservative media policy is driving the current corporate takeover of the Internet. Meanwhile, FCC Chairman Kevin Martin is pushing to auction valuable public spectrum and to pass [new rules](#) enabling further media consolidation. Even the policy of favorable postal rates to promote the distribution of print journalism – dating all the way back to Ben Franklin – has been turned on its head. On July 15, 2007, postal rates for small, independent publications jumped 20-30 percent, while rates for corporate publishers were cut. The [new policy](#) was written by lobbyists for Time-Warner.

The Beauty of the MAIN Business Model

The beauty of MAIN’s nonprofit business model is that it has the potential to support credible citizen journalism while also helping to create the critical “third pipe” alternative for Internet access.

MAIN’s citizen journalism effort, still in its infancy, includes locally produced broadcast/webcast programs on [MAIN-FM](#), plus our [SustainableWNC.org](#) blogs featuring more

than a dozen local experts. We also broadcast and webcast critical community events such as the 2007 “Right to Dissent” forum at UNCA-Asheville. This was an historic event for our community, yet coverage by local commercial media was superficial. Our NPR and commercial radio stations provided no coverage at all. Meanwhile, our live coverage was followed by two re-broadcasts, and the [forum audio](#) remains available for download via our permanent online archives.

Citizen journalism has its own challenges, such as credibility, finding an audience, and sustainability. That’s why MAIN is seeking a start-up grant to hire a full-time editor to train and supervise our citizen journalists, and thereby ensure a high degree of accuracy and professionalism. This grant would also equip our citizen journalists with the latest in mobile news-gathering technologies, and provide stipends to keep the best of them working.

MAIN has already made major advances in building an audience for citizen journalism. The MAIN homepage operates as a “news aggregator,” whereby relevant news links from a variety of credible sources are gathered and offered to our online audience. (See “[Creative Destruction: An Exploratory Look at News on the Internet](#),” Shorenstein Center on the Press, Politics and Public Policy, Harvard University, August 2007.)

Our web-traffic analysis shows that these news link are largely responsible for our large and growing online audience (www.alexacom). We will soon be videotaping our MAIN-FM news shows and running them on URTV, the local public access channel for which MAIN was the lead advocate. This “cross-platform” delivery strategy (Web, radio, podcast, cable) will further expand our audience.

This growing audience represents another important revenue stream: a public radio-style [underwriting](#) program, whereby local businesses gain valuable exposure to a growing audience attuned to a “buy local” ethic.

MAIN has been self-sustaining via dial-up and webhosting revenue for most of its 14-year history.

Given the acute crisis facing both the Internet and journalism, it’s important that MAIN seize the opportunity to continue expanding its broadband wireless network and cross-platform, audience-aggregation model for three reasons:

1. to demonstrate that a non-governmental, community wireless ISP is a replicable model for providing a “third pipe” bypass of the cable/telco duopoly;
2. to demonstrate that citizen journalism can be produced in a credible and sustainable manner, and delivered to a critical-mass audience hungry for its reporting;
3. to demonstrate that a sustainable business model can be based on Internet and underwriting dollars from local citizens and businesses.

In his Columbia Journalism Review essay “[The Nonprofit Road](#),” Charles Lewis points to “tantalizing signs that specific philanthropic institutions and individuals finally realize just how severe the crisis has become.” These funders, he adds, face critical questions: “Can they overcome their sometimes short-term thinking and fickle, often idiosyncratic nature and make significant, multi-year commitments to strengthen or build pillars of journalism in their communities, the nation, and beyond?”

In the coming weeks and months, MAIN’s board, staff and volunteers will share our story with local, regional and national funders who understand the peril and promise of this pivotal moment in our nation’s history. Meanwhile, we welcome your tax-deductible [donations](#) to keep this important work moving forward. To learn more about the historic struggle for a democratic media – and how MAIN fits into that history – check out “[A Progressive Response to an Undemocratic Media](#),” a 90-minute DVD presentation by MAIN founder and executive director Wally Bowen. END

