Saving Journalism: A Vision for the Post-Covid World

Dr. Anya Schiffrin
Senior Lecturer, Columbia University's School of International and Public Affairs

With Hannah Clifford and Kylie Tumiatti
# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Summary</td>
<td>2</td>
</tr>
<tr>
<td>Introduction</td>
<td>3</td>
</tr>
<tr>
<td>Philanthropy and Impact Investing to Assist Local Outlets in the U.S.</td>
<td>7</td>
</tr>
<tr>
<td>Proposals to Save the 6,700 Local News Outlets that Currently Need Help</td>
<td>9</td>
</tr>
<tr>
<td>Small Grants from Google News Initiative</td>
<td>10</td>
</tr>
<tr>
<td>New Interest in the U.S. for Public Support of Journalism</td>
<td>12</td>
</tr>
<tr>
<td>Canada: Expanding Support for Media Post</td>
<td>15</td>
</tr>
<tr>
<td>What is Australia’s Media Bargaining Code?</td>
<td>19</td>
</tr>
<tr>
<td>Conclusion</td>
<td>23</td>
</tr>
<tr>
<td>Appendix</td>
<td>24</td>
</tr>
<tr>
<td>Sources</td>
<td>26</td>
</tr>
<tr>
<td>References</td>
<td>27</td>
</tr>
<tr>
<td>Authors and Acknowledgements</td>
<td>36</td>
</tr>
</tbody>
</table>
Executive Summary

Dozens of plans to help save journalism have emerged since the Covid-19 pandemic decimated media outlets around the world. This report summarizes some of the trends we’ve seen and evaluates where they currently stand. Most promising are Australia’s efforts to get Google and Facebook to pay for news and efforts in the U.S. to get laws and investment that would support local news.
Introduction

Media outlets hit hard during Covid-19 pandemic

The Covid-19 pandemic has confirmed yet again the importance of clear, reliable, and accurate information for societies. Throughout the pandemic audiences have turned to trusted sources for scientific information about the disease and its spread.

Yet even as demand for their work has soared, journalists have been laid off and furloughed around the world. News audiences might have risen dramatically in 2020 (Laungani et al., 2020), but shrinking revenues—particularly advertising revenue—have crippled many newsrooms. The economic effects of Covid-19 have helped to create what some are calling a “media extinction event” (Ahmed, 2020). This is true in the United States and globally. At this writing, the Poynter Institute’s layoff tracker site reports that in the U.S., at least 21 local newspapers have merged, at least 1,400 newsroom staffers have been permanently laid off, at least 56 outlets have temporarily suspended print editions, and at least 60 local newsrooms have been closed (Hare, 2020a; Hare 2020b). In the US, journalists of color are most susceptible to being laid off, the Washington Post reported in May (Liu, 2020).

These trends are also apparent around the world. As Botswanan journalist Ntibinyane Ntibinyane warned in April 2020, many sub-Saharan African newspapers might not survive Covid-19 (Ntibinyane, 2020). In Uganda, the New Vision suspended four regional papers that published in local languages (ibid). Media24 in South Africa planned to lay off more than 500 staff and close several outlets (eNCA, 2020). Overall, South African outlets have lost between 40 and 100 percent of their ad revenue since mid-March 2020 (Reuters, 2020). Multiple outlets in Kenya have cut salaries, put staff on compulsory leave, and are reimagining business models (Business Today, 2020).

Similar problems have been seen in countries as diverse as Bolivia—where layoffs came after advertising and circulation declines hit legacy media as well as online outlets—the UK, the Philippines, Brazil, and India (Lubianco, 2020a; Drury, 2020; Tantuco, 2020; Lubianco, 2020b; Peñaranda, 2020, Schmall et al., 2020).
This report focuses on proposals to address the financial problems devastating journalism in the Covid-19 era. It surveys new initiatives under way to address the present moment, assesses the likelihood of success, and profiles the key players. Countries can learn from one another about how to support quality news and information.

Many of the new initiatives involve increased support from foundations and discussion about how media business models can adapt to the current crisis. But desperate times require flexibility and new ideas, and we are seeing a surprising number of proposals that break from past practices.

Philanthropic support has enabled hundreds, if not thousands, of media outlets around the world to survive but it’s increasingly clear that more systemic support is needed. That’s why we’re far more excited about plans to get big tech to pay for journalism than we are about a Google News Initiative that gives small grants to start-ups: Such money is badly needed and will be put to good use, but it is not going to fix the much bigger problem of long-term sustainability. To be blunt, funding a collection of small startups that may wind up competing with each other, and are not sustainable over the long term, isn’t a solution. We’d like to see more donor coordination and government support aimed at shoring up existing outlets that need it. As always, we believe there is a lot to learn from France and from the Nordic and Canadian governments about how government can support a diverse and pluralistic media eco-system.

Accordingly, this report examines several initiatives from around the world, many of which have appeared or have been accelerated since the Covid-19 pandemic began. We’ve categorized the proposals using a taxonomy suggested by Nishant Lalwani, managing director of Luminate, a venture of the Omidyar Network. Luminate spends about $20 million a year supporting journalism and has been sponsoring emergency relief funds as well as the more ambitious International Fund for Public Interest Media. Lalwani has seen a number of proposals come across his desk in 2020 and divides efforts to help journalism during the Covid-19 pandemic into four categories: more private funding; public subsidies; new business models; and a tax on the tech platforms.

1. More private funding — including attempts to galvanize increased funding from development aid, philanthropy, and venture capital.

Efforts to provide emergency funding as well as long-term assistance have appeared all over the world in the wake of Covid-19. Numerous organizations, including the Google News Initiative, Pulitzer Center, Internews, and government agencies set up emergency assistance funds, many of which were swamped with applications (Van Santen, 2020).
Beyond individual grant making, there is a growing recognition of the need for something like a Marshall Plan for journalism. A number of well-known media development experts have begun to coordinate donors, scale up the amounts given, and support institutions as well as individual outlets. What’s needed, though, is funding—these groups would like to see hundreds of millions of dollars put into helping journalism globally while U.S. proposals call for billions to help the U.S. media.

Mark Nelson from the Center of International Media Assistance, along with James Deane and Maha Taki from BBC Media Action, have been working to promote a billion-dollar International Fund for Public Interest Media, which would deploy government development aid to support journalism and journalism institutions in the Global South. IFPIM is being advanced by Luminate in association with BBC Media Action, but will soon be established as an independent entity. An interim secretariat is being established with funding from Luminate and the John D. and Catherine T. MacArthur Foundation, among others. The group has an informal advisory board of media development organizations, funders, and academics. In early 2020 Luminate released a lengthy feasibility study (Deane et al., 2020) that details many aspects, including a potential board structure, stakeholder consultation, and their operational model.

In May, the group announced the launch of a temporary coalition of media donors who would collaborate on emergency funding for news outlets hit hard by Covid-19, coordinate existing flows from funders, and gather data on how media outlets globally have been affected. This effort, the Independent Emergency News Relief Coordination, is chaired by Rasmus Kleis Nielsen, director of the Reuters Institute for the Study of Journalism at Oxford. Since the relief fund announced its establishment, many organizations have become partners: the Bill & Melinda Gates Foundation, the Democracy Fund, the European Journalism Centre, the International Center for Journalists (ICFJ), the International Women’s Media Foundation, and the Open Society Foundation’s Program on Independent Journalism. The temporary coalition wound down this fall. At least one frustrated media development expert said he’s been discouraged by the lack of donor funding so far, arguing there’s been “lots of talk, little action...”

Another attempt to help donors is being made by the Global Forum for Media Development (GFMD), an umbrella organization that coordinates a number of media development initiatives. It is conducting research and making recommendations as to how to help journalism in the post-Covid-19 era, listing possible sources of funding but not doing actual grantmaking. GFMD also established the Dynamic Coalition on the Sustainability of Journalism and News Media (DC-Sustainability) in April 2019 and launched it in November 2019 at the UN Internet Governance Forum (GFMD, 2020). The coalition released its first annual report in November 2020, including detailed case studies of how Internet governance topics affect news media sustainability, with a focus on how to move forward post-Covid.
Other foundations are making smaller grants around the world. The Open Society Foundation South Africa, for instance, gave a grant to the South African National Editors’ Forum (SANEF), which partnered with the Social Justice Initiative to create a Media Relief Fund supporting journalists who lost their jobs in 2020. The fund was launched in July with a R500,000 grant (approx. US$30,000) from telecommunications company MTN South Africa (Chabalala, 2020). A second round of applications for the fund was accepted in September (SANEF, 2020). Open Society Foundation in South Africa has provided the SANEF fund R1.5 million (approx. $93,000) in the form of two grants during Covid-19 (Case, 2020). OSF’s global network spends about $30 million a year on journalism grants.

In Latin America, several leaders like Brazil’s Jair Bolsonaro and Mexico’s Andrés Manuel Lopez Obrador have repeatedly blamed the media for exaggerating the severity of the virus (Waldron, 2020; Flannery, 2020). There are several small grants available for Latin American journalists, but we found no sign of large government initiatives to support journalism. For instance, the COVID-19 Latin America News Relief Fund Grant Program awarded grants ranging from US$10,000 to $40,000 to 44 organizations, publishers, digital producers, and community outlets in 12 Latin American countries (Gurﬁnkel, 2020) and ICFJ partnered with CONNECTAS, an investigative journalism organization based in Bogotá, to provide small grants to journalists doing investigative stories about local governmental responses to Covid-19 (CONNECTAS, 2020). In Ecuador, two universities (Universidad San Francisco de Quito and Universidad UTE) and two media outlets (El Universo newspaper and codigovidrio website) teamed up to win a grant from the U.S. government to counteract Disinformation and Misinformation in the Age of Covid (Almeida 2020).
In the U.S., racial justice is top of mind for philanthropists, particularly in light of the Black Lives Matter protests in the summer of 2020. New U.S. initiatives include an attempt by the Ford Foundation’s Farai Chideya, who launched a report in the summer of 2020 to promote investment in U.S. news organizations led by people who are Black, indigenous, or people of color. The Reconstructing American News project recommends providing grants to people representing marginalized communities and making the grant application process more accessible.

“We wanted to help both for- and non-profit funders understand the transformative power and immense urgency of funding media by/for underrepresented communities—people of color especially, but also those with disabilities and rural whites,” Chideya says. Ford usually spends about $15 million a year supporting journalism through grantmaking but plans to spend about $20 million in 2020.

The American Journalism Project, which raised $45 million in 2019 from a group of foundations, has funded 11 local news outlets so far, including City Bureau in Chicago, founded in 2015, which is being held up as a model of inclusive, community-based reporting (Buni, 2020). Some donors are looking at the collapse of local journalism in the U.S. as an opportunity to “build back better” and start new institutions that are more diverse and meet the needs of low-income communities, people of color, and others who had not been covered or included in decision-making by traditional outlets.

While these are laudable goals, one-off initiatives won’t be enough to keep local news efforts viable and sustainable as the ground shifts beneath them. Merely adding to the number of local start-ups that must fend for themselves in an intensely competitive world is not an effective solution. Media entrepreneur Yvonne Leow suggests that U.S.
media outlets take lessons from the tech industry, both in the form of the content they produce and in their funding structures. She argues that local journalism needs a stronger network of investors who remain committed to helping the outlets they fund to grow. And she argues that backers of media start-up founders need to provide far more support to help them develop a path to sustainability—drawing a parallel with venture capital firms that, in the words of one, “connect entrepreneurs, investors, executives, engineers, academics, industry experts, and others in the technology ecosystem...[and] provide entrepreneurs with access to expertise and insights across the entire spectrum of company building.” (Leow, 2020a).

We believe that it’s important to rescue existing outlets that need help now, as that may be a faster and more efficient way of shoring up the tremendous losses faced by communities that have seen their local media outlets collapse. Through the course of this research—especially given the uncertainties inherent in relying on foundation funding—we became increasingly enthusiastic about ambitious proposals that require government support, laws that support local journalism, and substantial funds from the tech giants. Steve Waldman, a former senior advisor to the chair of the Federal Communications Commission and a co-founder of Report for America, is involved in several such proposals.
Funded by the Open Markets Institute, an anti-trust policy shop which has produced some important work on journalism, Waldman in October 2020 launched *A Replanting Strategy: Saving Local Newspapers Squeezed by Hedge Funds*, which not only explains the dire state of America’s news industry but lays out a plan to revitalize it. Waldman proposes transforming the nation’s roughly 6,700 privately owned newspapers into more community-grounded and financially independent institutions. He suggests the creation of a nonprofit “replanting fund” that would identify candidate newspapers and reorganize their corporate structures to make them both financially independent and more responsive to community needs.

Waldman and colleagues are starting to fundraise and hoping for foundation grants as well as substantial funds from impact investors. Others argue that a future Biden government stimulus bill, aimed at mitigating the effects of Covid-19, should include funding to buy out hedge funds, private capital, and other newspaper owners interested less in journalism than in squeezing profits from their holdings. “If we don’t buy out the hedge funds, there won’t be any transplanting,” said one observer.
Small Grants from Google News Initiative

One example of an emergency fund giving out relatively small grants for niche media outlets around the world to help them cope with Covid-19, is the Journalism Emergency Relief Fund (JERF), announced by the Google News Initiative (GNI) in April 2020 (Gingras, 2020). GNI’s goal is to promote a healthy media ecosystem for start-ups. In its first blog post about the fund, GNI emphasized the company’s dedication to the media industry and its view that “Local news is a vital resource for keeping people and communities connected in the best of times” (Gingras, 2020). Ironically, a few months later Google and other technology giants were accused of helping create the very problem they are trying to address, with the House Judiciary Committee’s Antitrust Subcommittee October 2020 release of a report finding that companies like Google “have created a monopoly that has weakened both journalism and our democracy” (Balderston, 2020).

On May 28th, a month after the application process had been closed, the head of GNI Innovation announced that more than 5,300 of the 12,000+ newsrooms that had applied to the fund had received funding that ranged from $5,000 to $30,000 (Blecher, 2020). Google has since released a list of all the recipients and their geographic location (GNI, 2020), although it withheld details of funding amounts. The grants are being used for a range of purposes, including: coverage of Covid-19, keeping news staffers employed, technology upgrades, and new equipment purchases. The four outlets we interviewed are receiving between $3,000 and $15,000.

Successful applicants had to sign a “Funding Agreement” with Google which detailed eligible expenses and timelines as well as other relevant provisions. All funds would have to be used within 180 days of receipt and all beneficiaries would have to enroll as Google Partners to receive funding. The terms make it clear that the GNI can use the Fund for publicity purposes, and thus it is a condition of the application that the beneficiaries agree to this. Indeed, press coverage of the fund from all over the world has been largely positive, with one headline from South Africa reading, “Google comes to the rescue of newsrooms” (Gadget, 2020). However, some have also expressed worries about how this fund might affect the independence of the work produced by journalists. As one headline read, “Google’s R680m helping hand to media ‘must guarantee editorial independence’” (Sokutu, 2020).
2. Public subsidy efforts — Globally, a few governments are giving extra relief to media outlets in the post-Covid era by supplementing the support that these governments already provide.

The U.S. has long lagged Western countries that support diversity and plurality of media and promote quality information for their citizens. Many European countries, as well as Australia and Canada, understand that journalism is a public good and essential for society and so fund outlets that produce quality information.

How this is done varies, of course. France for instance, funds print outlets according to a complex system (Lardeau et al., 2013) determined by the Ministry of Culture. Australia, Canada, Germany, Sweden, and the UK fund well-respected public service broadcasters. Even so, in the post-Covid-19 period, the French government moved quickly, with members of parliament voting in July 2020 to introduce a tax credit of about 45 euros (US$50) for households buying a French newspaper subscription (Henley 2020). They’ve also added close to 140 million euros to be spent on everything from infrastructure upgrades to support for journalists, support for distribution of newspapers, and credits for new outlets.

Australia’s government created an A$50 million (US$35.3 million) Public Interest News Gathering Fund in May to help maintain public-interest journalism in regional areas (McGuirk, 2020; communications.gov.au, 2020). And Norway (EF, 2020a) and Singapore (Infocomm Media Development Authority, 2020) have also provided subsidies to outlets and freelancers during Covid-19, with Norway allocating NK27 million (US$2.9 million) to media organizations that lost advertising income due to the virus.

“Interestingly, there has been almost no criticism or debate around media/journalism support in Norway. Media support enjoys a very high level of support among the population in general,” Roy Krøvel, professor at OsloMet University told us. Meanwhile, other than Singapore’s, there seem to be no major investments in the media by Asian governments. Indeed, many newspapers in the Philippines, India, and Vietnam have ceased operations (Gozali, 2020).

In Denmark, government support flows through two channels: Lump sums are given to public-service broadcasters, and pools of funds to print and online media for innovation and production, as well as support to local radio and TV. The government dedicated DKK180 million (US$28.3 million) to compensating outlets for lost advertising revenue between March and June in 2020 (Harrie, 2020). Other governments have said they would create relief funds for journalists but have yet to act (EF, 2020a).
News organizations’ desperation in the U.S. is leading to a renewed interest in support for government funding of journalism, and several efforts have gotten underway to encourage it. Historically, the U.S. journalist community has been wary of government involvement in journalism. However, many are now making efforts to shift government policy and develop legislation to help fund local news and quality information. “The collapse in local commercial media that has accelerated during the pandemic has created an appetite for public policy solutions that were not on the table even nine months ago,” says Tom Glaisyer, managing director of programs at the Democracy Fund, which spends more than $10M a year supporting efforts to remake local news (Glaisyer, 2020b).

Free Press has long championed using taxes to fund journalism (Karr, 2019) and in 2019 succeeded in convincing New Jersey to allocate $2 million to local news (Schmidt, 2019). Robert McChesney, who co-founded Free Press and has been writing about journalism business models for decades, is working with a handful of others to draft a Local Journalism Initiative that would help save local news by establishing a budget of $100 per person to support local non-profit journalism, then let people vote to see which media outlets get the money in their communities. Under this plan, the US government would channel funds through the U.S. Postal Service to support non-profit local news outlets. As Glaisyer points out, where the funds would come from “is anybody’s guess,” but Free Press has proposed levying “a small tax on ads sold by highly profitable companies like Facebook and Google [where] the proceeds would go to support local-news startups, sustain investigative projects, seed civic-engagement initiatives, and lift up diverse voices that have long been excluded from traditional media coverage” (Glaisyer, 2020a; Karr, 2019).

Steve Waldman, meanwhile, is promoting a media voucher system (similar to what France did after 2008 when it gave newspaper subscriptions to high school students) and assisted with the design of the Local Journalism Sustainability Act. Funding for local journalism could come from several sources, including taxes on internet advertising spectrum auctions or through merger conditions, says Waldman. The Act was introduced in July 2020 and would provide three federal tax credits to local

1 Historically, the U.S. government supported the postal service, which helped subsidized delivery of publications. Because the federal government views the postal system as “essential to the development of democracy,” the service has been incorporated in a routine manner into budget allocations.
media outlets—for subscriptions, journalists’ compensation, and advertising. As of October 2020, the bill has 72 co-sponsors, including 20 Republicans and 52 Democrats (congress.gov, 2020). It has been criticized for being a non-refundable tax credit, since this excludes people with lower incomes, but the idea is similar to policies that have already been implemented in France and Canada (Waldman, 2020a).

Glaisyer also argues that it’s crucial to “get support for journalism written into any new economic recovery bills that may be introduced in the Biden presidency.” The May 2020, $3 trillion “Heroes Act”—so far only passed by the House—had only limited provisions that aided local media specifically. Practically, a future bill could, as Waldman’s ambitious replanting strategy outlines, “provide incentives for chains to donate newspapers to the communities they serve instead of closing them, while tightening antitrust law to discourage excessive consolidation” (Waldman, 2020c, p.3).

In Australia, for example, the AAP newswire was purchased by a consortium of philanthropists and impact investors in the middle of the Covid crisis. The collapse of advertising revenue in newspapers, and the collapse of many of the papers themselves nearly resulted in the closure of Australia’s only newswire. The introduction of philanthropic and government support to the newswire service has had a major impact on the media diversity and competition during the crisis and as a newswire can only thrive when its customers thrive, the interests of the not-for-profit AAP are aligned with the health and diversity of the media landscape. According to economist Richard Dennis, the support for AAP is one of the most strategic acts of philanthropy in Australian history as the alternative would be a significant boost in NewsCorp market dominance. NewsCorp have since threatened to set up a for profit newswire. (Denniss, 2020).

Questions of anti-trust collide with efforts by publishers to bargain with the tech companies. The Poynter Institute's Rick Edmonds notes that the News Media Alliance is pushing an antitrust exemption so that newspapers can bargain jointly with platforms like Google and Facebook to get paid for the use of their news content. This is not a direct subsidy, but as David Chavern, the alliance’s CEO, tells Edmonds in an email, “[We] don't think anything will work if we don't fix the digital ecosystem around news content, and that is why we view the antitrust safe harbor bill as so critical” (Edmonds, 2020).

Finally, Glaisyer argues that any public support for newspapers needs to go well beyond buttressing the status quo. “If this is a policy moment akin to 1967, when the public broadcasting act was passed, how can we ensure this moment answers the critique leveled at the news media by the 1968 Kerner Commission that found a press with ‘the biases, the paternalism, the indifference of white America’?” he asks. “No doubt, chain newspapers will continue to play a role in the short-run but the challenge is how can we support the launch and growth of new institutions?” In the immediate future, efforts by the Racial Equity in Journalism Fund, supported to the tune of $3.6M by among others Craig Newmark Philanthropies, Democracy Fund, the Ford Foundation, the Google News Initiative, and the News Integrity Initiative, are seeding change as others
seek to set the stage for more substantial change. Media 2070 is one such project; it seeks to “radically transform who has the capital to tell their own stories by 2070” (mediareparations.org, n.d.).

Glaisyer expects the new news landscape to consist of networks of organizations shaped by their localities. This is typified by groups such as City Bureau in Chicago, which sees its mission as “bring[ing] people together to produce media that is impactful, equitable and responsive to the public” and is building a new generation of journalists and — via its Documenters program — a corps of citizens and civic actors it “recruits, trains and pays … to monitor local government and contribute to a communal pool of knowledge” (City Bureau, n.d.).

“Knitting together the institutions, developing funding at scale, and passing public policies in state legislatures as well as at the federal level is far from a forgone conclusion,” Glaisyer argues, “but it’s an objective we have to seek as we rebuild a public square that will sustain democracy in the 21st Century” (2020a).

Another way for government to provide support for the news is to buy a ‘super subscription’ to news services, that is, to buy a large quantity of the media output and make it freely available to selected groups (public servants, Academics, local governments etc.). Churchill saved Reuters with such a super subscription after World War II, Agence France press and a number of newswire services rely on super subscriptions and the idea of ‘strategic procurement policy’ is widely understood outside of the media industry (Denniss, 2020). “Such support delivers two separate benefits. It ensures high quality ‘journal of record coverage’ in a time of contracting newsrooms and second, by ensuring the quality and lowering the price of newswire services it helps lower the cost of national and international news for small papers and for startups (and the consequences for small papers of the collapse of newswire services is devastating,” says Australian economist, Richard Denniss.

These plans are ambitious but will need funding to make them happen. If they do then there is much the U.S. can learn from its northern neighbor, Canada, which has a far healthier media ecosystem than the U.S. does. In fact, recent research from the Digital Democracy Project indicates that Canadians are less susceptible to misinformation than most other nations for several reasons including the marginal role of hyper partisan news and the population’s homogenous media preferences (Owen et al., 2020).
Canada: Expanding Support for Media Post

The Federal Government in Canada is implementing a five-year, C$595 million tax subsidy program to support the country’s independent media (Morneau, 2019). In tandem, the government also facilitates a series of grants to support outlets, one of which is the Local Journalism Initiative (LJI), a five-year C$50 million project to support the production of civic journalism in and for underserved communities (Morneau, 2018). As a result of Covid-19, the Federal Government announced an additional C$30 million ad campaign to raise awareness of the pandemic in April 2020. The government intended most of the funds to support media organizations through ad revenue; however, many criticized the support as insufficient (Berthiaume, 2020).

The tax subsidy program provides potential support through three pillars: i) a refundable labor tax credit for up to 25 percent of an outlet’s labor costs, capped at C$55,000 retroactive to January 1, 2019; ii) extending eligibility to nonprofit news outlets so they are able to apply for “qualified donee” status and issue tax receipts as of January 1, 2020; and iii) providing a 15 percent non-refundable personal tax credit to individuals subscribing to digital news (canada.ca, 2020a).

In all three categories, outlets must be a “qualified Canadian journalism organization” (QCJO) to apply. QCJOs must operate in Canada, produce original news content in the general interest of Canadians, regularly employ two or more journalists (freelancers generally do not qualify) who operate at arm’s length to the outlet, and must be approved by an Independent Advisory Board which validates the outlet’s content and adherence to journalistic principles (ibid).

The rule about QCJOs needing two regularly employed staff is difficult for many independent startups. As well, the general exclusion of freelancers as accepted labor fails to recognize the reality of many outlets, especially small and independent outlets that rely on freelance talent (Ingram & Klazus, 2020; Skok, 2020; and Ingram & Desai, 2020).

In order to keep the LJI granting program at arm’s length from the granting process, the Canadian government mandated seven industry organizations to administer the renewable one-year grants (canada.ca, 2020b). The entity given the largest proportion of funding to distribute is News Media Canada, the association responsible for grants supporting print and digital media. News Media Canada was created through a merger of the Canadian Newspaper Association and the Canadian Community Newspaper...
Association in 2017. In the first round of funding, 93 of the 105 positions supported went to newspapers. This fueled concerns that News Media Canada was favoring traditional print business models and newspaper outlets while excluding digital media and limiting innovation (Scire, 2020).

Even critics of the program agree on the need for support for civic journalism, particularly in underserved communities in Canada. They object to the kinds of outlets and solutions being supported, the persistence of gatekeepers and barriers to access, and the lack of transparency over processes which continue to frustrate those in the sector. As some independent outlets have highlighted, the goals stated for the project by officials have changed. When the Federal Government first committed to supporting the media sector in 2018, the then-Minister of Heritage Melanie Joly said, “Our approach will not be to bail out industry models that are no longer viable. Rather, we will focus our efforts on supporting innovation, experimentation, and transition to digital” (Millar, 2019). In contrast, Christian Dognon of News Media Canada now states, “LJI is a support program for the news industry, so we do not want to introduce new competition into already struggling markets” (Scire, 2020). Thus, while there are opportunities for newsrooms to receive support either directly or through tax subsidies, many remain excluded. As a result, some are calling for direct support to those reimagining business models or for funding directly earmarked for new, smaller independent outlets that are seeking to build sustainability (ibid).

To try to meet some of these needs, Indiegraf was launched at the end of May 2020 as “a network of journalist-entrepreneurs and independently owned digital publishers sharing resources to serve their local communities sustainably” (Indiegraf, 2020). The network hopes that by providing capacity building and information on technology, marketing tools, funding and training opportunities, etc., it will help digital news outlets grow their audience and funding (ibid). Throughout the pandemic, Indiegraf has supported the launch or growth of six independent digital news outlets and launched the second cohort of their Indie News Challenge, incubating and accelerating an additional eight journalism startups (ibid).

3. New business models
We don’t have space here to discuss the many different attempts to “fix the business model” for journalism. Vast amounts of time and effort have been put into this problem, and in recent years many outlets have moved toward boosting membership/subscription revenue as it has become clear that advertising revenues are mostly being gobbled up by Google and Facebook.

One proposal that caught our attention during the pandemic was the ‘Digital Transitions Project’ proposed by Botswanan journalist Ntibinyane Ntibinyane. After writing that many African newspapers would likely not survive the pandemic, Ntibinyane and colleagues put together a proposal for funding that could be used to help southern African newspapers to transition to digital. The project seeks to support 20 independent newspapers across southern Africa with strategies to profitably shift
to digital platforms that can support their existence throughout the Covid-19 pandemic and build their sustainability once it’s past.

Ntibinyane has three goals for the project. First, in consultation with digital and technological strategists, it will support newspapers to confidently transition to digital. The second goal is to ensure that independent newsrooms remain steadfast in their watchdog role throughout the transition and continue to publish. Finally, the project will also seek to lobby local government officials for broader government support of local media. Importantly, this support would be through indirect funding opportunities such as tax breaks, reduced tariffs on telecommunications and operational costs, and curtailing commercial aspects of state-owned outlets, rather than direct funding from local governments. As well, the proposal seeks to compel technology companies to share their profits with news organizations through a code of conduct model similar to Australia’s or the imposition of taxes on ‘big tech.’ Ntibinyane hopes to receive $250,000 USD in foundation grants for a two-year project.

Similarly, in Kenya, investigative economic journalist Mark Kapchanga interviewed editors from 12 independent Kenyan media houses about their experiences during the beginning of the Covid-19 pandemic. He determined that these outlets were unable to fulfill their potentially helpful role in the country’s Covid-19 response due to several factors, including lack of funds and lack of media trust. Kapchanga argues that these outlets should receive financial assistance from the government but that the funds must be delivered in such a way that the outlets can safely maintain their independence, for instance, through the Media Council of Kenya. In an email to the author, Kapchanga explained he has started compiling a list of firms that could potentially provide financial assistance to Kenyan media outlets without influencing their content, but he has yet to raise money for this proposal.

The situation in many low-income countries is dire and Ntibinyane believes the need for innovation is particularly urgent in southern Africa, as some countries only have a handful of print alternatives to government sources. “If these newspapers close, that’s the end of independent newspapers. If the outlets are not saved, what will then happen to independent media? To freedom of expression? The government could be the only print player left,” Ntibinyane said in an interview.

Historically, African governments have had what Guy Berger, director for Freedom of Expression and Media Development at UNESCO, calls a “utilitarian” view of the media, using it to promote economic development, national unity in the post-colonial era, and...
the government’s own agenda. These new initiatives would like to broaden government thinking about the government’s role so that it can support independent journalism and free expression, rather than undermine it, even adapting some of the most successful ideas from Nordic countries that have successfully funded quality journalism over decades.

4. Making tech companies pay for quality journalism
By far the biggest news of the pandemic is Australia’s proposed new legal framework to diminish the power imbalance between media outlets and tech giants Google and Facebook. Plunging in where France and Spain have failed, Australia’s competition authority, headed by economist Rod Sims, has drafted a code that, if legislated, would require Google and Facebook to pay for the news they carry, with prices to be set by arbitration. Rather than use copyright law, which is how previous attempts have approached the effort, Australia is using competition law.

Other governments are watching developments closely to see whether this is something they can emulate. Regulators and organizations in Africa have already been looking for ways to adapt and implement Australia’s proposed code within their own countries (Ntibinyane, 2020). The EU and the U.S., similarly, are monitoring events as they consider regulating the tech giants in their own countries. In 2019, the EU passed a controversial copyright law on media displayed on digital platforms (Lomas, 2019), and recently Democrats in the U.S. House released a report detailing how the tech giants have become monopolies (Bond et al., 2020). Still, it’s uncertain whether other countries will try to replicate Australia’s efforts.

Google has fought hard against the code. Its efforts include promoting an open “letter” to all Australian users on Google’s homepage threatening to make their services “dramatically worse” (Hayne, 2020). At this writing, we expect the code to be amended and then voted on by the Australian Senate.
What is Australia’s Media Bargaining Code?

Australia’s Mandatory News Media Bargaining Code is an ambitious, unique piece of legislation built on the findings of the 2019 Digital Platforms Inquiry on the effect of digital search engines and social media on competition in media and advertising. In April 2020, the Australian government asked the Australian Competition & Consumer Commission (ACCC) to develop a code to address the inequality in bargaining power between news producers and digital platforms, specifically Facebook and Google. The ACCC released a draft code for public consultation at the end of July; this consultation phase closed at the end of August and voting is expected in late December or in early 2021.

The draft code contains four primary principles to guide interactions between media businesses and digital platforms:

**Minimum standards**
This requirement stipulates two things. First, digital media platforms must share information with news companies on user data and data collection processes. Second, platforms will inform news businesses 28 days in advance of algorithmic changes that have a significant impact on the way their news content is displayed or ranked. It would also require platforms to provide media companies the ability to moderate comments on their content. It would help them gain better reach and audience analytics.

**Good faith bargaining**
Recognized media companies can begin a bargaining process over specified issues of remuneration or data sharing dealing with their content. This bargaining must be done in good faith by both parties. News businesses can bargain individually or collectively.

**Compulsory final offer arbitration**
If bargaining does not conclude within three months, the dispute goes to compulsory final offer arbitration in which both parties submit a final offer remuneration amount to an arbitrator. The arbitrator will decide on an offer or will adjust one of the offers to what they consider a fairer amount. The Australian Communications and Media Authority (ACMA) will maintain a roster of at least 10 arbitrators but the parties are free...
to use an agreed-upon independent arbitrator. Each such person must be experienced in legal matters, economic matters, or industry matters. Final offer arbitration was developed in the 1940s in the U.S. and is now used in arbitration proceedings globally (Ruggero di Bella, 2019). However, it is novel for it to be the mandated status quo.

**Non-discrimination requirements**

This clause prevents digital platforms from discriminating against news businesses that are part of the code through lower ranking or choosing to present news from non-member companies.

The ACCC has made sure to cover some of the most contentious issues in the media and digital relationship and is pioneering the field of regulation. However, not every media outlet will be able to take part. To be a party to the code, news businesses must apply to the ACMA and must meet certain financial, content, and ethical standards, as well as operate primarily in Australia.

**The international context**

In 2014 Spain and Germany unsuccessfully tried to get Google and Facebook to pay for news, as did France in 2019. In Spain, Google cut off their Google News service after Spain implemented copyright laws (Lomas, 2019). In Germany, after placing a copyright on news snippets, news agencies decided to provide their content for free when traffic to their sites declined from the lack of descriptions on Google News (Auchard, 2014). This is where the non-discrimination clause in the Australian Code comes into play. If there is any news, international or domestic, on any Google services it falls under the terms of the code. According to Dr. Terry Flew, a professor at Queensland University of Technology, “The judgement is that this is fairly legally watertight; it makes it difficult to deal with some publishers and not with others, and it puts the platforms in an all-or-nothing position.”

**Controversial draft code in Australia**

The debate on whether the new code will be effective has been heating up in Australia. Facebook and Google have released a series of statements condemning the proposal as unfair and “totally unworkable” (Google Australia, 2020). They have threatened to pull their news platforms and to keep publishers and people in Australia from sharing news on Facebook and Instagram (Easton, 2020). According to Dr. Fiona Martin, Associate Professor in Convergent and Online Media at the University of Sydney, “Because Australia is considered a policy laboratory, digital platforms are very concerned that this code could open up the gates for other forms of nation-state regulatory action elsewhere.”

There has also been criticism of the code from smaller media outlets and media scholars. Some smaller outlets complain that, along with non-traditional journalism in general, they would not be covered under the code because they don’t meet its requirements — but due to the non-discrimination code they would lose the ability to run articles on the platforms (Samios, 2020). Media scholars are concerned that the code is inherently unfair. It does not ask arbitrators to take into account the benefits provided by the platforms to the media outlets, and since the arbitrators are chosen by
the ACMA there is fear that they will enter into proceedings already biased towards the news outlets (Spry). Google has stated that sharing algorithms with the outlets would lead to media businesses having an unfair advantage, contending that they would be able to “game the system” to get higher rankings (Google, 2020).

Others laud the code as innovative. News Corp Executive Chairman Michael Miller called it a “watershed moment to benefit all Australians” (Cameron, 2020). News Corp was one of the primary supporters of the creation of the code and could stand to gain a lot. News Corp’s Rupert Murdoch estimates the amount that the news industry should be compensated with is around A$1 billion (approx. US$712 million) while Nine’s chairman Peter Costello estimates around A$600 million. Google’s Mel Silva contests these projections, believing it is closer to A$1 million. While it is uncertain how much media powerhouses News Corp and Nine would receive, they are the companies that would benefit the most from this legislation, due to their size and market power (Blackiston, 2020). While there has been broad support for the Code, the passage of the legislation will require support from non-government senators and so meant the introduction of a number of amendments.

Proposals to include public broadcasters in the code and to provide public funding to support the wholesale provision via AAP’s Newswire service flow from concerns about the existing lack of diversity and competition in Australia. According to Richard Denniss, chief economist at The Australia Institute, “Australia has one of the most concentrated media markets in the democratic world with News Corp controlling 70 percent of the newspaper market. While most people agree that the code will improve the bargaining power between news outlets and platforms, most people are also keen to see an increase in media competition, which is why there is so much interest in simultaneously strengthening funding for public broadcasters and the wholesale newswire service on which so many independent news outlets rely for low cost high quality content.”

**Arbitration a better option than expensive, drawn-out litigation**

There are many reasons why this code is advantageous to the media industry. First, the form of final offer arbitration with a short time frame is a valuable mechanism to prevent long, expensive litigation. It would also incentivize digital platforms to present offers that are closer to what would be given in a voluntary negotiation, because if it is too low the arbitrator has the ability to pick the other offer.

Second, it is the parties’ responsibility to present a compelling case for their estimate. This is made easier through the information exchanges mandated by the code. There is currently a serious asymmetry of information between tech companies and the media, placing news companies at a disadvantage because they are unable to know what value they bring to the platforms. Besides the data covered in the
minimum standards requirement, the media companies can request further data to create their case and likewise the platforms can request data from the media companies. The information would be to assess the benefit the digital platforms receive from the news content, the cost of content production, and whether the payment would put undue burden on the digital platform.

Third, the code actually has teeth, since bargaining is compulsory and arbitration is binding. It even stipulates penalties for non-compliance. The ACCC would be able to issue infringement notices for minor code breaches, and for larger breaches there are fines of up to A$10 million per breach, three times the benefit obtained, or 10 percent of annual turnover, whichever is greatest (Taylor et al., 2020). Finally, the proposed code would allow media agencies to bargain collectively against the tech giants, which would give them more leverage than if they were to negotiate on their own and prevent the platforms from using a divide-and-conquer strategy (Caffarra et al., 2020).

**Lack of consensus on how to value news**

The draft law only covers “core news,” which is defined as “journalism on publicly significant issues, journalism that engages Australians in public debate and informs democratic decision making; and journalism relating to community and local events” (ACCC, 2020a). Much of what news organizations publish will not be covered under this definition (Radsch, 2020).

Another unresolved question is how one puts a price on news. To decide this, arbitrators must consider the direct and indirect benefit of news and the cost of production (ACCC, 2020b). There have been various proposals put forward on how to measure value but there is no consensus.

Although the code offers the possibility of group negotiations, smaller companies still have very little leverage. The primary beneficiaries would be Newscorp, Nine, and other similarly large companies (Martin, 2020).

Another worry is that Google and Facebook might make good on their threats. Dr. Damien Spry, a lecturer in Media and Communications at the University of South Australia, considers this a serious problem. “If the ACCC code is enforced and Google News is removed then Australian news would suffer, not Google,” he says. “Facebook would be worse for Australians because news feeds won’t have real journalism in them, but it won’t stop all the made-up nonsense that is already circulating out there.”
Conclusion

This is a confusing period in the transition to a new — and, one hopes, viable—local-media landscape, in that a lot is happening yet not much has really happened. Proposals for providing and coordinating aid to the local-news industry, initiatives aimed at reinventing existing publications, ferment at the local level as creative new news efforts take shape, arguments for public funding, Australia’s bid to reshape the relationship between the tech platforms and the news outlets that provide crucial content. All are in play. Some will become reality.

In sum, though, there are two key, parallel routes forward. One is to provide the help necessary to keep news outlets alive during what are undoubtedly the toughest financial times they’ve ever seen. The other is to lay the groundwork for a transition to a more sustainable local-news ecosystem—whether the news organizations themselves are existing outlets that have evolved or new ones designed more fully to represent the communities they cover.

For this reason, many of the proposals described in this report can, if they come to fruition, go a long way toward solving the immediate crisis facing journalism, even if they do not try to address much-needed structural and regulatory changes. What should be clear is that, as with many of the economic and social issues the global pandemic has laid bare, the funding problems of independent journalism outlets, the growth of news deserts, and the outsize impact and power of the tech companies were transforming local news before Covid-19 became an issue. The pandemic, however, has made change even more urgent, fueling a growing appetite for large-scale solutions. The problem is pressing, and action needs to happen quickly. Now is the time for donors and governments to spend heavily, coordinate, and push forward with efforts aimed at leveling the playing field with tech companies.
Appendix

Congress / federal funding structure as a solution to rescuing local U.S. news

Four models the federal government could use to fund local news

**Tax structure**
One way to raise funding for local news is to provide a tax credit for subscription costs. Such initiatives are already under consideration, including the Local Journalism Sustainability Act (H.R.7640), proposed by Reps. Ann Kirkpatrick (D-AZ) and Dan Newhouse (R-WA), which proposes a five-year, non-refundable tax credit of up to $250 toward the cost of subscriptions to local newspapers. The credit would “cover 80% of subscription costs in the first year and 50% of subscription costs in each of the subsequent four years” (H.R.7640). Many news organizations are in desperate need of subscription dollars in order to have sustainable business structures, and a federal incentive to taxpayers to subscribe to local news would help bolster that source of revenue. Labeling a subscription fee as a tax-deductible charitable contribution could encourage readers to subscribe to local news and outlets to pursue a subscription-based revenue structure (LA Times Editorial Board, 2020).

**Journalism as a public service profession**
The government has long signaled that certain professions are needed to benefit the country: nurses, teachers, veterinarians, lawyers, and others who work in underserved communities are eligible for a degree of federal loan forgiveness (ibid). Journalists could be added to this roster. Public sector journalism is a subset of the field that “typically refers to reporting that contributes to or frames debate about issues of common concern” (Powers, 2018). We argue that all local news journalism is public sector journalism and the industry should be viewed as a public benefit.

This would not merely be rhetorical. Sen. Bernie Sanders (I-VT), has proposed that public service professionals be forgiven their student loans. He argued, “You are not truly free when you cannot pursue your dream of becoming a teacher, environmentalist, journalist, or nurse because you cannot make enough money to cover your monthly student loan payments” (Carey, 2019). While this solution does not directly fund local media, it supports it by allowing those who pursue the profession to be more financially stable and therefore makes the profession more attractive to young talent.
Government purchased advertising
Many newsrooms have long relied on advertising money as their main source of revenue. With the onslaught of tech companies such as Facebook and Google, among others, absorbing advertising that typically went to news outlets, these critical sources of revenue are being diverted and lost. The government could help solve this problem by committing to buy advertising in local news outlets. One current initiative testing this tactic comes from New York City Mayor Bill DeBlasio. Since taking office in 2014, he has overseen a nearly 200 percent spending increase (Nahmias, 2018) in advertising dollars. At the federal level, in May 2020 a group of more than 200 House members urged President Trump to “direct federal spending to ads in local media and to encourage businesses that receive stimulus funds to spend a portion of that money on the same,” (Flynn, 2020) in an effort to keep local news outlets afloat during the Covid-19 pandemic. As outlets experience a surge in readership, it is vital that the government help fund their operations as advertising revenue sharply declines.

Federal NewsMatch
Lastly, the U.S. federal government could mimic a system like NewsMatch—a group of foundations that work together to match the money raised by nonprofit newsrooms (Waldman, 2020b). The government could rely on the will of the people to indicate how much value various communities place in having access to local news. Coupled with their own traditional fundraising efforts, a given community would donate to a local nonprofit newsroom, and the total raised funds would be matched by the government.

It is critical to note that this could create difficulties in long-term budget planning as the amount that the government would need to match could fluctuate by year and/or by state. One way to ameliorate this is by establishing a federal endowment that could be funded in many ways, such as through taxes levied on the technology industry. Or the U.S. could follow the Australian model and require Google and Facebook to share their advertising revenue with local media outlets (Buni, 2020).

There are, of course, many ways to make sure that such funding remains bipartisan and free from media interference. Maintaining the public’s trust in credible and independent news is essential to a government funded structure (LA Times Editorial Board, 2020). A joint letter written to President Trump by Speaker of the House Nancy Pelosi and Senate Majority Leader Mitch McConnell on March 30th 2020 laid out the need to keep journalism independent, arguing, “Independent journalism and government action have an inherent and necessary tension, and we should look for solutions that maintain a separation of interests” (Buni, 2020). In this regard, the U.S. has plenty to learn from the Nordic countries that have been supporting quality journalism for decades.
Sources

Interviews

Almeida, M. Email to Anya Schiffrin, November 18, 2020


Case, M. Email to Anya Schiffrin, October 26, 2020.


Glaisyer, T. Email to Anya Schiffrin, October 27, 2020b.

Krøvel, R. Email to Anya Schiffrin, October 2, 2020.


Peñaranda, R. Email to Anya Schiffrin, May 19, 2020.

Raiche, H. Briefing webinar with GFMD. September 24, 2020.


Valentine, S. Email interview conducted by Anya Schiffrin, October 22, 2020.
References


 References


References


Van Santen, R. (July 7, 2020). “Global journalism is fighting for international development funding but shouldn’t need to. Especially now.” Poynter.


Waldman, S. (July 2, 2020b). “A government fund to help journalism ... that wouldn't corrupt journalism.” Poynter.


Data Sources

Authors

**Anya Schifferin** is the director of the technology, media and communications specialization at Columbia University’s School of International and Public Affairs. She is the editor of the forthcoming *Media Capture: How Money, Digital Platforms and Governments Control the News* (Columbia University Press 2020)

**Léa Allirajah** is a Master’s degree candidate in Human Rights Studies at Columbia University. Her research interests are freedom of expression and freedom of the press.

**Hannah Clifford** is an MPA-DP Candidate at the School of International and Public Affairs. She is particularly interested in the intersection of representation, gender, public discourse, and policy.

**Allynn McInerney** is an MPA candidate at Columbia University’s School of International and Public Affairs. She previously worked in public affairs consulting at Singer Associates, Inc., a boutique firm in San Francisco, Calif.

**Kylie Tumiatti** is an MPA candidate at the School of International and Public Affairs, Columbia University. She is a senior editor for the Journal of International Affairs. Kylie will be joining the U.S. State Department after graduation.

Acknowledgements

Special thanks to Chloe Oldham (Barnard 2021) for research, Rob Gurwitt for editing the paper and to Konrad-Adenauer-Stiftung’s Sabine Murphy for her support of this paper. We acknowledge Hannah Clifford’s research for the section about digital transition in African media. We acknowledge Chloe Oldham for her research contributions.

Thanks for all the ideas given to me by Monica Almeida, Nathaniel Flannery, Tom Glaisyer, Nishant Lalwani, Roy Krøvel, Ntibinyane Ntibinyane Raul Peñaranda, Rasmus Kleis Nielsen, Sue Valentine.

Student researchers: Hanako Sasaki, Marc Cohen
The Konrad-Adenauer-Stiftung (KAS) is a German political foundation and think tank. Worldwide, KAS is in charge of over 200 projects in more than 120 countries, where it promotes freedom and liberty, peace, and justice. KAS also focuses on consolidating democracy, the unification of Europe and the strengthening of transatlantic relations, as well as on development cooperation. The KAS office in Washington DC was established in the late 1970s and to this day it stands for and sees itself as a promoter of these values.

Published by:
Konrad-Adenauer-Stiftung USA
2005 Massachusetts Avenue, NW
Washington, D.C. 20036
U.S.A.
Tel.: +1(202) 464-5840
www.kas.de/usa

Disclaimer:
All rights reserved. No part of this publication may be reprinted or reproduced or utilized in any form or by any electronic, mechanical or other means, now known or hereafter invented, including photocopying or recording, or in any information storage or retrieval system, without permission from the publisher.

The views, conclusions and recommendations expressed in this report are solely those of its author(s) and do not reflect the views of the Konrad-Adenauer-Stiftung, or its employees.

The text of this work is licensed under the terms of the “Attribution-ShareAlike 4.0 International, CC BY-SA 4.0” (accessible on https://creativecommons.org/licenses/by-sa/4.0/deed.en)

Cover illustration: ©Carmel Steindam Graphic Design