

Robert H. Giles

## *New economic models for U.S. journalism*

One morning last summer, over coffee in the northern Michigan town of Lake Leelanau, a young journalist named J. Carl Ganter was describing his news organization, Circle of Blue ([www.circleofblue.org](http://www.circleofblue.org)), which reports on the global freshwater crisis. Its online publication, WaterNews, is produced out of an office in nearby Traverse City by an international network of journalists, scientists, and communications design specialists. WaterNews is published in three editions – World, Science+Tech, and Business – that can be translated at the click of a mouse into one of eleven languages. The site is updated weekly with posts of long-form stories, news items, the results of scientific exploration and field data, and the trends the site monitors, all presented in a compelling and colorful package, including video reports with high production values. The breadth of the coverage embraces other significant issues, from infectious disease to climate change, that the site's editors deem relevant to the freshwater crisis.

Ganter is a prototype of the new entrepreneurial journalist: an award-winning broadcast reporter, writer, and pho-

tojournalist whose work has appeared in major magazines and newspapers and on television and radio networks. As the early-morning sun warmed us, Ganter spoke of the impact of Circle of Blue's journalism. "We understand what drives public opinion," he said. "We want our stories to be personal and relevant as a way of raising awareness around water." Ganter and his colleagues are often on stage in places where policy-makers and opinion leaders gather, such as the World Economic Forum in Davos and forums sponsored by the Aspen Institute. The organization's reporting has been quoted by *National Geographic*, *The Christian Science Monitor*, and *Vanity Fair*. The Council on Foreign Relations calls Circle of Blue a "must read." A global public opinion survey commissioned by Circle of Blue was released at World Water Week in Stockholm last August, reporting a series of findings that placed water issues as the planet's top environmental problem – greater than air pollution, depletion of natural resources, loss of habitat, and climate change.

Ganter's organization is one of many news-gathering experiments that are changing the face of journalism. As journalism quickens the pace of its move to the Web, Circle of Blue is filling a niche by providing specialized content that is

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considered essential by an audience of shared interests but that can't be found in such detail anywhere else. In many ways, it is reflective of a shift in how we define journalism, or at the very least, in how we go about producing and sharing it.

Some of these new ventures will fail, some will succeed. But the vitality of the start-up culture suggests that if the twilight of newspaper journalism is upon us, a fresh capacity to sustain journalism is charging forward. The murkier question, the question underlying the seismic disruption roiling the news industry, is whether there are sufficient resources to pay for journalism over the long term. At the moment, journalism is trying to figure out its worth in a new delivery system that may or may not allow that worth to be tangibly recognized.

Tracking this hunt-and-peck search for workable business models was the impetus behind the decision of the Nieman Foundation for Journalism at Harvard University to launch the Nieman Journalism Lab ([www.niemanlab.org](http://www.niemanlab.org)) in October 2008. From the start, the Lab has tapped into a deep well of interest in learning about the latest ideas and experiments in how high-quality journalism can survive and thrive in the Internet age. By its first anniversary, the Lab's website had passed one million page views and had well over twenty thousand followers on Twitter. It now ranks as one of the top journalism sites. "The beautiful thing about this time in journalism is that there are so many experiments, so many new models being tried," says Joshua Benton, creator of the Lab and its director. "The sad thing is that it's taken a disruption this threatening to get all this creativity flowing."

Circle of Blue is among several non-profit news organizations testing one of the industry's most-discussed ideas: that serious journalism can be supported with funding from a variety of sources behind carefully constructed firewalls built on traditional standards of journalistic ethics. It is a prototype of a business model that supports specialized coverage, but it in fact embraces characteristics common among other start-ups and experiments that hold promise as a new way of paying for serious journalism.

The organization seeks to provide authoritative, in-depth coverage of a major global problem – the freshwater supply – that few, if any, mainstream news organizations can match. Indeed, as newspapers, television news, and weekly news-magazines shrink their staffs and sharply reduce, if not eliminate, foreign coverage, a news organization focused on a single issue can fill a critical void in public understanding. Circle of Blue's authoritative reporting and research are relevant to an audience of international organizations concerned with water issues, and out of that relevance comes the potential to make a difference. It is providing a form of public-service journalism that evokes comparison to the influence of newspaper investigations in shaping local and national conversations and actions. It invites public engagement, recognizing value in the collective wisdom of diverse voices. It offers one possible form for the newspaper of the future: an online publication narrowly focused on a specific topic, with content that includes interpretation, analysis, investigative reporting, and interactive engagement and that utilizes all of the tools of multimedia storytelling. In its singular focus, it may fulfill on a global scale an important mission of the local daily newspaper – that is, community influence.

Circle of Blue is building partnerships and obtaining financial support in ways that are challenging conventional thinking about how to pay for serious journalism. To a considerable extent, its economic model is an example of how new journalism outlets are making innovative connections while striving to maintain the independence essential to practicing journalism free from the influence of supporting individuals and institutions. Circle of Blue is a nonprofit affiliate of the Pacific Institute, which is described as a “nonpartisan research institute that works to advance environmental protection, economic development, and social equity.” Funding for Circle of Blue comes from foundations, government grants, individual donations, and corporate contributions. Ganter emphasizes the rigor of Circle of Blue’s “church and state” ethic: donors that choose to fund particular reporting projects understand that their funding will not influence content. Its website states that Circle of Blue adheres to the codes of ethics of both National Public Radio and the Society of Professional Journalists, considered to be standards for professional behavior in broadcast and print journalism.

Specialized publications have a long history in the United States as a business model designed to siphon readers from daily newspapers and weekly magazines. During the 1960s, for example, general-interest magazines such as *Look* and *The Saturday Evening Post* began to die off as reader interest shifted to new publications like *Sports Illustrated* and *People*, which gained a large audience among those interested in sports and celebrities. Start-up online news organizations are making similar bets that they can become essential sources of serious news at a time when general-interest news-

papers are losing readers and advertisers and are shrinking their news staffs, leaving critical gaps in news coverage.

ProPublica is one such enterprise, an independent, nonprofit newsroom with a mission of producing investigative stories with “moral force.” It was launched in January 2008 with major, multiyear funding from the Sandler Foundation, whose philanthropic mission was established by Herbert Sandler, founder of Golden West Financial Corporation, and his wife, Marion. Foundations are supporting other investigative reporting ventures, including the Center for Public Integrity, established as an independent news organization in the time before the Internet; the Center for Investigative Journalism, based in northern California; and New England’s Center for Investigative Journalism, which is built on a partnership with Boston University. The Center for Public Integrity has survived since its inception in 1990 through foundation grants and the demanding task of raising operating funds year after year through campaigns that offer individual donors a menu of giving opportunities. These initiatives are emerging in response to the widely held fear that investigative journalism is at risk. More and more, local newspaper newsrooms lack the resources to commit reporter time and the money required to dig deeply into topics of interest to their communities; indeed, at many newspapers, investigative reporting is increasingly seen as a luxury that reporters are asked to do in addition to covering their regular beats.

Across the country, nonprofit online journalism enterprises are being launched, in part to offset declining coverage in local daily newspapers and in part to home in on essential community issues. In Minnesota, MinnPost.com recruited a staff of journalists with years

of experience at the Minneapolis *Star Tribune* and the St. Paul *Pioneer Press* to report in-depth on critical issues in the Twin Cities and across the state, with the caveat that it doesn't try to "be all things or serve all people." The MinnPost.com business model draws support from corporate sponsors, advertisers, and members who make annual donations, along the lines of individual gifts sought from listeners of public broadcasting.

Individual funders are coming forward to enable regional journalism start-ups to take hold. Texas Tribune was founded by John Thornton, a venture capitalist based in Texas, and launched last November with a mission of covering Texas political and policy news. Thornton put up \$1 million of his own money and raised another \$2.5 million from individuals and foundations. A partnership between KQED and the University of California, Berkeley, has been funded with a start-up gift of \$5 million from financier Warren Hellman to create an open dialogue about civic and community news in the Bay Area through original journalism.

For now, foundation grants are making an impact in supporting news-gathering enterprises that provide specialized news content or alternate voices to fill the void created by shrinking newspaper coverage. The John S. and James L. Knight Foundation is investing \$25 million over five years to fund digital innovations that will serve communities and provide new outlets for serious journalism, and has pledged an additional \$15 million to help develop new economic models for investigative reporting on digital platforms. In spite of the current evidence of philanthropic commitment to helping save journalism, foundations are not constituted to provide long-term funding. Their missions typically focus on start-up grants that will carry an orga-

nization or an idea for several years, with the expectation that independent resources will be found to sustain it for the long term. So, a critical question looms: what will sustain promising news organizations launched with foundation money once initial grants expire or as foundations lose interest and turn their attention to other causes?

Alex Jones, director of the Shorenstein Center on Press, Politics and Public Policy at Harvard University, tells in a new book, *Losing the News*, of his "personal fantasy," which he sees as one possible answer to the uncertainty of long-term nonprofit funding. He writes that he dreams of a \$2 billion endowment that would turn *The NewsHour with Jim Lehrer* (now *PBS NewsHour*) "from an hour-long television program of talking heads and analysis into the nation's best television news program, the product of a new news organization dedicated to being the leader at television news." The income from such an endowment, Jones writes, "would provide \$100 million a year for reporters and editors, and other professionals who could mount a worldwide effort at television news that would inspire viewers and embarrass every other television news operation."<sup>1</sup>

Independent-minded journalism in search of financial support struggles with the ethical concerns that are raised when a potential funder is perceived to have an agenda. It may be a well-intentioned agenda, such as human rights or health care, but the idea of being allied with an advocacy group gives pause. Online news organizations and foundations are experimenting with firewalls built on traditional journalistic ethics standards designed to shield the news-gathering from sacred cows and other forms of inappropriate influence. The struggle to find an ethical comfort zone will test the willingness of online news

ventures to resist compromises in working with potential funders.

GlobalPost is a commercial online enterprise launched in early 2009 from Boston with the ambition to become a major global news organization. Phil Balboni, who built New England Cable News into a regional television news powerhouse, raised more than \$8 million to start GlobalPost. He and his executive editor, Charlie Sennott, an experienced correspondent with *The Boston Globe*, hired an international reporting staff of more than seventy journalists, most with impressive pedigrees built on years of reporting from foreign lands. The journalists who signed on as founding correspondents saw an opportunity to reach a global audience while continuing to write freelance pieces and carry out reporting assignments for other news organizations. They accepted a GlobalPost compensation package that includes an equity stake in the company and a monthly fee of \$1,000. The experience and reputation behind most of the bylines gave GlobalPost dispatches an immediate cachet. This economic model is built on tight expense control and three sources of income: advertising; syndication agreements with news organizations worldwide that use GlobalPost content; and Passport, an interactive service that invites members to offer story ideas and engage in weekly calls with correspondents in the field. By its first anniversary in January 2010, GlobalPost had exceeded its goals for building an audience, recording 3.9 million visitors from 232 countries including a high of 758,000 unique users in November 2009. It has forged editorial partnerships with an impressive array of news organizations, including CBS News, Reuters, and the *PBS NewsHour*, but much remains to be done to reach its goal of profitability in 2012.

The thought that the digital revolution in journalism may take decades to play out is reinforced by the American historian Elizabeth Eisenstein in her book *The Printing Press as an Agent of Change*. She tells the story of how typography, as a result of Gutenberg's invention of movable type in the 1500s, became "indispensable to the transmission of the most sophisticated technological skills." It enabled the general public to access books and knowledge that previously had been available only in the most limited way to elite audiences through handwritten manuscripts. The long transition to movable type invites comparisons to the sweep and consequences of the Internet revolution. Eisenstein's 1979 book is now experiencing something of a rebirth, providing a fresh understanding of the nature of the revolutionary change that the Internet is forcing on journalism and traditional news organizations.<sup>2</sup> One doubts, however, that access to books gave people in the sixteenth century any sense of loss such as that being widely shared today over the decline of newspapers in the technological revolution.

In his widely quoted piece, "Newspapers and Thinking the Unthinkable," Clay Shirky, a professor at New York University's Interactive Telecommunications Program who has been writing about the Internet since 1996, described the uncertainty of the Internet revolution this way: "That is what real revolutions are like. The old stuff gets broken faster than the new stuff is put in its place. The importance of any experiment isn't apparent at the moment it appears; big changes stall, small changes spread. Even the revolutionaries can't predict what will happen."<sup>3</sup>

The search for new economic models for U.S. journalism is, in large part, a search to save or replace newspaper-

style journalism. Newspaper journalism is generally considered to be an indispensable monitor of public and civic behavior, and understood to have a duty to hold people in powerful positions accountable. Without this kind of journalism, it is thought, our democracy will suffer. Without newspapers to serve as watchdogs for the public, it is feared, those who would steal public funds and mismanage public responsibilities will go unchecked. Without adequately funded news organizations to underwrite the legal battles for access to public offices and public records, more of the public's business will be carried out unobserved.

No one knows whether the endgame is near for an economic model built on advertisers paying the bill for news-gathering, a model that has supported newspapers since the early days of Benjamin Franklin's *Pennsylvania Gazette*. But as Clay Shirky has noted, "[W]e had a very unusual circumstance . . . where we had commercial entities producing critical public goods. We had ad-supported newspapers producing accountability journalism." It was a "historic circumstance, and it lasted for decades. But it was an accident. . . . The commercial success of newspapers and their linking that to accountability journalism wasn't a deep truth about reality. Best Buy was not willing to support the Baghdad bureau because Best Buy cared about news from Baghdad. They just didn't have any other good choices."<sup>4</sup>

While this model gave general-interest newspapers an extraordinarily profitable run, newspaper executives should have recognized the long, slow slide in circulation was an early indicator that public appetite for general-interest publications was beginning to wane. The newspaper industry invests little in research and development and, as a consequence, has

been content to piggyback on new innovations as they come along, skillfully adapting new methods and new technologies invented by others. During the last quarter of the twentieth century, newspapers invested in computer-driven news and ad production and digital-based typesetting, leading to substantial reductions in operating expenses that went mostly to the bottom line. These reductions resulted in a period of robust profits even as circulation and advertising lineage declined.

In the 1970s, an entrepreneur named George Valassis started a company in Oak Park, Michigan, that offered advertisers colorful freestanding inserts of advertisements and coupons printed on slick paper at rates significantly lower than newspapers charged. Valassis was relentless in marketing his new service, which eventually displaced many forms of traditional in-paper advertising. Newspapers were not prepared to compete, either in printing quality or in price, and have lost billions in revenue over the years since Valassis bought his first printing press.

The rise of the newspaper insert market is but one example of how innovative disruption is breaking down the newspaper economic model. The term was coined by Clayton Christensen, a Harvard Business School professor and consultant to the American Press Institute (API) on its 2006 project, *Newspaper Next*, to test new business models for the newspaper industry.<sup>5</sup> During the early 1990s, newspapers tried to respond to the coming of the Internet by forming partnerships with companies like Prodigy and America Online. Publishers were surprised by how quickly the Internet took hold and by the swift and nimble way innovators and start-ups moved to claim a growing place in emerging sectors of the cybersphere. In this revolu-

tionary atmosphere, newspapers scrambled to find ways to survive. Their initial responses centered on preserving old forms of newspaper organization. "The details differed," Clay Shirky wrote, "but the core assumption behind all imagined outcomes . . . was that the organizational form of the newspaper, as a general-purpose vehicle for publishing a variety of news and opinion, was basically sound, and only needed a digital facelift."<sup>6</sup>

API's Newspaper Next project, described as a "Blueprint for Transformation," concluded that if newspapers are to survive, they would do so as niche products delivering content in both print and electronic forms to targeted audiences of people and businesses that need information, including advertising. In a follow-up report, entitled "Making the Leap Beyond Newspaper Companies," API introduced the idea that newspapers must become local "information and connection utilities" with a mission of recognizing "important jobs to be done" across their markets and figuring out how to get those "jobs" done.<sup>7</sup>

While the newspaper industry is working to prevent the endgame from being played out, it is poorly organized to agree on and institute fundamental change. As part of its effort to craft new economic strategies that will sustain the life of the printed daily and Sunday papers, newspaper executives met privately in Chicago last May for a summit to consider a revenue strategy based on paid content and "fair use." In a white paper prepared by the API, the executives were told that "newspapers can make the leap from an advertising-centered to an audience-centered enterprise," and that they must get on with it immediately. Called "The Newspaper Economic Action Plan," it is built on the

concept of a paid content wall that would establish a principle of "fair use" by compelling Google and other aggregators to pay for original reporting that newspapers have been giving away.<sup>8</sup> A united Internet strategy among newspaper publishers would be hard to achieve, to be sure, but doing so would establish, as the API plan suggests, true value for news content online. API also urges newspapers to "invest" in technologies, platforms, and systems that provide content-based e-commerce and data-sharing solutions and to shift their focus from advertisers to consumers and users.

The conversation continues. In September 2009, Google submitted a memo to the Newspaper Association of America offering a service run by Google that would handle billing and subscription services of premium content creators, such as newspapers. The newspaper executives also heard from Steve Brill about his well-publicized venture to charge for online content, known as Journalism Online. Brill's idea is that once you get past the news everyone is covering, most newspapers publish enterprise stories that are distinctive and may be exclusive or of exceptional quality. As a result, some readers will pay for these stories. Brill says, "Companies representing or owning over 1,200 publications have all signed letters of intent" with Journalism Online. It is a high-profile start-up, in part because its founders, Steve Brill and L. Gordon Crovitz, are media celebrities. (Brill founded *The American Lawyer* magazine and launched Court TV; Crovitz is former publisher of *The Wall Street Journal* and executive vice president of Dow Jones.) Their business model is based on the idea that serious journalism should be paid for. Journalism Online offers consumers a password-enabled payment system to purchase annual or monthly sub-

scriptions, day passes, and single articles from multiple publishers. Publishers have the discretion to decide which content to charge for and how much to charge.

Newspapers gave away news content online for years in the belief that this would attract mass audiences and justify high advertising rates. Newspapers expected online advertising to begin to make up for the loss of classified and retail ad revenue in the print editions. After a few years of encouraging growth, online ad revenue has stalled. According to Ryan Chittum, writing for the *Columbia Journalism Review*, newspapers earned “just \$3.1 billion from online ads last year, a number that is on pace to decline significantly in 2009.”<sup>9</sup> These returns compare to daily newspaper ad revenue in 2008 of \$37.8 billion. The new reality that revenue from online ads won’t come close to covering the cost of serious news coverage anytime soon is driving the newspaper industry to pursue a new strategy of getting the public to pay for news online. The urgency of the quest for a new strategy is reinforced by the stark reality of the decline of newspaper advertising sales. Based on results of the first three quarters of 2009, newspapers will record the lowest advertising sales since 1986 and a 43 percent drop from their all-time peak in 2005. In other words, Alan Mutter writes:

Newspapers appear to have gotten mighty close to losing almost half of their revenue base in a mere four years – a decline that began well before the economy began to unravel. . . . The collapse of the newspaper business most assuredly was aggravated by the downturn of the economy. But it is important to note that the sales decline was well underway before the economy cratered. It is a grave mistake to think, as

some industry leaders apparently do, that the industry’s problems will be solved when the economy improves.<sup>10</sup>

One strategy has the newspaper industry looking for ways to tap into the billions Google, Yahoo, *The Huffington Post*, and other aggregators are making by selling advertising based on the high volume of visitors to these sites who are then following links to original newspaper content. The Associated Press (AP), the world’s largest news-gathering organization, is moving aggressively, on its own behalf as well as in the name of the member news organizations, to force Google News and others to pay news organizations for their original work. In a speech at a recent meeting of the Newspaper Association of America, Dean Singleton, CEO of MediaNews and chairman of AP’s board of directors, said, “We can no longer stand by and watch others walk off with our work under misguided legal theories.” AP plans to rethink what it means to be a wire service on the Internet. Nieman Lab reported that AP recently distributed to AP executives, board members, and member organizations a confidential document entitled “Protect, Point, Pay – An Associated Press Plan for Reclaiming News Content Online,” which opens with the statement, “The evidence is everywhere: original news content is being scraped, syndicated and monetized without fair compensation to those who produce, report and verify it.” AP contends that it is difficult to overstate the importance of taking action at this moment. It continues:

With its traditional media customers under unprecedented financial pressures, AP simply can’t continue to provide the same quality of global news coverage under the current rules, where secondhand news gets most of the eyeballs. Embold-

ened by the uncertain state of the law around content use online, third parties are moving quickly to fortify their own positions. AP has both business and legal imperatives to assert its intellectual property rights, make affirmative efforts to protect them and create a structured way to enforce them.

The core of AP's plan is to identify and protect its news assets through the AP News Registry, which identifies, records, and tracks every piece of content AP makes available to its members and other paying customers. AP would "leverage its news content and information management tools to harness online traffic in ways that reduce misappropriation, expand audience and deepen engagement." The final piece of the strategy – maximizing revenue – would be accomplished by aligning the commercial terms under which AP's products and services are available on its many platforms.

Peter Osnos, founder of Public Affairs Books and a senior fellow for media at the Century Foundation, argues in the *Columbia Journalism Review* that ways must be found to make the public pay for original reporting, especially investigative reporting, which is so expensive and so essential to our democracy.<sup>11</sup> Osnos offers a framework of three principles – fair conduct, fair use, and fair compensation – as the underpinning of a new system of monetizing original news content. Osnos believes that "the rules of the road for distributing traffic on the Internet need to include recognition, in simple terms, of who got the story." Fair use is a more complex issue to sort out in setting standards for the use of copyrighted material under rules that ostensibly protect original newspaper content. And fair compensation,

Osnos writes, is how to pay for stories on the free access sites that newspapers and magazines offer. "Based on my own reporting, the answer could be in some combination of individual payments or cable and telephone fees," he suggests.

The online subscription model is a strategy that has been around for several years and remains in practice or under consideration in thinking about the future of newspapers. FT.com, the online outlet of *Financial Times*, experienced slow growth after becoming a paid site in 2002, but now has 117,000 subscribers. *The Wall Street Journal* is best known among the subscription news sites, with more than one million subscribers, according to Crain's New York Business ([www.craainsnewyork.com](http://www.craainsnewyork.com)).<sup>12</sup> *The New York Times* experimented with this model, charging for online access to its columnists and archives through TimesSelect, but the paper abandoned it in 2007.

*USA Today* now has a daily e-Edition that replicates the print edition with additional interactive features. It is free to subscribers of the print edition and is offered at 25 cents a day to those who want to access it only online. Another version of this model is found in Little Rock, where the *Arkansas Democrat-Gazette* charges \$59 a year for access to local news online, a service that is free to subscribers who also pay \$59 a year to have the paper home delivered. The owner, Walter Hussman, believes this strategy has protected the circulation of the print edition, which has increased over the past ten years. The *Democrat-Gazette's* success is shared by many smaller community papers that have followed Hussman's strategy of not giving away local news coverage and strengthening the paper's deep roots in the community. Other newspaper experiments with pay models include offering premium digital content for sports and other high-

interest, high-volume topics. The *Journal Sentinel* in Milwaukee is an example of this hybrid approach, mixing paid and free online content. The paper puts some of its coverage of the Green Bay Packers behind a pay wall. It charges \$7 a month or \$45 a year for *Packer Insider*. It draws readership and generates revenue but still represents a challenge as a means of growing a subscription base.

In a much-discussed cover story in *Time* last February, Walter Isaacson, former managing editor of the magazine and now president and CEO of the Aspen Institute, laid out a plan for a micro-payment system, in which “a newspaper might charge a nickel for an article or a dime for that day’s full edition or \$2 a month for a month’s worth of Web access. Some surfers would balk, but I suspect most would merrily click through if it were cheap and easy enough.”<sup>13</sup> In a study by Boston Consulting Group, 48 percent of Americans said they would be willing to pay for news online, including on mobile devices. That number is substantially lower than several Western European countries, where more than 60 percent said they would pay.<sup>14</sup>

One of the most-watched evolving economic models is *The New York Times*, with a popular website ([www.nytimes.com](http://www.nytimes.com)) and a relatively stable print readership that is both local and national. *Times* editors say the most encouraging sign of stability about the future of the printed paper is found in the eight hundred thousand subscribers that have bought the paper for more than two years; that’s eight hundred thousand willing to pay between \$608 a year locally and \$769 a year in national markets to read the *Times*. Moreover, Nielsen NetRatings reports that [nytimes.com](http://nytimes.com) had an average of 17.9 million monthly visitors during 2009, making it the best-read newspaper news site, with nearly twice as

many visitors as *USA Today*. The *Times* is working toward narrowing the gap between the time spent reading the print version and the online version. The newspaper reports that readers spend an average of forty-six minutes a day with the paper but only seventeen minutes reading the *Times* online each day. In January, the *Times* announced that, starting in January 2011, it would charge some frequent readers for access to its website. Visitors will be allowed to view a certain number of articles free each month; to read more, the reader must pay a flat fee for unlimited access. In its own story, the newspaper described the reaction from media analysts and consumers as ranging from “enthusiastic to withering.”

Martin Langeveld, blogging for the Nieman Lab, reports that more than 96 percent of newspaper reading is still done in the print editions, and the online share of the newspaper audience attention is only a bit more than 3 percent. In the context Langeveld provides, these figures are not as good as the newspaper industry would like them to appear. In March 2009, each of the top three news destinations on the Web (MSNBC, CNN, and Yahoo!News) individually drew more than half the unique visitors to the websites of the entire newspaper industry. Newspaper sites get the attention of the U.S. online audience just 1.2 percent of the time.

At the City University of New York Graduate School of Journalism, in a project funded by the John S. and James L. Knight Foundation and the McCormick Foundation, four online business models are being explored. The project begins with the assumption that local daily newspapers will have ceased publication, that there will be a market demand for high-quality journalism to

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serve as watchdogs of those in power, and that the market will find a way to meet this demand. The four models are: town or neighborhood sites that can be supported by local advertisers; a successor news organization to the local newspaper, built around traditional journalistic roles and supported by local and national ads in a traditional way; journalism supported by individuals, foundations, and perhaps companies that can play a role in the mix of local news outlets; and a framework to support the community's new news economy by bringing together all the independent players to form advertising networks, support mutual promotion, and facilitate other collaborative projects.

Other projects and discussions abound. The Aspen Institute devoted a recent conference to the theme "Of the Press: Models for Preserving American Journalism."<sup>15</sup> Among the presentations was "New Business Models for News," based on the work of Steve Shepard of the City University of New York and Jeff Jarvis, whose blog Buzz Machine has been a platform for outspoken commentary on how the news industry was lagging in its response to the challenges and opportunities of the Web.

In October, Columbia University School of Journalism released a report by Leonard Downie, Jr., former executive editor of *The Washington Post*, and Michael Schudson, a professor at the school, with ideas addressing what the authors see as the reality that current advertising models won't continue to support accountability journalism. Among the recommendations is a national Fund for Local News created with money the Federal Communications Commission now collects from or could impose on telecom users, television and radio broadcast licensees, or Internet service providers and that

would be administered in open competition through state Fund for Local News Councils. The federal government already provides assistance to the arts, humanities, and sciences through independent agencies that include the National Endowment for the Arts, the National Endowment for the Humanities, the National Science Foundation, and the National Institutes of Health.<sup>16</sup> Moreover, the argument goes, the government spends well over \$1 billion a year to support commercial news publishers through tax breaks, postal subsidies, and the printing of public notices.<sup>17</sup>

Jim Barnett, who left a twenty-year career as a newspaper reporter to start covering nonprofit news organizations and is now blogging for the Nieman Journalism Lab, says the start-ups that are being recognized are the ones that "have developed a deeper relationship with their readers and have succeeded in converting readers into donors. They see it as a two-way conversation, and they like to host events for their readers. They interact with their readers, which is not something that comes naturally to newspapers."<sup>18</sup>

Michael Shapiro, writing in the *Columbia Journalism Review*, argues that "journalism's crisis offers an opportunity to transform the everyday work of journalism from a reactive and money-losing proposition into a more selective enterprise of reporting things that no one else knows. And choosing quite deliberately to ignore much of what can be found elsewhere."<sup>19</sup>

The quest for an economic model for journalism, whether commercial or nonprofit, remains elusive. A new day in which newspaper executives would act boldly and in concert to save their industry is hard to imagine; they are risk averse and, by nature, too inde-

pendent. Yet the power of the institutions they represent, institutions that can provide accountability journalism, is profoundly important. Journalism will thrive on many new platforms, but neither singularly nor collectively are the online news outlets likely to replace fully the institutional heft behind a well-crafted newspaper investigation. Many of the economic models being tried are promising but do not have a track record sufficient to demonstrate that funding can be found to sustain them for the long term. Other ideas are being imag-

ined, researched, discussed, and debated; some will surely be tested in real time. While nothing before us or on the horizon promises to replicate precisely the depth and sweep of the daily newspaper, the search must continue. The absence of a definitive answer means the reality for now is that serious journalism will survive, with much uncertainty, both on the pages of the struggling local newspaper and in an online world of many economic models and experimentation.

#### ENDNOTES

- <sup>1</sup> Alex Jones, *Losing the News: The Future of the News that Feeds Democracy* (New York: Oxford University Press, 2009), 217.
- <sup>2</sup> Elizabeth L. Eisenstein, *The Printing Press as an Agent of Change: Communications and Cultural Transformations in Early-Modern Europe*, vols. I and II (New York: Cambridge University Press, 1979), 7–8, 17, 25, 33, 683.
- <sup>3</sup> Clay Shirky, “Newspapers and Thinking the Unthinkable,” March 16, 2009, <http://www.shirky.com/weblog/2009/03>.
- <sup>4</sup> Clay Shirky, from a talk at the Shorenstein Center on the Press, Politics and Public Policy, Harvard University, September 22, 2009.
- <sup>5</sup> “Newspaper Next” (American Press Institute, September 28, 2006).
- <sup>6</sup> Shirky, “Newspapers and Thinking the Unthinkable.”
- <sup>7</sup> “Making the Leap Beyond Newspaper Companies” (American Press Institute, February 19, 2008).
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