media. They are always present and can never be fully eliminated (unless media are taken out of the market entirely), but smart public policy can help control for them. Different market structures may experience different failures to varying degrees, and various incentives and subsidies can be built into a policy system to help minimize or offset these problems. A number of creative methods exist that can help compensate for democratic deficits created by the decline of commercial news media.[106] Systemic market failure has created a wide range of problems, from the loss of local journalism to a lack of affordable and accessible internet services. For too long, we have let market fundamentalism prevent discussion of potential government responses. The crisis in US journalism is rapidly approaching a "point of no return." Now is the time to push for nonmarket alternatives.

Beyond Market Failure

Using "market failure" as the central framework for understanding the journalism crisis should not imply that under normal circumstances, the market is working just fine. Again, these problems evidence *systemic* market failure—a few tweaks here and there would not return journalism to its former health. Market failure has never been fully eradicated in commercial news media systems, and the US experiment of expecting a commercial press to provide public service journalism has always been a fraught enterprise. After 2008, long-standing structural tensions within the system metastasized. The current crisis presents a tantalizing opportunity for structural change—an opportunity that thus far has been squandered. The journalism crisis must be recontextualized and reframed in a way that moves the debate toward implementing structural alternatives that can sustain independent journalism. Before doing so, however, we must first explore, in more detail, just how the contemporary journalism crisis is manifesting in newsrooms across the country. The next chapter explores these issues alongside the strengths and weaknesses of major alternatives to the advertising revenue model for journalism.

3

How Commercialism Degrades Journalism

While journalism's downward slide has only worsened, the initial alarm bells have long since receded. Since 2009, the phrase "journalism crisis" has faded from conversation, and some commentators even risked optimism. In 2014, the venerable Pew Research Center enthusiastically reported that "digital native" news outlets had created five thousand new jobs.[1] Others celebrated the flexibility of digital journalism and the expansion of "explanatory" and "long form" journalism. One group of scholars chided "materialists" for fixating on economic factors like the loss of journalism jobs and, as they put it, overly "gloomy predictions." The authors called for a more "open-ended and also more hopeful argument," with a focus on the "cultural codes driving new journalistic practices allow[ing] creative pathways to be discovered for sustaining journalistic commitments through digital technology and new organizational forms."[2] A different kind of wishful thinking occurred immediately after the 2016 presidential election, when a "Trump Bump" propelled a sudden spike in newspaper subscriptions. Some observers thought we had turned a corner; surely, now, journalism would begin to rebound.[3]

Each case proved to be a false dawn. The print news industry's downward death-spiral continues unabated. While new digital models such as *BuzzFeed*, *Vox*, and *Vice* initially inspired much hope that they would come to replace the old journalism, nearly all major indicators now show a troubling and indisputable decline in terms of both quantity and quality. These ongoing trends make it all but certain that by the time this book is published, journalism' decline will have only quickened.[4]

Commercial media in the United States have always been structurally flawed, but Americans usually had access to some form of local news. This increasingly is no longer the case, and the loss of local journalism is just one symptom of a dysfunctional news media system. In the following sections, I trace the degradations that manifest with the structural collapse of commercial journalism.[5] I describe how the media landscape has shifted in

recent years, and how experts, journalists, and the broader US public have fallen prey to rarely examined assumptions and misconceptions about journalism. The situation is not entirely hopeless: the last third of the chapter discusses alternatives to advertising-dependent news media. I argue that we have already lost precious time desperately searching for entrepreneurial and technological fixes instead of crafting public policies to directly confront the crisis. As a first step toward reforming it, we must appraise the design flaws in the existing commercial media system.

The New US Media Landscape

While newspapers' digital advertising revenue has grown in recent years, this uptick does not come close to compensating for the enormous losses in traditional advertising revenue. The Pew Research Center's reports have consistently cast these trends into stark relief over many years. As early as 2012, a Pew study found that, since 2003, declines of up to 50 percent in print advertising revenue were barely offset by gains in online advertising revenue. Losses outnumbered gains by ten to one.[6] Since then, these trends have continued and worsened for most newspapers, with digital advertising failing to make up for lost revenues from print advertising and subscriptions.[7] With print advertising revenue permanently gone, has anything taken its place?[8]

Digital Start-Ups

In recent years, a new crop of digital start-ups—including the previously mentioned *BuzzFeed*, *Vox*, and *Vice*—have burst on to the media scene. On the surface, their appearance seemed to suggest a greater abundance of media outlets and consumer choices. But the gloss of diversity masks an underlying uniformity in media ownership and control. A number of scholars and journalists have pointed out that in many media sectors, ownership concentration is actually *increasing*, and many of these new entities are owned or supported by the very legacy media companies they purportedly displace.[9] Indeed, old media and telecommunication giants, including AT&T, Verizon, Disney, Comcast, Time Warner, and others, have quietly invested millions of dollars into these new outlets, sometimes even buying them outright. Netflix, Google, Amazon, and Apple are also increasingly moving into content

production and distribution.[10] Meanwhile, big media companies continue to get bigger via endless mergers and acquisitions.[11] In recent years, regulators have green-lighted several mega-mergers—such as AT&T and Time Warner and Disney and 21st Century Fox—to create media behemoths. While new players occasionally gain footholds on the internet, scholarship has long shown that established media corporations dominate online traffic and audience attention (I expand on this point in the next chapter). This concentration of power challenges the notion that the digital media landscape has elevated new voices and viewpoints.[12]

Despite significant investment from legacy media and venture capitalists, digital start-ups turned out to be a kind of financial bubble that has steadily deflated since 2017. Since then, leading digital news outlets have significantly missed quarterly profit expectations, lost the backing of venture capital, and laid off many reporters.[13] To give just a few examples of this decline: In early 2018, *Vox* laid off fifty staffers, representing 5 percent of its workforce.[14] During consecutive weeks in early 2019, *Buzzfeed* and *Vice* each laid off well over two hundred reporters, respectively 15 and 10 percent of their work forces.[15] With digital advertising revenue increasingly scarce for all outlets other than Google and Facebook, it seems increasingly likely that these previously celebrated digital outlets lack economic viability for the long term, especially at their current size.

The rise and fall of another celebrated digital newcomer, *Gawker*, brings into focus troubling vulnerabilities in the new digital media ecosystem.[16] *Gawker* appeared to be an exemplar of a new kind of journalism, one that could skewer elites as it reaped the fruits of digital advertising. While *Gawker* tended toward sensationalistic and tawdry coverage, it was also capable of hard-hitting reporting. Its general irreverence toward the powerful and famous led to some independent investigative journalism over the years, such as reporting the scandal in which retired General David Petraeus, then director of the Central Intelligence Agency, leaked classified information to his mistress.[17] Gawker was also the first major digital media company to unionize.[18]

Then along came Peter Thiel, a libertarian billionaire out of Silicon Valley. Thiel, reportedly seeking vengeance for an earlier piece in *Gawker* about his sexual orientation, bankrolled a libel lawsuit by retired professional wrestler Hulk Hogan, who himself had been the target of an earlier exposé. The litigation forced *Gawker* into bankruptcy. As a former *Gawker* editor succinctly put it, the news site folded simply because "one wealthy person maliciously

set out to destroy it, spending millions of dollars in secret," demonstrating that there is "no freedom in this world but power and money."[19] Beyond raising troubling questions about threats to press freedoms, the *Gawker* affair revealed US journalism's powerlessness in the face of billionaires and corporations. Monied interests are increasingly determining what is publishable and what we can see and say in the media.[20] Journalism requires considerable resources and institutional support, yet good journalism will inevitably anger the powerful. What happened to *Gawker* could conceivably happen to any media outlet—especially smaller, independent organizations without access to the finances necessary to fend off lawsuits. Such inequities portend a dark future of deferential journalism and unassailable power. Signs of economic weakness are no less grim in legacy media.

Legacy Newspapers

The US newspaper industry has been in dramatic freefall in recent years, but some patterns have been unfolding for decades. While for many years the overall number of US daily newspapers remained relatively stable, the number of independent papers fell by nearly 50 percent from 1955–1985 as large newspaper chains acquired them, one by one.[21] Such chains were already a growing concern by the late nineteenth century, but wealthy individuals or families owned and controlled most major magazines and newspapers. From roughly 1965 to 2005, however, media ownership increasingly transitioned to publicly traded companies that expanded into large chains.[22] Newspapers' value increased as they transitioned from family-owned to publicly traded companies with shareholders, which in turn incentivized owners to sell their controlling shares to newspaper chains for high profits.[23] These chains rapidly expanded as they acquired previously independent newspaper companies. For example, Gannett, one of the largest chains, owns *USA Today* and more than one hundred other daily newspapers.[24]

While a private company can decide to de-emphasize profits, a publicly traded company is legally obliged to maximize shareholder value. Moreover, by the 1990s, investors were increasingly expecting short-term returns. Escalating pressure for strong quarterly earnings encouraged companies to cut costs to inflate profits instead of reinvesting in newsgathering capacities for the long term.[25] This focus on commercial value often conflicts with journalism's professional standards, democratic concerns, and commitments

to local communities. Some newspapers have mitigated these commercial pressures through different ownership structures. For example, after the *Washington Post* went public in 1971, the longtime family owners (the Grahams) continued to control voting stock. Similarly, the *New York Times* has for many years maintained a two-tiered stock ownership structure that gives the Sulzberger family some degree of control.[26] Such safeguards can buffer news organizations, allowing publishers to absorb short-term losses and avoid cost-cutting measures. Thus, in some cases, private ownership might liberate news organizations from Wall Street's imperatives.[27]

Private ownership, however, can also expose media outlets to the same pressures as publicly traded companies. In addition to problems with hidden political agendas and a lack of transparency, this ownership structure's venality can far surpass other models. Exhibit A is one of the fastest-growing forms of media ownership: the private equity firm. Seven such investment groups own over a thousand US newspapers (nearly 15 percent of all US papers).[28] Half of the ten largest newspaper owners in the United States are now investment firms, including New Media/Gatehouse, which is in the process of merging with Gannett to create a newspaper "megachain," and Digital First Media, which is notorious for acquiring and stripping down papers.[29] As Daniel Kishi, the associate editor of the *American Conservative* notes, these newspaper chains' absentee owners make decisions that "no longer reflect long-term sustainability, but instead seek to maximize a short-term return on investment."[30]

Because their primary loyalties are to their shareholders and not to local communities, these investment firms can aggressively buy up and then bleed out already-suffering newspaper companies before harvesting them for parts. An exposé in the *Nation* revealed that Wall Street tycoon Randall Smith, owner of the hedge fund Digital First Media, acquired and gutted scores of hometown papers across the United States to amass the $57 million he spent on sixteen mansions in Palm Beach, Florida. The article argued that such firms qualify as "vulture funds" because they target bankrupt and struggling companies "to invest in at rock-bottom prices." After finding ways "to squeeze out maximum profit, from cutting costs to collecting debt repayments at high interest rates . . . they leave the bones behind as they fly off in search of the next opportunity."[31] The newspaper economist Ken Doctor noted that Alden Global Capital, the majority owner of Digital First, was "wrecking" local journalism as it pulled in a whopping 17 percent operating margin and profits of almost $160 million in its 2017 fiscal year—far beyond

what its peers were accumulating.[32] The *Washington Post* reported that the hedge fund's "mercenary strategy" entailed first slashing photographers, reporters, and editors, and then selling off newspapers' real estate, including their office buildings and printing plants.[33]

In the spring of 2018, this predatory behavior culminated with *Denver Post* journalists staging an "open revolt" against their owner, Digital First.[34] They published a brave editorial indicting the hedge fund for mismanaging the paper, lamenting that "the fracturing of newsrooms" has encouraged "political interests to lavish investments in echo-chamber outlets that merely seek to report from biased perspectives, leaving the hollowed-out shells of newsrooms loyal to traditional journalistic values to find their voice in the maelstrom." If newsroom owners see profits as their only goal, the editorial continued, "quality, reliability, and accountability suffer." Therefore, "The course correction" for "communities across the land" requires "owners committed to serving their readers and viewers and users." If, as many assume, the *Denver Post* soon becomes "rotting bones," a "major city in an important political region will find itself without a newspaper."[35]

Fears that had once seemed hyperbolic are now a distinct reality. In 2009, before the *Rocky Mountain News* closed, Denver had around six hundred print journalists. After this recent round of layoffs, the city had fewer than seventy reporters.[36] Going forward, the situation in Denver is a case study of what happens when society treats newsrooms like devalued commodities instead of essential public services. These ownership trends have escalated over the past several decades, further reducing accountability to the local communities that newspapers purportedly serve. And this situation will likely only worsen in the coming years as investment firms, understanding there is no long-term profitable future for newspapers, will continue to bleed them dry. In early 2019, Digital First sought to also acquire the Gannett newspaper chain, which caused universal condemnation.[37]

Over the past decade, newspapers' era of high profits ended dramatically, as advertising revenue rapidly declined and the dominant commercial model collapsed. This has been a staggering descent for an industry that was, until relatively recently, making obscene amounts of money. In the 1980s and 1990s, most large newspaper companies had profit margins exceeding 20 percent; advertising revenue continued to climb steadily into the 2000s. Indeed, until about 2005, newspaper companies were incredibly profitable, maintaining 20 to 30—sometimes as high as 40—percent profit margins.[38]

But because US newspapers relied on advertising revenue for roughly 80 percent of their aggregate revenues, they were particularly vulnerable to specific kinds of market fluctuations and failures.[39] This structural vulnerability helps explain why the US newspaper industry is suffering more than many of its international counterparts.

Death by a Thousand Paper Cuts

While several high-profile newspaper closures have received the most attention—especially in the few remaining two-paper cities—the journalism crisis has hurt all papers. Leading national papers such as the *New York Times* and the *Washington Post* have bounced back—even reporting profits in recent years.[40] Indeed, the divide between the haves and have-nots is evident with the big three—the *New York Times*, the *Washington Post*, and the *Wall Street Journal*—prospering, while nearly all other newspapers flounder.[41] Smaller-circulation papers serving mid-sized cities, community papers, and large metro areas outside of Washington and New York have all continued to lose paid circulation for years.[42] As circulation falls, the number of bankruptcies climbs. Among the nation's top one hundred newspapers, twenty-two filed for bankruptcy between 2005 and 2015.[43]

A number of these outlets—again, these are newspapers that ranked in the top one hundred by circulation only fifteen years ago—have ceased publication entirely, merged with other newspapers, reduced home delivery, or have gone online-only, cutting all but a handful of staff. As a result, residents of major US cities, including Birmingham, Cleveland, Detroit, and Pittsburgh, no longer have a daily home-delivered newspaper. When newspapers cease their print operation and go online-only, much of their audience simply disappears—or at least their audience's *attention* disappears—as their degraded product is forced to compete with innumerable online content creators. A study that examined the British general-interest newspaper the *Independent*, for example, found that the total time its audience spent with its content fell by 81 percent after the transition to a web-based format, suggesting significant differences in the habits of online and print readers.[44] A related problem is that once a paper goes online in the United States, it immediately runs up against a still-significant digital divide (a point I return to in the next chapter). One study found that after

a century-old, small-town paper closed, residents faced many problems accessing the new digital-only alternative, which eventually succumbed to public pressure and began printing hard copies of its paper.[45] Newspapers' digital transition has also led to a decrease in the quality of information that they publish. A study led by media studies scholar Vicki Mayer tracked the content of the *Times-Picayune* newspaper from before it reduced home delivery through its move to an online-only newspaper in 2011, finding that the web-based version of the newspaper featured more soft news stories and contained fewer sources.[46]

The number of papers cutting home delivery or going online-only will undoubtedly expand in the coming years, as will bankruptcies. In 2017, high-profile papers, such as Alaska's largest newspaper and an award-winning newspaper in West Virginia, have gone bankrupt.[47] More recently, the hundred-and-fifty-year old *Reading Eagle* in Pennsylvania filed for bankruptcy.[48] No evidence suggests that the trend of bankruptcy and online-only publication is slowing down; if anything, it is only accelerating.[49] The long-time journalism observer and director of the Nieman Journalism Lab, Joshua Benton, astutely observes that "the story of the last decade-plus hasn't been about mass *closures*—it's been about mass *shrinkage*."[50] While actual closures have been relatively modest and consistent (so far), he observes that with each year "just about every daily paper has gotten smaller—smaller newsroom, smaller budgets, smaller print runs, smaller page counts . . . It's death by a thousand paper cuts." With daily print newspaper subscribers either moving to digital formats or literally dying off, he argues, the inevitable not-too-distant future will see the "print costs" and "print revenues" lines on an accountant's projection sheet intersect. At that point, Benton notes, "it'll be time to stop the presses for good." Newspapers will then face the option of either going online-only or shutting down entirely.

Many newspapers have responded to these economic pressures with aggressive layoffs. The American Society of News Editors estimated that from 2005 to 2015 the number of people employed by the news industry declined by nearly 40 percent.[51] In 2016, the organization announced it would stop estimating the number of jobs lost. Similarly, the Bureau of Labor Statistics found that newspaper publishers have lost over half of their employees since 2001.[52]

Another much-maligned contributor to journalism's demise is Craigslist and its free classified advertising model, which singlehandedly wiped out a

major revenue source for newspapers. However, this blow to newspapers' business model was only one visible manifestation of a deeper problem, a pre-existing structural vulnerability with the commercial model. Even if Craigslist never existed, there is simply no reliable business model as readers and advertisers move online where the vast majority of digital advertising revenue—again, only a fraction of its print counterpart—is siphoned off to online platforms and search engines that host links to the original news content. Monopolistic internet firms such as Google and Facebook increasingly serve as consumers' point of entry to this news content. This "duopoly" is now collecting around 85 percent of every new dollar spent on digital advertising.[53] With the newspaper industry losing tens of billions of dollars in annual advertising revenue since 2000, it is safe to assume that these revenue streams will never return.

Newspaper companies have attempted to compensate for lost revenues by ruthlessly cutting costs, but it is unclear how much more there is to cut. Cost-cutting is a short-term tactic with long-term negative consequences. The media economist Ken Doctor notes that, as a general strategy, cost-cutting measures create a vicious cycle: "As publishers cut back on newsprint, cutting sections and pages, they worsened their value proposition with their best and most loyal, high-paying customers: their print subscribers." As newspapers continue to decrease in quality—filling their pages with more advertising, syndicated news, and fluffy human-interest stories—the incentive for actually buying a paper attenuates over time. Doctor warns, "Even subscribers who were loyal for decades are cancelling."[54] And there is evidence to bear this out. Public opinion data suggest that US readers have noticed the industry's cutbacks and responded accordingly by no longer paying for these services. For example, a 2013 Pew study found that 31 percent of people surveyed reported deserting a particular news outlet because of its degraded news and information.[55]

This death spiral seemingly has no end. As I noted in the introduction to this book, in 2016, after showing how daily circulation, advertising revenue, and newsroom staffing had all significantly fallen since the previous year, the Pew Research Center concluded that the industry may have crossed "a point of no return."[56] If the collapse of journalism is truly imminent, it is a serious social problem worthy of a national conversation, but no such conversation has occurred. In the meantime, deep structural pathologies endemic to commercial journalism are manifesting in a myriad of ways, all to democracy's detriment.

Symptoms of Journalism's Degradation

With the slow-but-sure collapse of its business model, a number of symptoms have become increasingly visible, especially as some news organizations double down on an ever-failing advertising revenue model. These problems fall into several categories: specific social harms associated with new virulent types of advertising; the rise of news deserts and news divides; and an overall growing precarity in news labor.

The Harms of Digital Advertising

News organizations continue to seek ways to maximize advertising revenue, even as its efficacy becomes increasingly dubious. This endless pursuit of increasingly elusive profits encourages "clickbait," a slavish devotion to news metrics, and other practices that further degrade journalism. The rise of clickbait recalls similar problems associated with yellow journalism 125 years ago. One prominent historian of this period has noted how journalists wrote stories "as 'written bait,' to make the public take in ads."[57] Similar practices today reflect digital news outlets' need to tailor their content in ways that capture users' attention and generate advertising revenue.[58]

Recent research indicates that commercial news organizations are relying on social media—especially Facebook—to reach audiences.[59] Increasingly, monopolistic internet firms such as Google and Facebook serve as consumers' point of entry. This shift has reshaped journalism in profound ways.[60] Journalism's overreliance on Facebook, in particular, has several troubling consequences. In an interview with the Shorenstein Center, the media studies scholar Siva Vaidhyanathan noted, "Editors and designers are constantly making decisions based on what works on Facebook, so they choose images and write headlines to pander to Facebook's algorithms and the behavior of Facebook users." According to Vaidhyanathan, "the more that journalists pander to Facebook . . . the more that Facebook becomes the governing mechanism to journalism." At the same time, he notes, journalists feed the beast that is cutting off their sustenance. While Facebook pockets most of the money, "journalistic outlets create more content for Facebook and sometimes pay Facebook to promote it. It's all absurd."[61]

Vaidhyanathan and other critics point out that this exploitative relationship pervades every aspect of news labor and content—from the nature of media work to how journalists frame stories. Reporters internalize an almost-instinctual awareness that some stories and images are better suited than others for capturing attention on Facebook. Facebook's position as the sole portal to millions of readers forces journalists—many of whom are facing intense job insecurity—into tailoring their reporting according to clickbait criteria. Moreover, editors reinforce this unhealthy dependence by constantly informing reporters how their work is performing on Facebook so that journalists have real-time analytics flashing across their screens. Some newsrooms even display wall-mounted data dashboards—essentially scoreboards—displaying the social media metrics of specific stories, creating a perverse obsession over audience analytics provided by platforms such as Chartbeat, Parse.ly or Google analytics.[62] These dynamics encourage journalists to produce controversial and sensational content, priming more people to engage with and argue over stories. Generating controversy in turn generates more advertising revenue—which mostly goes to Facebook instead of the journalists who create the content.[63]

Online news outlets increasingly rely on these metrics to provide incessant feedback about how well particular stories fare on social media. Although the constant measurement has had a detrimental effect on journalistic routines, some observers have rosily suggested that this practice allows journalists to become more attuned and responsive to their audiences' desires—in a sense, democratizing the news. However, others have shown that the use of news metrics can be stressful and demoralizing for journalists. Media sociologist Caitlin Petre argues that such metrics are a vivid manifestation of how intensified commercial pressures are restructuring newsrooms in profound ways. She found that these audience analytics extract increased productivity in news workers while overshadowing other kinds of evaluations—such as normative objectives for advancing a social mission—that are not easily measurable.[64] Other analyses reveal how such metrics ultimately force reporters to pander to their readers' passing whims, treating audiences as apolitical entertainment seekers rather than engaged citizens of a democratic society. One careful study on the ethics of web metrics for journalism systematically shows how this market-based approach to journalism privileges soft news, conflates consumer choice with democratic needs, and reduces audience engagement to a commercial transaction. The study concludes by reminding us that "journalism serves a purpose above and beyond its immediate commercial audience."[65]

Digital advertising degrades journalism beyond the search for clickbait and eyeballs. Even more troubling than the constant bombardment of annoying pop-up ads is news organizations' frequent practice of deceptive and invasive forms of advertising. "Native advertising," a phrase sometimes used interchangeably with "branded journalism" and "sponsored content," has become a revenue mainstay for both new digital outlets such as *Buzzfeed* and older, more established magazines, such as the *Atlantic*. Blurring the divide between news and advertising, these practices range from the mostly innocuous "infomercial" to a more problematic variety of corporate propaganda. Whereas news organizations historically worked with outside advertising firms, today's media companies are increasingly crafting their own advertising in-house to better coordinate with their news content. At the behest of particular brands, *Buzzfeed*'s own "BuzzFeed Creative," a prominent source of the company's revenue, is dedicated to creating custom video and list-style advertising that resembles its editorial content.[66] An exposé of *New York Times*' shop T Brand Studio revealed that advertisers are constantly pushing the *Times* to coordinate "with the newsroom in deeper and more complex ways" and that publishers are partnering with advertisers to customize content "without being transparent to readers about these deals."[67]

In some ways, so-called "native advertising" is as old as commercial advertising. One of the first policy battles over misinformation, the Newspaper Publicity Act of 1912, focused on "disguised advertisements" in newspapers.[68] Early commercial radio broadcasters surreptitiously advertised products during its regular programming, which was sponsored by specific companies (hence the term "soap operas"), sometimes even running radio advertisements that mimicked newscasts.[69] Nonetheless, the acceptable norms for bounding advertising have shifted dramatically in recent years as media companies seek new revenue sources. While the ethical barrier between journalism's editorial and advertising divisions—metaphorically called the church/state divide and the much-vaunted "Chinese wall"—was always imperfect, this construct has abruptly collapsed.

To give a sense of how quickly this shift occurred, consider an incident from the spring of 2009. The *Los Angeles Times* caused a huge controversy when it crafted a front-page advertisement about NBC's show "Southland" that resembled a news column. At the time, readers widely ridiculed the decision, seeing it as a shocking move by one of the nation's major reputable papers. The *New York Times* reported that it "raised questions about how far newspapers would go to please advertisers."[70] From today's perspective, we

can see that it was a harbinger of things to come. Within a few years, such practices had become the new normal, with media organizations blurring the boundaries between news and advertising, and corporations even creating their own media outlets. The *Washington Post* reported that "Dozens of companies, including Boeing, General Electric, Pepsi, American Express and Verizon Wireless, are becoming their own publishers, creating and distributing 'content'—articles, videos, photos—that would be right at home in a traditional newspaper, magazine, or TV program." The article noted that this new kind of publishing "doesn't just blur the line between journalism and product promotion—it all but obliterates it." The article quoted a Verizon spokesman who said: "We don't see our jobs as being P.R. people anymore. We see our jobs as publishers . . . [who] compete against [the news]."[71] Verizon's short-lived faux news outlet "SugarString" did exactly that by providing its own version of "brand publishing" that tried to pass as just another tech-focused news outlet—though it reportedly forbade its writers to discuss such politically fraught topics as net neutrality and government surveillance.[72]

These increasingly common forms of advertising are deeply problematic.[73] They deliberately blur the distinction between news and advertising, with the difference typically indicated only in small print. However, studies consistently show that the majority of readers miss such statements and are unaware that they are reading advertising-driven content.[74] Ethical concerns about misinformation, public trust, and social responsibility are rising to the fore, especially as native advertising becomes more prevalent. Media studies scholar Mara Einstein, who has researched this process extensively, finds that "covert selling" within online news media is now rampant.[75] Bob Garfield, another vocal critic, notes that native advertising amounts to a "Faustian bargain," nothing more than "the latest gimmick for infusing a dying old industry (and a sickly new one) with desperately needed cash."[76]

In 2015, the FTC briefly scrutinized such practices, but the agency has taken little concrete action beyond providing guidelines and calling for greater self-regulation.[77] Native advertising's defenders argue that readers are generally not concerned about where content comes from, as long as it is good, informative, or funny. Despite such self-serving rationalizations, obfuscating the source of news content—a telltale sign of propaganda—is always dangerous for a democratic society. Deception is inherent to this kind of advertising. Determining appropriate standards—or whether such advertising should be allowed at all—requires public scrutiny and debate.

Online media, like print media before them, continue to face various types of market censorship stemming from advertisers' influence on news content and commentary. This long-standing tension broke through the surface when *Buzzfeed* took down an article written by a journalist who had criticized a Dove advertising campaign. Management removed the article because it ran afoul of the perceived interests of Dove's parent company Unilever, a major advertiser on *Buzzfeed*. The editor determined that the critical article had the wrong "tone" for the section in which it was published.[78] This "Dovegate" episode gives the lie to the argument that we have nothing to fear from advertisers' influence on digital journalism. Beyond misleading readers, native advertising may subtly skew media content in general toward pro-corporate narratives.

The Dove episode stands out for its overt censorship, but the increasingly cozy relationship between advertisers and news organizations invites less obvious forms of self-censorship and editorial decisions that distort public discourse around important and controversial issues. Journalists may learn not to take on stories that they know will challenge the commercial interests of their news organization. As the distinctions between advertising and news operations continue to blur, and the marketing office has more sway over news reporting, we can expect more of these controversies in the future. This shift in the economics of digital news should force journalists—and society as a whole—to have a serious conversation about the changing relationship between legitimate news and advertising.

Advertising that relies on invasive behavioral tracking and surveillance is arguably even more ethically dubious than these already troubling practices. A study I conducted with computer scientist Tim Libert shows how news organizations are among the worst culprits in exposing their digital readers to third-party advertisers and data brokers. We found that browsing news-related websites exposed readers to more than twice as much tracking as the rest of the web, with an average of nineteen third parties compared to an overall average on non-news websites of eight third parties.[79] On the day that we conducted our study, the *New York Times* subjected readers—most likely without their knowledge—to forty-four third-parties.[80]

This invisible network of trackers routinely captures information from internet users as they visit news sites, allowing companies to create consumer profiles by monitoring which pages its readers visit. While many of these sites may be innocuous, it is likely that some are not, and oversight is almost non-existent. We found that in some cases, news sites leaked readers' information

to such data brokers as Experian and Acxiom. These companies sell personal information and bundle people into consumer "segments," with categories ranging from "Power Elite" and "American Royalty" to "Small Town Shallow Pockets" and "Urban Survivors."[81] Without proper regulation that mandates disclosure and transparency, these companies can effectively use consumer data however they wish. Although these firms typically claim not to sell "personally identifiable information," there are well-founded fears that "anonymous" data can be combined with other information, such as email addresses, that link back to real names. In addition to violating personal privacy protections, this kind of data manipulation can be used to target specific demographics and discriminate against minorities and other vulnerable groups. Nonetheless, the vast majority of readers make these transactions unwittingly, routinely sacrificing their privacy to read news for "free."[82]

Libert and I likened surveillance-funded journalism to a villainous "clown car" of trackers driving into your living room to issue an endless parade of marketers hopping out and competing with each other to peek over your shoulder while you read news online.[83] Some readers have defended themselves by deploying ad-blocking software. In response, publishers have decried ad blockers as "unethical," even arguing that blocking ads is equivalent to stealing content—that, by not allowing themselves to be subject to advertising, readers are not "paying" for journalism. The CEO of the Interactive Advertising Bureau has claimed that "ad blocking is robbery" that could lead to an "internet apocalypse." Nonetheless, twenty-six percent of users reportedly are now blocking ads.[84] By attempting to block the blockers, publishers instigated an unwinnable war with readers.

The future of such unethical advertising may become even more insidious as news organizations develop more covert and sophisticated methods, such as targeting people based on their emotions.[85] Data scientists are designing predictive algorithms for news publishers based on the findings that articles eliciting feelings of "love, sadness and fear, performed significantly better than articles that were not."[86] With an increasing number of news outlets tailoring advertising to mesh with "psychographic" instead of demographic information, Emily Bell, director of the Tow Center for Digital Journalism, rightly notes that the "implications of targeting based on mood and attitude remain troublingly creepy."[87] Once again, these practices suggest that the digital advertising industry deserves much closer regulatory oversight.

Despite all of the evidence that the digital advertising model was unsustainable, many news organizations have doubled-down on a failed revenue

strategy in recent years. At times, media companies have seemed to shift from advertising-supported journalism to journalism-supported advertising. While some news organizations are supposedly trying to rely less on digital advertising revenue, these practices remain a persistent scourge in need of public discussion and regulatory intervention. Given that behavioral advertising and surveillance have become the commercial internet's core business model, it is deeply problematic that the future of the press has been pegged to such unprincipled practices.

Precarity of Journalistic Labor

As news organizations cut costs and chase ever-diminishing revenues, increasing austerity translates to not only fewer jobs, but also lower-paid jobs with fewer—if any—benefits. Deteriorating news work conditions are rising in tandem with an increasing dependency on volunteer and casualized labor. In the midst of all of this, newsrooms are asking journalists to do more with less time and fewer resources. Dean Starkman famously likened this news work to the "hamster wheel," and others have referred to it as the "hamsterization" of journalism, by which news workers have to continuously take on more digital labor. This growing precarity has been accompanied by a wide variety of new methods to phase out full-time journalists, including a greater reliance on freelancers, interns, and even robots.[88] Meanwhile, business advisers and media pundits counsel news organizations to be more nimble, lean, and efficient. Tapping into libertarian ideas that the market is infallible and government has no role in ameliorating social problems, such discourses mask the material reality of economic distress and worsening work conditions.

The casualization of journalistic labor has also created legions of semi-employed news workers who must spend much of their time simply looking for short-term writing gigs. What communication scholar Nicole Cohen calls "entrepreneurial journalism" has become the only option for many struggling freelancers. Discourse around this phenomenon, she writes, "promotes a notion of the enterprising individual journalist forging a career for herself through practices of self-branding and self-employment and learning to be adaptable, flexible, and self-sufficient."[89] This growing reliance on short-term assignments and piecework creates many new challenges for

journalists around contracts that often devalue their labor and deprive them of copyright protections for their work.[90]

Growing casualization and precarity in news labor is also becoming more prevalent in international journalism. When news organizations dismantle foreign bureaus and disinvest in international news coverage, they must rely more on stringers and freelance reporters who receive little institutional and financial support.[91] Much of what we know about the Middle East and other dangerous war zones around the world comes from brave freelance reporters and photojournalists on the frontlines of conflict. Yet this kind of journalism has become increasingly difficult and dangerous, with many freelance journalists taken captive, injured, or killed each year.[92] The beheading of journalist James Foley was one particularly gruesome case that attracted much public attention, but a little-discussed context was that he was a freelancer working under precarious conditions.[93]

With no clear career paths in traditional journalism, many would-be or former journalists are turning to public relations or other kinds of corporate communications jobs, which usually come with greater job security and higher pay. Just a decade ago, the ratio of public relations workers to journalists was already an alarming three to one. By 2014, the ratio was a staggering five to one, with more recent calculations placing it at six to one. It is hard to blame journalists when, on average, they earn two-thirds of what those in public relations make.[94]

As with many social maladies, these deteriorating working conditions for journalists disproportionately affect people of color and women.[95] For example, multiple inequity studies of major newspapers found glaring pay gaps within newsrooms between men and women and whites and people of color. At the *New York Times*, on average women make 91 percent of the men's salaries, while people of color make 88 percent of what their white colleagues make in the newsroom.[96] Another study by the Women's Media Center found significant gender disparities in bylines, with men writing 69 percent of newswire bylines (AP and Reuters), 60 percent of online news, and 59 percent of print news.[97] Stronger public interest protections—including those that incentivize newsrooms to look like the communities they are serving—could reduce these racial and gender divides.

In recent years, increasing numbers of journalists, particularly those working in digital newsrooms, have unionized in attempts to push back against many of these trends. Over the past several years, such digital

outlets as *HuffPost, Salon, Slate, Daily Beast, Intercept, Root, Vice, Vox* and many others have unionized—all told, more than two thousand editorial employees.[98] At the time of this writing, news media workers have won union recognition at about thirty digital news sites and a handful of traditional newsrooms since 2015.[99] They have achieved this through a combination of traditional and new organizing strategies.[100] These trends draw from a long history of labor activism in newsrooms, going back to the Newspaper Guild in the 1930s. Then as now, unions are an important bulwark against commercial logics that commodify journalism and treat workers like hamsters in running wheels, forced to pursue impossible profits.

Loss of Public Service Journalism and the Rise of News Deserts

Concern about the loss of particular kinds of valuable journalism has grown more acute as commercial pressures continue to hollow out media institutions. These widening gaps in reporting, or "news deserts," often afflict news beats at the state and local levels, where entire geographic areas and particular policy issues lack coverage.[101] Examining data from a variety of sources, Penelope Muse Abernathy, an expert on journalism and digital media economics at the University of North Carolina, has found that about 1,800 local papers have closed or merged since 2004, leaving significant expanses of the United States with little local coverage.[102] She continues to track the expansion of these deserts, finding that (as of 2018) 171 US counties do not have a local newspaper and nearly half of all counties have only one paper (often a weekly).[103] Furthermore, she argues, the papers that survive are mostly run by skeleton crews of downsized staff who barely keep afloat what are essentially "ghost newspapers."[104]

Moreover, research shows that even purportedly local news is often not local at all. A comprehensive study of community newspapers across the country led by Philip Napoli shows that only 17 percent of stories published by local outlets actually cover events that occurred in close proximity to the paper's home.[105] Over half of these news reports originated elsewhere, often provided by a wire service such as the AP. Napoli found that segments of local television news are often derived from repurposed content originally produced by a parent network. The study also found an overall lack of substance, with only 56 percent of all local reports addressing a critical informational need, such as reports on infrastructure and crime coverage. Much reporting instead focused on sports stories and celebrity gossip, and only 11 percent of examined news stories could be considered locally produced, original, and addressing substantive public interest-oriented news. Of the one hundred communities that the researchers examined in a week-long period, twenty received no local news stories, twelve received no original stories, and eight received no stories addressing critical information needs.[106] These findings are also consistent with studies showing an alarming loss of statehouse reporters. For example in 2014, 86 percent of local television stations lacked a single reporter at the state capitol.[107]

Another destructive trend is the dismantling of newspapers' Washington bureaus. Erica Martinson was the sole reporter for the *Anchorage Daily News* Washington Bureau when she was laid off on September 11, 2018. Martinson had covered important stories about how federal laws passed in DC would affect the people of Alaska, including whether the Alaska delegation was voting for bills that would cost local jobs. The last reporter for the entire state of Alaska covering political news in Washington is Liz Ruskin, a public radio reporter. Upon hearing the news of Erica's dismissal, Ruskin said she by herself could never "replace the reach of a state's paper of record."[108]

It is difficult to ascertain exactly what is not being covered and what we are losing as a society when journalism withers away. But numerous cases of key journalists and entire news teams losing their jobs indicates their irreplaceability, especially during times of crisis when they are most needed. For example, by the time Hurricane Florence touched down in the Carolinas in the fall of 2018, the *Raleigh News Observer* had been reduced to a mere shell of its former self. The same paper that won accolades and was a Pulitzer Prize finalist for its coverage of Hurricane Floyd nineteen years earlier had lost 75 percent of the reporters it had in 1999 when Hurricane Florence struck. Such a decreased capacity greatly hindered journalists' ability to cover the storm and its aftermath.[109]

Similar deficits have emerged even in large cities such as New York City. After *The Daily News* laid off half its newsroom in July 2018, the vast borough of Brooklyn no longer received daily coverage. Although, as the *Atlantic* reported, a group of scrappy community journalists are trying to cover the area, their efforts are no substitute for having dedicated reporters on the daily beat. The month after the *Daily News* collapsed, the famous *Village Voice* shuttered its online publication, having closed its print operations the year before. The previous November, the billionaire owner of *Gothamist* and *DNA*

info, Joe Ricketts, shut down the outlets just days after both newsrooms had voted to unionize.[110]

One of the economic challenges facing local news in small towns and large cities alike is that, beyond the immediate locale, there often is not a large enough audience to financially support local coverage, especially as it is cut back and further diminished. Nonetheless, lack of profitability should not dictate its existence. Local reporters play the vitally important role of "bearing witness" and it is socially beneficial to have them posted in all neighborhoods. Just having reporters on the scene can change the way that authorities operate, making them more accountable, especially in situations involving marginalized populations who often lack institutional support and political representation. This "observer effect" helps journalists advocate for vulnerable segments of the public.[111] With issues such as police brutality, unfair housing policies, health and safety, and other critically important types of information, such reporting is invaluable for local communities, particularly those who historically have been disempowered.

These concerns are especially poignant given that news deficits disproportionately affect communities of color and lower socioeconomic neighborhoods. Media researcher Alex Williams has studied a phenomenon he refers to as "news redlining," in which news gaps reflect pre-existing economic and racial inequities.[112] Similarly, another study found "journalism divides" that reflected patterns akin to "digital divides" in which low-income groups, communities of color, and rural locales were far more disadvantaged in terms of access to reliable local news relative to other segments of the population.[113] Other scholars have found similar information inequalities present in poor communities, which translates to lower quantities and qualities of "accountability journalism" for low-income Americans, rendering them more susceptible to deception.[114] Ultimately, these divides do not simply reflect pre-existing inequities, but also reinforce and reproduce them.

While growing swaths of Americans lack access to high-quality journalism, it is readily available for those who can afford it. This widening gap is especially true for policy reporting. At a time when cash-strapped newspapers are dismantling their Washington bureaus, specialized trade publications and members-only niche outlets are flourishing in the nation's capital. These publications rely on elite clientele—often companies and law firms—who are willing to pay thousands of dollars for subscriptions. A *Washington Monthly* article noted that while this

high-quality information is fenced off behind paywalls, the seemingly ubiquitous political news flashing across the screens of televisions and devices that most Americans consume almost never focuses on how power actually operates. Stories that do cover power include the "day-to-day inner workings of government—the slow, steady development of policy in Congress, in the administration, and in the independent regulatory agencies, and how those policies are implemented." This kind of news media coverage should inform everyone's voting habits, but it is available only for those who can pay hefty fees, while becoming increasingly scarce for everyone else. The article concludes with a grim observation: "Policy journalism in Washington is thriving. It's just not being written for you, and you're probably never going to read it."[115]

Despite all these problems and injustices, newspapers continue to play a vitally central role within the entire US media system—even as the market afflicts profound violence on the industry. With the growing demolition of advertising-supported news, the ongoing search for new profitable business models has eluded even the most entrepreneurial start-ups. Nevertheless, regardless of whether public service journalism is profitable, democracy still depends on it. For over a decade, this quandary has driven a desperate search for alternative funding mechanisms for journalism.

Alternatives to the Advertising Revenue Model

Back in 2011—already several years into the modern journalism crisis—Robert McChesney and I gathered together essays by leading analysts to make sense of the crisis and propose solutions. From this collection, cheerfully titled *Will the Last Reporter Please Turn out the Lights*, four general models emerged: paywalls; citizen journalism; support from benevolent billionaires, foundations, or nonprofits; and public media. Many of these areas overlap—nonprofit models, for example, can be supported by paying members, backed by foundations, and run by citizens—and the categories have morphed and evolved. Today, few people would still suggest that citizen journalism in the form of blogs or social media can sufficiently supplant older forms of journalism. And it now makes sense to talk about "membership models" as something distinct from paywalls. Nonetheless, this typology has remained remarkably constant overall. I address each model in the following sections.

Paywalls

A paywall acts as a barrier between an internet user and a news organization's online content.[116] To access the content, users must purchase a digital subscription. While most newspapers only began experimenting with this model in the past decade, *The Wall Street Journal* launched the first paywall in 1997. Although this early initiative was successful—at least partly because it provided expert financial news to an elite audience—many news outlets hesitated to launch paywalls, fearing they would reduce online readership and digital advertising revenue. In 2009, writer David Simon urged publishers to embrace the model, arguing that otherwise newspapers were sure to face "the slow strangulation of paid, professional journalism."[117]

Since the modern journalism crisis erupted over a decade ago, newspapers have increasingly turned to this digital subscription model to compensate for dwindling advertising revenue. With consecutive years being declared "the year of the paywall," at least one commentator referred to paywalls as a "Hail Mary pass" for the industry's survival, and many analysts see the digital subscription model as newspapers' last chance at viability.[118] Various types of publications—from large national newspapers such as the *New York Times* to smaller papers such as Rhode Island's *Newport Daily News*—increasingly implement paywalls. The record thus far has been decidedly mixed; the evidence does not bode well for digital subscriptions saving the entire US newspaper industry.[119] Most outlets that deploy paywalls find that the revenues have not come close to offsetting the tremendous losses of print advertising. While national papers such as the *New York Times* have made tremendous gains in digital subscription revenue, most US newspapers still rely on other means of support.[120]

Ultimately, paywalls seem to work to varying degrees for some niche news outlets, major magazines, and large national newspapers. However, for most local and regional outlets they will likely provide at best only a partial solution for finding new revenue sources. Ideally, while journalists should be duly compensated for their work, paying for their labor should not rely on policing online content or encouraging an already overly commercialized media system to become even more so. Moreover, paywalls present several often-overlooked normative concerns: They diminish the positive externalities that come with free-flowing news; they disenfranchise people unable to afford the digital subscription cost; and they further inscribe commercial values into newsgathering processes by treating journalism as a commodity instead of a public service.[121]

Other variants on the paywall/digital subscription model adopt more flexible payment schemes, but all share the same conceptual weakness of not recouping enough revenue. The BlockChain model, for instance, relies on crypto currencies to support news. But the best-known example, the Civil Media Company, after much hype and anticipation, spectacularly failed to attract enough customers in the fall of 2018.[122] Another model that periodically re-emerges in future-of-news discussions is the "micropayments model"—sometimes referred to as an "iTunes model" or a "Spotify model"—that allows readers to pay for one story at a time.[123] Despite a certain intuitive plausibility, the system seems unlikely to succeed in the marketplace. It is difficult to make news stories compelling enough that people would pay for a one-off read and, unlike music, it is doubtful that many would purchase stories for repeated use. Thus far, few viable examples of this model exist.

The "events" model might be considered another variation on the theme. In recent years, a number of high-profile news organizations have begun selling tickets to special events that feature prominent journalists or discussions about particular hot topics. The *New Yorker* festival, which generates significant revenue and even features "native panels," is one of the more prominent examples of this strategy.[124] If publicly accessible, these events can help promote discussion about important issues. But this practice also raises thorny ethical questions, as it can stray toward a kind of influence peddling. Beyond cozying up too close to the rich and powerful, such events may drive discussion of important political issues out of the public sphere and into a private forum of elites.[125] For example, the *Washington Post* garnered much criticism in 2009 when then-publisher Katharine Weymouth attempted to sell access to her journalists at off-the-record dinners in her own home.[126]

The endless pursuit of commercial success incentivizes news organizations to sacrifice principles for profit, and treat journalism as a product instead of a public good or essential service. Moreover, many proponents of these revenue models assume, at least tacitly, that a new commercial formula is still out there to be discovered. Media industries, and US society in general, have yet to recognize that the massive profits of the commercial model's heyday are simply not coming back. Fortunately, the other major alternatives rely more on non-market-based support.

Citizen Journalism and Crowdfunding

One model that has receded somewhat—or morphed into other variants—is what was once called "citizen journalism." Earlier articulations emphasized blogs and social media—and even earlier were Indymedia centers whose slogan was "be the media"—but today this model often suggests crowdsourcing labor and crowdfunding financial support.[127] At one time, some citizen journalism proponents went so far as to assume that these new models would supplant professional news organizations and therefore we no longer needed such institutions. Clay Shirky, Yochai Benkler, and other early proponents of crowdsourcing models believed that the internet could be leveraged to replace professional journalism, but this view has faded along with some of the earlier utopian discourses around the democratic promises of the internet.[128] While blogs and other citizen journalism initiatives have made—and continue to make—important contributions, today the focus is less on replacing professionals and more on finding ways to help complement and fund working journalists.[129] While still mostly experimental, crowdfunding models continue to attract attention and show some promise.[130]

One successful crowdfunded publication that has been around for decades is the *New Internationalist* magazine based in Oxford, England. The publication has become one of the world's largest media cooperatives, with 3,467 co-owners, including readers, writers, and supporters who bought shares as part of a crowdfunding campaign that raised nearly $900,000.[131] Many observers of the media landscape are hopeful that increasing numbers of news organizations will adopt this model. The New Revenue Hub, which spun out from the *Voice of San Diego*, is now trying to help small outlets build out their own membership programs.[132]

A variation of the crowdfunding model is the "membership model," which relies on paying members for its revenue. Although the specifics of this model can differ, proponents point out that it is less blunt and transactional than the paywall model. Members often see themselves buying into a particular civic vision, and in some cases are even involved with questions of governance and choosing what kinds of stories the news outlets cover. If a critical mass of the public feels strongly enough about a particular kind of journalism, the thinking goes, it will susbisidize it for the rest of us. One compelling exemplar is the Dutch journalism platform *De Correspondent*, which began five years ago with a crowdfunding campaign to "unbreak" the news

and is devoted to in-depth, analytical coverage. Now with more than 60,000 members, it remains militantly ad-free.[133]

The US version—the *Correspondent*—was initially embraced with much fanfare. The media expert Jay Rosen, an early proponent, even discussed the venture with Trevor Noah on *The Daily Show*. However, this experiment also demonstrated how the high levels of reader trust that such models require could also be their greatest vulnerability. A controversy erupted in the spring of 2019 when it was revealed that the news organization, which had conducted an extensive fundraising campaign in the United States, would not actually open up an office in the country. Heated debates unfolded across Twitter and elsewhere, with many erstwhile supporters, even the *Correspondent*'s first US employee, feeling betrayed.[134]

Nonetheless, the membership model is worth continued experimentation. Jay Rosen rightly notes that the model was never purported to be the silver bullet solution; rather, it can be part of the answer, one that will require "trust, transparency and superb media literacy." Rosen sees its highest potential when it is part of a multi-pronged approach. For a compelling example, he points to the British *Guardian*, which combines subscription, donation, membership, and subsidy from an endowment to remain sustainable.[135]

Wealthy Benefactors

With most commercial plans failing, many media organizations are pinning their hopes on benevolent billionaires, nonprofits, and foundations. Rich benefactors like Laurene Powell Jobs, Jeff Bezos, Craig Newmark, and many others have funneled millions of dollars toward bolstering media outlets and initiatives. A number of exciting nonprofit ventures have emerged as well.[136] For example, eBay founder Pierre Omidyar has put hundreds of millions of dollars into journalism projects such as the 501(c)(3) nonprofit First Look Media, the news organization that supports the *Intercept* and its team of investigative reporters, including Glenn Greenwald and Jeremy Scahill. Omidyar has promised hundreds of millions of dollars to ensure the website's editorial independence and autonomy. The Omidyar Network's donations have also included millions for the International Consortium of Investigative Journalists (ICIJ), the small group that led the explosive Panama Papers investigation.

Another interesting venture launched in early 2016 when Gerry Lenfest, the owner of the Philadelphia Media Network (PMN)—consisting of Philadelphia's two newspapers and a news website—donated PMN to the Lenfest Institute for Journalism, a nonprofit organization with a $20 million endowment. This unique structure, technically a "public benefit corporation" (a legal designation that incentivizes publishers to make a beneficial impact on society while still being for-profit), preserves editorial influence for PMN.[137] It allows the news organization to retain its own independent board of directors while also permitting the institute to solicit grants to raise funds. The hybrid model (its ownership structure is nonprofit, but its newsrooms are still run as for-profits) shields its newsgathering from some commercial pressures.[138] For example, the model frees news organizations to reinvest in newsrooms instead of distributing all profits to shareholders. While still in a relatively experimental stage, the Lenfest Institute's unique structural attributes have yielded some significant results. The *Inquirer* has nearly doubled its investigative journalist team from seven to thirteen reporters; created a new two-year Lenfest Fellows program that places emerging journalists of color in the *Inquirer* newsroom; and contributed to a number of investigative journalism projects in Philadelphia and in the state capital of Harrisburg, including a promising project focused on collaborative reporting called Spotlight PA.[139]

As it becomes increasingly clear that no commercial future exists for newspapers, others might choose similar routes. Many observers—myself included—have long advocated for new tax laws that help incentivize newspapers to transition into non- or low-profit institutions. However, even though the IRS has increasingly granted approval to news media institutions seeking to qualify as nonprofits (and therefore permitted to receive charitable contributions and special tax protections according to a 501(c)(3) status), and the considerable wait times have gradually lessened, established newspapers have not chosen this path.[140] This might be finally changing. In a first for a legacy newspaper, the *Salt Lake Tribune* is seeking to become an official nonprofit operation, a "community asset," sustained by donations. Under this new status, which first requires federal approval, a community board of directors would likely govern the paper.[141] Removing commercial pressures and bringing newsroom governance back to the community could greatly benefit the struggling newspaper industry if more papers were to follow suit.

These experiments signal a recognition that market forces alone cannot support adequate levels of journalism. Indeed, liberation from

profit-maximizing imperatives gives nonprofit media outfits advantages over their commercial counterparts. Nonprofits tend to devote a considerably higher proportion of their resources to news operations compared to profit-driven media.[142] Ideally, they can focus more on neglected regions and issues, including local reporting, statehouse coverage, and hard-hitting, labor-intensive investigative news—the kind of journalism that is increasingly scarce. Some proponents see this model as the ideal antidote to the failing for-profit model. Charles Lewis, founder of the Center for Public Integrity, one of the country's oldest nonprofit investigative news organizations, and more recently the cofounder of the Institute for Nonprofit News (INN), believes these organizations will proliferate in the wake of the commercial model's collapse.[143] Evidence suggests that this sector is indeed growing, especially in the area of nonprofit digital news sites.

One extensive study conducted by the INN in the fall of 2018 found these nonprofit outlets generating annual revenues of $325 to $350 million and supporting three thousand staffers, including two thousand and two hundred journalists. This "INN index" also corroborates the advantage that nonprofit news organizations generally hold over their commercial counterparts (an advantage that is even greater for digital outlets because their production costs are significantly lower than their print counterparts). For instance, nonprofits can direct a greater share of their revenues toward editorial operations. According to the study, these sites devote two-thirds of their resources to reporting and editing, compared to about 15 to 20 percent at legacy newspapers.[144] The report concluded that these new ventures "have created a collective incubator for the future of public service journalism, finding new ways to share knowledge, include and engage people in civic life, and strengthen our communities."[145]

Many other journalistic enterprises funded by foundation grants and other nonmarket-based sources are longstanding. Prime examples include the Scott Trust, which owns the *Guardian*, a leading British newspaper, and the Poynter Institute, a nonprofit journalism education and training center that owns the *Tampa Bay Times* and supports the PolitiFact fact-checking service. Similar nonprofit models—or for-profit ventures owned by nonprofits—exist in various forms elsewhere, including the *Christian Science Monitor*, which belongs to the First Church of Christ; the Manchester, New Hampshire, *Union Leader*; the *Day* in New London, Connecticut; the *Delaware State News*; and Alabama's *Anniston Star*. Other longstanding

examples of nonprofit news organizations include *Harper's Magazine*, the *Washington Monthly, Consumer Reports, Ms. Magazine*, and *Mother Jones*.

As I discuss in more detail in chapter 5, the Ford Foundation and other large grant-makers played a key role in creating US public broadcasting. More recently, foundation-funded organizations like *ProPublica* and The Marshall Project have flourished, winning Pulitzer Prizes and other prestigious journalism awards. *ProPublica* has even expanded to create the Local Reporting Network, a collaborative project with local outlets that has already generated an impressive body of reporting and will focus on desperately needed coverage of statehouses. In 2017, the nonprofit exemplar launched ProPublica Illinois, a Chicago-based investigative newsroom that focuses on exposing wrongdoing across the state.[146] Another much-celebrated example is the *Texas Tribune*, which relies on a mix of foundation support, membership, events, and corporate sponsorship. These institutions—along with smaller ventures such as the *Voice of San Diego* and *MinnPost*, which have been around for over a decade and depend on a mix of paid membership and charitable support, and even older initiatives such as the Center for Public Integrity and the Center for Investigative Reporting, all exemplify viable nonprofit models.

A more recent crop of local journalism initiatives have emerged in cities, such as the *City Bureau* in Chicago, the *City* in New York, and *Resolve* in Philadelphia, a collaborative reporting project that produces the economic justice-focused "Broke in Philly" initiative.[147] Other interesting experiments seek out news gaps in small communities. The Community Impact Newspaper, for example, focuses on areas outside of media-rich cities, including Houston, Austin, and Dallas.[148] The *Daily Yonder*, published on the web since 2007 by a nonprofit media and advocacy organization, covers issues important to rural communities across the United States.[149] Two local cooperative projects worthy of attention are the long-standing Banyan Project, founded by Tom Stites in Haverhill, Massachusetts, and the Info Districts program based in New Jersey.[150]

Another noteworthy initiative is Report for America (RFA), a journalism nonprofit cofounded by Steve Waldman (author of the FCC report discussed in chapter 2), and inspired by AmeriCorps and Teach for America. Having already placed several reporters in Appalachia during its pilot stage, RFA plans to deploy a thousand journalists to understaffed regional newsrooms by 2022 (it has around sixty as of 2019).[151] RFA is one of the more promising models to emerge, with a governance structure that has a double firewall between

donors and journalists (neither party knows what funding is going to which specific reporting).[152] Questions remain, however, about whether RFA journalists, who residents might see as outsiders, can build trust with local communities, especially when they serve only one- or two-year contracts.[153] Yet another promising model is the American Journalism Project (AJP), a "venture philanthropy organization" focused on rebuilding local journalism and aiding civic news organizations' capacity to become self-sustainable. Cofounded by the earlier founders of the *The Texas Tribune* and *Chalkbeat*, AJP has raised $42 million thus far and has established a clear and compelling vision for promoting nonprofit journalism.[154] Universities are also gradually becoming more involved with producing original local journalism.[155]

While all of these experiments—and many others—are promising and desperately needed, they are still tiny relative to the scope of the problem. Support from foundations and benevolent billionaires is not a systemic solution to a structural crisis. Furthermore, relying on these resources for news operations exposes journalism to several specific hazards. For example, grants usually come with at least implicit expectations about what kind of news the monies will support. Even well-meaning donors typically focus on certain issues while neglecting others. Media scholar Rodney Benson's research shows that relying on foundation support may put nonprofit news outlets under "specific strings and metrics attached to grants," including sunset provisions and the expectation of demonstrable impact.[156] Such relationships rarely provide long-term financial security for struggling news organizations. Moreover, grants may lead to what journalism scholar Anya Schiffrin refers to as "media capture" by foundation donors who are guided by specific issue agendas when they support news outlets.[157] Foundations also shape "philanthro-journalism" in more subtle ways by defining the "boundaries" of journalism.[158] Some critics and scholars rightly question how different this journalism is in practice from commercialized journalism and whether it mainly serves elites.[159] But perhaps most importantly, several analyses show that there is simply not enough charitable giving to go around. A 2014 Pew research report indicated that philanthropic annual giving and capital investment in US media organizations account for only $150 million, or about 1 percent of overall financial support for news.[160] This amount may have grown in recent years, but supporting US journalism at a systemic level requires tens of billions of dollars.

Ultimately, while the foundation-support model for journalism has numerous successful exemplars that deserve case-by-case evaluation, this

model also raises serious concerns. At best, billionaires and foundations can save the odd news outlet or create a few new ones, but that alone will not address the systemic problems afflicting journalism. Moreover, what might be called the "benevolent billionaire model" for supporting journalism begs the observation that not all billionaires are benevolent—some might have ulterior motives, political agendas, and conflicts of interest. The most obvious example is Sheldon Adelson, the casino mogul and conservative activist who bought the *Las Vegas Review-Journal*, Nevada's largest paper, in 2015. He kept the purchase secret at first, and his representatives reportedly pressured the newspaper's staff to cover Adelson and his allies in a positive light.[161] Notorious press barons of yore such as William Randolph Hearst and Robert McCormick often weaponized their papers to push far-right agendas, including admiration for Adolf Hitler. Clearly, many potential hazards emerge if news outlets become the playthings of billionaires.

Journalism's financial weakness renders it vulnerable to capture by commercial and political interests. Despite the industry's rapid devaluation in recent years, newspapers still hold significant political power and therefore are desirable, easy pickings for rich politicos with personal agendas. With corporate "sponsored content" and billionaire-backed news rushing into the vacuum left by professional journalism, the potential for a pay-to-play "payola society" arises in which inequalities are increasingly inscribed into its media system. In this media landscape, marred by digital divides and various kinds of news redlining, rich people and corporations can say what they want, but everyone else is censored by market forces.

Rodney Benson and I have called this formation the "oligarchy media model."[162] Although sometimes relatively benevolent, rich benefactors rarely aim to provide news access to all segments of society. Given that media owners' class interests rarely align with those of the working class and the poor—their business model tends to exclude audiences or issues that are not easily monetized, thereby skewing coverage (especially for outlets still dependent on advertisers, who typically favor content that appeals to high-earning demographics). Rather than engaging underserved readers, these billionaire-owned news organizations may actually exacerbate economic and racial divides by privileging views more in line with higher socioeconomic groups and neoliberal economic policies. This tendency is not that surprising since those who have most benefitted from a highly stratified economic system are unlikely to focus on the structural roots of inequality. It is unrealistic to expect well-heeled patrons to fund an adversarial journalism that

bucks the status quo and challenges fellow elites. Furthermore, the whims of the rich and powerful are unreliable governors of public discourse.[163]

Public Media

The weaknesses in the nonprofit model bring us to the least discussed and most politically fraught model: the public media option, which relies on some form of non-market-based subsidy. Implementing public media subsidies is usually dismissed as a political nonstarter in the United States, but—as discussed in chapter 1—the idea has a long, rich history. The US government has always granted the press a special status and has often helped offset the costs of producing and disseminating the news, going back to postal and printing subsidies in the early republic. Since then, everything from broadcast-spectrum giveaways to the birth of the internet has relied on massive public subsidies. Nonetheless, media subsidies are largely seen today as deeply un-American. The United States and its media system are unique among democracies in this regard. Media organizations in all leading democratic nations around the globe benefit from significant government subsidies.[164] Moreover, reputable organizations such as Freedom House consistently rank many countries with subsidized media systems as having higher levels of press freedom compared to the United States.[165]

I return to the question of public subsidies in chapter 5. For now, suffice it to say that the 150-year-old advertising-dependent revenue model for commercial newspapers is doomed, with no obvious replacement. Why should we care? Do newspapers still matter?

Social Implications of the Journalism Crisis

Before discussing the reasons for why this crisis has been met with such policy inaction, it is worth considering why journalism matters for self-governance and a healthy democratic society. While it is axiomatic that democracy is impossible without an informed polity, a growing body of empirical research lays out practical reasons for why we still need public service journalism, especially local news. These studies, which I briefly summarize in this section, demonstrate clear material effects associated with the loss of journalism. The studies offer a sobering view of what happens to communities when local

news disappears. Beyond abstract democratic theory, they underscore why we should treat the journalism crisis as a problem for public policy.

Long-standing research shows that the loss of local journalism leads to less informed voters. However, in recent years scholars have begun to detail the wide range of significant negative effects this decline has on local communities and democratic society in general.[166] These studies generally show that civic engagement declines in tandem with the loss of local news. In one often-cited study, Lee Shaker found that levels of engagement, such as getting involved with civic groups or contacting local representatives, declined significantly in Seattle and Denver after each of these cities lost one of their two major newspapers.[167] Similarly, a number of studies show that local newspaper closures lead to lower voter participation. For example, an analysis of newspaper coverage of the 2010 midterm elections found that people living in districts that lacked robust election coverage were less able to evaluate their choices for congressional representative and ultimately were less likely to vote.[168] Another study suggests that residents in communities lacking press coverage are less able to recall their representatives' names and therefore are less capable of holding them accountable. Moreover, those same representatives are less engaged in their districts and less attentive to their constituents.[169]

Economist Matthew Gentzkow and his coauthors found that "newspapers have a robust positive effect on political participation" and that reading newspapers can mobilize as many as 13 percent of nonvoters to vote.[170] A subsequent study by the same researchers shows long historical patterns of how losing local media coverage correlates with lower voter turnout.[171] Another study of mayoral elections shows that newspaper decline correlates with fewer people running for local office and less political competition.[172] Research also shows that voters in news deserts tend to base their vote more on national than local news and thus follow "partisan heuristics" that lead to increased polarization.[173]

These findings notwithstanding, many social costs of losing local journalism are harder to quantify. As mentioned in the last chapter, journalism's positive externalities carry tremendous monetary value and other incalculable benefits for all of society, especially when investigative reporting holds those in power to account and gathers new, relevant information. While it is sometimes difficult to ascertain, ample evidence suggests that those in power benefit and corruption rises when journalism disappears. The historian and sociologist Paul Starr synthesized a wide range of social science research that

demonstrates a correlation between the loss of local news media and the rise of political corruption. He observed that "newspapers have been our eyes on the state, our check on private abuses, our civic alarm systems."[174] One recent study found that newspaper closures increase the likelihood of local governments expanding their borrowing costs and mismanaging taxpayers funds, presumably because of the lack of public scrutiny.[175] The loss of government monitoring from local newspaper journalists has resulted in higher costs for municipalities, greater deficits, and significant losses to local taxpayers.[176]

Whereas the loss of journalism is costly, the presence of strong reporting is conversely financially beneficial for society as a whole. The media economist Jay Hamilton calculates that each dollar spent by a newspaper on investigative reporting can save taxpayers hundreds of dollars by changing public policy and rooting out waste and corruption.[177] An illustrative example occurred several years ago, when *Mother Jones* magazine appealed directly to readers about the prohibitive economics of investigative journalism. Their award-winning story on private prisons—the result of a four-month, in-depth investigation that exposed the brutal working conditions for inmates—led to widespread praise and social benefits when the DOJ announced the end of its use of private prisons.[178] But the story also led to significant economic losses for *Mother Jones*: It cost $350,000 to produce, but the banner ads that ran with the piece generated only $5,000 in return.[179] Ideally, news organizations would not forgo such socially important journalism simply because it is unprofitable, but that is the incentive structure commercial outlets currently face.

Another direct saving to society as the result of investigative reporting occurred when the *Daily News* journalist Juan Gonzalez uncovered a group of private computer consultants ripping off taxpayers in what Preet Bharara, the US Attorney in Manhattan, dubbed the "biggest and most brazen fraud in the city's history" involving illegal kickbacks and phantom workers.[180] After reading Gonzalez's exposé, Bharara immediately went after the culprits, forcing the project's main contractor to return $500 million to New York City. Another example of investigative journalism uncovering wrongdoing and threats to public health was the Flint water crisis. Dangerous levels of lead contamination in Flint's water supply, first exposed by activist groups, were brought to public attention by a lone investigative reporter working for the American Civil Liberties Union.[181]

These are just a few examples in which time- and labor-intensive journalism yielded significant and often immeasurable savings and benefits to

society. Yet such tremendous positive externalities rarely factor into economic calculations about the demands, needs, and costs of journalism. The decline in investigative reporting is especially troubling because the entire media ecosystem in the United States depends on newspapers' journalism. Other news media—broadcast television and radio, cable television, blogs, social media—infrequently produce original journalism, but rather focus on political commentary and various forms of entertainment media. To the extent that these outlets discuss hard news, their coverage often derives from stories initially reported by newspapers. Even casual observers will notice that leading cable news shows typically riff from the day's newspaper headlines. Yet newspapers' vital role as a "news feeder" to the entire media ecosystem is often underappreciated.

A Pew report documented this dependence on newspaper journalism through an exhaustive analysis of Baltimore's media ecology in a single week in 2009. By tracking both old and new media—everything from blogs and tweets to broadcast news and newspapers—researchers found much of the news that people received contained little original reporting. The study showed that 80 percent of the news stories were derived from previously published information, and more than 95 percent of original news stories were generated by old media, especially the *Baltimore Sun* newspaper.[182] Other studies have identified a similar dependency on stories originating with newspapers.[183]

These trends are troubling given the special importance that local news holds within the entire news media ecosystem. Studies, polls, and surveys have consistently shown that large majorities of readers trust their local news providers at much higher levels than they do national news outlets.[184] It is through local journalism that communities stay connected to and informed about what is happening in their backyards—especially in their schools, their governments, and other critical institutions and infrastructures. They rely on local news to find out about the quality of their environment—whether their air and water are safe—and who is running for local office and why. Yet it is precisely this kind of journalism that is quickly disappearing. If we as a society want to encourage this sort of reporting, we must find ways to support it.

Defining the Crisis in Discourse and Data

The studies discussed above suggest that the journalism crisis continues to worsen and is having a negative impact on democratic society—even as the

entire US media ecosystem continues to depend on traditional journalism. Nonetheless, any sense of urgency for structural reform of our news media gradually tapered off with no policy response following the 2009 crisis. Meanwhile, as this chapter has shown, the situation has only deteriorated. Late-stage afflictions—from unscrupulous advertisers to the predations of private equity firms—are like opportunistic parasites feeding off a dying beast. The lack of a policy response in the face of a collapsing press system is inexcusable. With historic economic inequality and impending environmental catastrophe, our political moment desperately needs a fearless press that can uncover the roots of social problems and provide a space for vigorous debate about how to solve them.

Before we design a media system that encourages that kind of journalism, we have to recognize the structural constraints that are preventing us from doing so. Thus far, I have discussed the various commercial pressures and attendant discursive capture that afflict for-profit news media in the United States. I now turn to some of the policy failures and structural threats—especially monopoly control over digital infrastructures—that undermine journalism today.