ISOJ 2022: Day 1

Panel: Subsidies and Regulations: How government initiatives may affect journalism and the digital media ecosystem

Chair: Emily Bell, professor & director, Tow Center for Digital Journalism, Columbia Journalism School

- David Skok, CEO and editor-in-chief, The Logic, (Canada)
- Sarah Stonbely, research director, Center for Cooperative Media at Montclair State University
- Steven Waldman, president and co-founder, Report for America

Emily Bell Hi, good afternoon. The really eagle-eyed among you will notice I'm not Anya Schiffrin. She's doing a kind of a sit-in at JFK Airport, where she's been for the past 24 hours. Not quite true, but she was the victim of a canceled flight. I'm a co-teacher with her at Columbia University. And towards the end of last semester, I missed a class, so I kind of feel that she's actually getting her own back. However, I'm actually really thrilled to be accidentally chairing this panel simply because it's a subject that's incredibly important at the moment, and also about which I don't know nearly enough, even though it's a subject that I covered for about 20 years of power subsidies and regulations. How government initiatives may affect journalism and the digital media ecosystem. And I know we're kind of the session between you and the bar, but in terms of raising money, if we told you we can tell you how to get 25% of your newsroom budget underwritten, you would probably stay in the room, right? Well, it could be that that's what we're going to do, because there is a mood for regulation in the air, particularly one that provides for the first time really serious levels of support for journalism. And it's happening already in other parts of the world.

So we have a brilliant panel here. To my far left, we have Sarah Stonbely, former Tow fellow and also research director for the Center for Cooperative Media at Montclair State. David Skok, who is founder of The Logic. I was going to call it digital magazine, but I hate that phrase. Digital newspaper in Canada. And David's also just a longtime, I think, incredibly thoughtful and influential figure on all matters that have supported journalism in the past. And then to my immediate left, Steve Waldman, who has many hats, but today, I guess his hat as chair and founder of the Rebuild Local News Coalition is probably the most appropriate. But as is his founding hat of Report for America. What we're going to do is we're going to hear from each of the panelists who bring a state level, national level and international level perspectives on where we are with the regulatory landscape at the moment, and why it's such a good moment to be having that discussion right now. As before, you can post your questions against the ISOJ hashtag, then I will pick them up through the miracle of Google Docs. Thank you, Google. I'm going to start then in that case, I think, Steve, you are staged go first. Please take the podium.

Steven Waldman Thank you. So I'm going to talk mostly about the United States, a coalition that has been formed to advance public policy in the U.S., and in general what's happening in the public policy world as it relates to local news. There's also a lot going on as it relates to other parts of the media, but I'm going to focus on local news. Right. This you already know, though, it's a particularly gloomy chart. If you are interested in using it, it
comes from a great book called "News Hole." This you already know as well, so let's go to the part about what's happening now. So, I have spent most of my time working on the middle circle, and we all have spent in this room most of our times on figuring out how to strengthen business models, improve engagement with readers, grow the nonprofit sector, engage philanthropy. Those are all the most critical things to do. But I am here to say today that there is a third topic that we need to pay very close attention to, and that is public policy. I'm using the term public policy, not government subsidies, for a reason, because not all public policy involves government subsidies. There are other ways that government policy implicates and can help or hurt local news or journalism, depending on whether it's good public policy or bad. So this has been true in the United States. For those who don't really want the government involved, it's too late. We have had government policy that has affected the development of news media since the beginning of the country. Literally, one of the most important bits of media policy was a bill signed into law by President Washington called the Post Office Act of 1792, which really helped create the newspaper industry. When de Tocqueville comments about the amazing flowering of newspapers in America and how weird that was and unlike anything you'd ever seen, he did not mention that part of why it happened was the subsidy that basically gave very, very cut rate distribution to newspapers. One scholar estimated that that amount in today's dollars would be $40 billion a year. The decision by American policymakers to set up the TV and radio system in a certain way, based on local community licenses, had huge repercussions. And, you know, one of my favorite quotes on this was from one of the flaming progressives of that era, "Radio is not to be considered as merely a business carried on for the private gain. It is to be considered primarily from the standpoint of the public interest." And that flaming radical was Herbert Hoover, to show that there was sort of a broad consensus back then that media policy ought to have the public interest in mind. And the other one that is more recent was the creation of the Public Broadcasting System in the Public Broadcasting Act of 1967, which really helped. It didn't create the public radio system, but it launched it from being a small, fragile thing to a substantial service in American life.

So around the time, a little after COVID started, when it looked like we were going to have an apocalypse of newspapers shutting down at even a more rapid rate than before, some of us got together to create an ad hoc pop-up public policy coalition. Partly it was really related to the moment we were in. It also came a little bit from a sense that to the extent public policy is getting made, it is being made by the large newspaper chains, the big tech companies and TV stations. And we often agree with those folks on policy. But we felt like, boy, there really needs to be a coalition that represents everyone else, which is a whole lot of the media environment. So we pulled together a very broad coalition of labor, and capital, and nonprofit, and for-profit, Black newspapers, Hispanic newspapers, weeklies, as broad a range of folks as we can, around a common goal of public policy that strengthens local news. So as you might imagine, with a very broad coalition like that which included also ideological diversity as well as business model diversity, it took some doing to try to figure out what the common ground was. But it turned out there was common ground. And one of the common grounds was that none of us really wanted to be there in the sense that no one really, really wants the government to play a big role on this. Everyone started off with a little bit of concern, and skepticism, and a sense that we really got to be careful that we do this in the right way. Everyone had come there, though, with the assumption that the crisis has become so severe and the business model failure is so likely to persist that we really needed to get serious about public policy and potentially subsidies for local news.
So we came up with a set of criteria, or principles, that ought to undergird any policies that we looked at and advocated for. One of them is that they help get local reporters to communities. Another is that it be especially locally-grounded media. That's a little bit of a fudge word because we couldn't quite get full agreement to say locally owned. But it's close and it's very much about the idea of local news being in local hands. Content neutral, that's a really important one. Foundations can support journalism that they think advances certain content goals. The government should not. Taxpayers should not. And so we wanted to look for public policies that were content neutral. Nonpartisan, same thing. This has to be something that all, or as many Americans as possible, could get behind. Future friendly. One of the most common problems in public policy making across the board is it tends to be about helping the legacy players in any industry, and policy tends to get warped that way. It tends to focus on the issues of that moment, the players of that moment. And it's quite hard, but quite important, to try to develop public policy that is future friendly, that can to as great a degree as possible, really with future innovations. And therefore it should help both existing players, and innovators, and new players. And the idea is also to, as much as possible, help with the development of business models so that news organizations can grow stronger and stronger.

There's a lot going on in this topic. It's actually amazing how much activity there is on public policy very suddenly. This is just like in the last 12 months that this all suddenly burst. We all got together, our coalition, and got behind a piece of legislation that had already been introduced in a form but was not going anywhere. And we said that bill over there, that's the best one, and here are some improvements. There were improvements around how do you define a journalist? How do you make sure that pink slime sites don't take advantage of this? And the reformed version of that was actually passed by the House Ways and Means Committee, inserted into the Build Back Better bill in the House, and passed the House of Representatives. It was then put into the Senate bill in the Senate for Build Back Better, which is to say it came within two votes of being law. And this bill that almost became law would have provided $1.7 billion to local news organizations over five years, which is to say, more than all of the money that all of the foundations in this room devote to local news combined. So it was a pretty substantial bill. The way it would have worked: The part of the bill that made it in the final version is the payroll tax credit, the first one on that list. And it would have provided $25,000 per head in the first year of the bill, and $15,000 per head in the subsequent four years. And one of the controversial parts of this is that because it was content neutral and universal, as always happens with entitlement programs, it means that a very broad range of institutions, and entities, and people would benefit from it. That's kind of the other side of the coin. When you do public policy that is First Amendment friendly, it means that you are having less fine tuning of who gets what. So there was a lot of discussion of well this might mean, you know, Sinclair Broadcasting could get some of these, which is true. They would. Because in the Senate side, they added broadcasters to the group. Some of the money would go to newspapers owned by hedge funds, which was another issue that we fought over, and we pushed to try to have that either eliminated or restricted. And there was a restriction put on so that it was capped at 1,500 employees, so big companies wouldn't get all the money. But on the other hand, despite that or because of that, it's a massive entitlement, which also means it would have been the biggest infusion of government money for Black and Hispanic publications ever, and the biggest infusion of capital for nonprofit news organizations ever. Because it was that scale. It died, we thought, when Build Back Better died. However, it seems to be stirring, so it may not actually be dead. It may be in a coma. And it seems to have a chance of coming back again, depending on what Joe Manchin wants to do.
When it looked like it was not going to go anywhere, when it looked like it was dying, we started to get incoming calls and emails from different states saying essentially, "Well, if you all in Washington aren't going to do this, we're going to do it in the States." So you started to see this amazing thing of copycat bills of the Local Journalism Sustainability Act popping up in other states, and then other ways added as well. And these are, you know, the states that we know of that are doing either copies of the Local Journalism Sustainability Act or their own takes on public policy. To me, the most interesting one is probably Wisconsin, where the Republicans took the provision, not the payroll tax credit. But there was another provision that basically was a tax credit for small businesses that advertise or sustain local news organizations, so the tax credit goes to the business. They then advertise with the local news organization. And the Republicans have been pushing that in Wisconsin, and it has the endorsement not only of the banks and the Small Business Association, but what I'm told is the most important lobbying group in Wisconsin, which is the Tavern League. Now, the other big bill that's kicking around Congress now is the Journalism Competition and Preservation Act. Richard was alluding to that. This is the bill that is sort of the attempt to copy the Australia model. Actually the bill that's currently out there, all it does is allow news organizations to collude with each other and create a bargaining unit with the platforms. But in the works is negotiation to create a much more detailed bill with real teeth in it that is like the Australian model, and the others that people have talked about in Canada, and Brazil, and others. There's lots of questions about that bill. Our particular coalition is not taking a position on it because we have people in our coalition that support it, and people who oppose it. But, you know, it's an important piece of legislation. There's other proposals out there that may start to get some consideration. Replanting credits is one that I'm really intrigued in. It's the idea that what if we give tax credits to nonprofit organizations that bought newspapers from chains. And, for that matter, give a tax credit to the chain if they're willing to sell it to a local community organization as a way of helping to stimulate deconsolidation from some of the chains. There's also possible federal executive action that could be done without legislation. For instance, the Community Reinvestment Act, which encourages banks to do socially conscious lending. There's some thought that that could be opened up to local news. So I won't go through all of them. The main point really, of all this is that public policy is going to be, and ought to be, a really key part of the discussion for the next few years about how to save local news. It can go very badly if it's not done well, and to some extent it's going to happen whether we want it or not. So it's important that the right people be at the table to help guide these policy making. And the Rebuild Local News Coalition, by the way, is hoping to become permanent and big enough to help play a role in this. Thank you.

Emily Bell Thank you. Thank you, Steve. So, Dave, you're next. Are you going to the podium?

David Skok I'm going to the podium.

Emily Bell Excellent. So we thought we might actually have some exciting new Canadian Table legislation to actually discuss today. But I believe they've been a tiny bit slow and it hasn't come through yet. Is that right?

David Skok Any minute now?

Emily Bell Any minute?

David Skok Next week, I believe. It's great to be back at ISOJ. It's been a few years since I've been here, and you know, obviously for all of us it's been a few years. I just want to at
the end of the day take a second to thank Rosental, as always, thank Mallary, thank Amy, everybody who's been involved in this conference for so long. I have grown up with ISOJ. Everything I've done, there are nuggets of what I've done in my career that I have picked up through this program and through this conference. So I hope that all of you are having the same thoughts and fond memories. That is my past. But today I'm actually here coming to you from the future. Let me explain what I mean by that. On my flight down, I flew in from Buffalo, to Charlotte, and then here to Austin. And on my flight down, I met a wonderful young woman who sat next to me on the flight. Very packed. I'm not used to this claustrophobic sense of being on a full-packed airplane. She was from Buffalo, and she asked me bluntly, "Is Canada okay? What's going on up there?" And I said, "Well, what do you mean?" Well, she explained that she had watched the convoy protests that had taken place in Ottawa, our nation's capital, and that it had brought it to a standstill. And she was wondering what happened. So I explained that one of the heroes of this convoy was a man named Maxime Bernier. He runs the People's Party of Canada. The People's Party of Canada is a populist party that in some parts of the country won 14% of the popular vote. According to researchers at the Media Ecosystem Observatory that was actually released today, the People's Party, known as the PPC, the voters of the PPC believe that misinformation is a problem in Canada, far more than any other party, and they blame the mainstream media for that. Let me pause for a second and just reiterate that point. You have a populist party that blames the mainstream media for the rise of misinformation. It should come as no surprise then that at these convoy protests last month, you had journalists openly attacked from these protesters. One of the most popular refrains from this group was that Canada's journalists had been bought off by Prime Minister Justin Trudeau and the liberal government. The sentiment is now moving into the mainstream. Pierre Poilievre, a candidate for the Conservative Party, which is our opposition party, for years has been going around on social media and elsewhere with the hashtag #JustinJournos for all of those that were involved in the bailout. And just yesterday, another former leader, Andrew Scheer, called media the enemy. And almost all of this rhetoric dates back to the government's, quote unquote, bailout of the journalism sector.

For some context, in 2019, the Canadian government unveiled a labor tax credit, which was mentioned here, where a portion of the reporters' salaries could be written off. It required a categorization, an acronym called the QCJO, Qualified Canadian Journalism Organizations. And as a result, some organizations opted into this program, and some took a principled stand and opted out. I was against the classification and spoke about that at the time. I also proposed some alternatives to this kind of a classification, which forced designations of news organizations as being either quality news organizations or lack thereof. There were a couple of ways that I suggested. One was to set up a legal fund for acts of journalism to tap into to receive funding. Another was reforming our freedom of information laws, which are considered some of the worst in the world. A third was creating a match or vendor donor fund, where the government would match private investment or donors in new startups. Another one was procurement, government procurement, like they do for tech companies or other things, or the Defense Department does. If you like our work, pay for it. And another one, a final one, was reforming the public broadcaster. We in Canada have a large public broadcaster known as the CBC, which receives $1.2 billion in government funding. They were not part of the conversation for QCJO. Nevertheless, the legislation happened.

So stepping back to who I am and why I'm here. I run the Logic, which is a national business and tech publication. We launched in 2008, with three people, and $300,000 of angel funding. We're now a national newsroom with 22 people and six bureaus across the country. We started the Logic with three main goals. The first goal was to make Canada a
better place to live and work, facilitating hard conversations through our journalism. The second one was to support Canadian journalism and those who produce it by being a tip of the spear, or a model for which others could follow. And the third was putting our journalists at the center of our model. After 20 years of a spiraling decline in reporter salaries and the way reporters were treated, we wanted to put reporters at the center of our business the way that HBO or Cirque du Soleil puts creatives at the center of their business. We began as a tech publication, but our aspiration has always intended to be a national one. We do business coverage, but we also do reporting that impacts communities and journalism that has changed government policy. Importantly, we are a magnetic force that our competitors monitor hourly. When we sneeze, they respond by reporting on it. We are making those organizations better, and our aim is to continue to grow and make our journalism more accessible to more people. That is how innovation works. I have studied this my entire professional life. I had the great privilege of working with the late Clay Christensen at Harvard Business School to write a paper looking at how innovation happens in the media industry. In fact, I presented that work here. And I explained there, with that work with Clay, that disruption takes time, that ecosystems evolve, and that the state of the media or the state of the media ecosystem is never just one snapshot in time. It is an evolution. But all of this, this work of evolving and evolution, requires a level playing field.

So once those labor tax credits happened with the QCJO, I then had a fiduciary duty to our investors to apply for them. My principals certainly do not pay the bills. As a result, the logic faced a barrage of criticism for being in the pocket of government. A Justin Journo. We didn't ask for any of this, as a startup trying to make a difference in journalism, but we have been caught in the crossfire. And now we have a new distortion in the marketplace. Big tech. As Emily mentioned, any minute now, the Canadian government will table legislation called the Act respecting online communication platforms that make news content available to Canadians. This legislation, which builds on the best and worst of the Australian model, in advance of it, Google and Facebook have been privately striking one-off opaque deals with Canadian publishers. These deals are all under an NDA. We don't know what's in them, but reports are that upwards of a third, anywhere from a quarter to a third, of all total operating costs are being subsidized in these deals by Google and Facebook for our largest publishers. So the Globe and Mail, which is a national newspaper in Canada, if we were to assume, with some back-of-the-napkin math, that the Globe and Mail has $60 million in operating costs, they could get $20 million from Google and Facebook. The Globe and Mail is owned by the Thomson family. They have a net worth of $50 billion USD. So I ask you this, should Facebook or Google be underwriting one of the wealthiest families in Canada? The Logic has not signed a deal with any tech platform. And as I said, we did not ask for, nor did we solicit, this big tech legislation. But these deals are now giving our competitors and incumbents a distinct advantage. Those same competitors who needed government subsidy because they were on life support are now reaching out and trying to poach our talent, raising costs and threatening the culture of the newsroom that we've built. It is a good thing to have well-paid journalists, of course. As I said, it's a core part of our tenant, of our business. But at fair market value. Not in a way that fundamentally distorts the competitive landscape. We've gone from government picking winners to big tech picking losers. And quite frankly, I'm not sure what's worse. Actions speak louder than words. And big tech and big publishers' incentives are aligned. For big tech, they don't want to pay all those smaller outlets that Steve mentioned because that would cost them a lot of money. And for the big ones, they don't want small startups, upstarts, picking away their business. Nobody cares about the little guy.
So back to why I am here. I have some advice or things that I've learned from this process that should be considered in crafting U.S. legislation. Number one. Journalism is a craft. It is not an industry, and it should always be viewed that way. Often when you hear politicians talking about this problem, they talk about jobs, and leaders talk about jobs. I care about jobs as much as anybody. But journalism is not a sector or an industry. It is an act, and everybody has the right to be committing acts of journalism. When we craft policy to support journalism, we should be putting that at the center of our conversation. Second, focus on the inputs and not the outputs. You often hear these definitions. And Richard Gingras this afternoon talked a little bit about the outputs as a measure. So what do I mean by that? The outputs are the definitions of how we determine who gets what in a lot of ways. It's how much traffic you have. It's what your coverage areas are. Well, I would rather we focus on the inputs. When you focus on the outputs, you are prescribing solutions to the problem, and you may have unintended consequences of defining what kind of journalism is considered worthy and what kind is not. So outputs are not the right way, rather inputs. Focus on operating costs. Focus on headcount. Let me, as an editor, worry about what I do with that money. Don't prescribe it, or define it. The third one is necessity breeds innovation. There will always have to be a level of restraint needed to allow new voices and new models to emerge. We cannot simply flush everything with cash and hope that it solves the problem. As hard as it is to hear, we need necessity to create the vital movements needed to grow. And finally, don't underestimate political opportunism. News deserts have created a vacuum for misinformation, and that has already been filled. Let's not kid ourselves and think that there's still time. The discrediting of any legislation in the U.S. or elsewhere will happen, and the hand-waving of it won't make it go away. As I said earlier, you can imagine a certain anchor or a certain host on a certain cable news network lamenting the mainstream media being in the pocket of President Joe Biden. So in spite of best intentions, you may too end up with a convoy in Ottawa, and you may end up where Canada is today. Thank you.

Emily Bell

Thanks, Dave. Sarah?

Sarah Stonbely

Great. Thanks so much. So glad to be here. Thanks to the UT-Austin team. It's been amazing so far. I'm sure it will continue to be. My name is Sarah Stonbely. I'm the research director at the Center for Cooperative Media, based at Montclair State University in New Jersey, which is just outside of New York. As such, I've had a front row seat for the formation, passage and enactment of the New Jersey Civic Information Bill, which became the Civic Information Consortium, a first of its kind state-level public funding apparatus for local news and information, which I'll talk more about in a few minutes. And in this way, it's sort of a little bit more of an upbeat tale than what's happening in Canada. So my interest in studying media, just to give you a little bit of background, began in graduate school in 2005, when many of the FCC working group studies coming out were on ownership and diversity. Later at NYU, I was fortunate to work closely with Victor Pickard, who was on my dissertation committee. For some in this room, he needs no introduction. He talks a lot about media policy. In 2011, I took a summer fellowship at what was then New America Foundation under Tom Glaisyer. And within my first couple weeks of being there, I coauthored a CNN op ed with Tom on Steve Waldman's seminal FCC report, The Information Needs of Communities. This somewhat hilarious picture is a screengrab from CNN in 2011. I also worked on the ill-fated 2012 FCC literature review on critical information needs of the American public. And there I saw again up close the ugly side of politics when it was torpedoed by right wing interest groups. And I participated in the SSRC communications study group, which ran from 2010 to 2015, writing their final report on their activities and efforts. Which is all to say that I'm very excited and happy to be here today with this panel, and with all of you in person, and everyone who is watching...
virtually, to talk about what is a very exciting time in this country and elsewhere for public funding of media and media policy.

As Poynter's Rick Edmonds said recently, at a minimum, the longstanding convention of walling off the fourth estate from any government entanglement has stopped being an article of faith, and I think that's true. So very quickly, I'd like to give you an overview of the New Jersey Civic Info Consortium, which again is a state-level effort that has come to pass and is bearing fruit in terms of making a difference in local media in New Jersey. And I'll talk briefly about a couple other state-level efforts that are also underway, as you've mentioned. So the New Jersey Civic Information Consortium began in 2018. It was passed into law in 2018. It is a nonprofit that is founded on the participation of five New Jersey universities. It has a board of 13 people who are appointed. It's a combination of people appointed by the governor, by the state assembly, the state senate, universities, and then some outside experts. And they have three statutorily required public hearings a year. And they have safeguards, importantly, to protect the people, the institutions, and organizations, and people they fund from political influence. So that's really key, as you've touched on, and I'm sure we'll talk about it again. Under state law, the Consortium and the state of New Jersey do not have any ownership in any of the projects funded by the Consortium, and they are disallowed from exercising any editorial control over any of the projects. They receive $500,000. I should mention also briefly that the impetus for the Consortium was the spectrum auction. And we've talked briefly about the beginning of radio and how radio is built on the public airwaves are a public good. And I think New Jersey is the state that received the highest amount of money back from their public airwaves from the spectrum auction because of our proximity to New York and Philadelphia, and we have some very high value spectrum. And so high hopes for this. They were asking for $10 million. Then it went down to $5 million, then it was $1 million, and in the end it was $500,000 in the 2021 budget. Okay, but better than nothing, and really that money has funded some amazing projects.

So the first tranche of money was distributed in 2021. And I'll just tell you briefly about a couple of the grantees who I've been working with closely on a different research project that just started that is funded by the Google News initiative, so thank you. So one of them is the Trenton Journal. The Trenton Journal is founded by Kenneth Miles. Kenneth is a one-man band down in Trenton. Trenton is the capital of New Jersey. And his goal and dream is to serve the Black and brown communities in Trenton with positive, upbeat stories, sort of solution-journalism oriented type of stories that really showcase amazing people in the community and the good stuff. Because, as he says, it's not just all crime and grime in Trenton for these communities. So he's doing amazing work. And one of the grants from the Civic Info Consortium in 2021 went to him. Another went to a startup based in Paterson, New Jersey. Paterson is the third largest city in New Jersey, 40% Hispanic/Latinx, and has a project that is bringing together the public library and a Paterson alliance of 90 profits that are serving Paterson. And they want to start a new website, a new journalism website. So that was one of the other grants. And it's a lot of efforts like that. And you can see all of the grantees from 2021 in the annual report, which is online. In the 2022 state budget, the Civic Info Consortium received $1 million, and it has now just closed the proposal call, and is now considering who to give the million dollars to. And I think they're getting $2 million in the 2023 budget. So it's a good trajectory, and it's being run very carefully. Because, you know, it is kind of a first-in-the-country effort to do this at the state level, so I think everyone's very conscious of that and working very hard to make sure that the money does what it's supposed to do, and doesn't create the controversy that is almost inevitable with these types of things.
I wanted to briefly mention. You can refer back to Steve's slide because it's better than mine. The guidelines are there as well. They just closed that round. I wanted to mention a few other state level efforts. This is just a couple I saw. But in California, they're trying to do something similar to the Civic Info Consortium. They have proposed $50 million in the state budget to support local journalism by forming an 11-person board. So it looks very similar to what has happened in New Jersey. And if you want to know more about that, there's a PEN America webinar on April 6 with Mike Rispoli, who's one of the architects of the New Jersey effort. Mike Rispoli from Free Press, so I just want to plug that real quick. In Wisconsin, where I'm from, turns out there's a proposed bill that would, as Steve mentioned, do something similar to what is proposed in the Local Journalism Sustainability Act, which is offer tax credits to small businesses for advertising in local journalism outlets. And that's sort of a win win because it's money in the pocket of small business, it's money in the pocket of the journalism outlets. So that bill, as was mentioned, has bipartisan support, which is really exciting. And Massachusetts has a slightly stalled, but hopefully not dead, effort to put together a local journalism commission, which would be sort of under the economic development bill. And unfortunately, the person who was the main proponent of that in their state legislature recently left state legislature. But there's still optimism that it could move forward. On the other side of the spectrum, Pennsylvania, as you may have seen recently, just took all of its money out of the budget for their local public media. This was after the media, these particular media stations, had been very critical of their state representatives, who had been denying that Biden had won the election, and they had done a series of critical coverage. And then in the next budget, their funding was down to zero. So that can happen as well, as we know.

I'll sort of stop there, and turn it over to Emily for conversation. But I also just wanted to mention something that April of the Texas Tribune said earlier, which is sort of in anticipation of, you know, sort of potential criticism. I wrote it down. "We love aligning support with editorial content." And of course, Texas Tribune is one of the best outlets operating right now, I think most of us would agree. But none of their supporters influence content, and she went on to talk about this, as anyone who saw the talk remembers. And this is just to say that sort of any kind of money has a potential to have influence. Right? So I just wanted to sort of plant that in the back of everyone's minds, and maybe we'll come back around to that. But those are my comments for now. Thank you.

Emily Bell Thank you. Thanks very much indeed, Sarah. So it seems to me that kind of one of the questions, and I just want to pick up on something, Dave, that you were saying. So you were saying it's really suboptimal when you have big tech companies filling a void of policy, and it's really not ideal when you have government setting policy. So who sets the policy? Do we even need any policy?

David Skok It comes back to the inputs and outputs thing. You know, we need policy. Absolutely. And I want to make it clear, I am supportive of anything that helps our ecosystem thrive. Where I think it gets into trouble is this prescriptive policy around the industrial elements of the business of journalism. You know, we need to fund or support companies the way we do with other industrial things like manufacturing. It's a different thing. You need to create the conditions for journalism to happen. And through that framing, allowing anybody to tap into what that could be, as opposed to picking the winners, which is what we've seen.

Emily Bell But I mean, something, Steve and Sarah, because you're coming at this from the U.S. perspective. As a European, actually, sorry, I'm not a European. As a British person, because we no longer belong to them. But as a former European, who, as I said,
spent a lot of my career actually writing about media policy, we see Northern Europe who have many kind of facets of democracy that people are now admiring and saying, "If only we would be more like that." They outspends on public media by factors of 10, 15, 20 times per capita. There is enough media policy in most European countries to go all the way to the moon and back. And yet in the United States, it's actually not only not a policy, but it's kind of a regulation free zone, almost. And it does seem as though, Steve, it was sort of great to see all those things that are happening. It seems like state level is much more active. But when you look at Australia, which in January 2021, it actually passed a bill imperfect in many ways. It said, "You know what, we're just going to go for a big exchange of value from tech platforms into journalism at all levels." And that seems to have moved the needle like far more than any of these smaller initiatives, those sort of big bets. So why is America, why is Canada, why aren't we more advanced in this when it seems in other parts of the world we're learning about this, and have a long history of how this can work really, really well? Are we not sort of in danger of theorizing ourselves to death about why it would be better not to have a policy when in fact, we need bigger bets?

Steven Waldman It's a great question. And, you know, politically, a big part of why this hasn't happened is that journalists themselves have opposed it in the United States. There's been many media groups that have opposed having more involvement. And even when I was at the FCC for a couple of years, we were visited all the time by every possible industry group and almost never by any groups representing journalists. And I think there was a general allergy to wanting to be involved in that. But as that example shows that if the journalists aren't showing up, it means all they're listening to is the industry. And, you know, some people would say that the First Amendment and First Amendment law in the U.S. effects, everything. And it has affected including this, including people's attitudes toward, and in fact, I am constantly being told, you know, this idea or that idea that someone might throw out is unconstitutional because of the First Amendment. It sort of takes a lot. It is either actually or is perceived as taking a lot of stuff off the table.

Emily Bell So even if we accept that it hasn't happened before because journalists didn't want it, and frankly, I'd love to think that journalists sort of negative space created such power in the land. Generally speaking, it doesn't. But it does seem as though we have to be at the end of that period. You know, we're in crisis. We came very close to democracy being toppled in the United States last year. We have a land war in Europe for the first time in 80 years. We have half a dozen elections around the world this year, which will either see us go much closer towards a number of quasi or actually fascist authoritarians. So it's it feels like we're almost kind of arguing on the head of a pin here about small whilst the world is in flames. You may think that's a bit dramatic. But Sarah, I just kind of wonder whether at local level some of those things actually resonate?

Sarah Stonbely Well, I want to corroborate what Steve said, because actually, in the case of the New Jersey Civic Info Bill, I believe it was the SPJ, and I really hope I'm not misspeaking here, came out against it. Yes, there was opposition from journalism groups in New Jersey.

Emily Bell Why did they oppose it?

Sarah Stonbely You know, oh, this is bad. I should know. But I want to say it was like First Amendment stuff, but I think it was more political. I think it was like less high minded than that. And I'll follow it back up maybe on Twitter or something, or someone else can help me on Twitter. But there was. There definitely was opposition from local journalism groups. So there is that. But I also, and I wish I knew the politics better of Australia and Canada,
but I do think there is a real resistance politically for whatever reason. I mean, we saw this, like I said, in 2012 when this FCC effort was taking shape, and it was absolutely torpedoed by interest groups who didn't want funding for local journalism. And that exists. That's real. That's very powerful. So I don't think that's the entire reason, but it's part of it.

**Emily Bell** So devil's advocate, and I'm always the person who ends up kind of firing at the platforms because I don't take any of their money. And whilst I love Richard Gingras, and I think actually the things that the platforms have done have really enabled some amazing things in journalism. But I'm just going to play devil's advocate, and say in Australia where they made that really bet, political opposition to that melted. And it's not a perfect piece of legislation, but there is a reason now why it is being copied around the world, including in Canada, because it has moved the dial like nothing else has moved. Is the presence of so much money in the U.S. market from philanthropic foundations and from platforms, actually stopping the press from getting together and lobbying for much more structural regulatory change of the type in Australia, that would actually really change the structure of how we think about media funding and support in the long term? Do we think that's one of the problems? Steve, you said that in your alliance there are some people who are not in favor of an Australian-style bill. Is that because they take money from the platforms?

**Steven Waldman** For one thing, the big media in America is in favor of doing the Australian model. So the News Media Alliance, which is the trade association of all the big media companies, is the prime mover. So in that sense, the big media industry is fully for this. The opposition or concern, I would say, is from smaller players. And there is a general concern that somehow or another this will end up being a good deal for the big folks, but not for smaller players. And they're really kind of irked by that and pushing back on that. Do some of those small players also get money from Google? Yes. But I prefer to think it's all a matter of principle.

**Emily Bell** Right. So actually what we see emerging and my colleague wrote a paper about this from Australia just a couple of weeks ago for the Columbia Journalism Review. He was saying, you know, again, the lobbying narrative around the Australian bill is it's only been good for Murdoch. And sort of full disclosure, because I sit on the board of The Guardian, which actually does have a significant newsroom in Australia, I mean, it's certainly true. I'm sure that it's been incredibly good for news corporations, but it's not true to say it has not been good for smaller players or independent media, etc.. So kind of what's the, again, Sarah, as you're kind of dealing with smaller groups, and you've been studying how do we support news organizations, does some of this resonate to you? This sort of, you know, you need those moves to support that ecosystem?

**Sarah Stonbely** Yeah. And I think also, I mean, at this point, certainly a lot of the small publishers we work with at the Center for Cooperative Media, they have spent a lot of time learning Facebook, learning Google. You know, they are sort of building their business model around how can we optimize on these different platforms? You know, at this point, five, seven, ten years almost, you know, trying to build this in. So I think sort of pragmatically, that's part of the problem. But I would also say, like in Canada, I mean, if you're getting a third of your budget from the platform, that seems like a very obvious reason why you wouldn't want to lobby against them. And honestly, I don't know if for a lot of these small publishers who are just going day to day, you know, trying to think about the ways to serve their communities, I'm not sure they have the inclination or the time to even think about it. To be honest.
Emily Bell So I think that's a really good point, which is when we talk about involving whole industry in these things, lots of folks just don't have the energy or the time. They're just trying to keep the lights on, and those are the people who need the money most.

David Skok Yeah, one important detail in the Australian legislation, if I'm correct in interpreting it, is nobody's actually used it. It's been the threat of it that has caused the deals to happen.

Emily Bell Right, because it's a negotiated, arbitrate model, which means that for it to be used, in inverted commas, you would need for the refusal of negotiation to go to arbitration. There have been some complaints that the Australian Government hasn't implemented it as fully, and they're not making it kind of easy for people to appeal.

David Skok And one of the things that will be interesting to see in the Canadian legislation next week if comes out then is the transparency element. So, you know, as I mentioned in my opening remarks, everybody signed NDAs, nobody's talking. And so it's all conjecture, which, by the way, is also horrible for the journalists. I mean, I sit and think to myself, can I stand in front of a roomful of reporters and editors and not tell them what we're getting in terms of editorial integrity? Hopefully, the Canadian law will force that to happen, but there are questions about when. Is it going to be disclosed a year after the deals, or right away? If it's a year after, well, what's the point? You can't negotiate with that. And again, you know, in terms of the large and the small, it's relative. It's not that the small publishers are saying, "Oh, the Guardian got $50 million, we deserve $50 million." It's is the Guardian now distorting the playing field with that money to prevent me from competing?

Emily Bell But what does distorting the playing field mean if you have richer people in your audience and your demographic? Is that distorting the field? So again, you know, kind of it'll be interesting to hear from Sarah about that. For the folks that you work with, what is a level playing field even look like at this stage?

Sarah Stonbely I mean, it's so local in New Jersey especially. It's so hyperlocal in most cases. But you're absolutely right, that the playing field is already distorted because of just the geographic fate of some of these communities and the outlets who serve the communities. And then that's where the philanthropic funding comes in, and the Facebook money comes in, or the whatever money comes in. Because if you're serving a community who is not desirable to advertisers, there has to be supplemental money. And then where does that money come from? That's the entire question.

Emily Bell So, Steve, you spent a lot of your life thinking about this.

Steven Waldman Well, I'll give you an example on both sides, pro and con, on this. Here's an example of how it could make things worse. If, in the case of either of these bills, a bunch of money goes to newspapers owned by Alden Global Capital in a community where someone is trying to build a replacement to that newspaper, it could be that that Alden paper was going to go out of business and leave the field open to the great new startup. So that's a potential market distortion to give an example. But on the other hand, and the reason that I think the other hand has the better argument in this case is, you know, the reason that the National Newspaper Publishers Association, which is the Trade Association of Black Newspapers, was one of the biggest supporters of the payroll tax credit, is their nuts and bolts analysis is that this would be hugely helpful to them, that this would make a big difference in helping to cover communities of color. And they also said that other approaches from the past where the government was going to do it maybe even
through the Corporation for Public Broadcasting, or through a more top-down approach, that was even sometimes supposed to be targeted to communities, distressed communities never seemed to get to them. The money never seemed to get to the Black publishers. And so they actually liked the tax credit because it's an entitlement. If you qualify, you get it. You don't have to hire a lobbyist. It's just the way it is. So it was a very interesting dynamic that some of the strongest supporters for this approach anyway are folks who have felt that they've been cut out and startups. That's the other thing I like about it is this would be beneficial to whatever startup doesn't exist today but exists in two years from now.

Emily Bell And I think that's a kind of a general question for everyone on the panel. Right? I know that there are arguments and debates between what is the best model for the sustainability. So the one thing we do know about startups is that in general, and I am generalizing, they're not very robust. You know, we see a lot of churn in the marketplace. And what we know about legacy media is that it hasn't served certain communities particularly well. So if each of you were going to design a model, which route would you go down for policy? Would you go down a startup friendly, burn it all down, see what regrows policy, or would you go down more of a national trust for news? Like you should really preserve tradition, legacy institutions and try and modernize those. Or is there a good way that policy can help hybrid models? Sarah, do you want to talk about that?

Sarah Stonbely Sure. One of the things that you just reminded me of, that we haven't really talked about yet, which I think is genius, is the credit to individuals to buy subscriptions to news. I think that's so smart. I think that that just takes a lot of the criticism of subsidies and public funding off the table. I think that it incentivizes people to pay attention to the news perhaps who have stopped paying attention when they had to flip through all the newspaper pages to get to the sports scores, or the weather, or whatever, you know, all the byproduct learning that used to happen. So I think that's really brilliant. And that is not being considered as far as I know.

David Skok Well, I told you that I'm from the future.

Sarah Stonbely Oh, yes.

David Skok We have that. It's a 15% tax credit for any subscriptions that you have. It's now been in place for a year and a half. So we've seen the Revenue Canada, our equivalent of the IRS, well, I think it's IRS, looking through it. And the bad news is it's negligible. The people who would have subscribed anyways are using the credit. It's not creating new market subscribers.

Sarah Stonbely How does that money come to people. Like are people aware of it, and they just choose not to use it?

David Skok We email every single one of our subscribers. We market it.

Sarah Stonbely To people who already subscribe?

David Skok Well, even our leads, I mean, we all market it.

Steven Waldman So how much dollar value is that per subscription?
David Skok So we have a premium product, $300. So 15% of that, which don't embarrass me on stage with math. But you have to file for it later. I think one way to improve on that is to do it automatically and let us do it on the other end, as opposed to the consumer. I think the friction is on that, where you have to remember to keep your receipts like you would for a donation and do it at the end.

Steven Waldman The American bill, of course, went much bigger, and it's $250 for a subscription. Or I earned my little K Street lobbying wings when I got them to say $250 for a subscription or a donation to a nonprofit local news org.

Emily Bell So I've got kind of a related question, which is coming from an audience member, much better question I had. It's kind of related to what we're talking about. The question is does innovating journalism involve a focus on responses to audience or offering more quality content? I think, again, it's that input output, which is I think kind of an unspoken thing. I know that I've heard several people say, you know, I'm going to say something very unpopular now on stage, but there is a phenomenon of crafting content which really pleases foundations and funders, which wins prizes. It doesn't really affect or reach maybe the right audiences in the same way. So that's a great question. What do we think about that?

Sarah Stonbely Well, in New Jersey, we work with a lot of the small publishers, and it's very disheartening. It's kind of one of those things where it's like, you know, you can have the best product in the world, you can have the best investigative journalism, and all this, but if no one's reading it, then like what is it all for? But, two things. So first, often it's not a general reading audience who the best investigative journalism targets it at. Maybe it's like certain people, you know, certain people in power, or certain people who can move the ball forward on some sort of effort. So that's one thing. It doesn't need to be the widest readership in the world. There needs to be a certain readership. And then secondly, you know, I think people are very disillusioned with local news in particular. I mean, I did my MA thesis a million years ago on crime in local news in Milwaukee, Wisconsin. And it was basically all it was. Like the A and B segments were like all crime, and it's like serving a huge city. So it certainly needs to get better as well. But I mean, that's a real chicken and egg question that I've thought about a lot.

David Skok We'll hear from Jeff Elgie tomorrow, fellow Canadian. We're like on the opposite side of the coin, I'm sure, in our businesses and probably in our views about some of the stuff. But I won't speak for you, Jeff. But, you know, one of the things that Jeff understands, I think, and to his great credit, is that local news is not necessarily always just simply defined by how many city hall reporters you have. Local news is obituaries. Local news is recipes. Local news is how you impact a community. And we actually have something called the Local Journalism Initiative in Canada, which subsidized reporters in city halls for different places, provided that it was then Creative Commons license, it had to be shared across the country. To me, that's prescriptive. You know, we don't get in the affairs of the nation in our bedroom. You shouldn't get in the affairs of my newsroom to tell me how I should use my reporters to define what you think is the right way to do journalism. I appreciate the importance of civic reporting in city halls, but I also appreciate the independence that an editor should have in describing what they do. And there is the risk of unintended consequences. Just like if the Google News showcase is about how many articles you produce, you can have a lot of hot takes, and you're going to be compensated for those hot takes eroding the ecosystem. Same way, if you say to people, you have to have this kind of journalism, what are you going to leave out? That's not innovation.
Steven Waldman  I agree that we should air on the side of not being prescriptive, and I also agree that there could be unintended consequences. There certainly will be unintended consequence, but there are also consequences to doing nothing. And we now have 1,800 communities with no news organizations and thousands of communities with ghost newspapers. And if we don't do anything, those will grow and spread. That's a consequence, too. So I tend to think that government's role should not be focused on encouraging innovation and startups at least in the media sphere, that it's better off focusing on keeping the lights on. And that if you can keep the lights on and keep your head above water, folks will then have the air, mixing three different metaphors, but to do that innovation. I'll give you an example, which is that I think I've heard the number that there are now about 300 nonprofit local news organizations. I happened to be rereading a history of public radio recently, and in 1967, when the Public Broadcasting Act was passed, there were 300 public radio stations. So the act didn't invent public media. There were 300 public radio stations already, but they were small, and frail, and not able to do it. What the Public Broadcasting Act did is let them keep the lights on and gave them a baseline of funding, which helped create a really robust public media system.

Emily Bell  Which an analogy for that though now be actually about supporting a whole new and different set? So you're saying, you know, it's not really about supporting startups, but is it perhaps about supporting the environment, which has actually born so many startups in the last 15 to 20 years? So in other words, your tiny local radio stations at that time maybe they are kind of, you know, your hyperlocal blogs, or whatever of today. So it would be interesting, are we thinking in a too conservative way about how we define a news organization?

Steven Waldman  Well, this was a big debate. And one of the things I like about this payroll tax cut, despite its flaws, is it actually would go to the startups and the blog. If you're a full time local reporter, you'd get the same per reporter as big newspaper. So it could make things comfortable for innovators.

Emily Bell  Do you think there is such a thing, Dave, as an innovative, friendly public media policy?

David Skok  Well, you and I both come from commonwealth countries.

Emily Bell  I come from the commonwealth country, and we're not very proud of it. I'm afraid. As we shouldn't be. It's a source of shame.

David Skok  I wound you up on that one. The public broadcasting is still, in spite of the many critics of it, an important part of the ecosystem. And studies have shown that it actually helps in some ways provide a center for the discourse, even, which is a really important invisible role of it that I don't think we appreciate a lot. I think that can always be reformed. But, you know, I think public media, public broadcasting, as it was, is a vital part of this.

Emily Bell  So time has flown, and we are between the audience and the bar. But I just wanted to finish by saying you've all thought a lot about this. It seems like now is a really good time to put forward your policy wishes because for the first time in a very long time, particularly in this country, they stand a very, very, very small chance of coming true. So, Sarah, starting with you, if you had if you had a policy wish, what would it be?
**Sarah Stonbely** God, I was kind of hoping you wouldn't ask me that, because it's all of the things we've talked about. And I think in that sense, it's very similar to, like, what happened in the transition to digital and the revenue stuff. It's like you kind of have to try everything and see what works. And for different places, it's different things too. So, you know, I think for certain places it will be the payroll tax. For others it will be like the individual subsidies. Maybe someone will care about local news someday. For other places it will be, you know, the Civic Info Consortium model. So I guess I would just say that my wish would be that it would be more culturally accepted. You know, that this is not going to be the end of editorial independence for journalism if it receives more government money.

**Emily Bell** I think that's great. A policy wish for cultural acceptance of media policy. I would absolutely sign up for that.

**David Skok** I don't have any wishes because we're already down this road. I would just reiterate my point as you think about policy in this country and as a wonderful guest in this wonderful country, it's just to always be thinking about the potential for the politicization of whatever you do because it will happen. And how you think about that is entirely up to you. But as you go through this process and you talk to lawmakers, know that there are strategists watching what's happening in Canada and saying, "Hey, it's a great way to fundraise for your activist newsletter blog, and it's a great way to rally the base who already, we know, there are parties that will leverage this kind of thing for media." So just to be careful.

**Emily Bell** I know. I love the fact that Canadian has come to America and said, "You need to be careful because we have this blockade." And it's like on January 6.

**David Skok** I am aware.

**Emily Bell** But I mean, the point being that in the commercial sphere there is a politicization undermining of the democratic function of the press anyway. So like, question, is policy going to make it worse? Your wish Steve.

**Steven Waldman** That was what I was going to say. In addition to my wishes, mostly what we've talked about before, but there's one other one I want to put on my wish list that we haven't talked about, which is antitrust law, to deal with the consolidation in the newspaper industry and the acquisition of newspapers by private equity and hedge funds.

**Emily Bell** That would be very good. So instead of lobbying for the breakup of big tech, if we lobbied for the breakup of ourselves. But that's an innovative approach to that. It's been a packed day. There is a bar with cold drinks. I want to thank Rosental. I want to thank the panelists. I want to thank everybody who's still in the room at the end of the day. Thank you very much, indeed.