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Book Reviews

Saving the Media: Capitalism, Crowdfunding, and Democracy. Julia Cagé and Arthur Goldhammer (Trans.). Cambridge, MA: The Belknap Press of Harvard University Press, 2016. 165 pp. $19.95 hbk. $9.99 ebk.

Reviewed by: Rodney Benson, *New York University, New York City, USA.*
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Why are news media worth saving? and Who or what is best equipped to save them? As journalism continues to face a worldwide financial crisis, French economist Julia Cagé adds a fresh perspective to these increasingly urgent questions.

Cagé starts by insisting that news media should be considered an integral part of the broader "knowledge economy"—which also includes universities, research centers, and libraries—central to the effective functioning of democratic societies. If we accept the premise that these other pillars of information production should not be left to the whims of the market, we should affirm the same for news media.

And yet with the exception of public broadcasting, journalism has long been mostly commercially funded. This hybrid—commercial funding, public purpose—may have worked in the past, but, according to Cagé, now is shrouded in "illusions" that prevent an effective policy response.

The first illusion is that creative solutions can be found to increase advertising revenues: In fact, advertising support for journalism is in long-term decline (Cagé sidesteps the question of advertising's negative effects on democracy, as argued by C. Edwin Baker). Second is the illusion that more competition is always better for democracy and that policy should be oriented toward maximizing it. In fact, Cagé argues, economies of scale push media inevitably toward concentrated markets; what's more, according to her research, too much competition can lead to less news content overall and a decrease in electoral participation.

The third illusion concerns government subsidies and takes different forms in the U.S. and France: The U.S. is deceived into thinking its own media have never been subsidized (they have, but not enough) or that subsidies are not needed (they are, given systematic market failure in news production); France, with some of the highest subsidies in the Western world, has fooled itself into believing that indiscriminately throwing money at journalism will make it better and that the current level of subsidies is sustainable.

The fourth and final illusion is the belief that increasing purchases of distressed media properties by billionaires—for example, Jeff Bezos (the *Washington Post*) or

Patrick Drahi (France's *Libération*)—heralds a new golden age for journalism. In the realm of electoral campaigns, big donors are considered a threat to democracy. Why are we not similarly worried about the rich exercising an outsized control of media outlets, Cagé asks, given their obvious utility for influencing public policy?

Stripped of our illusions, we can see that the future is fewer and fewer media outlets unable to get adequate funding from advertising or government subsidies controlled by (not-so-) benevolent billionaires. The challenge, according to Cagé, is to find a way to provide adequate long-term capitalization of news media without ceding total control to the plutocrats, whether as investors or as philanthropists. With fewer substantial news organizations surviving, she argues, the classic concern about the diversity of outlets or ownership forms is less crucial than assuring diversity of ownership interests *inside* of those that remain.

Voila: Cagé's solution is the "nonprofit media organization" (NMO), a term that sounds similar to many U.S. nonprofits such as ProPublica or MinnPost, but is actually a hybrid of a U.S. 501(c)(3) nonprofit association, a French private joint-stock company, and the two-tiered stock ownership of a publicly traded company such as the *New York Times* or Google. Like a U.S. nonprofit, donations would be irrevocable and profits would be reinvested in the organization; like a French joint-stock company, donors would be treated as investors with shares translatable into votes; and like the *New York Times* or Google, not all shares would have the same voting power.

To prevent a minority of big investors from exercising a majority of voting rights, small investors (employees, audiences, crowdfunders) via membership in associations representing their collective shares would be accorded voting rights at a multiple of their actual contributions. Cagé is hopeful that voting rights would be a stronger incentive than, say, membership tote bags, as a way to increase small contributions. Big investors, in her plan, would get disproportionately lower voting rights, and would be motivated to invest, Cagé hopes, by civic goodwill or, more likely, the lure of tax breaks.

What would happen next, though? Cagé sees voting crowdfunders as a guarantee of "quality" (a term she never defines) and "unbiased" news coverage. But wouldn't crowdfunders, though "small" in comparison with the billionaires, still be predominantly upper middle class, and thus exert a subtle pressure on media to cater to their worldviews and interests? What's to prevent a determined, organized group of crowdfunders from using their voting power to ideologically hijack a news organization? Would big investors really be willing to give if they lost any power to shape the news agenda, which seems to be the motivation behind most foundation "project-based" funding today? and, To what extent would greater audience control inside the organization challenge or undermine the intellectual and creative autonomy of journalists? Cagé refers often to the great research universities as her inspiration, but in fact these institutions tend to be far from democratic in their management structure.

If we look to Cagé's NMO as *the* solution, we will likely be disappointed. NMOs too will have their blind spots just like any form of media ownership. But as one more weapon in the fight against the profit-driven hollowing out of newsrooms, the NMO is surely worth a try. Why not?