



Written by [Steven J. DuBord](#) on October 2, 2009

The Newspaper Revitalization Act Bailout

Senator Benjamin Cardin (D-Md.) introduced "The Newspaper Revitalization Act" on March 24 of this year. The legislation would allow the nation's struggling newspapers to restructure as nonprofit, tax-exempt entities similar to public broadcasting stations.

According to Cardin's [press release](#), "The Newspaper Revitalization Act would allow newspapers to operate as non-profits, if they choose, under 501(c)(3) status for educational purposes, similar to public broadcasting." Cardin's stated goal is "to help the newspaper industry survive."



Pointing to the growing number of newspapers that are cutting back or ceasing publication all together, Cardin claims "we rely on newspapers for in-depth reporting that follows important issues, records events and exposes misdeeds.... It is in the interest of our nation and good governance that we ensure they survive."

There is disagreement on this point, even from a veteran journalist of 27 years. [Daniel Lyons wrote](#) on September 27 in his Tectonic Shifts blog for Newsweek:

It's like introducing legislation to save horse-drawn carriages, or steam engines, or black-and-white TV. It's stupid. It's pointless. It won't work.... Democracy existed long before newspapers did, and it will survive without them. And plenty of countries that don't have democracy do have newspapers.... The only beneficiaries of a bailout would be a handful of big newspaper companies that used to be profitable and powerful and now, well, aren't.

While Cardin's legislation had taken a back seat to other pressing matters such as healthcare reform, several recent events brought it to the fore again. [The Blade reported](#) on September 20 about their interview of President Barack Obama regarding the state of journalism in America, and the [Washington Times featured a](#) September 24 story about the Joint Economic Committee's hearing on "The Future of Newspapers: The Impact on the Economy and Democracy."

President Obama told *The Blade* he is a "big newspaper junkie," and said, "I am concerned that if the direction of the news is all blogosphere, all opinions, with no serious fact-checking, no serious attempts to put stories in context, that what you will end up getting is people shouting at each other across the void but not a lot of mutual understanding."

The President here shows an obvious disdain for how freely the Internet allows news to be communicated outside the major media's domination and clearly insults the competence of journalists and bloggers whose work is primarily published in pixels rather than ink.

When asked specifically about Cardin's bill, the President declined to address specifics: "I haven't seen detailed proposals yet, but I'll be happy to look at them."

House and Senate members of the Joint Economic Committee didn't appear to be so enthusiastic. The



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Washington Times pointed out that only three of the 20 committee members showed up for the September 24 hearing on newspapers.

Perhaps their lack of commitment is related to trying to avoid being associated with another government bailout. The chairwoman of the committee, Representative Carolyn Maloney (D-N.Y.), admitted as much to the other two members who attended, "I want to be very clear: This is not about bailouts. No one's talking about bailouts. We're through with bailouts,"

Even the president of the Newspaper Association of America, John Sturm, declared at the hearing: "We don't believe direct governmental financing is appropriate for an industry whose core mission is news-gathering, analysis and dissemination, often involving that very same government."

It boggles the mind, then, how Cardin can even put forth the idea that newspapers should make themselves subject to Internal Revenue Service scrutiny if they want to obtain and keep nonprofit, tax-exempt status. Cardin doesn't even hide the fact in his press release: "Under this arrangement, newspapers would not be allowed to make political endorsements, but would be allowed to freely report on all issues, including political campaigns."

The Senator should have read his own press release, for it identified at least part of the problem when it addressed how nonprofit status would help newspapers: "Advertising and subscription revenue would be tax exempt and contributions to support coverage or operations could be tax deductible."

Advertising and subscription revenue, as well as any donations of money by readers, are all income. Thanks to the IRS, almost all income is subject to taxation, but if newspapers didn't have to pay income tax, they might be able to stay in business.

Senator Cardin has accidentally made the marvelous discovery that newspapers in particular — and all American businesses by extension — would be much better off if the IRS didn't exist to confiscate huge portions of their income. For that matter, all American citizens would be much better off. The Senator should be calling for the abolition of the income tax, not for arbitrarily granting an exemption from it for any particular industry. The complete dismantling of the IRS would be even better.

There is also incredible irony to be found in the attempt by Cardin's fellow Democrats to fund their healthcare reform proposals with limitations on tax deductions for the wealthy. Democrats who might back Cardin's legislation because they would be able to get tax breaks for supporting predominantly liberal big-city newspapers could find their deduction curtailed by the very healthcare bill they are supporting.

All of this does not even mention the brazen unconstitutionality of the federal government daring to help or hinder the press in any way. The free press must be totally free of government influence, and the free market must be allowed to determine which members of that press remain in business. If Americans choose to obtain their news from Internet sources that may be more conservative than their local newspapers, then the free market has spoken, and its word should be final and uncontested by Big Government.

Representative Ron Paul (R-Texas) on August 18 [wrote a piece](#) about the federal government's bailout mania entitled "The Free Market as Regulator." All readers will have to do is mentally substitute newspapers for banks and automakers to see the relevance of Paul's wisdom.

If newspapers, like banks and automakers, are mismanaged, the market itself serves as a regulator with no need for federal intervention: "When poor management brought these companies to the point of



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bankruptcy, Congress circumvented the wisdom of the free market, and inserted its own judgment at our expense. And now because of that intervention, we will be burdened with massive new regulations.”

It is the tip of the iceberg of tyranny to subject the free press to constant surveillance by the IRS. May every American who values free speech, freedom of the press, and the free market freely express to their Representative and Senators how vital it is to “stop the presses” on “The Newspaper Revitalization Act.”



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