

Using the Internet to Save Journalism from the Internet

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Bruce Ackerman sketches a scheme of internet-vouchers for newspapers that will provide an alternative model for serious journalism now that the internet is killing the newspaper's traditional business model. It should be an feasible alternative for non-English newspapers, whose language base is not large enough to sustain the advertising-only strategies.

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The Internet is destroying professional journalism. The speed of this transformation is extraordinary. In the United States, the overall number of newspaper reporters and broadcast news analysts has already dropped from 66,000 in 2000 to 52,000 in 2009, with devastating cuts in the Washington press corps.¹ But this is only the beginning. The very existence of journalism is at stake. We are losing a vibrant corps of serious reporters whose job is to dig for facts and provide both sides of the story in a relatively impartial fashion.

¹ My report on job losses in journalism is derived from the Bureau of Labor Statistics, which changed its reporting categories in 2004. Before then, it aggregated journalists working in newspapers and broadcast news into a single group. More recently it has treated "broadcast news analysts" and "reporters and correspondents" separately. My own figure for 2009 adds the two categories together, to permit comparison with the 2000 report. Compare BLS data for 2000 at: www.bls.gov/oes/2000/oes273020.htm with data for 2009 at www.bls.gov/oes/current/oes273022.htm and www.bls.gov/oes/2009/may/oes273021.htm. The hard numbers provided by BLS may underestimate the size of job losses. According to Paper Cuts, a journalism website, the newspaper industry lost more than 15,992 jobs in 2008 and 14,845 jobs in 2009. See <http://newspaperlayoffs.com/>. These numbers are based on self-reporting and are not comparable to the BLS figures; nevertheless, they are ominous. For a thoughtful qualitative assessment, see Downie & Michael Schudson 2009 ("most large newspapers" have already eliminated foreign correspondents and many of their Washington-based journalists).

The crisis in the English-speaking world will turn into a catastrophe in smaller language zones. The former market is so large that advertisers will pay a lot to gain access to the tens of millions of readers who regularly click onto the *New York Times* or *The Guardian*. But the Dutch-reading public is far too small to support serious journalism on the internet. What happens to Dutch or Flemish democracy when nobody is willing to pay for old-fashioned newspapers?

The blogosphere can't be expected to take up the slack. First-class reporting on national and international affairs isn't for amateurs. It requires lots of training, lots of contacts and lots of expenses. It also requires reporters with the well-honed capacity to write for a broad audience – something that eludes the overwhelming majority of academic specialists and think-tank policy wonks. And it requires editors who recognize the need to maintain their organization's long-term credibility when presenting the hot-button news of the day. The modern newspaper created the right incentives, but without a comparable business model for the new technology, blogging will degenerate into a postmodern nightmare—with millions spouting off without any concern for the facts.

Dead-ends

This point would be merely academic if we could trust in the invisible hand to come up with a new way to provide economic support for serious journalism on a national and international level. Indeed, the financial press has proved moderately successful in persuading readers to pay for online access; and mainstream media continue to try to emulate this success, and I hope they succeed. But if readers don't succumb to the charms of PayPal—and quickly—the time for constructive action is upon us.

Aside from the usual appeals for tax breaks and bailouts, the more innovative proposals come in two types. On the private side, there have been calls for charities to endow newspapers or to subsidize political reporting. On the public side, the BBC provides a working paradigm that might be extended to the written word.

Both models have serious flaws. The problem with a BBC-style solution is clear enough. It is one thing for government to serve as a major source of news; quite another to

give it a virtual monopoly on reporting in small language zones. This could mean the death of critical fact-based inquiry when a demagogic government takes power -- just at the moment we need it most.

There are serious problems with private endowments as well. For starters, there is the matter of scale. For example, *Pro Publica*, is an innovative private foundation for investigative reporting that is trying to fill the journalism-gap in the United States. But it is currently funding thirty-two journalists—a drop in the bucket.² Worse yet, it's hard to make the case for a massive funding increase when university endowments are crashing throughout the world, imperilling more fundamental research in the social sciences and humanities. Journalists won't win massive increases in private funding in competition with serious social scientists, historians or literary scholars – let alone natural scientists. If a vibrant press can be purchased only at the cost of an impoverished understanding of our cultural and scientific tradition, we are faced with a tragic choice – and the journalist lobby will seem like a bunch of special pleaders as they try to engage in a feeding frenzy at the academic trough at a time of general privation.

In contrast, there is a specially compelling democratic case for public funding for journalism that does not apply more generally. This is, at least, the burden of my argument. Rather than seeking to convince private foundations to divert resources from serious scholarship, and other worthy pursuits, the future of journalism depends on its capacity to make the case for a vibrant fourth estate as a means for safeguarding the integrity of public opinion in the world of sound-bites and You-tube videos.

Putting the democratic case for public funding to one side, private endowments also have intrinsic weaknesses. Insulated from the profit motive, they will pursue their own agendas without paying much attention to the issues the public really cares about. While they can play an important supplementary role, they can't be relied on to occupy the vacuum left by big-city newspapers and national news magazines.

² See www.propublica.org

The Internet Voucher

Are we at an impasse? Enter the Internet news voucher. Under my proposal, Internet users click a box whenever they read a news article that contributes to their political understanding. These reader “votes” would be transmitted to a National Endowment for Journalism, which would compensate the news organization originating the article on the basis of a strict mathematical formula: the more clicks, the bigger the check from the Endowment.

My proposal derives from a growing reform tradition that combines the decentralizing and freedom-enhancing virtues of the market with a broad range of public values – in this instance, equality and democracy. Another example: Ian Ayres and I have proposed a campaign finance scheme in which voters receive a fixed number of "patriot dollars" they can only use to contribute to the political party of their choice in the run-up to election day (Ackerman & Ayres 2002). Once again, the rise of electronic forms of payment – credit cards, and the like – dramatically reduce the transaction costs involved in making such schemes realistic. What is more, Europeans are already putting such ideas into practice in other emerging regulatory areas, most notably environmental protection. In confronting the problem posed by greenhouse gases, the EU hasn't opted for the familiar kind of "command and control" regulation in which administrators tell each polluter how much they can legally discharge. Instead, public authorities set the overall limit, and then sell off marketable permits to the highest bidders. To be sure, the public values served by this market-like scheme differ sharply from the journalism voucher or "patriot dollars." The aims here are economic efficiency and environmental integrity (Ackerman & Stewart 1988). Nevertheless, the fundamental regulatory aspiration is the same – to find a third way between laissez-faire and heavy-handed bureaucracy in the service of fundamental values.

The need here is even more pressing given the fragility of the democratic values of free expression at stake in the support of journalism. After all, many newspaper readers may flock to sensationalist sites and click to support their "news reports." But common sense, as well as fundamental liberal values, counsels against any governmental effort to regulate the quality of news.

Nevertheless, some basic restrictions should apply. For starters, the government should not be in the business of subsidizing libel. It should limit grants to news organizations prepared to put up an insurance policy to cover the costs of compensating people whose reputations they destroy through false reporting. This means that a news organization must go into the marketplace and satisfy an insurance company that they have the resources to do serious fact-checking. It's only if they pass this market test that they can open their voucher account with the National Endowment.

The Endowment should also refuse to fund pornography—even if some of its viewers cynically check the box asserting that it has "contributed to their understanding of public issues." But within these very broad limits, we should leave funding decisions to the countless clicks of ordinary citizens.

To achieve this objective, each clicker will have to convince the Endowment that she is a real person, and not merely a computer program designed to inflate the article's popularity. As a consequence, she will have to spend a few seconds typing in some random words or syllables. Though the time spent typing may seem trivial, it will serve to discriminate between the cynics and the citizens. After all, the reader won't receive any private reward for "wasting" her time, day after day, clicking her approval of the articles deserving public support. She will participate only if, as a good citizen, she is willing to spend a few moments in the broader project of creating a vibrant public dialogue.

This click system can be understood as an Internet-friendly voucher mechanism, giving ordinary citizens the financial power to fill the hole left by the failure of the newspaper's traditional business model. When viewed from this angle, it shares the same aspirations as a recent proposal for a "citizenship news voucher" made by McChesney & Nichols (2010: 200-206; hereafter "M & N"). Under their proposal, citizens get a \$200 voucher that they can give to news media on an annual basis—either by marking down the beneficiaries on their tax returns or filling out a simple form.

Differences with Similar Proposals

My proposal differs in four respects. First, M & N only allow contributions to qualifying nonprofits, but there is no reason that for-profits should be excluded. If an old-fashioned newspaper produces articles on its web-site that readers find informative, why

should it be penalized simply because it also relies on commercial advertising to outcompete nonprofits in the marketplace of ideas?

Second, M & N only permit citizens to give their vouchers to news organizations, while my plan invites them to click in support of particular articles. Their organizational focus might make sense as a transitional device, but my article focus is better suited to the Internet—where many readers will not visit the site of the journalistic originator but will view the news-item on a site that aggregates articles from a broad range of sources. These readers should also be given the opportunity to express their support for their favorite pundits and reporters, even if they don't visit the site that originates their work.

Third, M & N invite citizens to express their support once a year, and in a lump-sum fashion. The click system permits a more modulated and ongoing citizenship response. Finally, it is more user-friendly, and likely to generate far broader participation than a voucher keyed to the payment of taxes.

When all is said and done, these differences should not disguise the common aspiration inspiring both proposals—to create a decentralized system through which citizens can provide monetary support for news in a world in which the old business model is collapsing.

With Endowment funds clicking into their accounts, news organizations will have a powerful incentive to support investigative reporting that generates broad public interest. They will also invest in provocative political commentary that puts the news in context. There will be lots of clicks for scandal mongering and the like, but that's the price we have to pay for a system that will also generate serious journalism: it's one thing for the government to screen out pornography and punish libel; quite another, for it to claim the power to distinguish between "serious" and "sensationalistic" news accounts.

Before the clicking can begin, the Endowment would have to build an Internet highway connecting readers to articles to its central accounting office. This doesn't look too tough: much of the software already exists, and the remaining design problems seem solvable. Once the system is up and running, there will be an ongoing need to prevent scams that inflate

the numbers through computer manipulations. This is difficult but doable.³ Some governmental monitoring of insurance companies will also be required, and the ban on pornography will be an administrative headache. Without minimizing the problems, the creation of an effective system of electronic news vouchers seems well within our reach.

So near, and yet so far. We live in an era of massive budgetary deficits – not the best moment to issue an impassioned pronunciamento for yet-another-government-program. But I have tried to persuade you that the internet-voucher isn't just another handout. It is a key element in preserving a functioning democratic system now that the invisible hand will no longer reliably support serious journalism.⁴ The internet-voucher provides a decentralized mechanism that, like the old market-system for news, will allow citizens to provide financial support to the critical journalism they want on a daily basis.

I am not proposing a miracle-cure. Many citizens won't take the trouble to click; others will support screamers and scandal-mongers. But are there enough who will use their vouchers to support the fact-based journalism and balanced public commentary?

If so, the current fiscal crisis throughout the world shouldn't prevent a serious effort to fund national endowments for journalism. If we let the current corps of skilled reporters to disintegrate, it will take decades to replace them. And in the meantime, citizens will begin to forget that there ever was a time when they could count on serious journalists to get the facts straight.

³ For example, news organizations will be tempted to increase Endowment funding by hiring "professional clickers" to engage in this mind-numbing activity for pay. In response, the Endowment should make the costs of hiring clickers larger than the revenues they will gain per click/ hour. For starters, the Endowment should program its system to accept only a single click from any computer for any article. It might also require the news report to remain on the computer screen for a minute or two before the reader can contact the Endowment. This increases the cost of professional clicking while guaranteeing that ordinary citizens actually have a chance to read the articles before they can tell the Endowment that they contributed to their civic understanding.

⁴ For a more elaborate consideration of the relationship between the internet voucher and the dynamics of the American system, see Ackerman 2010.

Further Reading

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