

### Funding Models



Paywalls and public knowledge: How can journalism provide quality news for everyone?

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Media scholars have long lamented advertising's negative effects on the press, from depoliticizing and sensationalizing the news to narrowing the range of voices and viewpoints. Today, advertising's unchallenged reign – including its sometimes positive role in helping fund quality news – seems to be coming to an end. The current hope is that readers will come to the rescue. But which readers? And what are the democratic costs as well as benefits of urging audiences to pay for the news? Before we break out the champagne and celebrate a new journalistic golden age of financial stability and civic success, these questions deserve a clear-eyed examination.

Less than a decade ago, American newspapers received on average 80 percent of their revenues from advertising. Since then, many newspapers have moved closer to a 50–50 advertising—audience proposition, and the *New York Times* now earns more than 60 percent of its revenues from subscriptions. The *Washington Post* is likewise rapidly increasing its online subscription revenues and the *Wall Street Journal* has long had a strong paywall around its online content. Magazines like *The New Yorker* and *The Atlantic* also have paywalls, along with some regional newspapers; similar trends are occurring in Western Europe, where readers have historically borne a greater share of media funding (Sehl et al., 2017).

The upside of the subscription model is that readers are only going to pay money for something they really want or need. This provides a strong incentive for news organizations to produce the highest quality journalism. In France, *Mediapart* has adopted a pure subscription model – entirely paying for its profitable operations with around 130,000 subscribers paying 11 euros per month – and used these revenues to produce independent investigative reporting that has been critical of governments both right and left.

The downside, though, is that subscriber-funded news caters to relatively high-income, high-education elites. Even if subscriptions contribute to higher quality news, if

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that news fails to reach a broad audience, it's not really a solution to the civic crisis of an uninformed, often misinformed, and distrustful citizenry.

The biggest challenge facing journalism today is how to shift from being agents of exclusion – a tendency that began long before the digital age, as many newspapers cut their circulation in order to deliver to advertisers the highest possible density of 'upscale' readers – to becoming agents of inclusion.

The Pew Research Center (2012) found that the level of knowledge of political news and current events differs drastically across media outlets. Public affairs awareness is more than twice the national average for audiences of the *New York Times*, the *Wall Street Journal*, and National Public Radio (NPR), not coincidentally outlets that also have audiences with twice the national mean in level of education and income. In contrast, audiences of national TV networks and local news, and Fox cable news, tend to have lower levels of education and income as well as lower levels of public knowledge.

Putting more and more of the highest quality media behind paywalls will likely further widen this knowledge gap.

A national survey by the American Press Institute (2018) found that news subscribers tend to be disproportionately suburban and urban, high or middle income (67% vs 57% of national population), highly educated (67% with college education vs 33% of national population), and White (88%).<sup>1</sup>

For some observers, small, elite audiences for elite media outlets are not necessarily a bad thing. Michael Schudson (2008) has argued that in our contemporary 'monitorial democracies', diminishing, increasingly elite, audiences can stand in for the citizenry as a whole (p. 14). But a monitorial democracy cannot work if the monitoring elites have interests and ideas that diverge substantially from the public as a whole. Many marginalized groups may also have insufficient elite representatives keeping an eye out for their concerns. For these reasons, it's still crucial that the mass of ordinary citizens have access to – and read – as much quality news as possible.

How do we achieve this goal? My focus here is primarily on US media, where the shift from advertising to paying audiences is arguably the most dramatic.

One way is to strengthen public media. What sets the Western European press apart from the United States is not only its longer tradition of a reader-financed press but also a stronger public media sector that amplifies and extends quality newspaper coverage. High-income and education elites are relatively well-served by news media on both sides of the Atlantic; the best Western European public media help ensure that lower income and education audiences are also well-served (Curran et al., 2009).

US public media produce high-quality news, but because of their low government funding and dependence on corporations, large foundations, and individual donors, their programming has an elite orientation and elite audiences similar to upscale commercial media like the *New York Times*. In contrast, public media in the United Kingdom, Germany, and the Nordic countries have maintained large audiences (shares of 30%–40%) of diverse social backgrounds and high levels of public trust (Matsa, 2018). In order to reach a broader audience, US public media would need to be more generously and universally funded (as with a dedicated license fee). Given the Trump administration's vow to eliminate public funding for the Public Broadcasting Service (PBS) and NPR, increased

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funding is certainly not on the table for the moment. But in the long term, it should be, along with greater legal protections of public media's autonomy from partisan meddling.

In lieu of government funding, philanthropy provides limited support for high-quality public affairs news in the United States. However, website audiences for nonprofit news tend to be significantly smaller and even more elite than those of commercial news sites. Some nonprofits have broadened their audiences through partnerships with newspapers or local television news. At least one local US nonprofit produces an inexpensive print version as a way to reach low-income households without Internet access,<sup>2</sup> not an insignificant population: as of 2015, 16 percent of American adults still did not use the Internet, and these individuals were much more likely than Internet users to make less than US\$30,000 per year and to be elderly (Perrin and Duggan, 2015).

Local TV news remains one of the major sources – if not *the* major source – of news for Americans, especially for those who are 50 years and above (Mitchell et al., 2016). There is little possibility of changing the overwhelming commercial character of this sector, which produces a certain level of homogeneity of content. Yet the capacity of TV news to produce quality *accessible* news should not be underestimated. As a judge for a national US journalism awards program, I have viewed many examples of local TV news that show the human impact of failed local government policies and use sustained coverage to effectively push for legislative remedies. To keep alive this potential for public affairs excellence, every effort must be made to oppose concentration of ownership in television news, especially the drive by the openly right-wing-biased Sinclair group to expand its reach beyond the 171 local television stations it already owns.

Finally, media scholars, practitioners, and policy makers need to focus more attention on the question of distribution and circulation, which goes beyond just making news *available* to proactively *seeking out* audiences without the inclination or resources to find it on their own. Existing paywalls should retain as much porousness as possible; quality news sources without paywalls (e.g. NPR, PBS, and various nonprofits in the United States) could try harder to reach beyond their usual demographics. The major foundations supporting journalism – Knight, Ford, Gates, Open Society, and others – could and should revisit their policies and make the pro-active circulation of high-quality news to underserved audiences their top priority. If, as recent research suggests (Fletcher and Nielsen, 2017), social media can help people escape their 'filter bubbles', this capacity could be fortified through public pressure and regulation (not an implausible scenario given the current increased scrutiny of the industry).

To fully meet its civic responsibilities, journalism as an institution must not only survive financially – it also must figure out a way to bring quality news to the citizenry as a whole, regardless of income, education, race, gender, or geographic location. In the rush to solve journalism's financial crisis, let's not forget the ultimately more important civic challenge of educating and engaging the entire citizenry.

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For statistics on US income distribution, see: https://www.statista.com/statistics/203183/percentage-distribution-of-household-income-in-the-us/. For statistics on US education levels, see: https://www.statista.com/statistics/184260/educational-attainment-in-the-us/.

 See information about distribution of the print copy of the nonprofit San Francisco Public Press at https://sfpublicpress.org/where-to-buy-the-newspaper.

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