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Beyond Fatalism?

New Perspectives on the Future of Public Interest Journalism

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Abstract

This article adopts a comparative perspective to highlight the differing structures and fortunes of news organisations and to challenge an often fatalistic narrative of technologically determined decline. The focus is on the forms of journalism that serve democracy and the ways in which current changes are impacting that. The analysis reveals that amidst often voiced concerns there are also grounds for optimism, in terms of the numbers of people who now have access to as well as a host of new ways of creating, participating in and sharing news. The article offers a set of principles that might guide the search for solutions together with some approaches that policymakers, news organisations and journalists might usefully adopt in the search to secure a long term future for public interest journalism.

Keywords: journalism, newspapers, paywalls, charging, business models, policymaking

Introduction

This article explores aspects of the current crises affecting journalism as well as the future of news. The article is driven by a concern for the future of public interest journalism and the view that amidst a generally fatalistic narrative of technologically determined decline, comparative research can be particularly informative, notably in two respects. First it can help us to understand the diverse reality of current situations better and thereby challenge the misleading narrative of technologically-determined decline. Second, in understanding that diversity we can move beyond fatalism and contemplate a wider range of solutions than might normally be considered in a national perspective alone.

The article starts by reviewing very briefly why journalism matters and why we should care about a crisis in journalism. Secondly, we examine the grounds for concern about the future of news, before moving on, thirdly, to assess some of the reasons for optimism. Fourthly we draw attention to the extreme diversity of the current problems in order to introduce a note of caution to those who seek a one-size-fits-all solution to what in reality are a variety of different problems and situations. As we contemplate solutions we look, fifthly, at some principles that might guide those solutions, before moving on finally to identify issues for each of the key players – whether they be policymakers, news organisations or journalists themselves – and then conclude.

Why Journalism Matters

There is a huge and growing literature on why journalism matters. Among the most interesting recent anglo-american contributions are those by the US academic Michael Schudson, as well as the contributions by the Editors of the Guardian, Alan Rusbridger and of the Financial Times, Lionel Barber, some of which we draw on below. (Schudson 2008) (Rusbridger 2009) (Barber 2009)

While journalism operates as a business in many western countries its wider significance resides fundamentally in its relationship with democracy. This is not to suggest that concerns for democracy motivate most news organisations most of the time. Far from it. Most are motivated by a mix of the search for profit sometimes combined with, sometimes offset by a search for less tangible reputational benefits. For the journalists, the latter tend to be focused on their peers elsewhere in the profession, through the perceived quality of their work or their popularity among readers. For some proprietors commercial success is all. For others that has been a search for influence – sometimes political, sometimes reputational, and sometimes for wider commercial benefits – both with people in power and through their wider influence with the public at large, through whom they hope to influence the politicians.

Publically owned media organisations – such as the BBC in the UK or YLE in Finland – are not immune from these pressures. While usually relatively well insulated from the need to turn a profit, they too are driven by a whole range of incentives which include some of the reputational ones identified above, particularly for the journalists who work within them and their managers, who may have an eye to future opportunities in the commercial sector.

So while, on this perspective, ultimately it is the democratic functions of journalism that matter most, the financial success of news organisations matters too since the security it gives has historically been closely linked to their ability to perform these key democratic functions. A newspaper that turns a profit – or has the security of the backing of an independently minded proprietor with deep pockets – is better able to perform these functions and resist political pressures than one that teeters from crisis to crisis.[2]

When it comes to the democratic functions of journalism there are many definitions of what those might be. For this author they can essentially be seen as residing in journalism's ability to inform the public, to increase public understanding of issues decided in the political arena, and above all, in its ability to scrutinise decisions and hold power to account. (Kovach & Rosenstiel 2007) (Schudson 2008) Not all journalism does this all the time and some does it very little of the time. Further, some of the journalism that explicitly seeks to achieve these goals, may, in reality have very little impact. For this author journalism matters most to democracy when it counts. While journalism that only appeals to a small niche audience may perform a very valuable function – particularly in scrutinising decisions – it generally does not have the mass impact that I see as critical to journalism's key democratic role, and which I suspect is greatest in medium sized and smaller democratic states. So for journalism to fulfil its democratic functions, intent alone is not enough. That must be combined with output that achieves impact among a large number of people.

Grounds for Concern

There's no shortage of grounds for concern about the future of journalism. Many of these concerns are caused by the Web as a driver of fragmentation in many different forms; in terms of audiences split between an increased numbers of outlets; in terms of attention, as people look for news from many different sources and therefore the amount of attention and impact that any one news outlet can get tends to diminish; and in terms of revenues from advertising and sales. The greatest concern focuses on the last point where fragmentation has meant that in some countries static or declining revenues have been split between more providers. In practice, however, the revenues of many existing news providers are being hit in three different ways; first by a decline in overall revenues (in particular those derived from print), brought about by the structural shift in advertising to the web, second by the current cyclical downward trend in the economy (of which advertising spend is a leading indicator), and then thirdly by the fragmentation of revenues and attention brought about by increased competition from new sources of news and new outlets for advertisers.

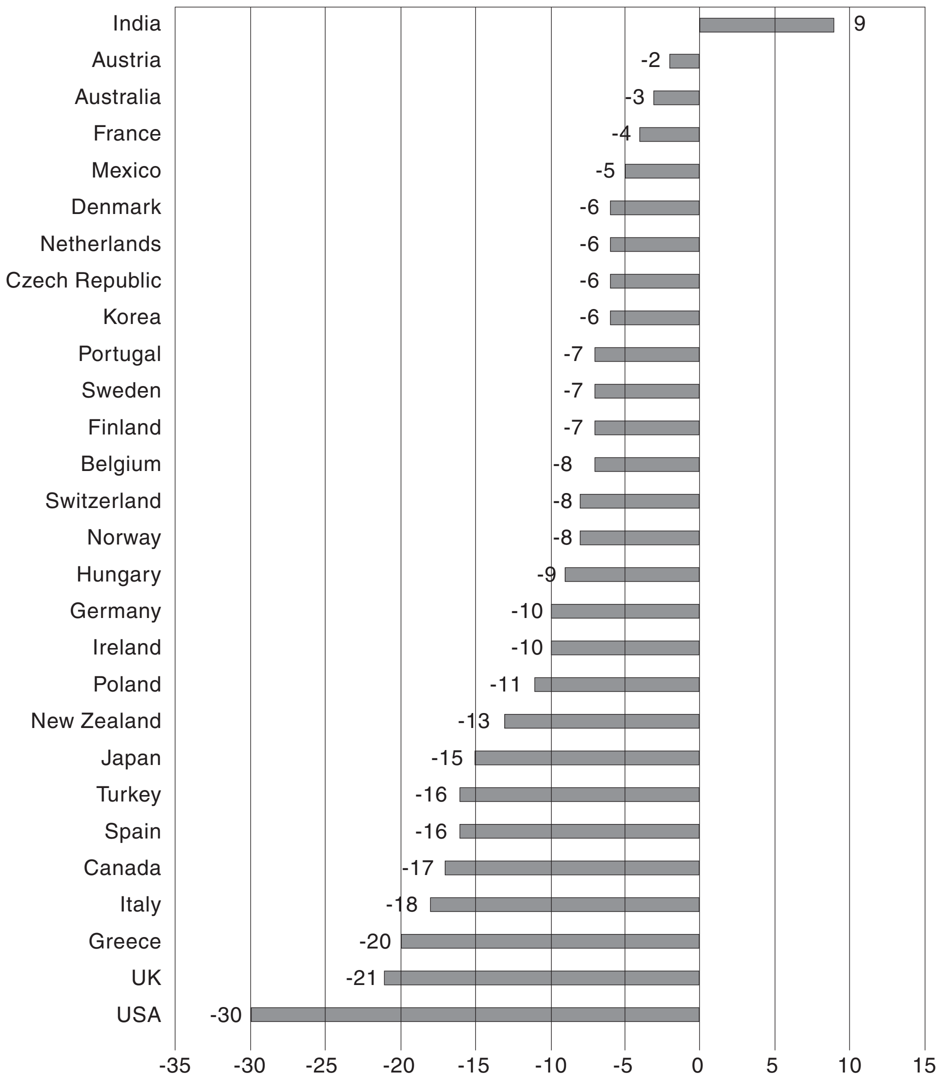
The pessimists see fragmentation as being accompanied by disturbing digital trends in journalism itself. Nick Davies, the British author of the startlingly named book 'Flat Earth News', has coined the term 'churnalism' to describe the damaging impact on journalism of news organisations' tendency to demand ever more copy to fuel their websites. (Davies 2008) In his view 'churnalism' is the result where endless re-versioning of existing stories is prioritised at the cost of time for original newsgathering. Churnalism is often also accompanied by a more general dilution in hard news, and an increased dependence on PR releases to drive news agendas and provide cheap copy.

In 2009 Andrew Currah, in a book published by the Reuters Institute came up with the prediction that news organisations were in danger of resembling what he called 'digital windsocks' as click stream data fed into editorial choices. (Currah 2009) His fear was that as news organisations gained the ability to watch in real-time, which stories their users were consuming, they might be tempted to generate news, and indeed reward their journalists, according to the numbers of clicks they generated rather than more traditional views of editorial values and priorities. All news organisations now – even those with extremely strong editorial core values – are producing lists of the most e-mailed stories. Further as social media develops, more and more people find stories through recommendations from others rather than by going direct to any one news organisation's website. (Newman 2009) There are many positive aspects to these new forms of networked journalism (Beckett 2008) however, news organisations need to remember that the most popular stories can often be ephemeral and are rarely the most significant ones journalistically.

Alongside these specific digital challenges are more general ones about the declining size of newspaper markets. According to recent research from the OECD about 20 out of 30 OECD countries have seen declines in their newspaper markets between 2007-9, with the largest declines in the United States (30%), the United Kingdom (21%), Greece (20%), Italy (18%), Canada (17%), and Spain (16%). (OECD 2010) (see Figure 1)

Even though these OECD figures are for the period 2007-9, some of these declines can be dated to long before then. Circulation figures for UK newspapers demonstrate the long run nature of the problem there. In November 2000 the 10 national UK titles together sold a total of 12,543,510 copies. Ten years later, in November 2010 the same

Figure 1. *Estimated Change in Total Newspaper Publishing Revenues (2007-2009) (%)*

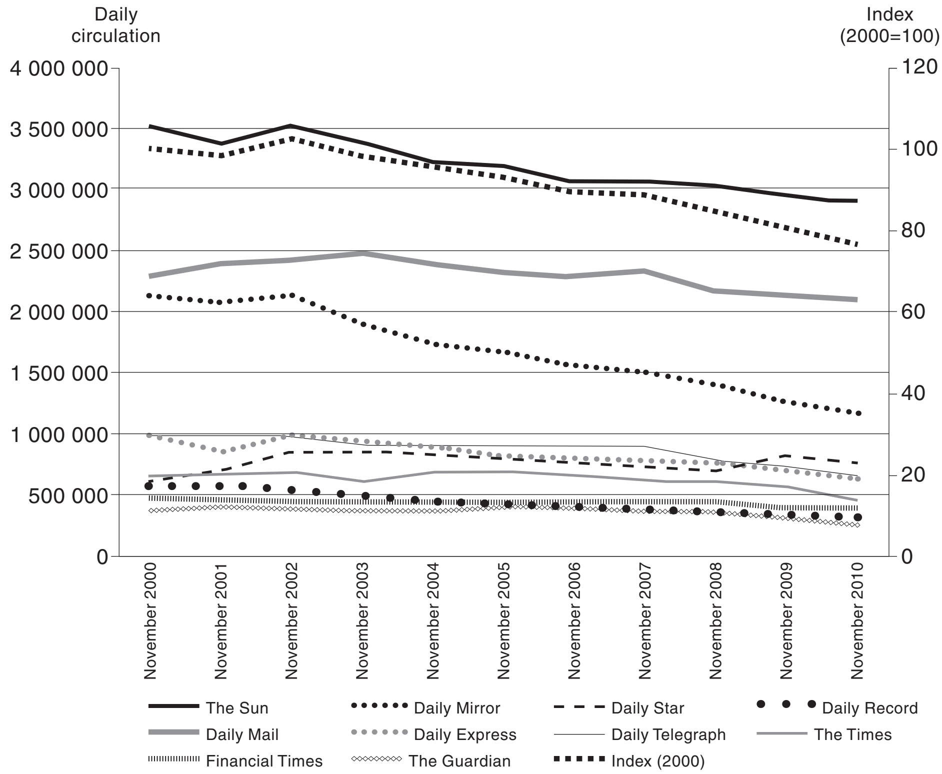


Source: Levy and Nielsen (2010).

10 titles sold just 9.844,024 copies a decline of 22%. Some of the falls were spectacular, with decreases for a newspaper like the Daily Mirror of 45%, the Times 30%, Daily Telegraph 33% and the Guardian, 31%. (see Figure 2)

That long term decline gathered pace in the year to June 2010. The five quality UK newspapers suffered an overall average fall in circulation of 18% in that period with declines varying from 18.45% for the Daily Telegraph, to 14.82% for The Guardian, 14.77% for The Times, 4,88% for the Financial Times and 6.623% for The Independent. In addition there were signs that the upturn in sales brought about by the increased interest in the UK's May 2010 election, declined once the election was over.[3]

Figure 2. *UK Newspaper sales November 2000 – November 2010*



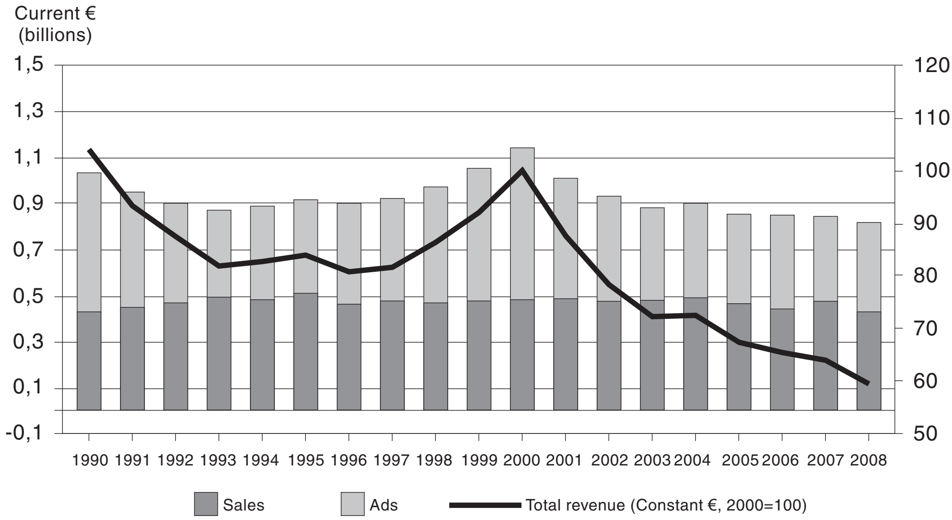
Source: The Guardian – based on ABC figures for November each year. All figures include bulk sales other than 2001/2.

The trends in French national newspaper total receipts seem similarly gloomy. According to French government figures total receipts in 2008, taking advertising and copy sale revenue together, were just 60% of the figure for the year 2000.[4]

Against this generally pessimistic picture the Finnish, Swedish and Norwegian newspaper industries in general – look to outsiders to be in an enviable position, with some of the highest levels of circulation, customer loyalty and wider societal impact in Europe. (See Figure 4, p. 11)

In Finland while the total number of readers may be in decline, this decline is both relatively gradual and comes from a very high base. Readership figures of 350,000 for Aamulehti in the Tampere region (when the city and surrounding region's population are around 470,000) and of over 900,000 for Helsingin Sanomat in a country of 5.5 million people look extremely impressive by a Western European or US perspective. However among Finnish news organisations it is clear that there are some grounds for concern, as newspaper penetration, in particular amongst the young, is eroding. (Nieminen 2010)

Figure 3. *French Daily National General Interest Newspapers, Revenue (1990-2008)*



Source: Antheaume 2010, p. 74.

Reasons for Optimism

Against this generally gloomy overall picture, it's important to bear in mind that the current problems of Western news organisations are emerging after a long period of growth since the Second World War (with some exceptions, such as France).[5] Employment in the news industry across OECD countries has increased, as has turnover in most countries at least until the last couple of years, and levels of profitability are still high compared to many other sectors. Global revenues of traditional newspaper organisations were still $164bn in 2009, that is greater than those for films, music, games or educational publishing. (OECD 2010).

There are also many reasons for optimism about some of the new technological developments in the industry.

The web has the potential to create more diversity and provide access for more people to more sources of news than ever before. Access to professionally produced news is easier today than it was yesterday. More people can publish their own news on the web and overall consumption of news is going up.

News is also globalising. The web makes news about Finland, France or Fiji accessible to people with an interest in those countries across the globe, rather than just those within reach of the distribution network of a local news organisation. Aggregators like Google News allow people within one country to consult newspapers and news coverage of stories from scores of countries. These developments are good for the distribution of news and for those seeking to research and write about developments beyond their borders. (They also make the work of diplomats and foreign correspondents alike more demanding – simply relaying stories printed by the newspapers in the countries where they're posted is no longer enough – they need to find a way of adding value to the sources that interested people in their home country could consult for themselves.)

The results of this globalisation of information are dramatic. It means that news organisations can reach far flung audiences online that they could only have dreamed of when limited to physical distribution. The Guardian is a prime example of that. In 1936 its foreign sales hovered between 650-1000 copies a month. Over the years that figure increased with printing in different locations and products tailored to foreign audiences. But few could have imagined the situation that has emerged today where the Guardian's total world online readership is around 37 milllion. Its internet edition is more widely read in the US than the LA Times, and this after marketing expenditure of just $34,000 in the decade to 2009. (Rusbridger 2010) The web has allowed a relatively small newspaper from a medium sized country to become one of the top ten most read newspapers in the world and relaunch itself online as the *world's* 'leading liberal voice'.[6]

Digital technology is not just changing distribution to make news more widely available. Its impact is arguably even more dramatic in the way it changes the newsgathering business and increases the range of those who can participate in journalism. Digital is facilitating the rise of new networked or mutualised forms of journalism, where we move from a world where the journalist is a figure of authority to one where some see journalists acting as facilitators linking and connecting to a whole range of citizen and professional information providers who themselves will engage with, contribute to,and increasingly themselves create the news. (Beckett 2008)

From this optimistic perspective, what the Internet is doing is not destroying news but increasing its abundance, use and permeability, all of which are providing a long overdue challenge to often complacent news organisations. In addition, while the use of social media can indeed challenge the authority of mainstream media it can also bring it new audiences and increase the range and scope of its newsgathering capability in ways that would have been hard to imagine just a few years ago. This can bring new stories as well as a new kind of engagement and interaction with users. (Newman 2009)

Alongside the changes some of the traditional features of the news industry still survive. The UK's Daily Telegraph exposé of UK Members' of Parliament expenses in 2009 was a traditional scoop. They paid £110,000 to buy a CD ROM of information about MPs' expenses and then ran the resulting story across their newspaper for the best part of a month, with a dramatic impact on British politics and, for a short time, on sales. MPs had to justify the expenses they had claimed – some were wrong footed as they explained why they had claimed for the cleaning of a moat, or the installation of a duck house – and quite a few political careers came to an abrupt end. The UK parliament has revised its rules and significant sums of public money have been repaid. This is a fine illustration of the link between journalism and democracy even if, the Telegraph's campaign may also provide a good illustration of the 'unlovable' nature of the press at work.[7] (Schudson 2008)

While the Daily Telegraph's scoop illustrated the survival of traditional newspaper approaches, the Guardian followed up with a novel way of using its readers as citizen journalists to scrutinise the 40,000 pages of PDF documents that were subsequently released by the House of Commons. No news organisation has enough journalists to scrutinise that volume of material quickly. The Guardian's successful move to get its readers to engage with and scrutinise what they found buried within those pages offers a prime example of the power of networked journalism. It has been emulated in many other such cases.

A final point of optimism can be seen from the way in which, while many aspects of the digital revolution are challenging the role of mainstream media organisations, there are also signs of new digital news sources turning to mainstream media. The behaviour of WikiLeaks in the past year provides an increasingly compelling example of this. In July 2010 when WikiLeaks had a scoop in terms of 92,000 documents about the Afghan war, rather than simply put them up on their own website, they pre-released them to journalists from three professional news organisations – the Guardian, the New York Times and Der Spiegel, giving them a month to sift, sort and contextualise the material and take the story forward before general release.[8] (Kennedy 2010) It signified a new kind of collaboration between data-driven journalism and more conventional investigative reporting. (Leigh 2010) This was then extended later in 2010 with the release of the next tranche of US embassy cables and the involvement of a further two news organisations. (Leigh and Harding 2011)

The Diversity of Problems Facing News Organisations Challenges Technological Determinism

Comparative analysis of the nature of the problems experienced at present in many Western countries reveals three key points.

The first is that the technological determinism that informs much of the current debate – where the Internet is seen to be 'killing newspapers' – is misguided. The reality is the Internet isn't killing news. Rather as we've seen it is often increasing access to, and the degree of engagement with, news. While the Internet is undermining one historical model of news organisation and funding in some countries, even this is not a universal trend. Further, many of the problems facing news organisations pre-date the widespread availability of always-on broadband access.

Second, it is important to understand the role of advertising in news organisations. There are very different historical degrees of dependence on advertising revenue between and within countries. As a result shifts in advertising from newspapers to the Internet need careful study since they don't have the same consequences everywhere.

Thirdly, there are remarkable differences between different markets within countries as well as between countries. These differences require analysts to distinguish between local and national markets, between the markets for specialist and general press, the optimum size of news organisations, and the differing levels of debt taken on by newspaper companies. Some news organisations, particularly in the US, are as much burdened by servicing past debts built up through over ambitious expansion in good times as by genuine problems with current profitability.

If we look at some of these points in rather more detail we can gain a better understanding of the complexity of the current situation.

No Technological Determinism

Figure 4 shows daily newspaper reach in selected western countries, based on OECD research. These figures demonstrate two things. First the very different nature of the newspaper markets in a range of developed Western countries. Second, the absence of a correlation between broadband penetration and levels of newspaper readership in mature markets. Readership figures in Sweden, Norway and Finland – all countries with very high internet penetration – may be marginally in decline, but the levels are still astonishingly high compared to countries like the US and the UK. The low levels of readership in the UK pre-date the rise of the internet and remained constant between 2005 and 2008. This was at a time when UK broadband-enabled households increased fourfold from 11% in the fourth quarter of 2004 to 58% by the first quarter of 2008. (Ofcom 2009a)

Any analysis of the current problems needs to take on board the remarkable persistence of newspaper readership in some mature markets as well as its dramatic growth in emerging markets such as Brazil, India, Indonesia, China and South Africa where growth averaged 35% between 2000-2008. (OECD 2010)

Figure 4. *Newspaper Reach and Internet Access Over Time for Selected Countries*

Selected Countries	Baseline Year % Newspaper readers	2005 % Internet users	2008 % Newspaper readers	2008 % Internet users
Sweden	87 (2005)	82	83	88
Norway	86 (2003)	80	82	83
Finland	82 (2005)	73	79 (over 12)	82
Germany	76 (2005)	65	71 (2009)	75
USA	55 (2001)	70	45/48	76
France	45 (2005)	43	44	68
UK	33 (2005)	66	33	76

Note: Percentage of adult population having read a newspaper recently or in the past day.

Source: OECD 2010 based on WAN figures. NB definitions of adults vary by country. Internet access per 100 population figures from World Bank http://data.worldbank.org

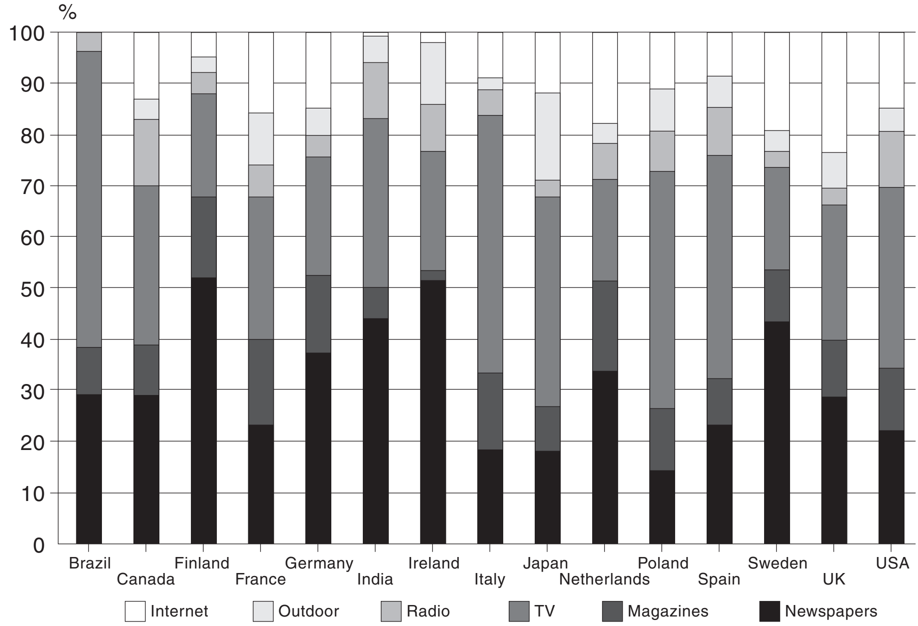
The relative importance of inherited market structures compared to changes in technology is also clear from the figures on the diverse ways in which advertising revenues are shared between different platforms. From Figure 5 we can see that in Germany, the UK and the US, countries that have very similar levels of broadband penetration, the distribution of advertising revenues between platforms is very different. Internet sites attract 15% of all advertiser expenditure in Germany, but 23% in the United Kingdom and 15% in the United States. By contrast newspapers attract 37% in Germany, compared to 28% and 22% in the United Kingdom and the United States respectively.

Different Market Structures and Differing Degrees of Dependence on Advertising

Comparative analysis shows a picture of heterogeneity in market structures and the degrees of dependence on advertising. It really is impossible to talk of a single crisis of the press across the developed world when their market structures differ so greatly.

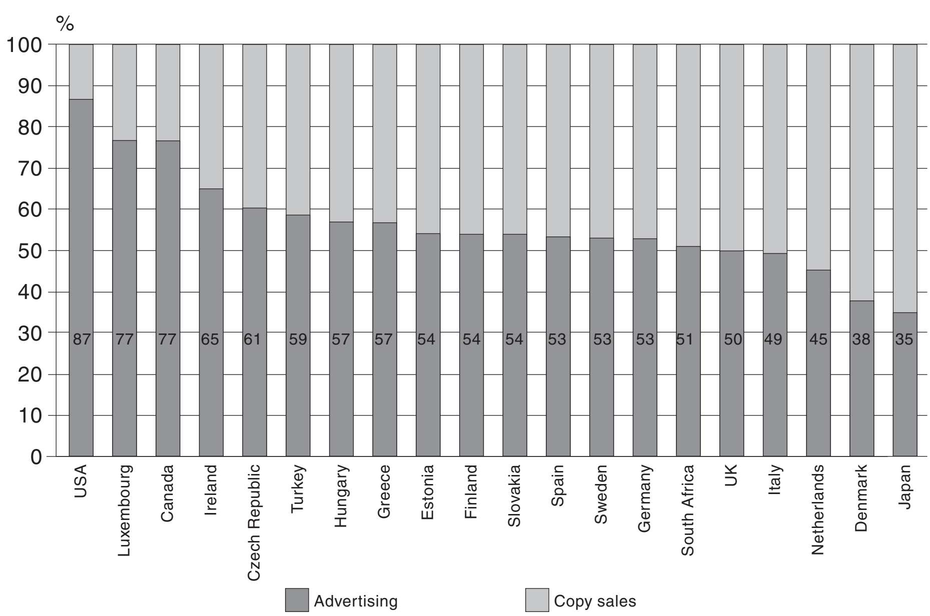
The Ofcom analysis based on WARC figures presented in Figure 5 shows a very considerable difference between markets such as Ireland (where newspapers still account for over 50% of all advertising spend), compared to those such Poland, Japan, and the

Figure 5. *Distribution of Advertiser Expenditure between Different Outlets in Selected Countries 2008* [9]



Source: Levy & Nielsen 2010 based on Ofcom (2009b).

Figure 6. *Contribution of Advertising & Copy Sales to Newspaper Revenues in per cent, 2008 or latest year available*



Source: OECD 2010. NB figures are for paid for newspapers based on data from WAN.

UK (where they only account for 14%, 18% and 28% of advertising spend respectively). In the UK the Internet is the third most important advertising medium by spend after newspapers and television whereas in highly-wired Japan, it is in 4th place with only 12% of spend after television, newspapers, and outdoor advertising. These differences affect the degree to which newspapers will be affected by a general cyclical decline in advertising expenditure.

This picture of diversity is compounded when one looks at the issue not from the perspective of total advertising spend but rather from the perspective of the breakdown of newspaper revenues between copy sales and advertising income. The OECD's recent report on Newspapers and the Internet has done this analysis, which is presented above in Figure 6. This shows how the degree of dependence on advertising versus copy sales varies hugely between newspaper markets, from the US market which is very heavily dependent on advertising to the Japanese market which is two thirds dependent on copy sales. Most countries in Western & North Europe are more around the 50/50 mark (with Denmark an exception).

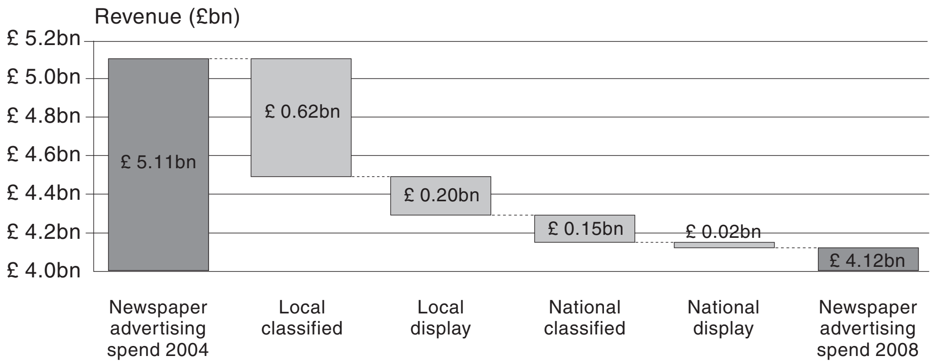
These figures help explain the strong US flavour to much of the narrative about the 'Internet killing newspapers'. US newspapers depend on advertising for on average almost 90% of their revenue. The link between a general picture of the Internet gaining at the expense of other advertising vehicles and a narrative about news organisations in decline may make sense in the US. But it makes much less sense in those countries where newspapers are either far less dependent on advertising relative to copy sales as in Japan, Denmark and many other parts of Europe, or where the internet is making far fewer inroads into advertising revenues, as in Ireland. Even in the US, the very wide concern about the role of the Internet on newspaper advertising revenues needs to be put in perspective since Internet advertising still only accounted for 15% of all advertising there as late as 2008 (compared to 22% for newspapers themselves) as against 23% in the UK and 19% in Sweden. (see Figure 5)

Divergences within Markets

Even within national markets there are considerable divergences. If we look at the overall pattern between national and local newspapers, we can see from initial OECD figures that the circulation declines of local newspapers for the period 2004-8 averaged 8.3% across the OECD compared to a decline in national newspaper circulation of 2.8%. (OECD 2010) Similarly, if we look at the US we could see that the real pressure there is on city and regional papers, several of which have closed over recent years or are struggling. This is particularly important in a country where only a tiny sliver of the newspaper industry can be considered even partially national in character.

In the UK there was a decline of 20% of the circulation of paid-for local and regional dailies in the period 2004 to 2008. However what is most remarkable is how much it is the local rather than the national press that has been hit by the transfer of revenue to the internet. Figure 7 shows that while total newspaper advertising declined from £5.11bn to £4.12bn between 2004 and 2008, around 80% of this decline hit local rather than national newspapers with the bulk of that decline focused on local classified advertising. This impact of that reduction was all the more significant because UK local papers rely on advertising – and often classified advertising – for 79% of

Figure 7. *Changing Distribution of UK newspaper advertising spend 2004-2008*



Source: Ofcom (2009a).

their revenues as against national papers; where advertising accounts on average for 44% of revenues

However even in the divide between local and national markets one should not assume that declines of this kind are universal. In France, local and regional papers offer a relatively bright picture in a generally declining market – indeed France's best selling general interest daily newspaper is not a national paper, but Ouest-France, a regional newspaper produced in multiple different localised editions. Finland's very strong newspaper market is similarly based almost entirely on local and regional newspapers.

After this review of heterogeneity in terms of different markets and structures within each market – and the rejection of any technologically deterministic approach to the issue – we move on to considering the principles that might underpin the search for solutions to current problems.

Principles for Policymakers in Search of Solutions

For those news organisations facing difficult times there are no easy answers. Understanding the diversity of the current situations is a start, especially if it leads them to reject the defeatism and determinism that characterise much of the commentary from mainstream media organisations. The situation may not be much easier for policymakers trying to decide how to respond to squeals of anguish from the industry in some parts of the world. However, in addition to being aware of some of the points outlined so far in this article – that there is not one but many problems, and that there is nothing inevitable about current problems – they might also bear in mind five principles as they contemplate solutions.

The first principle is to resist those who see this as a problem essentially focused on the supply of news. We need reliable news, but in an age when many – if not all – consumers have more control over what they choose, an exclusive focus on the supply side is risky. We know that in many mature markets (and often those most attached to the democratic functions of news) that it's been a very long time since most people paid the true price of news. In those countries journalism has been produced in a beneficial, but sheltered and sometimes paternalistic vacuum, where historically advertising or public subsidy paid for much of the cost of newsgathering. As that model erodes progress requires moving beyond a traditional focus on the supply side.

The second, closely related, principle is that there needs to be a new focus on the demand for news. That will require better research on people's uses of news and how much they value it, in a variety of different ways. This is one precondition for finding new business models and creating reinvigorated news organisations. It is also required if we are to devise new forms of intervention that are effective in terms of the democratic purposes of news. This is not a call for a more populist news agenda, but rather the need to recognise that news that serves democracy needs to understand its audience rather better. This requires research that seeks to uncover the value that audiences place on news, but this value should be identified along two dimensions, the direct value to them as consumers – that potentially they might pay for – and the indirect value they place on news as citizens.[10]

The third issue for policymakers is to form a view as to whether the current problems are likely to be permanent or are rather the normal transitional pains of an industry undergoing rapid and difficult change. The answer to that question will determine the kind of approach that is adopted. Many industries go through traumatic changes that can be beneficial in the long term. Sometimes policy interventions designed to avert the consequences of those changes can do more harm than good. If the view is that journalism may emerge from the current problems restructured, possibly smaller but maybe stronger and better able to survive in the long term, then policymakers may want to exercise caution about propping up all existing structures.

Fourth, a linked requirement – particularly in the context of calls for support – is for policymakers to be very clear about why journalism really matters**.** If the answer is because of journalism's role in democracy, then that – rather than saving jobs for journalists – should be seen as the policy goal. Even when the industry has been in good health it has been hard to argue that every additional journalist's job has had a positive incremental impact on the overall effectiveness of journalism. Whilst investigative reporting usually benefits from increased resources, the reality of much journalism has been far removed from the sole heroic reporter revealing the misdeeds of the powerful. Often it has been of large groups of reporters hunting in packs, attending the same press conferences and managed media appearances, and checking their copy for consistency with their colleagues before filing. (Crouse 2003) In a world where the old set piece press conferences and many other events are now also available to everyone via the web, a marked decline in the number of journalists sent to attend is bad news for the employment prospects of aspiring journalists but not necessarily for the democratic purposes of journalism as such. Should we really worry about the state of our democracy when twenty rather than one hundred journalists attend a press conference called by a national politician, or only when none rather than twenty do?

Fifth, if democracy is the goal, then policymakers need to be aware that the democratic case for defending journalism depends as much on its ubiquity and impact as on its provision alone. There will always be news for enthusiasts, lobbies, special interests and decision makers – indeed those groups are among those might likely to pay for news. But if we care about public interest news that is used by large numbers of people we need to recognise that sometimes there will be trade-offs to be made between the integrity of the core of hard news, (Jones 2009) the ubiquity of reach and the democratic impact. Journalism that counts most for democracy – certainly in small and medium sized countries – will usually be journalism that reaches significant numbers of people.

Sixth, policymakers need to decide whether they are fundamentally interested in the fate of newspapers or rather in public interest journalism. If it's the latter, then we probably require a platform-agnostic approach and a new way of defining what modernised public interest journalism is and how it might be provided by a multiplicity of players across multiple platforms. Defining in detail what that new form of public interest journalism may look like is a longer term project. However it seems clear that it should combine new models of more open and networked public interest journalism – both by citizens and professionals – within organisations that are strong enough to have a collective memory, to have the tenacity to stick with the story, and the resources to withstand political and commercial pressures. That may well not be a newspaper, but it <u>does</u> require some pretty significant kind of organisational basis and weight.

Issues for Different Players

These principles are directed at policymakers but can help guide the actions of several of the key players for the future. In this section I will focus on journalists themselves, then on the leaders of news organisations in search of new business models, and finally on the politicians and policymakers within democratic societies who care about the democratic functions of news.

Journalists

Journalists are at the centre of this debate but to date haven't played a big enough role in contributing original ideas to it. Too often they have portrayed themselves as helpless victims, squeezed between the irresistible forces of technological changes and their employers' search for profit. There is some truth in these points but neither is completely novel. Rather than simply seeing themselves as victims journalists need to think harder about the implications of the changing realities of the news business and what that means for their role.

The advent of citizen journalism, social media and of more permeable and collaborative approaches to news, are all changing the role of the journalist. As we've seen, readers now have access to many more sources of news and to many of the same things that once were the unique preserve of journalists. The hard reality, as Robert Picard has pointed out, is that many of the things journalists have historically done – reporting on the who, what, where – either produce diminishing value or are better done by others. The consequence is that journalists need to focus harder on where they can add value. That means less straight reporting and more focus on making sense of complexity, providing context, interpretation and understanding, as well as launching investigations that uncover things that matter and that some would rather leave concealed. (Picard 2009) (Picard 2010)

As well as thinking harder about where they can add value, journalists need to develop a new narrative about the democratic purposes of their profession. This is more pressing than in the past, at least in those places where accountability journalism is under threat; precisely because the stakes are higher, journalists need to be more realistic about their claims, rather than simply claiming all journalism and journalists as playing a crucial part in the service of democracy. As journalists mark out their unique contribution they may also need to place more emphasis on upholding high professional standards and showing where those differ from an anonymous, and often unaccountable, blogger. In the UK, for example, that may involve a greater willingness to ensure that violations of people's privacy can be justified as genuinely being in the public interest rather than simply because they generate stories that interest the public. (Whittle & Cooper 2009)

News Organisations

There are many ways in which news organisations need to change their practices to adapt to the new circumstances, to understand and engage their audiences better. The financial pressures experienced in some countries increase the urgency of adaptation but these responses are probably required from all news organisations. Historically, in news organisations that depended heavily on advertising revenues, people on the editorial side felt they didn't have to think too hard about who paid their wages. That's changing today. Most organisations are looking at developing new revenue sources and all news organisations need to think harder both about where they add value and on understanding their audiences – and hence the new drivers of demand. (Picard 2010)

For some there is little point in focusing on demand since there's no hope of getting people to pay for general interest news. For others, even if that were possible it would not be desirable, since paywalls conflict with the openness and linking that typify the new forms of networked and mutualised journalism.

These views may eventually be proved right but we are in a period of transition and experimentation and we should not assume that the move from pay to free has to be a one way street. In the last 30 years markets have developed for unlikely products, either where substitutes were already freely available, such as with bottled water, or for products, such as mobile phone ringtones or SMS texts, where few could have imagined that anyone would pay for them. Similarly, the success of Apple's iTunes in creating a pay market for music at a time of widespread use of pirated free music offers further evidence of the ability to charge for some content, if it can be offered to users in a compelling way and with smart charging mechanisms and packages that make payment feel relatively painless.[11] Many organisations are experimenting in these areas. Libération in France has introduced charging for its full online service; this includes access online to the full newspaper from 9pm the previous evening, and full access to the archive. The Financial Times and the Wall Street Journal are also charging, and the New York Times moved in the same direction in march 2011 (a strange decision in such a fast moving market). Meanwhile in the UK the Murdoch-owned Times Group of newspapers started charging for The Times and the Sunday Times in the early summer of 2010.

It is too soon to know what revenues these experiments will produce in the area of general as opposed to niche news and whether these will be sufficient to pay for the journalism that underpins those news organisations.[12] Of course we are currently in the most uncertain and expensive part of the transition phase – where news organisations are bearing the substantial costs of physical printing and distribution as well as investing in new web and mobile products. A move to an online only model would clearly generate considerable savings, but so far, where that has been tried among US newspapers, it has often led to substantial declines in readership, and it is also important to keep in mind that print currently provides an even larger share of newspaper revenues than it does of costs.

Among general news organisations the advent of new mobile devices – such as the iPhone and the iPad – opens up new opportunities to charge for content configured specifically for those devices if, as noted above, consumers will pay a premium for convenience. The Guardian, which is generally sceptical about charging online, has launched a successful iPhone App.[13] The price of the App, initially £2.39 indicated that The Guardian is not averse to charging for mobile use. The costs of its development were relatively small and the revenues reasonable but in early 2011 the Guardian moved to a charge of £3.99 a year; even at that rate they faced the question that they might cannibalise sales of the print edition in their home market. It raises the question of whether it is possible to implement a charge that brings the cost to the user closer to the cost of the printed paper. The iPad application for The Times for example is sold at £9.99 *a month* for access to a specially designed version of the newspaper 6 days a week.[14]

What is clear is that whilst the issue of charging *online* separates large segments of the news industry there is more fluidity around the issue of charging for specially configured content for *mobile devices*. However, this is an area too where the general move to access news on the move on devices such as the iPad and other smartphones will at least in the short term lead to increased friction between commercial news organisations and public service broadcasters as both seek to serve their consumers in the same space, the first often for payment and the second usually without charge. [15]

Many news organisations are currently engaged in doing deals with platform or device providers to find new ways of monetising their content. The convenience of access and payment that these devices offer to the consumer is very welcome but news organisations risk seeing themselves dis-intermediated by device operators both through taking a pretty hefty share of the revenues for content and by retaining data about news organisations' customers.[16]

The benefits of charging mechanisms – both for mobile and online – extend beyond the revenues received. Those such as the Financial Times, who have done relatively well out of a paywall for continued access to their online site, believe they underestimated the value of an additional benefit from the paywall. The FT's chief executive John Ridding stated:

> What we hadn't realised, and what may turn out to be a bigger benefit, is that it provides a deeper understanding our audience. Without contravening people's privacy, the data supplied by users enables us to know much more about them, allowing us to observe patterns of interest and trends. In editorial terms, it allows for a degree of engagement. On the marketing front, it is very powerful indeed. We can target much more efficiently, and it gives us ideas about product development.[17]

This new insight reflects a much older one sometimes lost sight of in news markets heavily dependent on advertising; the value of news organisations having a long term relationship with their users. Amidst the discussion of charging online there should be more focus on learning from those organisations that have long sold subscriptions offline. In Finland and the other Nordic countries, newspapers have built a loyal customer base and it would seem a much stronger relationship with the newspaper than applies though single copy sales. What is not yet clear is whether the combination of annual subscriptions and home deliveries changes the fundamental nature of readers' relationship with the newspaper or is simply dampening or delaying longer-term downward trends. This is an area where comparative research could be useful to the whole industry.

Politicians and Policymakers

Politicians and Policymakers bear a heavy responsibility for helping create a new future for news, but they must tread lightly otherwise people may suspect them of using the current crisis as much to tame as to preserve and strengthen journalism.

If new revenues are required that may lead some to suggest forms of public or other support to bolster the democratic functions of news. Public funding for news is anathema in some countries and gives cause for concern to many journalists. But in most European countries, considerable public funding already goes into the media, but generally to public broadcasting rather than to newspapers. In addition, some countries' news organisations benefit from preferential tax regimes, postal rates, explicit and/or hidden subsidies – for example through regulatory requirements to publish government announcements in newspapers.

In Europe, talk about the future of newspapers automatically leads us to consider the relations between newspapers and public service broadcasters. As both move online, tensions between them are increasing; convergence creates new arenas of competition between previously somewhat separate markets. Policymakers need to decide how to treat this. Essentially there are various choices; to do nothing, to use regulation to restrain public broadcasters to create more space for other news organisations, to spread public funding more widely either just to legacy or to legacy <u>and</u> new providers, or instead to restructure public support and simply concentrate it on those organisations that attract the largest audiences – possibly subject to some requirements in terms of quality and accountability for public money.

In addition there is also a variety of ways in which public intervention can be used.

Very occasionally public intervention is used to stimulate demand. A notable recent example of that is President Sarkozy's innovative plan to give a one year free newspaper subscription to every 18-24 -year-old in France, as a way of getting young people interested in newspapers[18]. It was an interesting initiative which French news organisations initially seemed rather slow to exploit but proved popular. In Autumn 2010 the scheme started its second round.[19] It should soon be possible to evaluate its success.

Sometimes intervention is designed to increase provision, as with the current UK debate about the future of local news. But if the focus is on increasing total provision from the level at which it might otherwise be if the market were left to its own devices, then one needs a very clear view about the optimal level of provision. One should not assume that the dense network of news provision that developed in many Western European countries in the twentieth century represents the optimum for the twenty first century.

Another approach is to subsidise existing players to preserve plurality, as happens in the Swedish system of press subsidies which sustains competing daily local newspapers in 15 cities in Sweden where otherwise there might only be one. But this system doesn't exist in a vacuum – its sits alongside very high rates of local newspaper readership and participation in local elections. (Gustafssson, Örnebring, & Levy 2009)

A related range of issues are about how to create subsidy systems that encourage independence among the recipients rather than a form of deference to the funder which would sit oddly with a role as democratic watchdogs. Some useful criteria for combining support with independence might be viewed as follows. Broad – rather than minority – use can increase both the legitimacy of the funding and the independence of the recipient. Arguably that's the reason for the relatively high degree of funding and support for public service broadcasting in Western Europe. Broad use when combined with automatic support mechanisms can help increase the distance from the funder and minimize the impact on the recipient. Support for distribution often appears to be less contentious than support for content.

Finally policy makers need to address some of the emergent problems as well as thinking about how to preserve the old.

Some areas – such as the role of aggregators and the copyright in the online age – are already discussed quite widely. Essentially the question of who owns information that is linked to and replicated elsewhere is viewed very differently in different jurisdictions. For some such as Rupert Murdoch the aggregators have been portrayed as parasites, but it is equally clear that for many news organisations they are also an essential route to increasing their reach online – and potentially their revenues too. Today these arguments revolve around Google and Google News. But at a time when social networks are offering an increasingly important route into many news sites it may not be too long before the focus moves to them.

Other policy areas are much less discussed but every bit as important. Policymakers and news organisations themselves need to be thinking harder than they are at present about the power of new and emerging gatekeepers in the market for content online and on mobile devices. Some of the developing issues in the news market are not that dissimilar to those in cable TV which has been the subject of extensive regulatory debate in several countries. The difference with the new methods of news distribution now coming onto the market is that the desperation of content providers to sign up for the latest platform can risk clouding commercial judgement.[20] And for the platform providers news is simply one among countless types of content they are seeking to offer and take a cut from. Similar issues are raised by control of personal data which as we've seen is fast becoming a very precious commodity in media markets. Some of the same news organisations that need to build much closer relationships with their readers are far behind the aggregators and the search engines in what they know about their users. All of these new issues will require much cannier news organisations and probably European rather than national level policy solutions.

Finally we may need new approaches to traditional media policy issues of pluralism and media ownership. At a time when many news organisations are clamouring for a relaxation in traditional forms of regulation, to, for example, allow greater cross media ownership within local markets, caution is required before abandoning all media regulation. The new threats to competition and plurality may in time come more from outside the news industry than within it. New media may lead both to new forms of concentration and market power and to new challenges to get attention in an increasingly crowded media world. How one works out the balance between traditional concerns for plurality, and the rival commercial and democratic concerns of achieving impact in an increasingly crowded media world, will be a key issue in the future both for policymakers and news organisations themselves.

Conclusion

There is no shortage of challenges facing news organisations, journalists, politicians and policymakers as they contemplate the future of journalism both as a business and for its role in democracy. But the comparative approach adopted here has demonstrated that fatalism about the future of news is neither justified nor useful. There are as many grounds for optimism as there are for pessimism in the current period. News organisations across the world are starting from very different bases and have varying degrees of exposure to some of the most commonly discussed pressures. Their differing trajectories are dictated more by history, inherited structures and local conditions than by any one technologically determined universal trend.

Newspapers alone are still a huge industry but clearly in some places they must change to survive while in others there is an opportunity to learn from those changes. The contrasting market structures and conditions prevailing in different countries will quite rightly influence the search for business solutions. There is no one size fits all solution for news organisations; most exist in different national markets where the level of demand for their product differs as well as the level of competition they experience, both commercial and from public service providers. These differences may well impact on the ability to charge for news. But there is no reason to assume that 'news must be free' in every country on every platform for the foreseeable future. Charging for news is one among many areas of experimentation that are worth exploring.

But much of the focus of this article has been on approaches that might be taken to sustain the role of journalism in democracy. That requires a combination of clarity about the goal – of news for democracy – and for me that requires news that is used widely, and has ubiquity and impact as well as simply being made available. Provision alone is not enough.

As part of that we are going to need new ideas and original thinking from news organisations, journalists and policymakers. The goal should be to preserve what's worth saving from existing models of news provision and to deal with the new threats. Some of those threats are much debated already. But some of those mentioned here – such as the terms of trade between new platforms and news organisations and the balance between public intervention in broadcast versus other content markets – are equally important but until recently much less discussed. Above all we need create the conditions for a new form of updated and sustainable public interest journalism, available across a range of platforms that can play a part in creating the informed citizenship on which effective democracy depends. That's not an easy task but if news really does matter to democracy then it is one worth tackling.

Notes

1. Director, Reuters Institute for the Study of Journalism, University of Oxford and Media Policy Consultant. An earlier version of this article was delivered as the C.V. Åkerlund lecture in Tampere in January 2010 and draws on work published in Levy & Nielsen (2010)
2. Since this brief discussion relates to the democratic and political functions of news organisations we have not referred to the possibility of commercial pressures exercised by advertisers, though of course we recognise that these too can undermine the independence of news organisations that are too dependent on a single advertiser or are in a financially precarious position.
3. As reported in The Guardian, 16th July 2010.

4. Admittedly 2000 may have been an unusually high year because of the dot.com boom
5. Indeed while in the French market Figure 2 above shows the decline from 2000 it is noteworthy that industry revenues were actually higher — in constant Euros -- in 1990 than ten years later.
6. The medium of English clearly helps here but it is the combination of the potential of English plus the access made possible by the web and some clever niche positioning that is really transformative. Countries without the medium of English face greater challenges but even here the web offers possibilities of providing news to large expatriate communities that previously physical distribution costs would have made prohibitively expensive.
7. However, the Daily Telegraph's crusading journalism did not stem its falling sales. See Lloyd 2010
8. While mainstream media aided distribution and impact it left open the question of the responsibility of publishing material that some critics claimed would endanger the lives of those in the field as well as embarrassing those in power. Different perspectives on how to address this dilemma led to an interesting dialogue between WikiLeaks and mainstream news organisations. See Leigh and Hardin, 2011.
9. NB Broadband connections per 100 population for some of these countries in 2008 were as follows, UK, 28%, France 27%, Germany 27%, Italy 20%, USA 25%, Canada 30%, Japan 24%, Poland 10%, Spain 20%, Netherlands 36%, Sweden 30%, Ireland 21%. Source Ofcom 2009. Admittedly in Brazil and India, both countries with growing newspaper circulation, the internet is as yet making very little impact on advertising revenues.
10. There are precedents for this approach in the case of public service broadcasting. (Terrington & Dollar, 2005)
11. However there are clear risks in relying too heavily on platforms controlled by others. See below.
12. Early figures for The Times suggest a fall in online access of around 90% after the introduction of their paywall. (Halliday, 2010)
13. http://www.guardian.co.uk/iphone
14. http://itunes.apple.com/gb/app/the-times/id364276908?mt=8
15. See the BBC Trust's recent review of the debate about the BBC's launch of a free iPhone news App, which was given approval in July 2010. The BBC free app was opposed by several in the industry including the Guardian. http://www.bbc.co.uk/bbctrust/news/press_releases/july/mobile_apps.shtml . What is not yet clear is how rapidly the iPhone pay model itself might find that it is competing with free or cheap news aggregators on mobile devices. It that were to happen the current competition between public and private mobile news providers may look rather different.
16. The announcement by Apple in February 2011 that they would retain 30% of revenues paid for news on the Ipad and all customer data, had the benefit of spurring Google to offer a smaller, 10% margin, but highlighted the risks of undue dependency on one platform and its proprietary charging system.
17. http://www.guardian.co.uk/media/greenslade/2010/jul/27/financialtimes-paywalls
18. The plan was innovative in marking a break with traditional French subsidy policies exclusively focused on underwriting production and distribution. It was launched in October 2009 under the title 'mon journal offert' where 200,000 free subscriptions were offered to young people where they would receive the newspaper of their choice on one day each week for a year. All 200,000 free subscriptions were taken up. The three year programme is estimated to cost a total of 15 million euros. http://www.gouvernement.fr/gouvernement/lancement-de-mon-journal-offert-un-abonnement-gratuit-pour-les-18-24-ans-pour-soutenir- See AFP 27.10.2009 http://www.google.com/hostednews/afp/article/ALeqM5inlm0Jz4Gh46BcMNdlI4u_f-AU2A (accessed 25.08.10)
19. See the offer in Ouest France in August 2010 http://www.ouest-france.fr/pratique/abonnement-jeune.php accessed 25.08.2010
20. Alan Mutter has, tongue-in-cheek, suggested that a tax on "iHype" could be used to save the news http://newsosaur.blogspot.com/2010/06/how-about-ihype-tax-to-save-news.html

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