

# IPI Report

## Media and Money

Worldwide economic upheaval changes the shape of news



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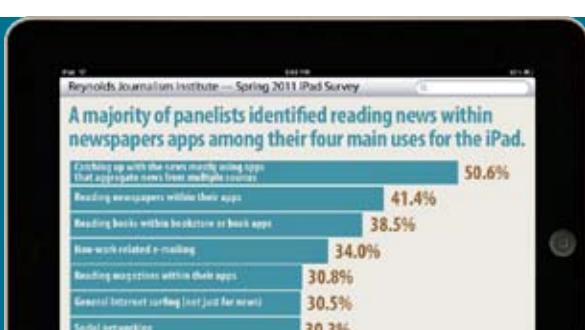
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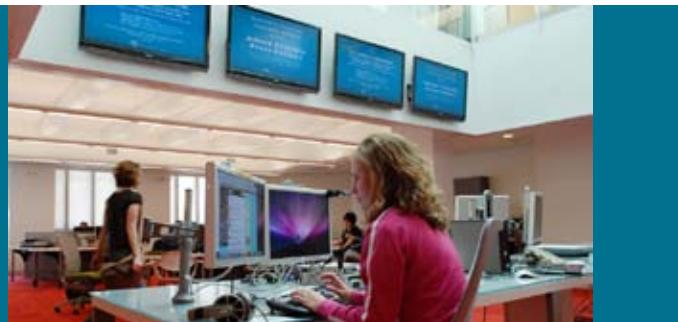
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2011

# IPI Report

## Media and Money

This special report is a partnership between the International Press Institute, the Donald W. Reynolds Journalism Institute and the University of Missouri.

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# Welcome

**A**s 2011 nears its close, global stock markets are roiling and the world once again appears on the brink of a deep recession. Economists will tell you that officially, the recession in the United States began in December 2007 and lasted until July 2009. Of course, that official designation anointed many other countries that are suffering the worst downturn since the 1930s.

What's that got to do with journalism, and by extension, a free press? Plenty.

As economies tighten, the props of an advertising media fall. As salaries fall, the pay for journalists becomes ever more meager, opening the door for bribery and influence. Hard times bring political instability, such as widespread unemployment, and may convince government to tighten press controls. Add the technological disruption of the standard media business model and you have a volatile mix.

Last year, the International Press Institute revived this report, in time for IPI's 60th anniversary. This year, we again present a look at some of the topics in today's media. Those topics show that all types of news media, from mobile to magazine to newspaper and network, have been tumbled by changing economic fortunes.

These essays share a wide point of view, from concerns about government influence, to hopeful reports on the growing number of new (financial) foreign correspondents, to the promise that mobile technology brings to freedom.

Where the world economy will take us, we aren't sure. But it is clear that we cannot allow press freedom to take a back seat to economic interests.

— Martha Steffens, *IPI Report* Editor



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# Money and Media: A disunion that's shaking the foundations of a free press

By Martha Steffens

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**F**or decades, Media and Money had the kind of well-bred and prosperous partnership that you read about in the Wedding pages of the *Sunday New York Times*.

Though their union was tainted by fortunes earned through less than pristine yellow journalism business practices, their offspring became the greatest generation of journalism—idealistic, ethical newsmen and women that embodied a free and vigorously independent press that steadfastly refused to be tainted by the very money that paid their now-handsome salaries.

Expose a crooked car dealer? A free and independent press could weather the advertising boycott. Launch a yearlong examination of corrupt workplace practices by tasking three or four reporters to spend their days poring over government documents? Lavish them with prizes. It was a

golden era, where the idea of Newspapers and Democracy seemed to shine in the light that the American forefathers intended.

The attainment of uncovering wrongdoing, including removing or impeaching sitting U.S. presidents, trumped more mundane coverage, and editors fought publishers for the funds to build and grow reporting powerhouses, with highly skilled journalists who eschewed jobs in the private sector. After all, when publishers had profits that most industries envied, it was easy to be lenient on the newsroom that provided a very salable product.

But the computer, and its progeny, the Internet, would close down a party that lasted into the wee hours of 1999. Slowly, the novelty of news on the web became a bother, then a downright threat, part of the digital disruption that had already begun to unravel the music and movie businesses.

Cracks in the news media business model began to deepen in 2002, but split wide open in the Great Recession

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**When publishers had profits that most industries envied, it was easy to be lenient on the newsroom that provided a very salable product.**

of 2008. Like the once-in-a-lifetime earthquake that recently hit the U.S. East Coast, the financial shaking toppled parts of a legacy industry that wasn't quite as solid as anyone believed.

It was a particularly punishing blow for print publications, the admitted backbone of the news industry. Consumers were shedding expenses, including cutting back on buying newspapers and magazines. Retailers weren't buying ads; neither were brokerages or banks.

*The New York Times* raised \$225 million by selling its stake in its flagship building to pay debt. Seven media companies filed for bankruptcy protection after years of consolidation to save costs. Others sold to private equity firms to stem issues with shareholders. *Newsweek*, the once-proud news weekly magazine and part of the *Washington Post* halo for half a century, went from making \$30 million a year in 2007 to losing more than \$30 million in 2010. It was sold to philanthropist Sidney Harman that year for \$1 and assumption of debt.

In 2009, nearly 15,000 U.S. journalists lost their jobs at papers large and small, either through layoffs or buyouts. Losses stabilized, and only about 3,000 were cut in 2010. But as the double dip of the recession loomed this year, additional layoffs of 3,500 piled up.

Countless journalists and media reviews have hashed and rehashed the decline of the U.S. news industry, even as Internet companies like Google and AOL rush in to seize profits from Internet news. Hand-

wringing abounds, as people worry that the news industry will barter its independence for much-needed revenue, and hire less skilled and lower-paid journalists who won't hold up the expectations of a Fourth Estate. And that niche media, who seek narrow but deep pockets, will ignore stories once covered by mass media, turning their backs on government and foreign reporting.

Troubling still is the self-fulfilling prophecy of the quality spiral. For years, the media business leaned on the idea that Quality brought increases in Circulation, at that, in turn, brought in Advertising revenue. As Quality ramped up, then did Circulation, and more trucks headed to the bank.

But slashing staff in the newsroom seemed to reverse that upward spiral. A 2010 study by the Reynolds Journalism Institute showed that cuts in the newsroom and advertising sales force actually push profits down.

That analysis, led by RJI research director Esther Thorson, was based on historic data gathered by the Inland Press Association data from 327 newspapers with under 85,000 daily circulation. The research found that newsroom cuts are the most costly on revenues. A one percent cut in newsroom expenditures led to a .44 percent drop in revenue. A one percent cut in the ad sales force led to a revenue drop of .24 percent. A one percent cut in the distribution force led to a .08 percent drop in revenue. In dollar amounts, the picture is even clearer. Data from small newspapers with an average

circulation of 13,000, showed that a one percent cut in the newsroom reduced expenses about \$10,000 but led to a revenue drop of \$23,000 and a profit decline of \$3,000. And the bigger the cuts, the impact on revenues becomes progressively worse. For example, a 10 percent cut in newsroom expenditures led to a 5 percent drop in subscription revenues, while a 50 percent cut in newsroom expenditures led to a 30 percent drop in subscription revenues.

So, are news companies being shortsighted, and perhaps short-changing the idea of a free press? Other evidence in this *IPI Money and Media* report appears to show that might be the case. The quest to restore the profitable era gives advertisers the upper hand, as Doug Miegs writes about Hong Kong media. This advertising pressure, also seen in Russia, is



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bending ethics beyond recognition.

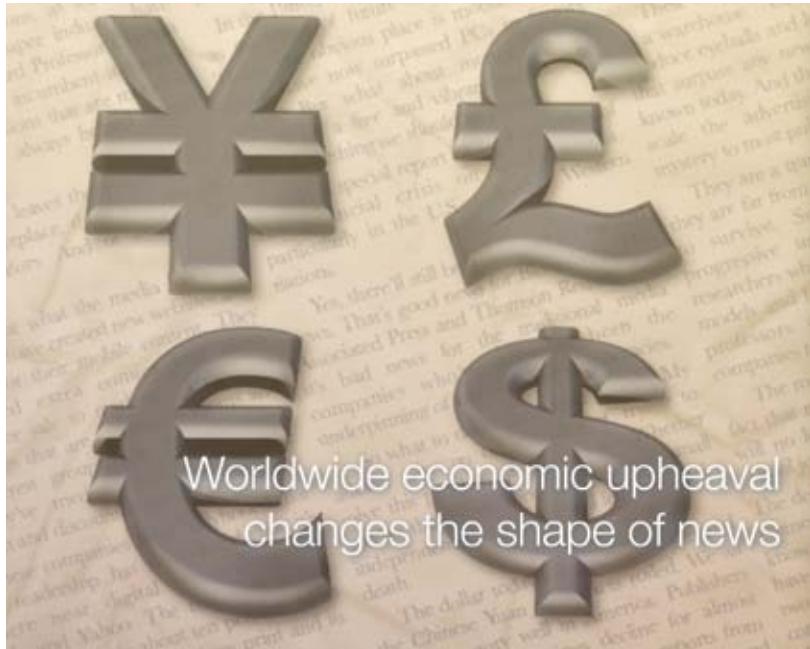
For instance, in quest for cheap profits, many print and online media have embraced the gossip business as a source of inexpensive news that can attract readers. But that, too, writes Greg Spielberg, is an empty business model, that again disengages the quality spiral.

Others seek to engage the spiral through building in quality and having readers endorse journalistic efforts by going advertising-free. That's the intent of the *San Francisco Public Press*, which, like ProPublica, runs on donations and grants.

And pay for journalists, which allowed them to resist the temptations of bribery, or winning favor of future employment in business or government, is on the decline. Alison Bethel McKenzie writes about how, despite gains, press payments still dominate media efforts in Eastern Europe and Africa. In Pakistan, Umar Cheema writes about how his nation's shifting fortunes make for a deadly relationship between the government and media.

Len Downie, executive editor of the *Washington Post* during many of those glory days of journalism, has said that journalists' salaries are unlikely to ever return to the levels that allowed a journalist to move from rookie to expert.

While the economy has



## This Money Media has become a multi-billion industry covering the economic conflicts that now define the relationships of superpowers.

been wrecking journalism, the media that covers the economy—business news media—has been expanding and flexing their muscle. This Money Media has become a multi-billion industry covering the economic conflicts that now define the relationships of superpowers.

In fact, as we decry the damage done by the budget axe in eliminating foreign bureaus of major media outlets, the business media has been quietly filling those empty desks. Stuart Loory, a former CNN correspondent himself, writes about how Thomson Reuters,

Dow Jones and Bloomberg are the new foreign correspondents, filling hundreds of new bureaus from Singapore to Bangalore. In fact, when Polish president Lech Kaczynski died in a plane crash in 2010 in Russia, it was Marcin Sobczyk, a Dow Jones Newswires reporter in Warsaw, who shouldered much of the coverage for its more mainstream media sister, *The Wall Street Journal*.

This special report is a snapshot of rapidly moving tectonic plates as Media and Money encounter long-term friction in their relationship. Whether the digital upheaval will create new ground in media, or merely create a fractured landscape, has yet to be determined.

Signs, such as the use of digital media to pry open press freedoms in China and Syria, give shouts of hope. The Arab spring, which has turned into an Arab fall, was built on the hope of news via mobile devices, as Matt Duffy explores.

One thing for sure: all know that a free press is ideal, and that a stable media model is the best way to meet that lofty goal. But waiting for that stability is hard and fraught with worry. ♦

# The future of accountability journalism now at stake in America

By Leonard Downie Jr.

**T**he future of accountability journalism is now at stake in America—along with much else—as a tsunami of economic, technological and social change washes over the news media.

It's hardly the first time that journalism has changed dramatically.

Now, of course, with the digital revolution, the onrushing changes in journalism and the news media are much more rapid, profound and unpredictable.

Accountability journalism is the most important mission of the American news media. It is a unique freedom and responsibility of a free press in our constitutional system.

Obviously, there is still news—and in more abundance than ever. Much more news is now available to everyone with access to the Internet.

But, to quote an academic colleague of mine, the question is:

Will the new news be good?

I do not intend to wax nostalgic about or lament the passing of the good old days of journalism.

After all, not everything about those days was so good. And the



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**Obviously, there is still news—and in more abundance than ever.**

best journalism being produced now—thanks to the same forces of change that have so disrupted the old order—is arguably better than ever.

So, instead, I want to explore with you the reconstruction of American journalism—both its promise and its perils. You will recognize similar currents of change in British and European news media—although those currents may not yet be as fast-moving or as far-reaching.

American journalism is at a transformational moment, in which a long era of dominant newspapers and influential network television news programs is rapidly giving way to a new journalistic era in which both the gathering and distribution of news is more widely dispersed.

The economic foundation of American journalism, long supported by advertising, is eroding. The audiences for print and television journalism are dissipating. Newsrooms are shrinking.

A number of large American newspaper companies are now in bankruptcy or have been sold out of bankruptcy to their creditors. Some papers have closed. Some are still losing money. More than 100 others now print and deliver newspapers only on some days each week. Still others now publish only online.

The printed editions of most surviving American newspapers have shrunk substantially in size and contain far less news. Many of their reporting staffs have been cut by half or more. Only a handful still have foreign correspondents. Many no longer have reporters covering the federal government in Washington or even the governments in their state capitals.

At the same time, the audi-

## American journalism is at a transformational moment.

ences and news staffs of both the national television networks and local stations are shrinking steadily.

All of this does not mean that American newspapers and television news will vanish in the foreseeable future. There are still well over 1,000 daily metropolitan newspapers in the United States—and hundreds more television stations and cable channels—still offering news, including on their websites

But they are playing significantly diminished roles in an emerging and still evolving world of digital journalism—in which news gathering is being continuously re-invented, the character of news redefined, and news reporting distributed across a much greater number and variety of sources.

The Internet has not only undermined the economic and audience models of old news media.

As you can see every day, the Internet also has made it possible to gather and distribute news in dynamic new ways—not only by surviving newspapers and television news operations but, more importantly, by numerous start-up online news organizations, non-profit reporting projects, public radio stations, university-based state and local news services, government agencies, NGOs and advocacy groups, community and neighborhood news sites, and countless bloggers.

Financial support for news gathering is now coming not only

from advertisers and subscribers but also from philanthropists and foundations, university and government budgets, and donations from individual readers and viewers.

News reporting has become more participatory and collaborative. The ranks of news gatherers now include not only journalists in newsrooms, but also legions of freelancers working from homes and coffee shops, university faculty members and students reporting on the communities and states outside their campuses, and citizens contributing information and images from laptops and mobile phones everywhere.

Journalists can gather news and information much more widely and deeply on the Internet. They can update and supplement their reporting continuously on blogs and social media—and they can have their reporting enriched and fact-checked by their audiences.

Journalists and news organizations can link their journalism to news reporting and information sources elsewhere on the web. And they can present it all in engaging multi-media formats targeted at an infinite variety of news consumers and tastes.

*Guardian* editor Alan Rusbridger, in his thoughtful Hugh Cudlipp Lecture, put it this way last year:

“Journalists have never before been able to tell stories so effectively, bouncing off each other, linking to each other, linking out, citing sources, allowing response—harnessing the best qualities of text, print, data, sound and visual media. If ever there was a route to building audience, trust and relevance,” Rusbridger said, “it is by embracing all the capabilities of

The grid displays the following websites:

- CALIFORNIA WATCH**: A non-profit journalism organization.
- PRO PUBLICA**: A non-profit organization that provides investigative journalism.
- chicago news cooperative**: A news organization based in Chicago.
- voice of sandiego.org**: A local news website for San Diego.
- MinnPost.com**: A news website for Minnesota.
- DEB HAIVED INDEPENDENT**: A news website for New Haven, Connecticut.
- THE TEXAS TRIBUNE**: A news website for Texas.
- BAY CITIZEN**: A news website for San Francisco.
- St. Louis Beacon**: A news website for St. Louis.

Examples of new online media organizations: California Watch, ProPublica, Chicago News Corp., Voice of San Diego, MinnPost, New Haven Independent, Texas Tribune, Bay Citizen, and the St. Louis Beacon.

this new world, not walling yourself away from them."

Many older news media organizations were initially slow to embrace all those capabilities. They were, at first, hostile to what appeared only to be digital competition, rather than digital opportunities, for their journalism. They are now scrambling to survive in the digital world, even as they do face new competition from both for-profit and non-profit digital news startups.

But they also are more open to cooperation. There is a new willingness by both for-profit and non-profit news organizations to share reporting with each other. As I will discuss later, that coop-

## A new willingness by both for-profit and non-profit news organizations to share reporting with each other

eration enables them to stretch limited resources, to reach larger audiences and to produce better journalism.

The most aggressive of the older American news organizations are changing fast. Like the *Guardian* and the *Financial Times* in Britain, *The Washington Post* is no

longer just a newspaper. It is now a multi-platform news provider operating out of a completely reconstructed newsroom in downtown Washington, D.C.—with a digital universal news desk for all of its print and digital outlets, several television and radio studios, and state-of-art multi-media production facilities.

*Washington Post* reporters all produce digital and print journalism. They blog regularly on their subject beats—from politics, economics and national security to education, sports and religion. They produce audio and video podcasts. They converse with their audiences through on-line chats and social networks. They



The *Boston Globe* and Boston University has launched the New England Center for Investigative Reporting to work with the *Globe* and local public television and radio stations on investigative reporting projects.

discuss their journalism on television and radio. And their work is digitally tagged and manipulated to maximize its exposure via search engines, on-line aggregators and social networks.

Yes, that's a lot of work, especially in newsrooms, including ours, where there are fewer journalists than there were just a few years ago.

But it also immerses these journalists more deeply in their subjects, makes their journalism more authoritative and transparent, and connects them more closely with their audiences.

The *Washington Post*, like many other older news organizations on the web, is supplementing its own journalism on its websites with freelance blogs on local and national news subjects, with journalism produced by non-profit news and investigative reporting startups, with links to competitors' news stories and commentary, and with a variety of reader contributions.

A growing number of American newspapers also are compensating for their reduced reporting resources by collaborating with

other newspapers. Two former rivals in Florida, the *Miami Herald* and the *St. Petersburg Times*, now jointly cover the state capital in Tallahassee, while the *Herald* and two newspapers near Miami share their local

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### **The eight largest newspapers in Ohio share all their news, along with various kinds of features, photographs and graphics.**

news reporting. A number of other newspapers are similarly collaborating in Pennsylvania, New York, New Jersey, North Carolina, Maine, New Hampshire, Oklahoma, Texas and the state of Washington.

In the most extensive collaboration to date, the eight largest newspapers in Ohio share all their state, business, sports, arts and entertainment news, along with

various kinds of features, photographs and graphics.

The Gannett company, which owns dozens of newspapers in cities throughout the United States, is grouping them into regional clusters that will centralize some journalistic functions, beginning with page design.

A growing number of American television stations also are sharing local news reporting. At more than 200 stations around the country—from Los Angeles and Kansas City to Philadelphia and Miami—their local newscasts are produced by other stations in the same cities.

In some cities, such as Phoenix, Arizona, and Salt Lake City, Utah, where both a newspaper and a television station are owned by the same company, their print, television and digital newsrooms are being merged into a single newsroom for all their media outlets.

Some local American public radio stations—along with a smaller number of public television stations—are belatedly starting or increasing local news reporting to make up for the shrinking news coverage by newspapers and commercial broadcasting stations in the cities and states where they are located.

Obviously, there is no television license fee to support a national public broadcasting network in the United States. The current system of American public radio and television was created by Congress in 1967. Through the quasi-public Corporation for Public Broadcasting, the federal government funnels about \$400 million a year to national program producers and to hundreds of independent public radio and television stations throughout the country.

That's roughly \$1.35 of govern-

ment support per capita for public broadcasting in the United States, compared to about \$80 per capita in Britain, \$100 in Denmark and Finland, nearly \$60 in Japan, and about \$25 per capita in Canada, Australia and Germany.

Most public radio and television stations in the United States are individually licensed to universities, non-profit community groups, and state and local governments. They must supplement their relatively small grants from the federal government with donations from their audiences, philanthropic foundations and corporate contributors.

Most of the stations use most of that money for overhead costs, fund-raising expenses and entertainment programming—rather than for news reporting. A significant exception is the national and international news reporting provided to the stations by National Public Radio.

The Corporation for Public Broadcasting, National Public Radio and some of the stronger local public stations have recently started working together to improve the stations' local news reporting. They are slowly expanding their news staffs, sharing news reporting among stations and with National Public Radio, and making their websites more dynamic and informative. National Public Radio also recently created its first investigative reporting unit.

However, with some notable exceptions, most American public radio and television stations have a very long way to go before they will be covering local news in a meaningful way, if they ever do.

Meanwhile, new news organizations of all kinds are starting up every day—with the costs of printing presses, or fleets of de-

livery trucks, or expensive broadcasting facilities. Those startups—which are organized as tax-exempt nonprofits—don't need to make a profit and can accept tax-deductible funding from charitable foundations and individual donors.

A national nonprofit news organization named ProPublica, based in New York and dedicated to accountability journalism, was started three years ago by former *Wall Street Journal* editor Paul Steiger with a \$30 million gift from husband-and-wife California philanthropists. It now employs three dozen investigative journalists in a shiny high-tech newsroom just off Wall Street.

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## Some of the new news organizations are highly specialized.

ProPublica has produced award-winning investigative reporting about government, business, energy and health care, among other subjects. Its journalism has been published and broadcast by major newspapers like *The Washington Post*, *New York Times* and *Los Angeles Times*, all of the major national television networks, and numerous websites, including its own.

ProPublica has enlisted members of its online audience to perform so-called “crowd-sourcing” research for some of its stories, such as the monitoring of public works projects funded across the country by the Obama administration's economic stimulus program. ProPublica has been completely transparent about its reporting methodology and databases, so any

other news organization or blogger can follow up with additional reporting.

Some of the new news organizations are highly specialized. The Washington-based Kaiser Health News, financed by the Kaiser Family Foundation, a respected nonpartisan health care research organization, reports on health care policy for its own website, for several newspapers and for National Public Radio.

The Center for Investigative Reporting in Berkeley, California, last year launched California Watch, a fast-growing, foundation-funded nonprofit news organization that produces high-impact accountability journalism about California issues and the state government. California Watch news stories have been published and broadcast by dozens of newspapers and radio and television stations throughout California—many of which no longer have the resources to do much of it on their own.

A number of similar, small, new non-profit, Internet-based news organizations have been started in states and cities across the United States, many of them during the past year.

So far, the news staffs of these nonprofit startups are much smaller than even the shrunken staffs of most newspapers. But they are able to focus their limited reporting resources on high-priority accountability journalism about state and local government, politics, economics and social issues. Some of them already have had a much greater impact with their journalism than their relative size would suggest.

Among the most promising of these nonprofit news sites are the Voice of San Diego in southern California, the Bay Citizen in San

Francisco, the Texas Tribune in the state capital of Austin, MinnPost in Minneapolis, the St. Louis Beacon, the Chicago News Cooperative, the New Haven Independent in Connecticut, and several news sites in the New York City area.

Most of these nonprofit startups were funded initially by foundations and philanthropists. To survive, they will need sustaining financial support from their audiences in the same way that local public radio and television stations have been funded in the United States for decades.

Some of the new nonprofits also are seeking business partners among surviving older news organizations. *The New York Times*, for example, which circulates throughout the country, is paying the Bay Citizen in San Francisco and the Chicago News Cooperative for local news that it publishes in regional editions of the *New York Times* for those cities.

At the same time, a growing number of American universities have started their own nonprofit news sites—staffed by student journalists and overseen by professional journalists who have joined the university's faculties. They cover news and do investigative reporting in the states, cities and neighborhoods where the universities are located. Their journalism is published and broadcast on university-operated websites and public radio and television stations—as well as commercial newspapers and stations that use the student-produced journalism to supplement their own reduced reporting and resources.

For example, the Walter Cronkite School of Journalism at Arizona State University in Phoenix—where I am now on the faculty—operates the Cronkite

## A few university journalism schools in the United States also have become bases for investigative reporting projects.

News Service, which reports news and does investigative reporting about Arizona and its state government for about 30 newspapers, television stations and websites around the state. Cronkite journalism students also produce a local nightly newscast on the Phoenix public television station, as well as a multi-media news website.

Students at the graduate schools of journalism at Columbia University in New York and the University of California at Berkeley produce websites that cover local news in parts of New York City and the San Francisco Bay area.

The Capital News Service of the University of Maryland, just outside Washington, D. C., operates news bureaus in the state capital and in Washington that serve newspapers in Maryland. Students from Northwestern University, near Chicago, operate a similar news bureau in Washington for media clients throughout the country.

A few university journalism schools in the United States also have become bases for investigative reporting projects that have contributed significant accountability journalism to professional newspapers and broadcast stations.

Investigative journalists no longer employed by those newspapers and stations have joined the university faculties to supervise

investigative reporting by their students, often in collaboration with professional news organizations.

In Boston alone, Northeastern University journalism students have produced a dozen front-page investigative reporting projects for the *Boston Globe*, and Boston University has launched the New England Center for Investigative Reporting to work with the *Globe* and local public television and radio stations.

Most of these nonprofit news startups are still financially fragile. Raising money from foundations and other donors and sponsors—and seeking support from news media partners—consume a disproportionate amount of their time and energy. Some startups already have failed. Others are struggling to stay afloat. Even some of the most successful so far still must build long-term economic models to sustain themselves in the future.

Nearly 40 American nonprofit news organizations recently formed a national Investigative News Network to collaborate on fundraising, legal and logistical support, website development and reporting projects.

A small number of large American philanthropic foundations, which have expressed strong concerns about the future of journalism, have been funding ways to increase the number of nonprofit news startups to help them become digitally innovative and to create longer-term sustainability.

Journalists who have left large American news organizations also are starting new Internet-based news organizations that they hope can make a profit. They range from GlobalPost, which covers international news, to a rapidly growing number of so-called “hyper-local” websites covering

neighborhood news in cities across the United States.

GlobalPost has contracted with freelance journalists around the world to report foreign news stories for readers of its website and American newspapers and broadcast outlets, including CBS News. Its revenue comes from the sale of its reporting, advertising on its website and subscriptions sold to readers who want direct access to GlobalPost correspondents and additional reporting.

The future of GlobalPost will be determined by the level of Americans' interest in Internet access to international news and by the quality of the work of its freelance correspondents, for whom GlobalPost is only a part-time job.

Hyper-local neighborhood news sites have been started by small-scale journalistic entrepreneurs in American cities like Seattle and by large companies like AOL, which is launching hundreds of hyper-local sites in cities across the country. They keep costs down by employing a single professional journalist for each neighborhood site and seeking unpaid or low-cost contributions from bloggers and citizen readers.

It remains to be seen whether these hyper-local news sites can become self-sustaining in audience and revenue whether they can produce journalism any more meaningful than bare-bones breaking news, lists of neighborhood activities and links to local coverage by other news sites. It also remains to be seen whether journalists and others contributing to these hyper-local news sites will find it financially or professionally worthwhile over the long run.

This follows, in a way, the

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## **It remains to be seen whether journalists contributing to hyper-local news sites will find it financially or professionally worthwhile over the long run.**

model of national Internet news aggregators. They confine their costs to minimal staffing necessary to operate the websites and edit content. They fill their websites with news, opinion, features, photographs and video that have been aggregated—some would say stolen—from other national and local news sites, along with mostly unpaid postings by bloggers who settle for exposure in lieu of money.

Though they purport to be a new form of journalism, these aggregators are primarily parasites living off journalism produced by others. They attract audiences by aggregating journalism about special interests, opinions reflecting a predictable point of view and titillating gossip and sex.

It is not yet clear whether many—or any—of the aggregators will be profitable—or, more importantly, whether any of them will become sources of original, credible journalism.

Even more problematic are recently started, so-called “content farms,” in which free-lancers are paid small fees to produce informational articles on a wide range of subjects to attract audiences and advertisers to websites. These shallow articles are not really news reporting at all.

At the other end of the digital spectrum from organized journalism is the chaotic universe of blogs and social networks.

Most of what they transmit is trivia: personal activities, observations, opinions and images.

But they also transmit news: by sharing or linking to news from the organized media or by offering original information.

In fact, the blogosphere and American news media have become increasingly symbiotic. They feed off each other's information and commentary, and they even fact-check each other. They share audiences, and they mimic each other through evolving forms of digital journalism.

A number of independent bloggers and social media commentators have become widely read and influential—by specializing in subjects they know well and have informed opinions about, such as politics, economics and business, legal affairs, the news media, education, health and family issues, sports and entertainment and the arts.

A few American bloggers have grown into full-fledged digital news organizations. Josh Marshall's Talking Points Memo, for example, has a small staff of paid reporters and editors in a small newsroom in New York. His investigative reporting and sharp-edged left-of-center commentary, assisted by contributions from his audience, has won journalism awards and influenced reporting by other news media.

Most American bloggers who report and comment on news are locally based, writing about neighborhoods and cities where they live. Few of them earn much or any money from their blogging; it's more of a labor of love. They now face the choice

of competing with or contributing to for-profit hyper-local news sites being started in their communities by outsiders.

While the Internet has made it possible for almost anyone with a digital device to become a journalist if they want to be, it has also made it more difficult for professional journalists to make a living by methodically reporting the news—just as the Internet has made it more difficult for news media companies to stay in business.

Some news organizations have been able to charge for subscriptions to their websites. They include American newspapers in smaller cities and towns who still have a virtual monopoly on local news coverage and advertising, as well as news organizations providing valuable special interest information to a targeted audience, such as the *Financial Times* and the *Wall Street Journal*.

Some general interest newspapers are now experimenting with similar subscription pay walls, including *The Times of London* and *The New York Times*. They are gambling that the resulting large decreases in website traffic will be offset by revenue from loyal web subscribers.

Meanwhile, newspapers like the *Guardian* and *The Washington Post* are keeping their websites free for now, while seeking other sources of revenue.

In a report published a year ago by Columbia University, Columbia professor Michael Schudson and I concluded that news reporting can no longer be supported by a single economic model, such as advertising or subscriptions. With rare exceptions like the BBC in Britain, the financial support for news report-

## With rare exceptions, the financial support for news reporting must be more diversified.

ing must be more diversified.

And, in the United States, American society must now take collective responsibility for supporting news reporting in this new environment, as it has traditionally for education, health care, scientific advancement and culture—through varying combinations of private enterprise, philanthropy, and government policies and subsidies.

Specifically, Professor Schudson and I recommended:

- that American tax policy be clarified to allow more news organizations, including existing newspapers, to be organized as tax-exempt nonprofits,
- that American philanthropic foundations substantially increase their support for nonprofit journalism,
- that public radio and television be substantially reoriented to support more local news reporting, that more universities actually produce journalism rather than just teach it,
- and that a national Fund for Local News be created to enable the federal government to indirectly subsidize innovative local news reporting.

Our recommendations are intended to supplement, rather than replace, the commercial models for journalism that are still evolving in the digital marketplace.

### Will the new news be good?

That remains the question, for which I do not see any easy

or doctrinaire answers.

Yes, in the digital world, everyone can contribute to reporting the news, rather than relying on sometimes arrogant and self-serving journalism monopolies with sometimes dubious agendas. If all traditional news organizations were to vanish, information, investigation, analysis and community knowledge would not necessarily disappear with them.

But much of the most-needed journalism—especially accountability journalism—is still best produced collaboratively by stable news organizations that can facilitate professional reporting by experienced journalists, support them with money, logistics and legal backing and present their work to a large public.

The challenge I see—in the United States and elsewhere, over time—is to turn this tumultuous moment of transformation into a beneficial reconstruction of journalism, enabling news reporting to emerge enlivened and enlarged from the current decline of long-dominant news media.

As can be seen in the economic turmoil in the British news media and the controversy over the future of the BBC, meeting that challenge will not be easy.

Universities must take a much more active role in helping to shape the future of news. That means not just teaching and doing research about journalism. It means actively producing journalism and acting as a watchdog to hold the news media accountable for the ways in which they transform themselves in this turbulent time.

None of us wants to wake up one morning in the future to discover that the new news is mostly bad. ♦

# Bribery is a blemish on the face of journalism

By Alison Bethel McKenzie

**S**olid. ‘Brown’ or ‘red’ envelope journalism. T&T. Jeansa. Gifting. Facilitation.

Around the world journalists have come up with interesting ways to describe the unethical practice of bribery, a very big blemish that exists on the face of journalism in far too many countries. So pervasive is the problem that it has become a regular part of the reporting and writing process in many countries.

While press freedom organizations like the International Press Institute (IPI) battle to change or prevent legislation that would limit or eliminate, press freedom by confronting government officials on the issue, what is rarely openly discussed is the role that bribery plays in sidelining media freedom.

“Bribery of the news media in too many countries robs citizens of credible information they need to make personal and collective decisions,” wrote public relations professionals Dr.

Dean Kruckeberg and Dr. Katerina Tsetsura in their report, “A Composite Index by Country of Variables Related to the Likelihood of the Existence of ‘Cash for News Coverage’.”

The first-ever comprehensive research on journalists taking money for news coverage, supported by IPI, was commissioned in 2003 and by all accounts, the findings were embarrassing.



**ALISON BETHEL MCKENZIE** has over 25 years experience in journalism, as a reporter, bureau chief, senior editor and trainer. From 1995-2000 she was senior assistant city editor at the Boston Globe, supervising a reporting staff that covered City Hall, urban affairs and transportation. In 2000, she joined The Detroit News as features editor, and then became the paper's Washington, D.C. bureau chief from 2001 to 2006, overseeing coverage of the White House and members of Michigan's congressional delegation. She joined the Legal Times in Washington, D.C. in 2006 as executive editor, moving on in 2007 to the Nassau Guardian, in the Bahamas, as managing editor.

Before joining the International Press Institute (IPI) in August 2009, she spent a year in Accra, Ghana, for the Washington, D.C.-based International Center for Journalists, as a Knight International Journalism Fellow, helping Ghanaian journalists improve their reporting skills in the run-up to the 2008 presidential election.

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**So pervasive is bribery that it has become a regular part of the reporting and writing process in many countries.**

Of the major consumer news-papers surveyed in 66 countries, Kruckeberg and Tsetsura found, among other things, that bribery occurs regularly and with impunity worldwide. “News sources pay ‘bribes’ to have their information subsidies disseminated in many consumer news media (e.g., public relations practitioners, government officials, business executives, advertisers and others),” according to the findings.

The report breaks the practice down into three categories: interpersonal, intraorganization-al and interorganizational.

Interpersonal involves handing cash directly to reporters. Intraorganizational is where an editor tells a journalist what to write, or not write, because of pressure from an advertiser or owner while interorganizational points to a formal arrangement in which a company pays a news organization a monthly amount in exchange for a certain number of positive news stories, according to Bill Ristow, author of the Center for International Media Assistance’s “Cash for Coverage: Bribery of Journalists Around the World.”

In a subsequent study, conducted in 2007, Tsetsura interviewed 93 journalists from 35 countries and 310 public relations practitioners from 56 countries, 49 per cent of whom said “it is considered OK to accept payments by national media in my country.”

Ristow points out, however, that sometimes the source is not the bad guy.

“All too often,” Ristow writes in his report, “reporters and editors are the instigators, extort-ing money either for publishing

favorable stories—or for not publishing damaging ones.”

In many countries, money is given to journalists in small envelopes (brown envelopes in Africa and red envelopes in China) allegedly for transportation costs when they arrive to cover press conferences or attend meetings. Often journalists not even assigned to the story arrive to collect an envelope, which is given to all journalists, even those who walk around the corner to the assignment.

As a Knight International Journalism Fellow in Ghana, I was quite familiar with the practice. So engrained is it in the

## **So engrained is bribery in the fabric of industry that some companies and agencies have a budget line specifically for that purpose**

fabric of the industry that some companies and agencies actually have a budget line specifically for that purpose.

During my time in Ghana, often journalists would ask about their envelope before I would invite them to free media training. If there was no envelope, some would not show. Ironically, the training often centered on media ethics.

Ben Ephson, editor-in-chief of the *Daily Dispatch* in Accra, hands out cash to his reporters each day to use for transport to and from assignments. He said that one solution may lie on the

editor’s shoulder. “A solution in changing the climate of ‘cash for coverage’ is to have editors who would kill such stories.

“An experienced editor is likely to have an idea that a story which is to be published is a product of ‘cash for coverage’. When such stories are spiked and not published, persons who have been paying cash for coverage would stop. Journalists who have been indulging in these acts will stop because their stories based on ‘cash for coverage’ will be spiked by the editor,” Ephson said.

He added: “The bribery of journalists is likely to have an impact on press freedom as stories which will improve the freedom of the press might not be published,” he said. “Fortunately, there are many journalists who do not indulge in ‘cash for coverage’ who would protect press freedom.”

In Uganda last year, journalists were openly criticized for accepting money from politicians while covering a political party conference.

The allegations of “cheque box journalism” so annoyed Peter Mwesige, executive director of the African Center for Media Excellence in Kampala, that he opined about it in an editorial to *allAfrica.com*.

“Some journalists from smaller media houses rationalize their willingness to accept money from sources on the grounds that they do not get any transport and related allowances from their organizations. Others blame it on poor pay,” Mwesige wrote. “But the list of journalists who have signed for brown envelopes or quietly received money from sources suggests that the

# ‘Zakazukha’ in Russia

*Editor’s Note: Galina Sidorova, a vice-chairman of the board of directors of the International Press Institute, chairperson of the Foundation for Investigative Journalism—Foundation 19/29 (Russia) and former editor-in-chief of Sovrshенно Секретно in Moscow, shares her experience with ‘zakazukha’, the word used to describe the bribing of journalists in Russia.*

## The ‘popular’ scheme in Russia goes like this:

A businessman (oligarch) approaches the owner (editor-in-chief, individual journalist) of a newspaper (other media outlet) and “orders” coverage of certain events (investigation of activities of known (unknown) personalities) usually targeted against a business (political) competitor.

The same scheme is true for any other sphere where competition exists.

The worst thing is that sometimes the result of the publication might even reveal some criminal or corrupted activities and thus serve public interests. But there is certainly a dark side of the coin: A journalist in this case stops being a journalist and becomes a tool in somebody’s hands—he starts the work already knowing the result (that is why sometimes such “investigations” are often one-sided or manipulation of the facts).

In Russia, there have been several cases of imprisonment of individual journalists for taking money for investigations. In most cases they happened to be too greedy, acted on their own and/or failed to do properly the work ordered and so were finally sued by those who ordered for extortion.

But the worst thing is that coverage (investigations) for money has become part of the media economy here, especially for the independent media entities. It is an alternative way to earn money and solve financial problems from the lack of “white” advertising and pres-

sure from the government. To be frank, most of the independent media entities in Russia have at least once resorted to “coverage for money” to fight financial difficulties. The logic is: We do one “ordered story” that permits the newspaper to survive financially and to proceed with 10 “pure” (unordered) investigations revealing corruption!

Coverage (investigations) for money is like a vicious circle for the free press: Helping in some cases to settle financial difficulties, it is ruining:

- The role of independent journalism in the creation of true civil society, based on the principle of the right of every citizen to get free, unbiased information;
- Trust in information journalists present;
- Prestige of the journalism profession

And finally, it reproduces corruption, because it’s impossible to fight corruption using corrupted methods.

What might work in changing the climate of “cash for coverage”? That is the most difficult question.

There are, of course, legal ways to fight “press corruption”—most countries have press laws or legislation regulating the press, and lawyers can work through these issues.

But the bigger questions remain, and I don’t know the answers.

What are the ways for a free press to survive in times of crises and lack of advertising and the pressure from the state structures?

What should be the relationship of the independent media entities with advertisers, advertising companies and government institutions in these difficult times?

Is it possible that in a democratic country the state works out the way to help its independent media to live through the “bad times” because the free press is the key element of the democratic state and society?

practice is not limited only to poorly paid journalists or those from smaller media houses.

"It does not matter what media house a journalist works for. Accepting money from sources degrades the integrity of journalism."

At a symposium on "soli" (short for solidarity) payments to journalists in Ghana, advocates of the practice argued that journalists cannot be blamed for what they see as a systemic problem and poor pay. Meanwhile, those journalists who see the practice of soli as doing damage to the integrity of the profession are fighting back through such social media tools as Facebook. The 'Journalists Against Soli' Facebook page has 131 members: a significant number in a city with only a few hundred journalists.

The debate has increased dramatically in advance of Ghana's presidential election because of the influence these unethical payments can have on coverage.

Whether instigated by the journalist or simply seen as a given by the journalist, the practice of "cash for coverage" has an irrefutable impact in press freedom.

Galina Sidorova, former editor-in-chief of *Sovershenno Secretno* in Moscow, now Chairperson of the Foundation for Investigative Journalism—Foundation 19/29 (Russia) calls cash for coverage "one of the most shattering problems modern journalism as well as press freedom faces.

"What makes it so especially ruining for our profession—the fact that besides being criminal and immoral in substance it has

also economic and political components to it," she said recently.

Sidorova said the practice of "zakazukha," as it is known in Russia, is widespread and threatening the very idea of press freedom.

"In the countries like Russia, free press is a key instrument to develop civil society. Attempts to conduct independent media business 'backstreet mode' have undermined the credibility of the press here in recent years, led to the loss of trust and respect for our profession and thus played into the hands of top corrupted bureaucracy interested to gag

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## **Talk to media professionals from Azerbaijan to Zambia and most will say they believe bribery of journalists is not something that will easily end.**

independent media," she said.

Talk to media professionals from Azerbaijan to Zambia and most will say they believe bribery of journalists is not something that can easily end.

"I would like to say that we are making real progress in this respect, but I'm not sure I see any strong evidence of that," says Ristow, a veteran journalist and former Knight International Journalism fellow based in Uganda. "It's the sort of problem that seems to find ways to keep popping up. In America, for instance, where I think the

mainstream media have done a lot to deal with this sort of ethical issue over the past 30 years or so, there are disturbing cases involving the amorphous, online quasi-media operations."

Says Ben Ephson of the *Daily Dispatch*, "Bribery in general cannot be eradicated. What you need to bear in mind is that we should make bribery very unattractive. Bribery's impact on society is that it makes it difficult for objective decisions to be taken. The same impact can be found in the journalism profession - it is likely to prevent an impartial assessment in the discharge of his (the journalist's) duties."

In "Cash for Coverage: Bribery of Journalists Around the World," Ristow, who points out that public relations professionals seem to be the ones taking the lead on the issue, suggests these recommendations for combating the crisis:

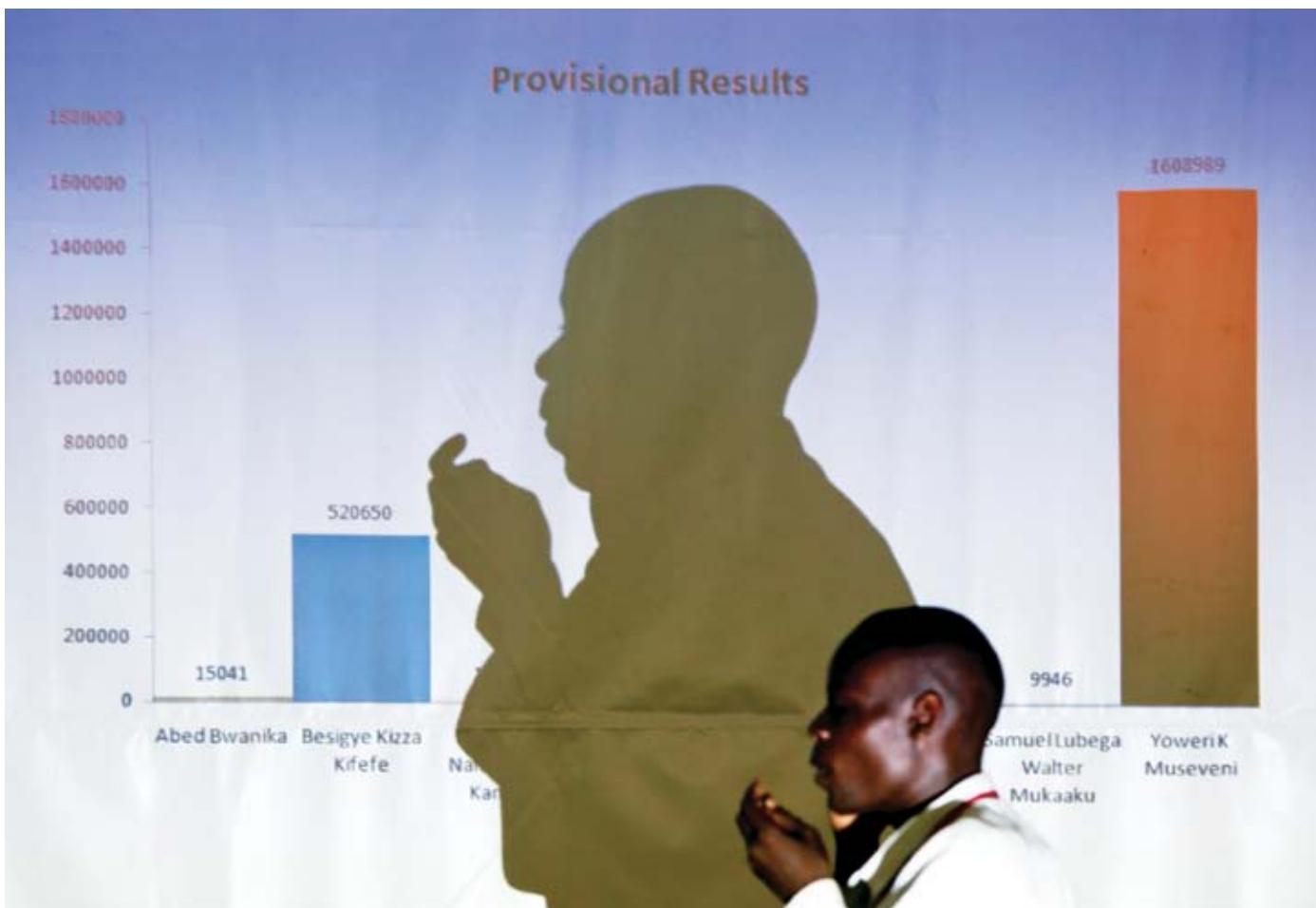
1. International and national journalism associations should take the initiative to start a dialog with the public relations community about making the problem of cash for coverage public and about working together to reduce or eradicate it.

2. Journalists should shine a light on this problem, just as they do on attacks against journalists.

3. Journalists should document and publicize journalists' salaries to combat the real problem of low salaries.

4. The media-development community needs to keep a sharp focus on ethics training.

5. The media development community should support media accountability systems, such as ombudsmen in newsrooms.



A Ugandan journalist walks in front of a projector displaying the provisional result of the country's presidential election in February. Journalists were openly criticized then for accepting money from politicians. *EPA Photo by Dai Kurokawa*

6. New media owners, managers, and editors must adopt, publicize, and then stick to a policy of zero tolerance.

7. Media owners and managers should acknowledge that pay can have an impact on ethics.

8. Media houses can take their own steps for accountability.

9. Public relations professionals and their organizations should not abandon this important effort.

10. PR agencies should practice their own zero tolerance.

11. Corporations and non-governmental organizations should also just say no—publicly, and without exception.

“I was disappointed when I did my own report, that major

media-advocacy groups don’t do more on the issue” Ristow says.

“I certainly understand some of the reasons they don’t, but I also strongly feel (as I said in the recommendations) that a strong joint effort by media organizations, international corporate groups and others to face the problem of bribery squarely is what ultimately will be needed.

“This is important, to me, for pure ethical reasons. But it is also important for a highly practical reason: I agree with those who say that when journalists take or solicit payment, it absolutely diminishes the standing of the whole profession—and threatens press freedom.” ♦

# Information Needs in the Age of Uncertainty

By Amy McCombs

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**“In a revolutionary era of surprise and innovation, you need to learn to think and act like a revolutionary.”**

Joshua Cooper Ramo

**I**n mid-August I was dining outdoors on a Santa Fe, New Mexico, evening and enjoying a vista that spanned millions of years. An unknowing viewer might think this land was always stable, calm, stoic and beautiful. In fact the land had experienced radical changes since its formation. From the home to the oldest dinosaurs it became an ocean floor and then drained to become a violent land covered by volcanoes before it became “The Land of Enchantment.” Its geological treasure trove and land of sand was the perfect setting for a lively discussion on the age in which we are living.

My dinner partner was Joshua Cooper Ramo, New Mexico native, former *Time* foreign editor and assistant managing editor, and now managing director of Kissinger Associates. (<http://jcramo.com>) Ramo drew us into his world view, one he expounds in his latest book, *The Age of the Unthinkable*. He set forth to

help us understand a complex and unpredictable world and to explain his concern with those who are bewildered by this present reality.

It may have been his love of the New Mexico sandy landscape that drew Ramo to a physicist and biologist for the base of his argument. Per Bak, in his “sand-pile” theory, concludes that a stable-appearing sand cone is actually very unpredictable. He demonstrated that a single grain of sand could trigger an avalanche or no action at all. After many control tests, Bak could not predict an outcome. Ramo extrapolates, “if you think the world is stable it is not.”

How do you operate in this type of environment? For Ramos it is obvious. “In a revolutionary era of surprise and innovation, you need to learn to think and act like a revolutionary.” He continues in his book, “Change produces unpredictability and surprise. That means that any time we push for change—and my contention is that we need even more change than we have today—we have to prepare ourselves for the fact that much of

what we'll get is unpredictable."

U.S. media executives and journalists have found themselves in their own unpredictable world made more unstable by "revolutionaries" like Google, Facebook, craigslist and Twitter.

However, there is a paradox. The media landscape is dynamic and expanding. The digital age has toppled governments, provided new tools for reporting and sharing news, and connected us in ways unheard of five years ago. Yet, we see in the United States the continual loss of accountability reporting by professional journalists at the local level. In this era of change,



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McCombs has been included in the San Francisco Business Times 50 Most Influential Business Women in the Bay Area and is the recipient of the media's top awards and honors including the Missouri Honor Medal for Distinguished Service in Journalism and the First Amendment Freedom Award from B'Nai Brith Anti-Defamation League.

The Lee Hills Chair in Free-Press Studies was established by Lee and Tina Hills with the goal to increase ordinary citizens' understanding of the value of free expression to democratic societies. The *Global Journalist* reports on the state of press freedom around the world, covers developments in international journalism and serves international journalists. ([www.globaljournalist.org](http://www.globaljournalist.org))

community information needs are more important than ever.

It was this paradox that led the U.S.-based Knight Foundation to create a bipartisan commission to examine the information needs of communities in a democracy. One of the primary outcomes of the 2009 Knight Commission's findings was a challenge to the Federal Communications Commission (FCC). This is an independent U.S. government agency that regulates interstate and international communications by radio, television, wire, satellite, and cable in all 50 states, the District of Columbia, and the U.S. territories.

In June 2011 the FCC issued its own report and recommendations: "The Information Needs of Communities—The changing media landscape in a broadband age". This study is the most comprehensive national look at U.S. media policy in a generation. It followed hearings, hundreds of interviews, and 18 months of research. The FCC recommendations attempt to improve the future for accountability journalism and for the flow of information that meets the needs of local communities in a very complex and changing world.

While this report and recommendations are specific to the United States, in many nations the issue is the same: the future and sustainability of journalism that holds powerful institutions accountable.

Eric Newton, a Knight Foundation executive, discussing the report before a group of journalism educators, stressed that this is the first moment in a generation that the public and policy makers have the opportunity to impact the broadband age and



Joshua Cooper Ramo, author of *The Age of the Unthinkable* appears on "Meet the Press" in 2009. Photo by: William B. Plowman/NBC NewsWire

to insure that a free democracy continues with enlightened, informed citizens. The FCC report's author, Steven Waldman, adds, "It is a confusing time. We find ourselves in an unusual moment when ignoring the ailments of local media will mean that serious harm may be done to our communities—but paying attention to them will enable America to develop, literally, the best media system the nation has ever had."

The FCC report ([www.fcc.gov/infoneedsreport](http://www.fcc.gov/infoneedsreport)) and the Knight Foundation report (<http://www.knightfoundation.org/publications/informing-communities-sustaining-democracy-digital>) are good resources for free-press advocates, policy makers, and concerned citizens around the world. Likewise, the U.S. policy discussion should be informed by the debate and discussion also taking place across the globe.

The FCC Report gives an excellent summary of the media landscape, the impact of technology, and the surprising aspects of this landscape. It stresses several times that even though the report was prepared by a government agency, the report started with the “overriding premise that the First Amendment circumscribes the role government can play in improving local news.” That being said, it states, “Greater transparency by government and media companies can help reduce the cost of reporting, empower consumers, and generally improve the functioning of media markets. And policymakers can take other

## **U.S. media executives and journalists have found themselves in their own unpredictable world made more unstable by “revolutionaries” like Google, Facebook, craigslist and Twitter.**

steps to remove obstacles to innovation and ensure that taxpayer resources are well used.”

The FCC’s specific recommendations follow these six

broad principles:

- Information required of media companies by FCC policy to be disclosed to the public should, over time, be made available online.
- Greater government transparency will enable both citizens and reporters to more effectively monitor powerful institutions and benefit from public services.
- Existing government advertising spending should be targeted more toward local media.
- Nonprofit media need to develop more sustainable business models, especially through private donations.
- Universal broadband and an open Internet are essential prerequisites for ensuring that the new media landscape serves communities well.
- Policymakers should take historically underserved communities into account when crafting strategies and rules.

In the 465-page report, the FCC included specific recommendations that immediately sparked comment, debate and criticism. The report was seen as offering strong analysis and research but “weak prescriptions.”

Perhaps that was the intent. The media ecosystem is complex and confusing.

Which brings me back to Joshua Ramo. For Ramo, the day belongs to the fleet and the adaptive. He draws his thinking from history, complexity theory, psychology, economics, immunology, and the science of networks. On all fronts he advocates the concept of resilience and the need to innovate and to keep learning.

I believe Ramos would refer citizens and policy makers debating the information needs of



Federal Communications Commission Chairman Julius Genachowski speaking during a roundtable discussion Aug. 26, 2011, in Anchorage, Alaska. AP Photo by Mark Thiessen

communities in the broadband age to the 1974 Nobel acceptance speech by the Austrian economist Friedrich August von Hayek. (After the most recent financial collapse, Hayek has moved from the shadows and is being quoted regularly across the political spectrum and in the business media.)

Ramo called his speech “a twenty-minute apology for winning a Nobel Prize”. Hayek titled his speech ‘Pretence of Knowledge,’ and what he had to say was important not simply as a set of observations about economics. To treat complex phenomena as if they were simple, to pretend that you could hold the unknowable in the cleverly crafted structure of your ideas—he could think of nothing that was more dangerous.

Hayek concluded his Nobel speech, “If man is not to do more harm than good in his efforts to improve the social order, he will have to learn that in this as in all other fields where essential complexity of an organized kind prevails, he cannot acquire the full knowledge which would make mastery of the events possible.”

Ramos adds to Hayek’s remarks, “Politicians and thinkers would be wise not to try to bend history as ‘the craftsman shapes his handiwork, but rather to cultivate growth by providing the appropriate environment, in the manner a gardener does for his plants.’ To see the world this way, as a ceaselessly complex and adaptive system, requires a revolution. It involves changing the role we imagine for ourselves, from architects of a system we can control and manage to gardeners in a living, shifting

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## The digital age has toppled governments, provided new tools for reporting and sharing news, and connected us in ways unheard of five years ago.

ecosystem.”

Ramos concludes that for hundreds of years we have been builders—builders of nations, corporations, highways and bridges. He suggests this “mode which delivered amazing progress is no longer suitable. The world is too complex.” I am sure he would apply the same thinking to journalism. The builders of the current form of journalism started in the 19th century with an advertising-driven, mass audience press, followed by the one-way conversations of radio and TV in the 20th century. Concentration of ownership followed.

The *Economist* ([www.Economist.com](http://www.Economist.com)), in its July 9 - 15, 2011, cover story “Back to the coffee house,” argues “The Internet is taking the news industry back to the conversational culture of the era before mass media. The Internet is making news more participatory, social, diverse, and partisan, reviving the discursive ethos of the era before mass media. That will have profound effects on society and polities.”

As he examined this shifting world created by the Internet for the FCC, Steven Waldman also turned to the nurturing tone of the cultivating gardener when he summarized the recommendations for government policy

changes. “[These changes] should focus on three primary goals: making better use of the public’s resources, increasing transparency, and in the words of the National Religious Broadcasters, ‘fertiliz[ing] the conditions under which the media does its work.’ ♦

# Government advertising as bribes and punishment

By Carolina Escudero

**I**n Argentina, government advertising in media has been increasing, and in some publications, represents 50 percent of their income. This official publicity advertising is used to benefit or punish the media according to its personal affinity with the government.

Nongovernmental organizations agree that the continuous use of official advertising generates economic dependency in the media that could act as censorship. In 2009, an election year, the federal government in this South American country spent almost 650 million pesos in official advertising.

In January 2011, the Argentine organizations that audit the official advertising expense in the media, The Civil Rights Association(ADC), together with Poder Ciudadano (Citizens Power), agreed that for more than a year, they had not received serious information.

“There was no transparent information; the government

didn't give trustful figures, and independent media—in appearance—was created and sponsored by official advertis-



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Her articles and reports have been published in Argentina, Venezuela, England, Spain, France, Belgium, Holland and Serbia. She was awarded the grant Leonardo Da Vinci that allowed her to work at European Union institutions, in Brussels, in the communication area.

As a professor, she worked for the Universidad Nacional de General Sarmiento (Argentina), the high School of Journalism TEA (Argentina). She produced and researched “La Mujer Mediatisada” a documentary about “How media treats gender issues in Argentina”.

In July 2010 her book chapter regarding media and gender perspectives was presented in Latin America with the support of the United Nations Development Fund for Women (UNIFEM) in South America.

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**Official advertising generates economic dependency in the media that could act as censorship.**

ing,” said Luis Majul, an Argentine reporter, in his book *El y Ella* (“He and She,” based on the former president Néstor Kirchner and the president Cristina Kirchner. Majul’s research tells about the increasing official advertising during the Néstor Kirchner government (2003/2007) and during the presidency of Cristina de Kirchner (2007/2011).

The increasing official advertising from 2003 till 2010 has a direct relationship with the government’s influence on the independent and critical media.

The Szpolski media group received the most money, about 80 million pesos that were distributed as follows: *El Argentino*, a free newspaper (almost 30 million pesos); *Tiempo Argentino* newspaper (almost 20 million pesos) and the news channel CN23 (14 million pesos).

Another publication also investigated this increasing official advertising in the book *Patria o medios: La loca guerra de los Kirchners para controlar la realidad* (Patria or Media: The crazy war of the Kirchners for the control over reality). In this book, the reporter Edi Zunino says that “The official guideline used to domesticate the opponents, when they were able to be independent, was a visit by the Federal Administration of Public Income (AFIP), Ministry of Labour inspectors, or without realizing, were investigated by skillful hackers and government employees from the penguin intelligence.

By the end of 2008, in the presence of the accredited



Argentina's President Cristina Fernandez, right, addresses the nation as Argentina's Cabinet Chief Anibal Fernandez, left, and Argentina's Interior Minister Florencio Randazzo look on in Buenos Aires in August 2010. Fernandez said leading newspapers, *Clarín* and *La Nación*, used the newsprint company, Papel Prensa SA, to impose media monopolies on Argentina, stifling other viewpoints by refusing to sell paper at fair prices to competitors. On top, a painting depicting Argentina's former President Juan Domingo Peron. AP Photo by Eduardo Di Baia

journalists at the Casa Rosada (government house), (president) Cristina (Fernandez) defined, in her professorial style, which journalism she missed and which she hated. “Journalism was born as an expression of big political ideas, as the French Revolution, the American Revolution or the Argentine Mayo Revolution. But then they were disassociated and transformed into important enterprises that protect any kind of interests.”

According to Zunino, “During Kirchner government, the *Página/12* newspaper) has received more than 60 million pesos for official advertising. Also, the *Clarín* newspaper) received a similar amount, although it has major distribution. *La Nación*, the second most important newspaper, got only 45 million pesos.”

## Advertisements and Censorship

An investigation made by the Civil Rights Association(CRA) revealed the existence of four main types of indirect censorship: the abusive use of official advertising to have an influence on media content, payments made to journalists, advertising favoring official politicians and the use of this advertising for propaganda purposes. Some regional officials use the state advertising to compensate or punish the media, and they usually try to control what is published.

In the past, the information about official advertising given by the executive power allowed nongovernmental organizations (NGOs) and journalists to monitor the activity. They concluded that the expenses were increasing yearly.

The director of the Freedom of Expression from the ADC, Eleonora Rainovich, interviewed for this investigation, said “We discovered advertising that aimed at the functionaries or government advertising.”

Therefore, some politicians reacted against this manipulation. In 2007, for example, the ADC was invited to the National Congress to debate this issue together with other specialized organizations. In 2010, a law that aimed at controlling these irregularities was launched with clear criteria and fair allocation of state advertising, mechanisms of transparency, with a specific restriction of the use on advertising during election periods.

Deputy Silvina Giudici from the Radical Civil Union (an opposing political party to Kirchner), claimed in *La Nación*

newspaper: “...the official advertising may be irrelevant to many people. However, it is a serious issue that affects the freedom of expression as this abusive use of advertisement in favor of the government has the purpose of disciplining editorials and journalists and to compensate friends with millions of money.”

The deputy specified that “Our proposal assures an equal treatment and distribution of advertising. Moreover, any citizenship can control which media receives public help and which don’t. It also creates a record for the citizens with the aim to control and know which media receive public funds. It sets an equal treatment to the small and community media, who simply by enrolling in a registry will be awarded with the 10 percent of the total budgetary resources for advertising.”

that information and advertising should be clearly differentiated. It also says that the advertising stories contravene the principle of information. Andres D’ Alessandro, executive director of FOPEA, interviewed for this survey, said that “Discretionary use of the official advertising is one of the main topics when assessing freedom of expression in the world and specially in Argentina...Journalists feel the presence of the political power, which acts as pressure through the assignation or not of the advertising. We talk about contents because there is a direct decision between publishing and advertising, or not, by analysing the contents of that media.”

This growth in government advertising in the media could endanger not only freedom of expression but also the credibility of the media. Martin Becerra, professor of communication studies at the University of Buenos Aires and University of Quilmes, claimed that “there is freedom of expression in Argentina” and explained that one of the most critical of the Argentine government, the reporter Luis Majul, received until last year official advertising money. “Even getting that huge amount of money, this journalist continued with his political view. There is total freedom of expression.”

The increasing official advertising in the media is not only an Argentine problem. The ADC published research on this topic: “A soft censorship”(2004)and another that spread its monitoring in Latin America, “The price of silence”(2008).

Eleonora Rainovich from



Ricardo Kirschbaum, General Editor of Argentina’s newspaper *Clarín*, speaks during an interview with The Associated Press at the newspaper’s headquarter in Buenos Aires. Argentina’s President Cristina Fernández, her late husband, former President Nestor Kirchner, were engaged in an intense battle with Grupo Clarín, one of Latin America’s largest media companies, over a broader law that would remake Argentina’s media industry.  
AP Photo by Ezequiel Pontoriero

## Media Independence

The *Clarín* newspaper last year also talked about the official advertising in an editorial: “The public media doesn’t belong to the government but to the community and claims that the government should preserve this independence and not use it for political purposes. The government often confuses the public information with the official advertising and the manipulation of reality.”

In Argentina, organizations, such as the Argentine Journalist Forum (FOPEA), control the development of journalistic activity. In its ethics code, Article 18 says that the diffusion of advertising messages, explicit or implicit, is incompatible with journalism. Article 19 states

the ADC said, “With our investigations, we came to the conclusion that it is not only a one-direction relationship of the governments towards the media—arbitrary and abusive—but it’s a combination of practices done by some governments, some journalists and some media. So attention should be paid not only to the responsibility of the governments but also to the consequences of this relationship. This vicious relationship is not good for public debate and the whole community.”

## Editorial Perfil case

In March 2011, the Argentine Supreme Court passed a law on discriminatory official advertising. This decision has been observed by the organizations that monitor the official advertising in the media as “a step ahead in matters of freedom of expression.”

With an unanimous decision in February 2009, the Supreme Court confirmed that the National Executive Power (NEP) did not obey the freedom of expression laws by excluding *Perfil* newspaper from official advertising as a punishment for not being in favor of the official government. At that moment in 2009, the Chamber had ordered the National State to give official advertising to different publications in 15 days, respecting “a reasonable balance with analogous characteristics.”

The court, having the same criteria as the Special Rapporteur for Freedom of Expression of the Inter American Commission on Human Rights (IACHR), claimed that “there are no rights to get a certain quantity of offi-

**This growth in government advertising in the media could endanger not only the freedom of expression but also the credibility of the media.**

cial advertising” but it reminded that there is a right against “the arbitrary assignation or the indirect violation of the press freedom by economic means.”

“Therefore, if the state decides to give advertising, they should use nondiscriminatory criteria, using neutral concepts towards the media point of view.”

There will be presidential elections in Argentina in October 2011, and few people predict major progress in the field of government advertising regulation. Meanwhile, this lack of progress doesn’t stop the research done by NGOs and independent journalists who report the abuse and the negative impact of advertising in mass media.

## Other advances in Latin America

IACHR published its last annual survey including a chapter about the advertising regulations of the media in Latin America.

These surveys about the official advertising in Latin America were made by the organizations that in 2010 took part in an audience with the CIDH and warned against the use and abuse of the official advertising in the region. The CIDH was

asked to set standards so that the state could adopt appropriate regulations.

In response to this, and taking into account the work about indirect censorship and official advertising, the CIDH published the following standards in Latin America: The State should adopt special laws, clear ones, to regulate the advertising; the official advertising should include information of public interest and should not be for electoral or political parties’ purposes; official advertising should never be assigned by the state to benefit or punish editorial content; the advertising should be planned to be publicly controlled and the state should publish all the relevant information about the official advertising; mechanisms of control must be settled by an autonomous identity.

It is important that discussions about the official guideline regulations are being done in different parts of Latin America. In Colombia, the congress is debating a noncorruption statute that includes an article about advertising distribution and different regulations that have been put into practice locally.

In Uruguay, the government has promised to support a parliamentary initiative. In Argentina, the debate was reactivated in 2010 when some commissions of the Deputy Chamber passed a ruling of the majority and two minority ones. In some Argentine provinces, regulations were adopted and in Buenos Aires, a law that incorporated important advances was voted by the government chief. In Mexico, different legislative projects have been presented. ♦

# Pakistani journalists: growing in number and danger

Of the 48 journalists killed in Pakistan, only one killer has been brought to justice.

By Umar Cheema

**T**hey have lost another colleague fighting for truth. The brutal murder of Saleem Shahzad, who died on May 29, has served as a fresh reminder not to cross the lines that have been drawn in Pakistan.

Shahzad was the fifth journalist to die in the first five months of 2011. The Committee to Protect Journalists (CPJ) declared Pakistan the deadliest country for journalists in 2010 when 11 journalists were killed.

The situation is getting worse now, and Pakistan is likely to retain this horrible title.

Since Shahzad's death, two others have died in June: Saifullah Khan and Asfand Yar Khan. They all lost their lives covering conflict started after the 9/11 attacks in the United States.

After 9/11, the media increased in both size and with the number of journalists murdered, noted Adnan Rehmat, a Pakistani media analyst.

As many as 48 journalists have been killed in Pakistan, and none of the culprits have been

brought to justice with one exception: The murderer of Daniel Pearl, a journalist for the *Wall Street Journal*, who died in 2002.

Pakistan had one state-run channel in 2001. The mushroom-

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**Pakistan, the deadliest country for journalists in 2010 when 11 journalists were killed, could easily retain that distinction in 2011.**



**UMAR CHEEMA** is an award-winning investigative journalist from Pakistan. Heralded by the *New York Times* for his work, Cheema has regularly faced threats. He was kidnapped and severely beaten in September 2010. In honor of his work, he received the International Free Speech Award at Syracuse University in 2011. He also received the Martha Gellhorn Award, the one of the most prestigious journalism honors in the United Kingdom. He shared the honor with Julian Assange, the founder of WikiLeaks.

Cheema works for *The News*, the largest English-language daily newspaper in Pakistan. He has broken stories on important political developments, exposed relationships between the security agencies and the private militia, and called into question the sitting government.

ing growth of private channels, radio stations and newspapers, oddly enough, is traced back to Pakistan's military misadventure with India in 1999.

Gen. Pervez Musharraf, the architect of that conflict, fell out of favor with his Prime Minister Nawaz Sharif for a war started without the latter's consent. Sharif was then booted out by Musharraf through a military coup.

The military ruler thought that the war was lost due to a lack of media propaganda. India, in contrast to Pakistan, had numerous private channels.

As he took over, Musharraf introduced a policy of liberalizing airwaves, following the opening of private channels. Pakistan now has about 90 channels; 30 of them run current affairs programs.

In addition to the national language, Urdu, and the official language, English, half of the current affairs channels run their segments in regional languages like Punjabi, Sindhi, Baluchi, Pashto and Siraiki.

Like TV channels, radio stations also recorded a significant increase from one state-run radio station to more than 130 now. There are also more than 4,000 dailies, weeklies and fortnightlies.

This mushrooming growth of media outlets brought more openings and competitive salaries for journalists.

I joined the profession in 2001. This was a time when journalists felt unsettled due to small salaries. Most of them used to use journalism as a transition from unemployment to a promising profession.

I remember the heated de-



Pakistani journalists hold a protest rally and sit-in-protest outside the Parliament to condemn the killing of their colleague Syed Salim Shahzad, in Islamabad, Pakistan. The Pakistani journalist was slain after he reported being threatened by intelligence agents. Shahzad wrote about terrorism and security for the Asia Times Online and other publications. Police said the 40-year-old's body bore signs of torture when it was found. AP Photo by B.K.Bangash

bates in our newsroom among my colleagues about the possible options for switching into other fields. Many journalists were not properly qualified for the job but were welcomed because of the demand.

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## Through the ages, Pakistani media have struggled to survive.

There were 2000 journalists accredited with the Pakistan Federal Union of Journalists (PFUJ) in 2002. The figure has now shot up to more than 10,000. (This figure is of accredited journalists; there may be many non-accredited.).

The rise in the number of new media outlets also increased pluralism in opinion that started differing from region to region,

channel to channel, in terms of language, themes and communities.

But this was not the desired goal of the military ruler. Musharraf had thought that media would remain obliged to his government and hence keep him immune from criticism. He was wrong.

Pakistani media had been under attack by different regimes. The army that ruled Pakistan for 34 years of the 64-year life of the country worked hard to suppress the media. Instead, the profession became resilient.

Problems began with the founding father of Pakistan, Muhammad Ali Jinnah, in 1947.

The late Zamir Niazi, a journalist, elaborated this fact in his book, *Press in Chains*, discussing how an effort was made to censor a portion of the speech of Jinnah.

"Immediately after it (the speech) was over, the principal information officer, Colonel Majid

Malik, phoned the *Dawn* office and instructed that the portion relating to citizens' right and religious beliefs should be omitted from the speech."

The editor of *Dawn*, the country's leading English daily, refused to follow the advice.

Pakistan was a British colony in United India, and after the birth of the country in 1947 had many previous media laws modified.

Throughout the history of British India, recounts Irfan Ashraf, a journalism professor at Peshawar University, the colonial masters were intolerant towards freedom of expression.

"The same mindset traveled down to Pakistan," Ashraf said.

Under the modified laws, many publications were forced to close. Only two years after the birth of Pakistan, the founding father was dead. But the policy continued.

As many as 16 newspapers were directed at that time to publish the same editorial under the headline 'treason.' The purpose was to condemn a contemporary journal for a story that the government thought was wrong.

The journal under attack, *The Civil and Military Gazette*, was also forced to suspend publication for six months, even though it had published an apology under the government's direction.

In the first six years of Pakistan, the security establishment banned 58 magazines and books of progressive publishers and writers.

Worse censorship came after army rule was imposed in 1958 by Gen. Ayub Khan.

His government took over the

## **The media initially remained neutral but turned against Musharraf due to his ruthless operation that killed hundreds.**

English and Urdu publications of a progressive media group called Progress Papers Limited. Harsher legislation was introduced in 1962, called the Press and Publication Ordinance, which empowered the government to confiscate any newspaper, close its operation and arrest journalists.

The journalists had bravely fought these harsh measures but with little result. A renowned writer, Qurat-ul-Ain Haider, sent a famous letter to the information secretary of the military ruler, Qudratullah Shahab.

She bemoaned: "One doesn't want to bark all the time, but if one is warned against barking, the urge for doing so multiplies."

As the media were being muzzled, the first military ruler, General Khan, stepped down in 1969 because of public protests and passed power to his army general, Yahya Khan, who presided over the separation of Pakistan and Bangladesh in 1971.

Bangladesh, previously East Pakistan, emerged on the world map. Many Pakistanis, who considered the action to be the disintegration of the country, were originally unaware of this event, and learned about it through independent media outside of the country.

Power was transferred to civilians shortly after the breakup.

A new constitution was written in 1973, and it remains in practice today with certain amendments.

However, the constitution did not encourage freedom of expression.

It says: "Every citizen shall have the right to freedom of speech and expression and there shall be freedom of press, subject to any reasonable restrictions imposed by law in the interest of the glory of Islam, or integrity, security or defense of Pakistan, or any part thereof, friendly relations with foreign States, public order, decency or morality or in relation to contempt of court or incitement of an offense."

This restrictive freedom faced another blow after another army rule was imposed by Gen. Zia-ul-Haq in July 1977, the month of my birth.

Incidentally, I also started my journalism career under the shadow of martial law in 2001 when the current army general, Musharraf, began ruling Pakistan.

Many young journalists were also born during these times. They began their work when the generals were at the helm of affairs, and the journalism community was struggling for its rights.

Zia introduced draconian laws. One of the architects of Afghan jihad, Zia had amended the laws that empowered the authorities to punish and prosecute a publisher in case his/her publication carried a story disapproved by the government, no matter whether it was factual and of national interest.

The amendments were designed to promote the Islamization that Zia had introduced, which put the military and reli-

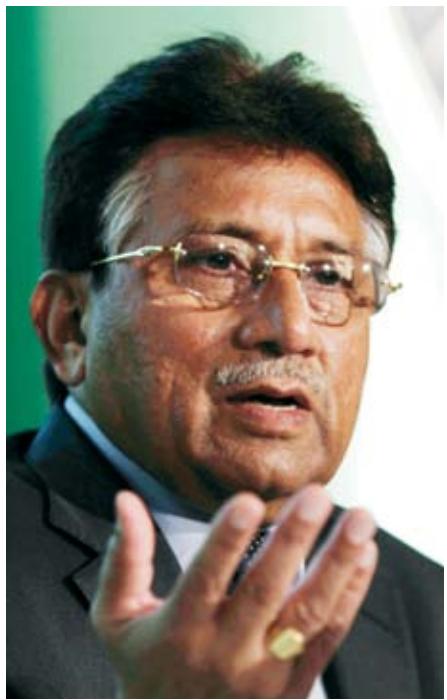
gious leaders into an unbreakable alliance.

Censorship during Zia's time was harsher than before. It was direct and dictatorial to the core. Army officers were posted in the newsrooms to approve content, and journalists who showed defiance were sent to jail and tortured.

The reaction to these measures was mixed. Those who continued to defy either languished in jail or fled the country. On the other hand, the journalists who responded positively were rewarded through cash and control of the media. This gave rise to right-wing elements in the profession.

Zia's punitive measures only let up after his death in a plane crash in 1988, marking an end to his 11-year rule. Democracy returned, but it was fragile.

The draconian laws were revised, providing a slight relief to the journalism community.



Pervez Musharraf, the former president of Pakistan, talks during the launch of his new political party, the "All Pakistan Muslim League" in central London in October 2010. AP Photo by Lefteris Pitarakis

Pakistan faced another army rule after an 11-year break starting in 1999 with the take-over by Musharraf.

In contrast to past military rulers, Musharraf liberalized media rules. His desire to open licenses for private channels and to allow critical voices was rooted in the realization of changing circumstances.

By the time he had usurped power, it was the dawn of the 21st century when the world was not so benign to authoritarian rule. Another reason for doing so was the defeat he faced in the Kargil war with India in 1998. That war was started without the knowledge of the prime minister of Pakistan, Mian Nawaz Sharif.

The liberalization was announced under the assumption that the media would be used to strengthen national security and counter the threat from archrival India.

If Musharraf felt like the media would feel an obligation to him because of the granted freedom, he was wrong. The media were initially soft, but became harsh.

The conflict intensified on the Pakistan-Afghan border after 9/11, pushing the whole country into war.

Musharraf made several moves that enraged the country. His first was a decision to conduct an operation in the heart of Islamabad against a mosque believed to be sympathetic to the Taliban and al-Qaeda.

The media initially remained neutral but turned against Musharraf due to the ruthless operation that killed hundreds, including children. Musharraf's second unpopular decision was to remove a top judge of the Supreme

Court, a move that started a push to remove him from office.

In an attempt to survive, he imposed emergency rule throughout the country, suspending basic rights and pulling mainstream television channels. Geo TV, the biggest channel, remained off for 73 days.

Meanwhile, the media was caught between the military and militants, with an insurgency at the Pakistan-Afghan border and in the resource-rich province of Balochistan. Increasing terrorism incidents in 2006 gave rise to media coverage, also blasting government policies.

A journalist from the tribal area, Hayatullah Khan, was abducted at the start of 2006 after his reports disclosed that drone strikes on the Pakistan-Afghan border were being carried out by the United States, not the Pakistan Army.

This was a fact that the security establishment didn't want Pakistanis to know, fearing backlash over the question of territorial sovereignty. Khan's dead body was delivered six months after his kidnapping, and there were allegations that he had been killed by the Pakistani Army and not the Taliban.

The Taliban and al-Qaeda were not friendly towards journalists either. In the beginning of the insurgency, they had managed to win the confidence of the media. Being naïve of propaganda techniques, they would take advice from the journalists on how to portray their message. The journalists, a majority of them ill-trained, would play into their hands.

While media became very critical of Musharraf in 2007, its perception towards militants



Pakistani journalists protest holding a poster of Karachi-based slain journalist Wali Khan Babar in Peshawar, Pakistan on Friday, Jan. 14, 2011. Ten people had been killed over the past 24 hours in what appears to be a fresh round of ethnic and political violence in Karachi, police said. AP Photo by Mohammad Sajjad

changed in 2008 after a military operation in the scenic valley of Swat against the Taliban. Video footage showing the Taliban flogging a teenaged girl over allegations of adultery was instrumental in this radical shift in the media.

These events also coincided with the rise in suicide bombings that killed many journalists. In addition, some of the journalists were put on warning by both the militants and the security establishment.

The journalists in Pakistan face threats from three sides: the security establishment; Islamic militants; and secular militants in the port city of Karachi and the restive province of Balochistan. These are fatal threats.

The government has cut down its advertisements in the media and cancelled television licenses. The Jang Group, the biggest media group in Pakistan, has faced as much difficulty during the new Zardari government

as it faced during the Musharraf regime.

The security establishment uses coercive tactics to deal with journalists. The journalists are counseled in a friendly manner in the beginning, but those who remain undeterred face fatal risks. Saleem Shahzad is one such example. Conflict reporting was his forte. His death has drawn tears and fear. Nobody thought he would be beaten to death.

I was also abducted, stripped and whipped in September 2010 and returned alive, with a warning. We thought Shahzad would also be sent alive. An email that he had sent to Human Rights Watch disclosed that he was facing death threats from Inter Service Intelligence, the most powerful intelligence agency of Pakistan.

In addition to the military, Islamic militants also pose an equally fatal threat to journalists.

In one case, a Peshawar-

based resident editor of a newspaper headquartered in Lahore, the second biggest city of Pakistan, was summoned in the court of a militant leader to seek apology for an editorial written by his colleague in Lahore.

Out of 250 journalists working in tribal areas, half of them have fled and switched to other professions due to the risks to their lives, according to a Peshawar-based media expert.

The journalists working in settled places like Karachi, the biggest city of Pakistan, remain under threat from organized crime and militant wings of the ethno-political organizations.

The first murder this year of a Pakistani journalist was in Karachi. Wali Khan Babar, a reporter with Geo TV, was killed, according to police investigators, by the militants of an ethno-political organization who were unhappy with his work.

Another reason for Pakistan being the deadliest nation for journalists is lack of safety training of reporters covering conflicts. Many journalists are not adequately trained to minimize security threats in a hostile environment.

"When bullets start to fly, people flee the scene, but journalists here run at it unthinkingly," says media analyst Adnan Rehmat.

Pakistan is at a crossroad and so is its media. In this situation of doom and gloom, the people of Pakistan see a ray of hope in a vibrant media and the independent judiciary. Musharraf had sacked the chief judge under fabricated charges in March 2007, giving rise to a lawyers' movement that enjoyed the strong backing of the media and public.

## **Liberalization has meant a louder media but also one constantly facing fatal threats.**

After the justice was restored to the bench of the Supreme Court in July 2007, he was sacked again in October together with 60 other judges of the Supreme Court and High Courts. All were reinstated under intense pressure aimed at Musharraf's successor, President Asif Ali Zardari, who was otherwise reluctant to do so.

The judiciary now has gained considerable independence. It has earned the freedom that was not granted.

Media have been struggling since the independence. Whatever amount of freedom achieved was also earned, not granted. Liberalization has meant a louder media but also one constantly facing fatal threats. It must be protected or the voiceless will have no voice.

A focus on safety training is very important. Likewise, media organizations need to be sensitized about the importance of their staffs. A proper social security system needs to evolve for them so that in case of death, their families will not be left at the mercy of a weak economy.

The journalists' community throughout the world must join hands with their fraternity in

Pakistan to bring those responsible for killing journalists to justice. Only an international focus on Pakistan can prevent the further slaughter of journalists.

International organizations should closely observe the government's commitment to prosecute the cases involving murders of journalists. Zero tolerance must be shown towards any kind of negligence in this area.

No matter how difficult the circumstances, Pakistani journalists have learned the art of resilience. No doubt they feel shaken and scared after the killing of a journalist colleague, the latest of Shahzad. But they return to normalcy in no time, putting up

a brave face to the elements.

Their situation reminds me of "Whistling of Birds," an essay by H.E. Lawrence.

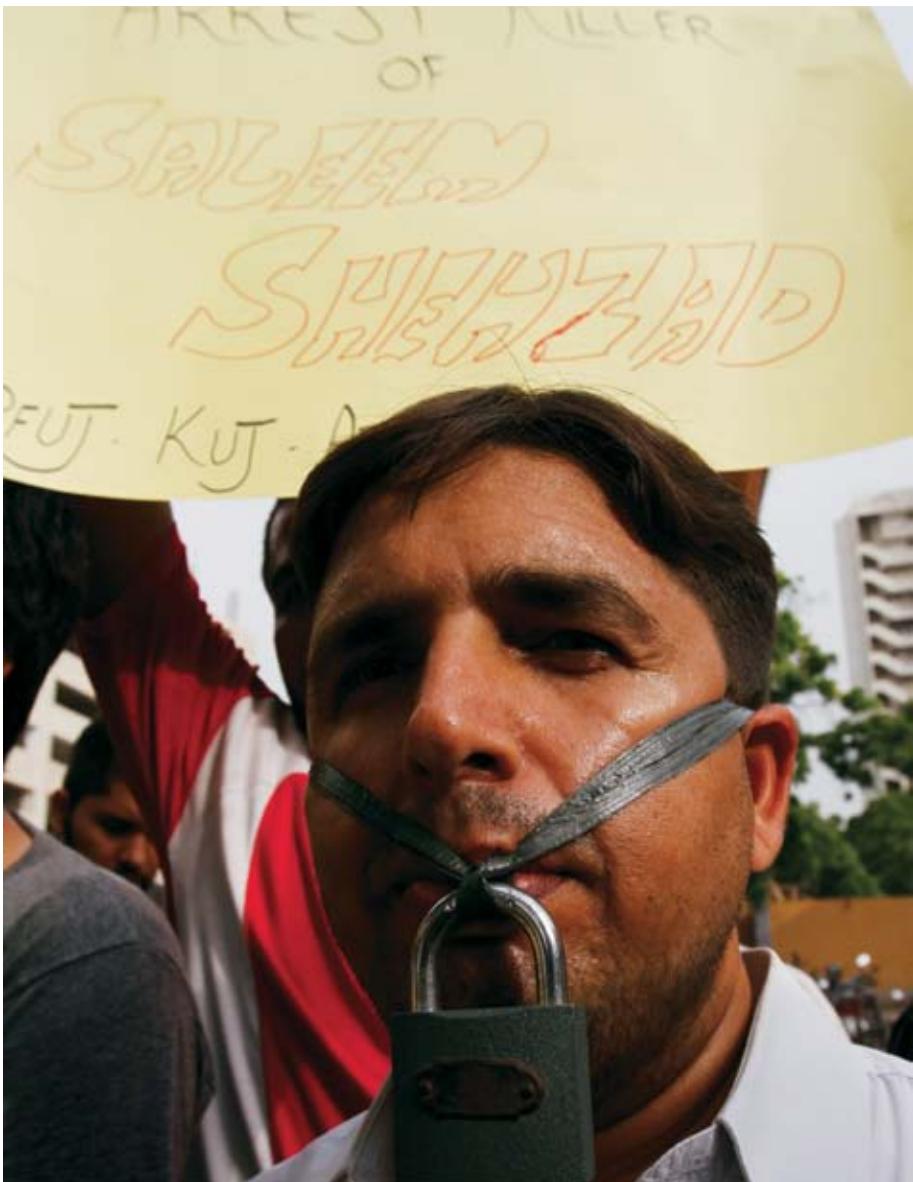
"Most of the birds had died in a biting winter that was accompanied by heavy frost. The dead birds lay on the ground, rotting and partially eaten by other animals. Their colleagues were scared and stunned.

Soon after the onset of spring, those who managed to survive started chirping and singing. It was a quick transition from winter to spring because they had seen this happening for ages."

Pakistani journalists are likewise. ♦

Pakistani journalists protest holding a poster of Karachi-based slain journalist Wali Khan Babar in Peshawar, Pakistan on Friday, Jan. 14, 2011. Ten people had been killed in the previous 24 hours in what appeared to be a fresh round of ethnic and political violence in Karachi, police said.

AP Photo by Mohammad Sajjad



# Big Business pressures Hong Kong news

Sometimes it's political; often it's just business as usual.

By Doug Meigs

**H**ong Kong news organizations are subject to unique business pressures at the crux of Chinese and Western mediaspheres.

Political and business interests are often intertwined in the tycoon-dominated Chinese

Special Administrative Region. One prominent Hong Kong media company claims to have suffered a politically motivated advertising boycott from Chinese state-owned corporations. Other examples of Big Business editorial pressure appear rooted squarely in balance sheets.

In the past year, Hong Kong's Mass

Transit Railway Corporation issued a letter threatening to pull advertisements if local media published critical coverage of the company. Meanwhile, Mainland companies pull strings to achieve positive coverage and boost initial public offerings on Hong Kong's Hang Seng Index.

Local news media remain incredibly diverse more than a

decade after the former British colony returned to China. Business models (and long-entrenched editorial slants) vary depending on individual news outlet.

More than 20 local daily newspapers are available in Hong Kong, ranging from the Communist party-funded *Wen Wei* to the sensationalistic (and unabashedly pro-democracy) *Apple Daily*. Innumerable local magazines and international publications also crowd robust newsstands, while ample television, radio and online news options help make Hong Kong one of the world's most competitive



**DOUG MEIGS** is a freelance writer based in Hong Kong. He worked as a teaching assistant at the University of Hong Kong's Journalism and Media Studies Center between 2009 and 2011. He graduated from the University of Missouri School of Journalism in 2007.



Chinese pro-democracy publishing tycoon Jimmy Lai poses by big rolls of blank paper at the headquarters of Next Media, the company that owns 'Apple Daily', Hong Kong's highest circulation tabloid newspaper. A consistent thorn in the side of China's Communist Party, Mr. Lai's influential newspaper is known in Hong Kong and Taiwan for its uncompromising political stance of the events of the Tiananmen Square massacre. Hong Kong is the only place in China where public protests about the Tiananmen Square massacre are legal.

EPA Photo by Alex Hofford

media landscapes.

Press freedom is protected in the Hong Kong Special Administrative Region's constitutional document, the Basic Law, which guarantees free speech and a policy of "One Country, Two Systems." The Hong Kong Journalist Association keeps a vigilant watch over media industry issues that could threaten local press freedoms.

## Tycoon power

In April, an advertising scandal erupted after the MTR Corporation sent a letter to 15 media groups threatening to withdraw advertisements in response to potential "negative news coverage about the brand image of the MTR Corporation."

The MTR Corporation is a publicly listed business in charge of Hong Kong's metro railways

and the metro system across the border in Shenzhen. It is also a property developer and landlord that owns vast swatches of Hong Kong real estate.

Newspapers responded to the letter with a series of exposés. *Ming Pao* published an in-depth news package exploring the threat. *Apple Daily* printed the entire letter. MTR Corporation immediately backtracked (blaming "the mistake" on a long-time media consultant). The corporation apologized and retracted the advertising threat under public scrutiny.

The chairwoman of the Hong Kong Journalist Association, Mak Yin-ting, said that although advertising pressure on newspapers is an old story in Hong Kong, such a brazen attempt to shape coverage is unprecedented. "This kind of influence has always been there, but (for a company)

to put it in black and white, like giving out an order, this is a first time," she said.

Deputy executive chief editor of *Ming Pao*, Kevin Lau Chung Po, said the newspaper's coverage of MTR Corporation remains unflinching. He described the "wall" between advertising and editorial departments as The Great Wall of China.

Concern about self-censorship in Hong Kong began escalating before the 1997 Handover, notably when a Malaysian Chinese tycoon named Robert Kuok purchased Hong Kong's leading English language daily (*The South China Morning Post*) from Rupert Murdoch in 1993.

Jonathan Fenby served as its editor-in-chief between 1995 and 1999. Fenby said he encountered pressure from Kuok immediately upon taking the job.

"There was pressure from the owner to get rid of certain people or do certain things, not to call Tiananmen Square a massacre, and not to refer to certain Hong Kong business tycoons as China-friendly. There was pressure, but not self-censorship because I said no to all that," he said.

Former columnist Nury Vittachi has a different perspective. Vittachi left the paper during Fenby's leadership and wrote a book, *North Wind: What the Hong Kong Media Doesn't Want You to Know*, about self-censorship at the *SCMP*. Fenby also outlined his account of the period in the book *Dealing with the Dragon*.

After Fenby left the *SCMP*, the paper's helm has been a sort of revolving door for some of the region's most established journalists. In recent years, the paper has continued producing

in-depth and critical coverage of news across China. A senior editor who recently departed from the paper noted that pressure continues from time to time, but that self-censorship wasn't an issue in recent years.

Assurances from editors aside, Hong Kong's citizens increasingly believe local news media are practicing self-censorship, according to a survey by the University of Hong Kong's Public Opinion Program

The Program began surveying public perception of self-censorship in 1997. During the survey's first year, 40-50 percent of respondents said they believed the media practiced self-censorship. Over the subsequent six years, the figure dropped steadily to 30.5 percent. But since 2002, the figure has risen on average each year.

The results for April 2011 were 53.5 percent (a record high) answering "yes," they believe the local media is practicing self-censorship, while 33.5 percent answered "no." The swing in public perception coincided with Next Media's news campaign against controversial anti-sedition legislation in Hong Kong.

Next Media publications (*Apple Daily* and *Next Magazine*) are famous in Hong Kong for sensational tabloid content and the political views of owner Jimmy Lai.

Management in Next Media said Chinese government-affiliated business began a politically motivated boycott against the company in 2003, after Next Media helped galvanize public opposition to legislation stipulated under Article 23 of Hong Kong's Basic Law.

Article 23 requires that Hong

Kong lawmakers enact laws that "prohibit any act of treason, secession, sedition, subversion against the Central People's Government." The nearby Chinese Special Administrative Region of Macau enacted a similar law in 2009.

"Article 23 was targeted towards the media and a free press. Mr. Lai and Next Media made the decision that this was against our interests and carried on a vigorous campaign against it," said Mark Simon, deputy to the chairman of Next Media. He was general manager when they began the campaign.

Roughly 500,000 residents

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## **Assurances from editors aside, Hong Kong's citizens increasingly believe local news media are practicing self-censorship.**

marched on Hong Kong Island during a protest against Article 23 on July 1, 2003. Hong Kong's first chief executive resigned in the aftermath of the protest, citing health reasons, and the government indefinitely sidelined enactment of the law.

Simon said Next Media felt an advertising backlash immediately after the march.

"We used to get advertisements from property developers in China, from Chinese banks, and Chinese airlines, but that dried up in three months," he said. "We also had some of the major advertisers

in Hong Kong tell us they had been approached and were told, 'We shouldn't advertise with you.'"

Simon estimates that Next Media loses HK \$200 million (US \$25.6 million) annually in potential advertising because of the advertising boycott. He said Mainland companies still refuse to advertise with Next Media.

Next Media is a profitable company, with one of Hong Kong's most-read newspapers (*Apple Daily* had an average daily net circulation of 303,047 in 2010, according to the Hong Kong Audit Bureau of Circulation.) Simon said the boycott by Mainland companies hasn't softened editorial content in *Apple Daily* or *Next Magazine*, but the specter of withdrawn advertising could discourage less profitable papers from similarly critical coverage of Beijing.

Not all Hong Kong media are critical of Beijing, however; some independent news outlets have a well-established sympathetic stance toward Mainland political interests.

Mak Yin-ting said unprofitable media outlets might actually operate as fronts for tycoons seeking political favor (and business opportunities in enterprises unrelated to news media) on the Mainland. "In Hong Kong, there are some newspapers that are losing money. Why do they keep printing? When you are holding a newspaper or media outlet you have a more convenient chance to build up relations with the Chinese officials. So the newspaper itself can be a tool." Mak declined to name any newspapers.



A man takes a newspaper at a downtown street corner in Hong Kong. Local magazines and international publications drive robust newsstand sales, while ample television, radio and online news options help make Hong Kong one of the world's most competitive media landscapes. AP Photo by Vincent Yu

## Positive coverage for access in China

Xiao Wang is a pseudonym. She spoke on a condition of anonymity. She currently works in Hong Kong as a business reporter at a leading business publication.

Wang often joins cross-border reporting trips to write about Mainland companies becoming listed on Hong Kong's Hang Seng stock index. Private and state-owned corporations contact Hong Kong public relations firms, which then invite local media on complimentary multi-day excursions to business sites around China, with hotel, airfare and other expenses paid.

"When Mainland reporters attend the trips, they accept an extra cash bonus. Hong Kong reporters are not allowed to accept cash, but usually (organizers) give us some

souvenirs or presents," she said. "The organizers won't order you directly to what to write, but they will try to make friends. The approach is very soft; then the relationship changes."

Wang previously worked as a reporter on the Mainland before she moved to Hong Kong a few years ago. When she worked in China, she said companies always gave envelopes of money or precious gifts to journalists at press conferences, but the practice is not acceptable in Hong Kong's news industry.

David Bandurski, the editor of the China Media Project website, said cash payouts to Mainland journalists are often referred to as "transportation fees," compensation to journalists for time and money invested in attending an event (even though the payments involved

far surpass any real costs).

Wang said Chinese companies are able to pressure Hong Kong business reporters primarily through access privileges instead of cash payments.

During the past summer, a company treated Wang and a group of Hong Kong reporters to the maiden journey of the Beijing-Shanghai high-speed railway. They also visited a train manufacturing plant in Hebei. The journalists received a model train valued at ¥500 (\$78USD).

An official with Hong Kong's Chinese Liaison office (the defacto China embassy within Hong Kong) joined the tour. Company representatives revealed "sensitive" information about the origin of mechanical parts and the train's speed limitations at the factory visit. Wang said the government official told journal-



A screen shows the Hang Seng index at a bank in Hong Kong Aug. 3, 2011 when Hong Kong's Hang Seng shed 1.9 percent to 21,992.72. AP Photo by Kin Cheung

ists, "You cannot report on this issue, it's not allowed."

"When I came back, I told my editor and he said, 'If we report those figures, then the PR firm might not introduce us to the next trip.'" So her article didn't mention the details. A few days after her story was published, the high-speed train crashed in Wenzhou.

Then in mid-August, Wang returned from an all-expenses paid trip to Xinjiang to visit a PetroChina plant. A company spokesperson asked journalists not to disclose the amount of money PetroChina paid for Xinjiang's natural resource tax. So she didn't. Wang said the natural resource tax is currently being tested in the province, and the figure would be important for determining possible costs to PetroChina if the tax

took effect nationwide.

"The state-owned companies are very big. When they ask not to disclose, we must think very carefully," she said. "If we irritate them, then they will not invite the paper to their press conference or exclusive interviews. They will not send press releases, and they will not invite you to the next trip, so it's a huge loss to a news institution."

The chairwoman of the Hong Kong Journalist Association fears that self-censorship is becoming institutionalized among the new ranks of local journalists. Mak said that low pay has led to higher turnover among Hong Kong's professional journalists, which results in less-experienced newsrooms more susceptible to external pressure. ♦

# A short-lived Golden Age for Iraqi journalists

As soon as U.S. troops took control of Baghdad, Iraq's media blossomed into one of the most diverse and unfettered press environments in the Middle East.

By Sherry Ricchiardi

**S**ince the ouster of Saddam Hussein in April 2003, Iraq's journalists have been on a wild roller coaster ride that began soon after American troops took control of Baghdad.

Overnight, the country's media blossomed into one of the most diverse and unfettered press environments in the Middle East, serving as a model of free expression in a region known for heavy-handed censorship. The transformation was stunning.

Privately owned news outlets grew from zero to more than 200 in a rush to meet the demand from an Iraqi citizenry that for three decades had been cut off from the free marketplace of ideas under a tyrannical regime.

Satellite dishes, banned under the Baathists, flew off the shelves. Iraqis, once limited to government-run broadcasting and five newspapers, suddenly had access to a smorgasbord of news from CNN and the Qatar-based Al-Jazeera to dozens of publications and television channels sprouting up in their hometowns. Music videos, soap

operas and game shows from neighboring Arab states were beamed into neighborhoods.

For Iraq, it was a golden age of journalism.

Iraqi journalists who defected during Saddam Hussein's iron rule returned to ply their trade. Saad al-Bazzaz, former head of state television and editor of a leading newspaper under the old regime, fled in 1992 and started a publishing business in Great Britain catering to exiled Iraqis. Soon after the invasion, he moved his operation to

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**Iraqi journalists who defected during Saddam Hussein's iron rule returned to ply their trade.**



**SHERRY RICCHIARDI** is a professor at the Indiana University School of Journalism and senior writer for *American Journalism Review*, specializing in international issues.

Journalists chant anti-government slogans while hold pictures of detained journalists, at the Iraqi journalists syndicate in Baghdad, Iraq, in April 2011. The banners in Arabic read, "No to arrest journalists" and "Journalists messengers of peace" and "Freed al-Jazeera journalists." AP Photo by Hadi Mizban

Baghdad. Al-Bazzaz told London's Independent, "We can't train staff fast enough ... People are desperate here for a neutral free press after 30 years of a totalitarian state."

The transformation was being driven on two fronts: by the Americans occupiers who made establishing a free press a priority and by the Iraqi people who were starved for an atmosphere of free expression.

This euphoria over a "neutral free press" was short-lived.

The reality on the ground today is a far cry from what Pentagon planners envisioned for Iraq's reconstituted press system. Despite massive infusions of cash from the U.S. government for media development—more than a half billion dollars by most estimates—the future of the country's media does not look promising on several fronts.

Many of Iraq's media outlets have become mouthpieces for ethno-political factions with the potential to inflame sectarian divisions that have led the country to the brink of civil war. In a pioneering study, Middle East scholar Ibrahim al-Marashi warned that "ethno-sectarian media empires" could threaten the nation's stability. Al-Marashi contended that Iraq's media already were engaged in a "civil war of words."

None of this was good news for local journalists who work in a climate of terror and impunity. Record numbers of media professionals, the majority of them Iraqis, were killed in Iraq between



2003 and 2008, making it then the world's deadliest spot for the press, according to the New York-based Committee to Protect Journalists and other international media watchdogs.

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### **The reality on the ground today is a far cry from what Pentagon planners envisioned for Iraq's reconstituted press system.**

Those who target Iraq's media professionals have little reason to worry. According to CPJ, none of the 93 murders of journalists that have occurred in Iraq over the last 10 years has been solved. Besides the violence, Iraq's press corps has faced setbacks on other fronts.

The Iraqi government has employed laws from Saddam Hussein's era to muzzle media as well as some put on the books by the Coalition Provisional Authority (CPA) during the occupation. The Iraqi

Media Network (IMN) and Communications Media Commission (CMC), part of the CPA's makeover of Iraq's press system, were turned over to the government years ago. Both were designed to foster free expression and provide a multiplicity of views.

It has not always turned out that way. The CMC has used its regulatory powers to shutter media operations that don't toe the government line and restrict news coverage of public protests and other important news events.

The country's judiciary also has been used to silence media. Iraqi news organizations have been plagued by lawsuits brought by the highest powers in government to intimidate and, in some cases, close them down. Journalists have been arrested, their equipment confiscated, and exorbitant fines leveled against them. All this has been occurring in a country ranked the fourth most corrupt in the world by Berlin-based Transparency International's 2010 Corruption Perceptions Index.

As protests swept Iraq and the autonomous region of Kurdistan in 2011, security forces turned on the



Ziyad al-Ajili, director of an Iraqi journalists organization, inspects the damage in his office in Baghdad, Iraq, Feb. 23, 2011. Gunmen raided the office the night before and took equipment such as flak jackets, laptops and video cameras, al-Ajili said. AP Photo by Hadi Mizban

media with a vengeance. In February, Nalia, Kurdistan's first independent TV station, had been filming unrest in Sulaymaniyah when 50 masked gunmen raided the studio, destroying equipment and setting the building ablaze.

Three days later, men in uniforms, some wearing a skull-and-crossbones insignia on their helmets, stormed the Baghdad headquarters of the Journalistic Freedoms Observatory, a prominent Iraqi press freedom group. Among materials stolen: archives that documented abuses against the media.

A CPJ report released on February 25, 2011, told of military and security forces preventing cameras from entering Baghdad's Tahrir Square where thousands of protesters had gathered and of dozens of journalists being assaulted and arrested. In the report CPJ's deputy director Robert Mahoney, noted, "We are particularly disturbed that a democratically elected government such as that of Iraq would attempt to quash coverage of political protests."

During this same period, more journalists' names were added to

## **Police and Iraqi military continue to be particularly brutal to media.**

the death list. Veteran reporter Hilal al-Ahmadi, known for his investigations of corruption among local and state officials, was gunned down outside his home in Mosul on February 17. Mohamed al-Hamdanî, a reporter for al-Italijah satellite TV, was killed in a suicide bombing in Ramadi on February 24 while covering a religious celebration.

Iraq's journalists face stark realities:

Police and Iraqi military continue to be particularly brutal to media.

Draft press laws under debate could further squelch press freedom and give greater rise to self-censorship.

The increase in sectarian violence could place journalists in greater danger from extremist militias, terror groups, and other elements that view the messenger as the enemy.

The bind Iraq's journalists find themselves in has caught the attention of world media monitors:

CPJ has warned that Iraq's new media rules reflect "an alarming return to authoritarianism." CPJ noted in a report that the rules had been drafted by Iraq's CMC, the regulatory body formed by the CPA, with the "narrow mandate to administer broadcast frequencies and other technical issues." The rules "would effectively impose government licensing of journalists and media outlets," a tool of authoritarian regimes worldwide.

They bar coverage deemed to be an incitement to violence and require media organizations to submit lists of employees to the government. Beyond privacy concerns, that is particularly ominous in a country where so many local journalists have been killed in the line of duty.

The U.S. State Department's 2009 human rights report on Iraq criticized laws that prohibit reporters from publishing stories that "insult" public officials, a notion open to broad interpretation by enforcers. That, the report said, "prevented them from freely practicing their trade by creating strong fears of persecution...[and] widespread self-censorship."

In April 2010, Human Rights Watch submitted a letter of protest to the CMC and called on the Iraqi Parliament to "take all feasible steps to stem acts of violence, intimidation and abuse aimed at muzzling members of the media who have written or broadcast information about governmental



Iraqi journalists cast their vote during elections to nominate a new head of the Journalist Union and deputies in Baghdad, Iraq, August 27, 2011. According to media reports, the elections take place every three years with journalists from across Iraq voting. *EPA Photo by Ali Abbas*

corruption or criticized government policies or officials.” The letter stated that CMC regulations represent a “general and ugly turn of tide for freedom of expression in Iraq.”

Despite setbacks for press freedom, Iraq’s public has access to a diverse and vibrant media scene unthinkable under the old regime.

Although many media outlets are controlled by special interests and only champion certain political and religious views, consumers do have a choice: They can read and watch only what reinforces their beliefs or seek a variety of opinions in newspapers or on TV.

Iraq’s public can express opinions and criticize powerbrokers through editorial pages, call-in radio, and TV programs. Most Iraqi newspapers have websites with online discussion boards. Yet often, there is a price to pay.

The government closed the studio of the popular satellite

channel al-Baghdadiya on Nov. 1, 2010, under the guise that it had aided terrorists. The real reason: The channel hosted a popular show where angry Iraqis could sound off about their government.

There are no easy solutions to the problems Iraq’s journalists face, yet despite the atrocities committed against them, Iraq’s press corps refuses to fade away. A cadre of feisty media practitioners remains steadfastly committed to the watchdog role and to press freedom in their conflict-plagued country of 31 million.

One of them, Muhammad al-Qaisi, described in an email interview how he survives in today’s hostile environment.

Every morning, al-Qaisi climbs out of bed before the school bus arrives to pick up his children. He grabs a broom handle, stands as far back from the front door as he can, and pokes it wide open several times to make sure no one has

crept up under cover of darkness and attached a bomb.

Once the kids are safely on their way, the freelance reporter heads to work, but not before he gets down to check under his Kia for an explosive device. “This is our life—we are caught in a game of cat and mouse,” al-Qaisi wrote Nov. 7, 2010. “Murdering a journalist is easier than running a red light in Iraq.”

Al Qaisi’s responses were translated from Arabic to English, and he chose to use a name he often writes under to protect himself and his loved ones. That is the lot of many Iraqi journalists today. ♦

**Editor’s Note:** Author Sherry Ricchiardi adapted this article from her March 2011 report titled “Iraq’s News Media After Saddam: Liberation, Repression, and Future Prospect” for the Center for International Media Assistance.

# Financial news goes international

People whose livelihood depends on information are willing to pay big bucks to get the best of it.

By Stuart H. Loory

**W**hile internationally minded journalists wring their hands over the state of their craft these days—bureaus shut down, time or space for stories denied, expense budgets cut—one branch of the news business is thriving internationally.

Here's the secret known to many but ignored by most: People whose livelihood depends on information are willing to pay big bucks to get the best of it. A leading provider, Bloomberg News,

is adding bureaus at a prodigious rate. Matt Winkler, Bloomberg's chief news executive, claims 150 full-time staffed bureaus throughout the world with another 20 to 30 stringers working on contract. Thomson Reuters is expanding the number of platforms from which it distributes its wares to professionals primarily in law, education, healthcare, media, taxation and scientific research. Dow Jones Newswires and the *Wall Street Journal*, despite the anxiety over the conduct of their Murdochian management, are do-

ing likewise. The *Financial Times* is continuing its assault on the that part of the North American



**STUART H. LOORY** is professor emeritus from the Missouri School of Journalism where he taught as well as edited the magazine *Global Journalist* and moderated a weekly radio program of the same name for ten years. From 1980 to 1998, he was at CNN and Turner Broadcasting where he was vice president and managing editor of the CNN Washington Bureau, founder of the CNN Moscow Bureau, executive producer of the *CNN World Report*, a special correspondent in Washington, executive vice president of Turner International, and general director of TV6 in Moscow. He won several awards for his work there.

Prior to joining CNN he spent 28 years working on newspapers including the *New York Herald Tribune* (as science writer and Moscow correspondent), the *New York Times* (science writer), the *Los Angeles Times* (White House correspondent) and the *Chicago Sun-Times* (associate editor and managing editor). He has written or co-authored five books and chapters in two others. He retired in July after spending an academic year as a Distinguished Fulbright Chair at the University of Warsaw in Poland.

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**Business and financial news is no longer relegated to the back-of-the-book sanctuary of dull writing.**



Coverage of the testimony Rupert Murdoch, his son James and other executives of News Corp. gave to Parliament had an impact on the future leadership of News Corp. and its role in the future of the news business.

market of news consumers still interested in the printed or digital word.

Bloomberg and Thomson Reuters are concentrating on reaching professionals although Bloomberg, with the acquisition of *Businessweek* and Charlie Rose television, is now seeking a broader consumer base. Dow Jones and the *Financial Times*, anchored in the general consumers market, are now seeking a more professional base.

It is all being done with marketing flair.

Winkler says the primary mission of his growing organization is “to move markets.” In years past, few respectable news organizations would have made that assertion. Times are changing.

Thomson Reuters calls itself “the world’s leading source of intelligent information.” Stephen J. Adler, the editor in chief of Reuters News and executive vice

president for news of the parent company, says, “We have a very attractive business model of value to high margin businesses, not dependent on the vagaries of the advertising market and not as concerned about free media as general news organizations. We are very tool-oriented,” meaning that Thomson Reuters gives its high-end consumers information they need to make money.

The *Financial Times* will post on your computer, iPad and iPhone a series of memos each day on subjects of an individual reader’s choice ranging from regional news to news about specific products or markets. Readers can get analysis and commentary as well. All of it is printed on a screen of *Financial Times* beige to reinforce the image the *FT* established for itself in the 19th Century.

So even with revolutionary changes in economics and tech-

nology, tradition can be maintained.

The *Wall Street Journal*, since Rupert Murdoch’s News Corporation acquired it, has certainly not stuck to tradition. The *WSJ* has changed in many ways, becoming less focused on financial and business news, not more. That reflects Murdoch’s belief that *WSJ* readers want news about arts, culture, travel and sports as well as markets, business, finance and economic celebrities. (One such group of celebrities it was late in getting to was the Murdoch family. As the hacking, bribery and favoritism scandal in London escalated, the *WSJ* remained aloof until finally it could ignore it no more. The paper’s editorial writers claimed the Murdochs would be exonerated, even before they testified before a House of Commons committee but to its credit, the news side reported the story as if it were old times, covering the hearing, the side bar material and the implications for management reform with vigor.

There is a reason for all of this international coverage; that is the money to be made in the tabloid world. News Corp. is a stock traded worldwide and its rollercoaster ride these days has been a matter of great interest to traders and investors. Its decision to forego purchase of all the equity in British Sky Broadcasting put \$12 billion worth of shares in play. Coverage of the testimony Rupert Murdoch, his son James and other executives of News Corp. gave to Parliament had an impact on the future leadership of News Corp. and its role in the future of the news business.

Winkler of Bloomberg defines important news not only as market-moving but as “surprise”

and by that definition there are few stories as good and as important as the drama playing out in London and, increasingly, on Wall Street, in Washington and in Australia.

“Murdoch, like Napoleon, is a great bad man” read a headline in the *Financial Times* on July 13 that was prominently displayed on its commentary website as well. Who made that judgment? A jail bird by the name of Conrad Black, himself a former news business mogul of unscrupulous achievement who traded his citizenship in Canada for a peerage at Westminster and then was convicted in the United States of robbing his own cash register.

Black, who spent over two years in an American prison for his transgressions, is due to return to the cooler for another seven and a half months later this year on another charge.

All of this shows that business and financial news is no longer relegated to the back-of-the-book sanctuary of dull writing and reporting of interest only to a small number of consumers interested in market movements. Remember the days long gone when the financial pages were a sea of “ag-ate” that told you a day late how the markets had moved? Now you get such news in real time on your smart phone. Even your computer may be too slow—although a Bloomberg or Thomson Reuters terminal is not and they bring the information right to your workplace.

This is part of the reason the major financial news organizations are growing.

Dow Jones Newswires and the *Wall Street Journal* now operate 86 bureaus throughout the world. Twenty-eight are in the United

## Dow Jones Newswires and the *Wall Street Journal* now operate 86 bureaus throughout the world.

States and 18 are in Canada and other countries of the Western Hemisphere. Latin America has always been thought of as a part of the world that receives little coverage but if you look at the Dow Jones numbers that is hardly the case. More than half the company’s bureaus are in the western hemisphere. The others are spread from Abu Dhabi to Zurich, alphabetically and from Oslo and Lagos to Seoul and Manila geographically.

Winkler says Bloomberg has 150 full-time bureaus throughout the world with another 20 to 30 stringers—part timers. Most of them, he says, are in Africa. Bloomberg still sees its main audience as the 300,000+ readers of “The Bloomberg”—the terminal originally developed by Michael Bloomberg to bring real time information about bond prices to traders. Those who have the terminal pay thousands of dollars a year for the information they receive—and it is no longer only news specifically aimed at moving markets. Now it can be news of a more general type that could have an impact on business.

In 2009, Bloomberg purchased the ailing *BusinessWeek* magazine from McGraw Hill at a bargain basement price between \$2 million and \$5 million plus the assumption of its debt. The magazine, now Bloomberg Businessweek, has 4.16 million readers in 140 countries—giving Bloomberg

a huge international presence among movers and shakers.

Stephen Adler was the editor of *Businessweek* at the time of the merger. After the Bloomberg takeover, Adler resigned and went to work for Thomson Reuters. He oversees editorial operations and strategy for the company. His organization has revenues of over \$13 billion annually but only 3 percent come from the Reuters News Agency. The wire service no longer has the importance it once had but it is a mark of prestige. With it, Thomson Reuters has 200 bureaus throughout the world.

There was a time when those responsible for directing coverage of international news came from the ranks of diplomatic or war correspondents and that may still be so at a few papers like the *New York Times* although Jill Abramson, the *Times’* executive editor, is the first to hold that position who never had an overseas post and who spent nine years at the *Wall Street Journal* before joining the *Times*.

Could that be an omen?

The talk about how to save the general news business these days revolves around developing business models that wean it from dominant advertising support. There have been proposals for converting news organizations to non-profit businesses or even to give them government support of the kind that National Public Radio or the Corporation for Public Broadcasting receive. Although they could be possibilities, the fact is that there is great value in information and the general public needs to take its cue from the professionals. The public needs to learn that it will get more “intelligent” information as it becomes willing to pay. ♦

# A new role: financial, social and news access in Africa

The mobile phone is rapidly narrowing the information technology gap in Africa.

By Washington Gikunju

**S**lightly over a decade ago, only a handful of Kenyans owned a mobile phone handset at a time when the communication device was widely seen as a status symbol for the very wealthy.

Mass production and rapid technological advancement in the past 10 years, however, has transformed the mobile phone into a cheap, ubiquitous device now owned by about three out of every five Kenyans, or 24.9 million out of a population of 40 million.

Even more noteworthy is the fact that mobile phones have transcended their basic role as a communication tool to become a device that facilitates financial transactions, social interactions and access to news.

As the world migrated to online connectivity in the past two decades, large parts of rural Africa remained locked out due to lack of reliable electrical power connections, the high cost of personal computers and steep Internet access prices, compounded by low

literacy levels.

The wide infrastructure and wealth gap meant that only Africans living in cities had access to the information super highway,



**WASHINGTON GIKUNJU**, 29, has worked as a business writer at the *Business Daily* in Nairobi, Kenya, since late 2008. He rose to the position of section editor in September last year, in charge of the finance section for this publication in the Nation Media Group, the largest media company in East Africa. He previously was a business writer for *The Standard* (2007-08) and worked briefly as an equity research analyst at CFC Financial Services.

In 2010 Gikunju spent six months in the United States on an Alfred Friendly Press Fellowship, where he got a first-hand experience of the changing media landscape in the United States and also got to learn more about business news coverage in the United States.

The staff of the *Business Daily*, including Gikunju, won the Diageo Africa Business Reporting Award's "Media of the Year 2008." These awards recognize and encourage high quality business news reporting in Africa.

Gikunju is a graduate of the University of Nairobi's Bachelor of Commerce (finance) class of 2006. He is also a Certified Public Accountant of Kenya (part 2) certificate holder from Strathmore University.

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**About three out of every five Kenyans, or 24.9 million out of a population of 40 million, own a mobile phone.**



A Kenyan woman makes a cell phone call while selling watermelons at Kenya's largest fresh fruit and vegetable market in Nairobi. AP Photo by Khalil Senosi

yet a majority of the continent's population—70 percent in Kenya's case—still live in rural areas.

Easy access to the Internet has seen Western news organizations suffer a sharp drop in newspaper print circulation and advertising revenues, while their African counterparts have hardly felt the disruption caused by advent of the digital age.

Most have indeed continued to record growth in revenues and profitability.

But the early signs of a bleak future for traditional media have emerged in the form of stagnating newspaper circulation growth, as the young, tech savvy population takes advantage of free access to news on the major news organizations' websites and blogs.

"Newspaper circulation in Kenya hasn't been growing in the past 10 years," says Ian Fernandes, Nation Media Group (NMG's) managing director of the digital division.

NMG is the biggest media organization in East and Central Africa, with investments in newspapers, TV, radio and with a digital presence across the region.

The belated arrival in 2009 of high bandwidth fiber-optic cables to the East African coast has sped up Internet connections and increased the number of regular users to 10.2 million, according to the latest data by the Communications Commission of Kenya.

Advertisers are taking note of the gradual shift in the industry and are allocating more of their advertising dollars to online platforms in pursuit of youthful customers.

Yet like their Western peers, African news organizations have not figured out ways to make money from content that is published on their websites for free.

"Advertisers in Kenya and most of Africa are still inclined to buying newspaper space, yet consumers of news want free online

content," Fernandes says.

Most efforts to prepare for the looming changes in the mode of news delivery and consumption have largely involved copying their equally cautious Western counterparts.

The mobile phone is, however, rapidly narrowing the information technology gap in Africa, and increasing the urgency to find ways of monetizing digital news content while also opening new challenges and opportunities for media owners.

The financial services industry, most notably, has been at the forefront of taking advantage of the opportunities brought about by increased mobile phone penetration in Africa.

An estimated 16 million Kenyans use mobile-phone-based cash accounts to send money to friends and relatives and pay their water, power and other utility bills.

The revolutionary money transfer and payment service,

which started in early 2007, has gained wide popularity because of the relatively easy access to mobile phones, which are available in practically every Kenyan household.

Kenya's leading mobile phone services provider, Safaricom, saw an opportunity in the huge number of unbanked Kenyans to launch M-Pesa—touted as the world's first mass-market, mobile-phone-based money transfer system.

The service has grown exponentially in just under five years to help the country leapfrog card-based electronic payments while attracting a user base close to three times the total number of Kenyan bank account holders.

About half a dozen African countries have rolled out similar mobile-phone payment systems as the innovation also caught the attention of international financial institutions such as the World Bank, which is keen to use its potency to enhance access to financial services on the continent.

The cheap cost of mobile phones has also seen Kenya, and indeed many other African countries, leapfrog yet another era—that of personal computers.

IT experts project that surfing the Internet via mobile devices will exceed use of personal computers to access the web by 2013.

"The main point here is for media houses to make sure that they offer access to their websites that have been optimized for mobile," says Andrea Bohnstedt, a Nairobi-based publisher of *Ratio Magazine*, an online publication.

"If anything, there is an inverse relationship between rising Internet access and the use of print media: in the West, newspaper and print circulation has fallen

## **The use of Twitter and Facebook by Kenyan media to direct users to online editions of their news content has grown.**

quite rapidly as most readers now use the Internet to read news and other media. One big problem here is that while most readers are happy to pay for a print copy of a newspaper, very few people are willing to pay for digital content," she adds.

Kenyan news organizations have tapped the opportunity presented by mobile phones by packaging a subscription-based, short-message-service news delivery model.

Subscribers are charged on a pay-per-news-alert basis in an innovative effort that has, to a small extent, compensated for revenue that is lost through free access to Internet-based news content. Fernandes says this has partly been helped by the relatively low usage of smart phones which have broadband Internet capability.

"We don't see this as a sustainable mode, because wider availability of smart phones in Africa will see potential subscribers shift more to consuming free online content."

Increased usage of Internet-capable mobile phones is also tipped to accelerate technological convergence in global information, as formerly sidelined rural communities get hooked to the World Wide Web.

According to a study by the international research group Synovate, majority of Kenyans (59 percent) still list cyber cafes as

their primary access point to the Internet.

Those who surf the net via mobile phones come a close second at 45 percent, while others access the web from their work place (16 percent), at home (13 percent), in school (11 percent) and at their friends (7 percent).

"The mobile phone looks well set to be the new driver of Internet access as opposed to computers," Synovate reported last year.

Analysts have warned that African media are set to experience the disruptive power of the digital era sooner rather than later as mobile phones increase Internet access points.

"With the entry of smart phones, traditional print media is on the way out," says Mu-riuki Mureithi, chief executive of the IT consulting firm Summit Strategies Ltd. and a member of the Society of Telecommunications Consultants. Mureithi says the increased use of Twitter and Facebook by Kenyan media to direct users to online editions of their news content shows that the industry is aware of the looming tectonic shifts.

"One has to think outside the box for the next business model. For example, the advertiser pays for the cost of calls, so that content and advertising can be pushed through the mobile device. I think we will charge less and less for the media and the advertiser will pay more and more for targeted advertising and demonstrated return on investment. Perhaps it the high end of the scale where people will pay for specific content, but that remains to be seen," says Joe Otin, media research and monitoring director at Synovate. ♦

# Latin America's foray into a digital world

To battle the economic and content challenges of the new digital world, a variety of experiments are under way in Latin America.

By Larissa Roso

**T**hese are busy days for journalists in Latin America. Not to mention uncertain, fast-changing and overloaded.

It's not enough to be just a journalist anymore. You have to be a multimedia journalist, willing to learn, connect with readers and find your seat in a different world. And you must be in a hurry.

To battle the economic and content challenges of the new digital world, a variety of experiments are under way.

One media company has successfully created a telenovela, a soap-opera-style entertainment program that increased traffic by several million viewers.

Another is asking staff to spend afternoons listening to readers' story ideas, copying a successful idea from the Czech Republic.

Others are reconstructing their newsrooms to make sure traditional and online journalists are working together.

Some have completely given up their print editions.

The biggest country and a leader in the region is Brazil. With 652 daily newspapers and 8.3 million copies printed every day, mobile devices and tablets represent the greatest challenge for mainstream media outlets in Brazil.

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**Mobile devices and tablets represent the greatest challenge for mainstream media outlets in Brazil.**



**LARISSA ROSO** is a 2011 Alfred Friendly Fellow and assigned to *The Washington Post*. Her permanent job is in Brazil where she has been a reporter for *Zero Hora*, in Porto Alegre, since 1998. She was previously the editor in charge of *Vida*, a weekly section dedicated to health, and also edited articles for the local news section of the newspaper. In 2009, Roso participated in the Thomson Reuters Foundation program on HIV/AIDS coverage in Nairobi, Kenya. Additionally, she was a member of the team that received the World Young Reader Prize, sponsored by the World Association of Newspapers, for the series entitled "The First Time." The stories explored significant events that children and teenagers experience for the first time.

Nowhere is that more apparent than at the *Jornal do Brasil*, which was the first in the country to launch a website in 1995.

But the first big traditional newspaper to surf the Internet was also the first to put an end to its print edition, in August 2010, due to a dramatic decrease in sales.

In the past 16 years, said Suzana Barbosa, professor of contemporary culture and communication at University of Bahia, it's possible to identify four different phases in the Brazilian online history:

Transposition, when the contents of a print edition were simply reproduced on a website;

Metaphor, with the first attempts of interaction with the readers, who could send emails and discuss the stories in online forums;

Third Generation or web journalism, when the first online publications without a print base were launched;

And, finally, the Fourth Generation or Digital Journalism with Data Base. Mainstream media websites use a complex system of databases in their digital processes to document, produce, search and circulate content.

"We have accomplished a lot, but there's a long way to go before we reach the level of some models of reference, like the *Guardian* (United Kingdom), *El País* (Spain) and the *New York Times*, in terms of hypertext, experiences with new formats, interactive resources and the use of social media," Barbosa said.

Alec Duarte, an editor at *O Estado de São Paulo* (the 5th largest newspaper in circulation in the country, with an average of 236,369 copies a day) and a professor at Fundação Armando Álvares Penteado, offered a more



AP photo by Felipe Dana

## Facebook profiles and Twitter accounts are pretty much integrated to newsroom routines nowadays, but at a very basic level.

negative evaluation of newspapers' online performance.

New business models, Duarte said, are still a distant reality. Companies have been focusing on only one tablet, Apple's iPad, after having ignored an important stage of transition—the content for mobile devices.

"When journalists didn't even know exactly what to do with the Internet, the smart phones reached the market," he said. "We didn't know what to do with smart phones, and then the iPad showed up. There has been a succession of platforms that disoriented journalism as a whole, and not only in Brazil."

Most newspapers rushed to

work on apps for the tablet, but it was merely a reproduction of the print edition, Duarte said.

*Folha de São Paulo* (294,000 copies a day), the second in circulation, however, celebrated optimistic numbers in early June: the iPad's edition already represented five percent of the total paid circulation—around 15,000 readers, an impressive milestone in the local scenario.

The striking development of technology and all the possibilities that it brings led to a slow start also on social media. Facebook profiles and Twitter accounts are pretty much integrated to newsroom routines nowadays, but at a very basic level.

Posts show the most important element are headlines, or at least the ones that could bring more traffic to the home pages. Real interaction, Duarte says, is missing.

Online communities should be a place for the exchange of views—like in a conversation—and a great source for story ideas. But that demands an editor's time, Duarte said.

"Building online communities is like building a relationship," he said. "It's a process of interchange. Usually, newspaper websites only think about the readers when there's a tragedy: 'Did you see the plane crash? Send us your video!'" Duarte says.

In Uruguay, according to the research center Radar, 60 percent of the population that looks for online news contents read *El País*.

Even though the online and print staffs are still working separately, some good results have been achieved. Two editors update the Facebook and Twitter pages of *El País* online and also of *Ovación* online, the web version for the sports supplement that covers mostly soccer, a South American passion.

There's also a group thinking about strategies to invite readers for interaction on Facebook, sending photos and taking part in contests.

"The emphasis is to chat with the users and give an answer to their issues, since we ask them to send us pictures and stories," said Oscar Vilas, editor of *El País* online.

"The website also has a section called "Tu País" (Your Country) for user-generated content," he said. "Readers can also send a text message to inform what's going on in different places, so we can immediately start working on a story."

A large range of important local and world events—a political discussion about the Uruguayan dictatorship, the finals soccer matches of the Libertadores Cup or the royal wedding of Prince William and Kate Middleton—have a live coverage via Twitter or Cover it Live.

The online version of *Clarín*,

## Engaging journalists in a series of new tasks—with no raises—is another problem for newsroom managers.

in Argentina, has been through a total renovation during the past 12 months, from the technological platform to the design.

The new home page has lots of brand new websites dedicated to specific segments of its audience, such as soccer fans, teenagers from 14 to 18 years old and women.

The main goal is to increase the editorial power of the website, making a clear division between hard news and entertainment.

The increasing interest of the users for videos—over the last six months, the number of views jumped from 1 million to 4.5 million—is culminating in the *Clarín.com* Web TV, a studio inside the integrated newsroom.

And the Argentinians don't limit themselves to local news, politics or economy. A fiction experiment was such a great success that it is now in its second "season": the WiFi soap-opera "La Pareja del Mundial."

"Before the World Soccer Cup (in 2010), we produced a telenovela in high-definition, with more than 20 episodes," says Dario Datri, editor in chief of *Clarín.com*. "The characters should decide whether they would take part in the competition or not. This dilemma allowed us to have a very funny story and a huge site traffic. More than three million people watched the show. It was also a very seductive platform for advertisers. The results were abso-

lutely profitable."

On the other hand, the website deals with a prosaic limitation. The online interaction with readers through comments, tweets and Facebook posts is severely affected by an altercation between the newspaper and the country's president, Cristina Kirchner.

"The government has been chasing independent media groups, especially *Clarín*, for three years," Datri said. "This confrontation happens through a systematic bombardment executed by bloggers, journalists and government employees against us. People are paid to write provocative, biased and defamatory comments everywhere."

Despite the difficulties, one of the website's goals is to increase traffic by 30 percent from social media. Reporters and editors must participate more actively, offering previews of stories and talking about what's coming up next.

Obstacles are not only on the Internet. The demands on staff have required renovation in the *Clarín*'s building to bring co-workers together.

Oftentimes, journalists don't have the slightest idea about each other's work, even when they share the same office.

*Folha de São Paulo*, *O Estado de São Paulo*, *O Globo* (in Rio de Janeiro) and *Zero Hora* (in Porto Alegre) have already been through changes. Both print and online teams are now working together in a convergence process that should lead to totally integrated newsrooms.

Engaging journalists in a series of new tasks—with no raises—has been another problem for newsroom managers over the past few years.

That's the "hamsterization" of

American journalists, as the Federal Communications Commission labeled it in a report released June 9, addressing the rapidly changing media landscape.

"As newsrooms have shrunk, the job of the reporters who remain has changed," the FCC reported. "They typically face rolling deadlines as they post to their newspaper's website before and after writing print stories."

Dean Starkman first introduced readers to the concept in an article in *Columbia Journalism Review*: "The Hamster Wheel—Why running as fast as we can is getting us nowhere."

The demand for multitask professionals is spread all around, and it's no different in Latin America.

*El Observador*, in Uruguay, has been under a renovation process as well. The content management system and even the website name (Observa became Elobservador.com.uy) were changed.

The home page design was modified in order to value images, videos, multimedia and social media. There's a convergence process under way, says the editor, Jimena Abad, who is aiming for complete integration.

The online staff is in the center of the newsroom, a frequent occurrence in redesign projects nowadays. Print reporters usually write stories for the web, but most of the time the online team is responsible for writing for the web. Over the years, the teams have become closer, but there's still a long way to go.

"The integration of newsrooms is difficult," Abad says. "It implies cultural change in the minds of journalists. Some print journalists still consider the web

as a second-class source of information. But they are beginning to see that, when articles are published online, they are read and commented by more and more people."

*Zero Hora*, in southern Brazil, decided to take a step further. Readers are very welcome to write comments, make suggestions and interact.

But they are also invited to work as reporters, in an attempt to increase their identification with the publication. User-generated content is the foundation of hyperlocal supplements distributed to six neighborhoods in the capital of Rio Grande do Sul state.

Published once a week, or every month since 2005, each supplement has a sign indicating which stories were submitted by readers, making them feel part of the staff.

"We believe the best way to show what each community wants to see is listening to those people. It might seem obvious, but frequently they don't have a voice in the biggest newspapers," says the editor, Thais Sarda.

Shortly after, the hyperlocal project reached the Internet. Readers joined in Online Councils to discuss the issues of each community, writing blog posts, taking photos and shooting videos.

The first blog was considered a great success, with 20 active bloggers. The number varies, depending on the neighborhood, but the experience allowed the newsroom staff to multiply the number of sources all over the city.

At *Zero Hora*, this kind of journalism now has a new name: "Affective Journalism."

More recently, the newspaper created the "*Zero Hora Cafeteria*." The group of editors and

reporters in charge of the hyperlocal section chooses a coffee shop in which to spend a whole afternoon talking to readers and taking notes of ideas for stories. The initiative was inspired by *Nase Adresa*, a Czech newspaper.

"Our readers participate a lot," Sarda says. "They can write stories for an entire edition, and all we need to do is call the City Hall for some quotes and explanations. They send us all kinds of materials, from personal stories and pictures of pets to claims that matter to the whole community. If the problems aren't solved, they will call or write us again for the next edition."

The hyperlocal supplements mean a lot more for *Zero Hora*. Since the circulation is restricted to some places in Porto Alegre—where there are more subscribers—advertising is cheaper. The number of pages can vary from eight to 24.

All these are efforts to win readers' hearts and minds. The future of journalism is inevitably tied up with interaction. According to Inside Facebook, a blog that provides data about the site's traffic and demographics, most of the social network's growth is now coming from developing countries.

Mexico and Brazil were at the top of the list on June 1. Barbosa said teenagers look for news stories and information in a different way, most of time through social media. They are not the usual everyday reader.

"The challenge is huge, and learning comes from trial and error," Barbosa said. "There isn't one right model that can be successful for all, so it's necessary to have investment and experimentation." ♦

# Smartphones in the Arab spring

A revolution in gathering, reporting the news

By Matt J. Duffy

**W**hile Twitter and Facebook grabbed all the headlines, the increased availability of mobile smartphones subtly made an unmistakable impact on the reporting of the Arab Spring revolutions that rippled across the Mideast in 2011.

Some even argue the smartphone—powerful Internet-ready cellphones such as the iPhone, BlackBerry or Android—could prove to be the most important innovation for journalism since the development of satellite uplinks. While Twitter and Facebook are acknowledged for their unparalleled advances in disseminating information, the smartphone has changed the way that information is collected, packaged and transferred for mass distribution.

During the January 25 protests in Egypt, for instance, protesters would carry their smartphones with them into the streets. They could offer first-hand reports using their smartphones connected to Twitter, Facebook

and YouTube. Often their information was verified with short video clips or photographs taken from their phones and effortlessly weaved into Facebook or Twitter updates.

Rick Sanchez, the former CNN correspondent, said the smartphone helped cover the Arab Spring in a way that traditional journalism simply couldn't. He called the smartphone "the best piece of news equipment ever invented."

Sanchez praised the smartphone for its impressive range of functions.

"It's a computer, word processor, still and video camera, recorder, editing system, phone and satellite uplink all in one," he wrote in the *Huffington Post*. "Best of all, it's cheap and acces-



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**The smartphone helped cover the Arab Spring in a way that traditional journalism simply couldn't.**

sible for everyone from the suburbs of California to the streets of Cairo.”

The relative low cost of the phones has led to greater use in the Arab world—although they’re still too expensive for everyone. A low-end model can be purchased for around \$250, putting the smartphone at the hands of middle-class Arabs throughout the Middle East.

Naila Hamdy, an assistant professor of journalism at the American University of Cairo, said she thought no more than 15 percent of Egyptian protesters used smartphones. But she told the International Press Institute that the organizers of the protests used their smartphones wisely.

“Some of the key organizers of the revolution used smartphones to tweet messages to mobilize and organize protests,” she said. “They also used them to capture video and live streams of Tahrir (Square) moments.”

Protesters occupied Tahrir Square in Egypt for 18 days until President Mubarak agreed to step down. Hamdy pointed to videos—many shot from smartphone cameras and uploaded immediately to social media sites—as the most influential.

“Video pieces had a wide impact as they were re-broadcast on television news shows and talk show programs, thus reaching much larger numbers of Egyptians,” she said.

The handheld cellular devices even transformed the participants in the protests. Five years ago, these people would have simply been “part of the crowd,” but their ability to easily transmit what they were seeing and hearing (including text and video) turned them

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## Smartphone citizen journalism is particularly important in areas where governments successfully controlled the activity of professional journalists.

into “citizen journalists.”

Blake Hounshell, the Doha-based managing editor of *Foreign Policy* magazine, called these citizen journalists “a fancy name for people with cell phone cameras.”

Protesters could even use their smartphones to roughly edit their video, adding captions for locations or translations. The smartphone’s ability to quickly transmit information from the ground to the rest of the world had an indelible impact.

Hounshell spent time in Cairo during the January 25 protests where he saw protesters listening to a fiery speech while staring down at their cell phones. They were live-tweeting the event.

“These weren’t revolutionaries so much as they were reporters, translating their struggle for the rest of us,” he wrote in *Foreign Policy* magazine.

Of course, the raw material uploaded from smartphones wouldn’t have the international impact they did if not amplified by other outlets. But news outlets such as Al Jazeera, Al Arabiya and the BBC World Service wouldn’t have had access to footage of protests and regime violence if not for the smartphone videos taken by thousands of protesters. The importance of smartphone citizen

journalism is particularly important in areas such as western Libya and Syria where governments successfully controlled the activity of professional journalists. These news outlets also helped cull the reports from smartphone users and attempted to verify their accounts.

But the impact of the smartphone videos and Twitter messages to affect events on the ground—not just international sentiment through news coverage—shouldn’t be underestimated. Technology-adept protesters in Tunisia and Egypt appealed to each other through social media outlets and text messages broadcast from smartphones. As one observer put it: “The personal decision to face rubber bullets and tear gas is only ever taken when appeals for solidarity come through social networks.”

One unheralded use of smartphones was their non-traditional use as a disseminator of Arab Spring information. Sultan al Qassimi, a commentator from the United Arab Emirates, rapidly gained fame via his Twitter account because of his exhaustive reporting of events. *Time* magazine named him in its list of most influential Tweeters in the world after his number of followers skyrocketed from 5,000 to 60,000 in the first six months of 2011.

In addition to his Mac laptops, Qassimi covered the Egypt uprisings using his iPhone 4 while watching and reporting on broadcasts of various Arabic and English language news outlets. Al Qassimi told the International Press Institute that he used his smartphone to take and upload over 1,000 high-quality pictures of images from Arabic news outlets including Al Jazeera, Al



A man takes pictures with his cell phone on Tahrir, or Liberation Square, in Cairo, Egypt. A new cell phone photography class at a suburban Philadelphia university focuses on both the quality of the images and the ethical responsibilities that come with taking and publishing them. AP Photo by Ben Curtis

Arabiya and BBC Arabic. These images would often document Arab governments' brutal crackdowns on protesters. He would also retweet information and pictures from key figures on the ground in Egypt.

Al Qassimi tirelessly kept up his Twitter feed for several weeks from the beginning of the protests to the fall of Egyptian president Mubarak. To keep up the pace, he said he would often use his smartphone to continue Tweeting from unusual locations—including an elaborate Emirati wedding.

"(The iPhone 4) comes with two ear pieces," he said. "I put one in my ear under the ghutra (headpiece) and left the other ear unplugged so I could greet people."

Al Qassimi listened to several Arabic language news outlets

through iPhone applications.

"I updated the Twitter feed around ten times in the half an hour I was obliged to stand and greet people," he said. "I excused myself and left early so I could cover the protests better."

During this period, Qassimi provided an important conduit of information from the Arabic-language news stations. Many professional journalists in the Arab world follow Qassimi's Twitter feed (@sultanalqassimi) to stay abreast of current events.

He said that BlackBerry smartphones were also useful for organizers on the ground in various Arab countries because they can easily create private groups through the BlackBerry Messenger Service.

"These groups would include only people they trusted and can

share sensitive information with without being public," Qassimi said.

But Saddek Rabah, an associate professor of journalism at the University of Sharjah, questions the impact of smartphones in the Arab Spring.

"It is undeniable that these technologies have been widely tapped into by a large number of people to disseminate all sort of information," Rabah told the International Press Institute. "But that did not mean they substituted for people's determination and will to bring about the change."

He said he watched many amateur videos on YouTube from Egypt, Tunisia and Syria but questioned how many could have been uploaded directly from smartphones at the scene since the cellular networks in most

# How important is technology, really?

Rabeh's doubts reflect a larger debate about the role of technology in the Arab Spring. Smartphones did not cause the ouster of Zine El Abdine Ben Ali in Tunisia or Mubarak in Egypt. Braves souls who filled the streets and battled the armed forces of those corrupt regimes had far more to do with their departures. So, how important was the role of technology on these events?

Some communication observers downplay the role of smartphones and social networks in the Arab Spring. In a *New Yorker* article titled "Small Change," Malcolm Gladwell pointed out that revolutions have erupted long before today's digital tools existed. He criticized journalists for overhyping the role they'd played in recent uprisings including the Arab Spring. He noted, for instance, that many observers found that Iranian protesters in 2009 didn't rely upon Twitter as a communication tool as Western journalists and other insisted. Why, he asked, were all the updates organizing Iranian protests written in English, not Farsi?

But Clay Shirky, a new media professor at New York University, argues that technological advances have clearly impacted events.

"Digital networks have acted as a massive positive supply shock to the cost and spread of information, to the ease and range of public speech by citizens, and to the speed and scale of group coordination," he wrote in *Foreign*

Arab countries generally don't support use of high-bandwidth devices. (Of course, smartphones can also connect to the Internet via WiFi networks and use that higher-bandwidth Internet access to upload video and pictures.)

Rabah said that the cellphone videos recorded and uploaded to YouTube from "total blackout" countries such as Syria became a crucial conduit for reporting the news. Al Jazeera was the first news outlet to broadcast these

low-quality videos as a way to report on events taking place in these countries. Other news outlets followed their lead, Rabah said, using YouTube videos to offer glimpses of the crackdown on protesters occurring in areas where journalists weren't allowed.

"This, in turn, posed the problem of veracity and trustworthiness of such content," Rabeh said, adding that news outlets will need to work on techniques to verify information obtained in

*Policy* magazine.

Shirky and Gladwell don't really disagree. Gladwell asks whether the protests could have happened without social media and digital tools like smartphones. Shirky wouldn't likely argue that they couldn't but simply suggests technological advances definitely helped the cause of the rebels.

Smartphones on the ground, for instance, helped a global audience decipher events and collaborate on journalism. In one example, NPR's Andy Carvin helped debunk a regional myth that Libyan forces were using Israeli munitions on protesters. With the help of Libyans who took pictures with the cellphone cameras, Carvin and a group of Tweeters helped show the weapons weren't from Israel after all. Similarly, when incredulous observers asked Egyptians to prove that tear gas used against protesters came from America, an apparent smartphone user quickly took a photo and uploaded the picture to a photo-hosting site to offer proof. In Egypt, Tunisia, Libya, Syria and other Arab countries, protesters were driven to action after seeing pictures uploaded to YouTube and Facebook taken by protesters on their smartphones.

Gladwell wouldn't argue that these digital tools weren't influential. He'd just argue the uprisings would have happened anyway.

this manner.

In the end, the debate is largely academic. But, for journalism observers, the role of smartphones should not be forgotten. The introduction of smartphones represents a revolution in the ability of a journalist—and any other observer—to gather information and quickly disseminate it. For a new generation of journalists, the smartphone will likely replace the reporter's notebook as standard equipment. ♦

# The Visual Journalist in an Entrepreneurial World

A fragmented media landscape has challenged photojournalists to be self-promoters who offer diverse services with a determined mindset.

By Rick Shaw

**P**hotojournalism has always been a “calling,” not just a “job.” Unfortunately, that portrayal is proving to be a literal definition considering today’s media landscape.

Counter to free-fall perception, staff employment numbers at wire agencies and local newspapers have stabilized in recent months. Photo departments are generally maintaining between 80 - 60 percent of their pre-2005 full-time employee positions.

Still, the past decade shell-shocked many former newspaper and magazine photographers into setting aside their cameras in search of a secure livelihood. Yet, for every career that is packed away, there are those people with passion who grip the camera with the renewed dedication of a starving artist.

Documentary photographers are driven to spotlight injustice, to reflect the human condition, and to serve as agents for social change. So, it is not surprising that despite these challenging eco-

nomic times, photojournalists are embracing the advanced digital tools that engage viewers with multidimensional storytelling. By blending motion and audio with still photographs, this new mode of online visual storytelling provides a richer experience for the audience. Today’s complete “visual journalist” is self-authored, experienced at everything from capturing the images, to editing the story, and to producing the final package for online distribution.

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**By blending motion and audio with still photographs, this new mode of online visual storytelling provides a richer experience for the audience.**



**RICK SHAW** is director for Pictures of the Year International ([www.poyi.org](http://www.poyi.org)), the oldest and most prestigious photojournalism program in the world. POPYI is a program of the Donald W. Reynolds Journalism Institute at the Missouri School of Journalism.

For decades, news photographers rejoiced: "I can't believe they're paying me to do this." Employment and inner passion held a symbiotic relationship with relative balance. An imbalanced job market fraught with buyouts, downsizing and layoffs now puts photojournalists at a career crossroads.

For the next generation of visual journalists to realize their calling, they must first embrace an entrepreneurial vision with a determined mindset.

## Diversity helps sustain journalistic ambitions

Former staff photographers who are now self-employed confront an already-saturated freelance marketplace and compete for editorial assignments from community newspapers, national media and special-interest publications. For many, however, editorial work alone does not supply enough regular assignments to provide for a viable income. So, freelance photojournalists are expanding their client base to include commercial work for public relation agencies and advertising firms. By adopting this approach, they face a steep learning curve on marketing techniques, business management and self-promotion.

The new business model offers a more diverse source of income, yet requires ambition and hustle to make it all work. Leah Nash, a photojournalist based in Portland, reflects the current business model of a freelancer who balances editorial assignments with commercial work. "To make it as a freelancer, I feel that you need to be aggressive and really know how to market yourself," Nash

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On Emphas.is you are the gatekeeper. Photojournalists pitch their projects directly to the public. You get to decide whether a story is worth doing.

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**Start funding** **Start a project**

**Featured Project** **The Bandim Inoculation Backdraft** by Martin Stampe

The Bandim Health Project in Guinea-Bissau has earlier proven the WHO's health intervention guidelines to be faulty, and is once again at odds with them. Stampe plans to visit the medical research centre in an attempt to uncover the root of the strife.

**View the project**

**ROUNDS** 1 **BACKERS** 12 **INVESTORS** 45 **OF \$6032.00 GOAL**

**Survivors** By Gurb Akash **Kirkdale** By Yann Gross **The Bandim Inoculation Backdraft** By Martin Stampe

**Latest posts**

One last Great project. Day you accept complete board! Have one in mind condition and would have for somebody to put it to good use. Thanks - 2 hours ago

Pls. Norton je voulais contribuer à votre projet mais ça semble d'être terminé l'as.

Emphas.is is a web-based enterprise that encourages "Crowdfund Visual Journalism" to support individual documentary photography.

says. "It is a perpetual drive forward—blogging, keeping in touch with clients, and making new portfolios. I think of myself as a product: LeahNash.com."

With a savvy command of new digital tools, freelancer photojournalists create high-end web content for their clients that capitalizes on the documentary style. During the past decade, the wedding industry has benefitted from photojournalists who recognized that brides and grooms were eager for a refreshing natural look for their wedding albums. In 2002, the Wedding Photojournalists Association ([www.wpja.com](http://www.wpja.com)) was formed that serves as an online marketplace to connect wedding parties with photojournalists.

As a business model, Nash maintains two websites—one for her editorial work and another

for weddings, each with a distinct visual personality.

"In terms of the diversity of my work, I see it like a pie and each field is a different slice. One slice is weddings, one is grant work, another magazine, another newspaper, and another commercial," Nash says. "For me that has been the key, to make my living off the sum of the parts."

## Community-funded storytelling

Online funding platforms are gaining attention as a source of support for in-depth projects and investigative journalism. New business models such as Spot.U.S ([www.spot.us](http://www.spot.us)) and Kickstarter.com ([www.kickstarter.com](http://www.kickstarter.com)) provide online forums for viewers to financially support an author's



TOP: One slice of Leah Nash's diverse freelance business, based in Portland, is the growing photojournalism-style wedding enterprise.  
 BOTTOM LEFT AND RIGHT: Freelance photojournalists Leah Nash maintains two websites: one for her editorial work and another for weddings, each with a distinct visual personality. *Photographs by Leah Nash*

work. In the spirit of a telethon, a story idea is posted with an accompanying tote board, and then contributors are encouraged to donate to projects they feel are relevant and worthy. Reporting for the projects commence once donations reach the funding goals.

The documentary photography world has adopted a similar fundraising concept with the launch of Emphas.is ([www.emphas.is](http://www.emphas.is)) this past year. The site describes its efforts as "Crowdfund Visual Journalism" to support individual documentary

photography projects through donations. According to Karim Ben Khelifa, co-founder and CEO of Emphas.is, the crowd-funding model provides photo-journalists with a mechanism to do projects they feel are important with creative freedom.

The model also is forming a new interrelationship between the journalists and the readers. "Rather than feed viewers with stories they haven't chosen, we let the public decide what they want to see," Khelifa says. "Emphas.is empowers the public to become the gatekeepers of the news."

Tina Ahrens, another founding officer for Emphas.is, explains that the crowdfunding concept is both a entrepreneurial and journalistic response to the "radical change" in today's media world. "We want to offer the reader something in return," Ahrens says. "People increasingly seek and rely on direct sources. They want to be able to engage on the issue that they care about."

Khelifa notes that Emphas.is is not a magic bullet for the photojournalism industry and the budget for each project monetizes only the expenses. Most projects focus on social concerns with an international scope and budgets range from \$5,000 to \$30,000. To their success, he says: "In the first four months we almost sent back \$100,000 for the funding of independent storytelling projects."

## Advocacy feeds the soul

In the wake of the publishing layoffs, some photojournalists feel a sense of freedom to make photographs that serve the public good, without the controlling "gatekeeper." It is a chance to exercise their visual voice through advocacy journalism, working with non-governmental organizations, charitable foundations and humanitarian groups on topics such as hunger, mental health, or the environment.

While some of these projects are on a global scale, many local



An editorial assignment for Rolling Stone magazine leads to promotional work for the band "Stephen Malkmus & the Jicks." *Photograph by Leah Nash*

charities are collaborating with photojournalists who shoot to benefit community causes. While the work is often pro bono, the resulting project adds to the photographers' portfolios and serves as validation for larger projects.

One grassroots experiment was launched in Hampton Roads, Va., by Stephen Katz, an

award-winning photojournalist for the *Virginian-Pilot* newspaper in Norfolk. "Shoot for Good" ([www.shootforgood.org](http://www.shootforgood.org)) was organized as a 24-hour project in October 2010 that connected 93 photographers with 29 non-profits and care organizations in the community—Special Olympics, the humane society, the lo-

cal farmer's market, Scouts, the food bank, and cancer awareness, among many others. Regional photographers of all skill levels participated in creating "a snapshot of the acts of kindness that go on around us every day," according to Katz. "I don't know a single photographer who doesn't dream of shooting images that make the world a better place. The problem is, too many think they have to travel to an exotic land to do so. There are a near limitless number of groups and organizations in our own backyards that can benefit greatly from the talents of a photographer."

However, most nonprofit organizations are not insulated from the economic downturn and, therefore, do not have the marketing budget to sustain a photographer's long-term livelihood. The most practical funding avenue for advocacy work is through sponsorship from a third party or grants from foundations.

Sources such as the Alicia Patterson Foundation, the Getty Grants for Good, and the Alexia Foundation grants make hundreds of thousands of dollars accessible for proposal ideas on topics of social relevance. And, some grants serve as a partnering agent between the applicant photographer and the nongovernmental organization (NGO) PhotoPhilanthropy ([www.photophilanthropy.org](http://www.photophilanthropy.org)) offers a broad range of grants that promote collaboration between the photographers and non-profit groups. Funding is awarded in a variety of categories throughout the year for professionals, amateurs and student proposals. Other funding groups provide assistance to "emerging" documentary photog-

raphers. The Emerging Photographer Grant ([www.burnmagazine.org/emerging-photographer-grant](http://www.burnmagazine.org/emerging-photographer-grant)) was launched in 2008 by David Alan Harvey as an annual grant sponsored by Burn Magazine and awarded through the Magnum Foundation. Similarly, the Emerging Vision Incentive ([www.poyi.org](http://www.poyi.org)) offers \$16,000 in funding for aspiring photojournalists, which is sponsored by Pictures of the Year International with the Annenberg Foundation.

Collaborating with NGOs and seeking grants comes with some sobering realities. Grants and fellowships are increasingly competitive and the number offered each year is limited. The amount of

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## **Media companies that represent and distribute work are going through a tremendous change, as traditional photo agencies embrace new visual storytelling methods, online distribution, and creative partnerships.**

time it takes to make a proposal, complete the application, then wait for the selection process makes this avenue of funding impractical for sustained work. Also, most grants provide funding only for the expenses and not for personal income. Also noteworthy is that a certain amount of editorial control is lost when collaborating with any advocacy organization, as they become the client. The purity of the final project may be subject to their agenda.

## **The evolving agency**

Media companies that represent and distribute work are going through a tremendous change, as traditional photo agencies embrace new visual storytelling methods, online distribution and creative partnerships.

One example is VII Photo Agency's ([www.viiphoto.com](http://www.viiphoto.com)) business approach that promotes collaboration among multiple partners with a shared cause. In a recent article for *Nieman Reports*, VII Photo Agency director Stephen Mayes calls for a redefinition of "our products, our partners, and our clients." VII partners their affiliated photographers on topics that dovetail with non-profit organizations, research institutions and foundations providing funding support. In 2007, photojournalist James Nachtwey embarked on a long-term project about the resurgence of tuberculosis, which was funded by a \$100,000 TED Prize and working in collaboration with BD (Becton, Dickinson and Co.) medical technology company and XDRTB.org. VII recently partnered with Doctors Without Borders on a major project, "Starved for Attention," that examines childhood malnutrition through the lenses of eight photographers. "Now is the time when VII is transitioning from being a mere supplier to being a producer and increasingly acting as its own publisher," Mayes says.

New business models are emerging that can hardly be classified as agencies in the traditional sense. MediaStorm (<http://mediastorm.com>), a 2005 visionary in the field, describes itself as a multimedia production studio that creates "cinematic narratives." The success of MediaStorm has encouraged the startup of similar companies such

as Story 4 ([www.story4.org](http://www.story4.org)) and Bombay Flying Club (<http://bombayfc.com>), which describes itself as a “multimedia collective.”

These, and similar companies, identify their work as photojournalistic storytelling that targets an array of clients including news organizations and nongovernmental organizations. Many staff members at these companies previously worked for newspapers, magazines or wire services as photojournalists or photo editors.

Re-Act Media ([www.re-actmedia.com](http://www.re-actmedia.com)) is a young media company dedicated solely to producing stories that benefit nonprofits. Re-Act was founded by Chris Tyree, a former newspaper photojournalist, with the goal to create projects to “influence audiences and bring about social change” with “documentary-style visuals.” To make their mission economically feasible, the team includes six other members who live in different regions with primary incomes from other sources. The team members come together “sometimes physically and sometimes virtually,” to serve in a variety of roles as producers, writers, editors, and even an “outreach” specialist.

Tyree acknowledges the challenges of launching a small company during the economic downturn of the past few years. Yet he speaks optimistically for all emerging business models that “there is always a rebound, and photojournalists are resilient.” “Right now it takes a lot of guts and a crazy amount of sweat-equity.”

## A determined mindset

Magazine-employed photo staffs eroded in the 1970s and



TOP: Photographer Wendy Maness joined the “Shoot for Good” team to shoot a photo story on an adaptive dance class for children who have Down syndrome. *Photography by Wendy W. Maness*

BOTTOM: In a 24-hour photo project on Virginia’s volunteerism, James and Janette Watrous were featured in a “Shoot For Good” story about an assisted living facility. *Photography by Sonya Paclob*



80s. Television stations that once hired both the reporter and the photojournalist have restocked their ranks with the one-person band. And within the past few years, we have watched as newspapers take the same path as magazines by reducing the number of staffers and relying on “stringers.”

Today’s fragmented media reflects the fragmented journalist.

And just as viewers can get news and information from a wide range of sources, so, too, must photojournalists rely on a diverse client base, offer an array of visual services, and promote their work across multiple platforms. Successful photojournalists will need to demonstrate an entrepreneurial spirit, a continued passion for visual reportage, and a determined mindset. ♦

# Hunted by competitors in an unfriendly economic climate

The media industry is at the stage where we have become like a water buffalo that is standing still, the moment before the kill.

By Randall D. Smith

**W**hile in Africa, I watched a water buffalo hunted by lions. The massive animal, knowing that he was in trouble, set off on a gallop and outdistanced the lions by 100 yards. Lions run at swift speeds, but tire easily and often look for the wounded or an animal that moves slowly.

Suddenly, the buffalo stopped. He was either tired, convinced that he'd outrun the lions, or confused about where to go next.

Seizing the moment, the lions hit him from every position, and he was quickly a pile of bones.

The sight, which only took a few minutes to play out, made me think about my profession. The media industry is being hunted by competitors, and the economic climate is not friendly. We are at the stage where we have become the water buffalo that is standing still, the moment before the kill.

We all know the story well in America. Publishers have watched earnings decline for almost two years. The latest earnings reports from companies like The Washington Post and Mc-

Clatchy are frightening for newspaper employees who've seen multiple layoffs and other so-called surgical trims.

The solutions, at least those proposed by the newspaper industry, have been bandages. Harvard Professor Clayton Christensen notes incumbent industries often focus on innovations rooted in the things that have always helped sustain them.

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**The solutions, at least those proposed by the newspaper industry, have been bandages.**



**RANDALL SMITH** is the first Donald W. Reynolds Endowed Chair in Business Journalism at the Missouri School of Journalism. Smith is a former president of the Society of American Business Writers and Editors and a recipient of the organization's Distinguished Achievement Award. He is the president and first non-family member of the board of the Alfred Friendly Press Fellowships. The author of the book "A Kenyan Journey," Smith has lectured to classes in China, Africa, Korea and the United States. As an editor for 30 years at The Kansas City Star, Smith has worked with award-winning newsroom teams that have earned the profession's top awards and honors. One won a Pulitzer Prize in 1982 for coverage of the Kansas City Hyatt skywalks disaster in July 1981. Other staff recognitions include a Sigma Delta Chi award, an Eppy award, a Philip Meyer Award, 12 Missouri Press Association Gold Cups and a Nancy Dickerson Whitehead Award.

Of course, that leaves them open to the lions of the marketplace, those who are the disruptive innovators.

Let's look at what the media has done recently. They have created new websites and applications for their mobile content. They have offered extra comics and news narratives for sale to readers. They have started blogs that are focused on moms and other interest groups. On the advertising side, they've tried to imitate those efforts like Groupon and discounted rates.

These companies have ballyhooed that digital readership has skyrocketed, but it's nowhere near digital competitors like Google and Yahoo. The real story is that revenue is still only about 10 percent. Most of the income still comes from print and its derivatives.

No matter what traditionalists say, print is flickering. The reason is engagement.

I often pick up my morning newspaper, and find that I have read every story in the front section on the previous day. Of those stories that particularly interest me, I've read richer content elsewhere. The advertising, which I once found to be robust and interesting, is now relegated to mostly second- and third- tier enterprises.

When a business or industry is in trouble, Harvard Professor John Kotter says that it's often wise to look at what others are doing. In his book about transformational change, *Our Iceberg is Melting*, Kotter's penguin characters talk to the seagulls.

In today's world, a good company to study is "Angry Birds," one of Finland's top businesses. It has been downloaded an estimated 300 million times on all platforms since 2009. The company claims that

## Online advertisers are now reaching more customers than they did with print and television.

players spend about 3.3 million hours on the application every day.

Think about this: How did you learn about Angry Birds? It certainly was not from newspaper and television advertisements by Rovio, the company's founder. How did they produce this phenomenal engagement model? Does any newspaper or media company have this kind of record on engagement?

Another place to probe is traditional advertisers. Their websites and mobile strategies are so sophisticated that they're now reaching more customers than they did with print and television.

Have you used the personal shopping service at Sears? Have you taken advantage of the movie freebies through Redbox's marketing on Facebook? When was the last time that you saw a Netflix ad in the newspaper?

Sears is remaking its advertising models. Redbox and Netflix have replaced several movie companies, who were former old-media advertisers.

What's more, traditional food advertising is going to places like Meredith's Recipe.com. Like classifieds, most specialty advertising is migrating to places where there's greater value and increased engagement with the desired demographics. It will not come back.

In the 1980s, the Pacific Rim was harkened as the place of future business innovation. Today, the obvious place is mobile devices, which have now surpassed PCs in factory orders.

Yes, there'll still be a demand for curated news. That's good news for Bloomberg, The Associated Press and Thomson Reuters. But it's bad news for the traditional media companies who have arguably been the underpinning of our collective democracies.

So what to do in these final hours? My advice: Give up on the idea of trying to solve this problem on your own. Whether you're the *New York Times* or a small independent, this strategy will lead to certain death.

Instead, there should be a concerted effort by those concerned about the future of journalism to find the brightest, most out-of-the-box companies that are building the most innovative media platforms for the future.

These companies may be down the street in a warehouse. Often, they know how to produce eyeballs and long-term engagement that surpass any news website or web app known today. And they already know how to scale the advertising, which remains a mystery to most publishers.

They are a transformational bridge—yet, they are far from perfect. They need content to survive.

Second, hook up with a progressive university where there are researchers who are focusing on engagement models and have a tradition of working with companies to solve real-world problems.

The road ahead requires a seat belt. The fact that many large parts of the old model will no longer be needed is a leap for old-school journalists.

But it will transform media traditionalists from water buffalos into lions. And this is a far better place to be on the hunt for tomorrow's revenue and content streams. ♦

# Eyeballs aren't as valuable in new media economies— it's the people

By David Cohn

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**B**efore *The New York Times* unveiled its paywall I would often ask a trick question. I'd ask if folks were familiar with the login screen that regular NYTimes.com readers are occasionally confronted with.

The only time average readers ever logged into their NYTimes.com accounts was when the site hoisted this in front of them, but at one point in their online lives, they registered for the NYTimes.com to create a profile. Then, they answered questions—whether you are male/female, what year you were born and what country you are based in. And that's what led to the trick question: After the United States, take a wild guess what country had the highest number of registered *New York Times* online readers?

Nobody has ever guessed the right answer.

After the United States, it's actually Afghanistan. That's right, Afghanistan has the second largest number of *New York Times* readers according to its database

of online profiles.

Before you start scratching your head as to why so many Afghans are reading the NY Times,



**DAVID COHN** has written for *Wired*, *Seed*, *Columbia Journalism Review* and the *New York Times* among other publications.

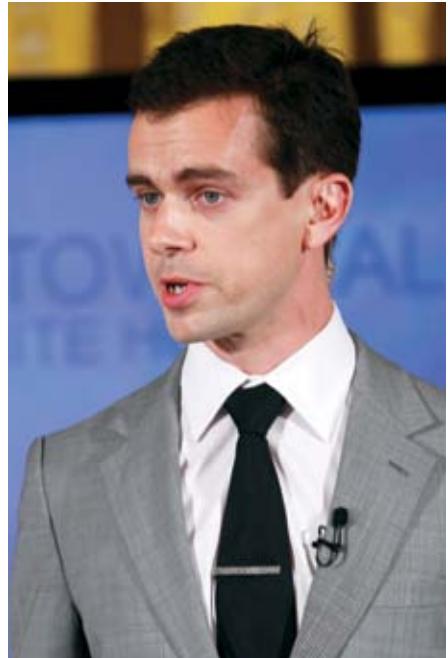
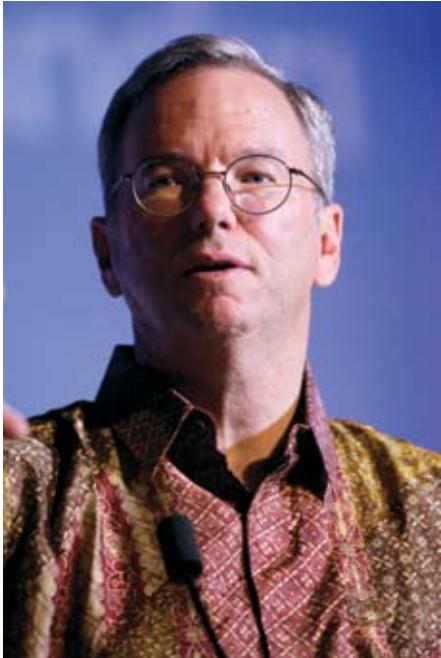
While working toward his master's degree at Columbia University's Graduate School of Journalism, Cohn worked with Jay Rosen as the editor at the groundbreaking *NewAssignment.net* in 2006, which focused on citizen journalism and ways news organizations could explore the social web.

Cohn also worked with Jeff Jarvis from *Buzzmachine.com* to organize the first Networked Journalism Summits, which brought together the best practices of collaborative journalism three years in a row (2007-2009).

He has been a contributing editor at *NewsTrust.net*, a founding editor of *Broowaha* and most recently created *Spot.Us*, a nonprofit that is pioneering "community funded reporting." In 2010-2011 he was a fellow at the Reynolds Journalism Institute and is a frequent speaker on topics related to new media and beyond.

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**The new relationship to advertisers is predicated on the new relationship with the audience.**



Left to right: Google Executive Chairman Eric Schmidt *AP Photo by Dita Alangkara*. Facebook CEO Mark Zuckerberg *AP Photo by Marcio Jose Sanchez* and Twitter co-founder and Executive Chairman Jack Dorsey *AP Photo by Charles Dharapak*.

Right: Spot.us logo *Logo courtesy of David Cohn*

consider what the registration drop down from the *NYTimes.com* looks like. It's in alphabetical order. It's not that there is actually a large Afghan audience for *New York Times* content; rather there is a large portion of *New York Times* readers who don't want to share what country they are from and are too lazy to come up with a creative lie. Instead they see Afghanistan as the first choice in the drop down and just go with it.

Now compare this registration process with Facebook, where most people freely reveal their age, religion, relationship status and more. Facebook has so much information about users that founder Mark Zuckerberg famously boasted he could create an algorithm to predict which couples were about to break up based on their surfing habits on Facebook.

Put on your advertiser hat and ask yourself where do you want to take your business?

The site with lots of people pretending to be Afghans or the site where you can target your customer based on what books they've read. Privacy issues aside, it's pretty ingenious. The most fascinating part about it is that readers at *NYTimes.com* are annoyed with the process and feel it's justified to lie about who they are where, while the users of *Facebook.com* feel compelled to share information about themselves. Indeed, the site doesn't work if you lie about who you are.

It's often said that newspapers don't have an audience problem; they have a revenue problem. I beg to differ. Newspapers don't have an audience problem, they have an information problem. The *NYTimes.com* website has enough traffic to make plenty of money, much more than most major websites. But they can't reap those rewards until they get a better grasp of who their audience is.

They need more information. And you can't force it out of people. You need to create an incentive that entices people to share information about themselves.

Interestingly enough, the new relationship to advertisers is predicated on the new relationship with the audience. The more the audience is ready to reveal about themselves the more advertising is valued. Same with GroupOn. If customers freely reveal they are interested in a deal before it becomes official, the small business offering the deal starts licking its chops—rightfully so. And in all cases, the users are incentivized to reveal the information because it's to their benefit. For the Facebook user they are connecting with friends. For the GroupOn user, they are looking for money-saving deals. Good advertising is actually just good content. If the advertisement is exactly what you were looking for, it isn't annoying—it's help-

# Spot.us

ful. To get the right advertisement in there, however, you need to know who your audience is.

## Incentives for exposing yourself

There are a few reasons why people might share information about who they are. The first, which social media sites have pretty much cornered, is because it allows you to connect with your friends, family or co-workers. Hence the name “social” media. You expose yourself to a company because, from the users’ point of view, the company is just a medium to your friends.

At the nonprofit Spot.Us ([www.spot.us](http://www.spot.us)), which I run, community members take surveys about themselves because they are rewarded with points that allow them to support the reporting project of their choice. In other words, we extend a

carrot to the audience to share information. This carrot isn’t social, but selfish. The user gets something for free that would normally cost money. The NYTimes.com could start doing this tomorrow, if it wanted.

Currently, after 15 clicks a month, a NYTimes.com reader is confronted with a \$15 paywall. But imagine if instead of a tax, the *New York Times* asked its readers for some information. This information could even be fun. It could ask the reader for the last movie he/she saw. Or the next movie the reader wants to see. It could ask for demographic information, viewpoints on topics, or help solving a puzzle. The point would be to treat the readers as more than just eyeballs but rather as entire human beings with thoughts and feelings on various subjects. Once you’ve answered some questions, access to the site resumes for free. Meanwhile the NYTimes.com can start to

increase advertising rates as it starts to get a better sense of its audience. It’s a feedback loop that could spiral profits up instead of down.

## Next Steps

It used to be the case that news organizations would fight amongst each other for the attention of a single reader. More and more news organizations are realizing that their competition isn’t each other. The real competition isn’t even for eyeballs/attention, but for information. Google, Facebook, Twitter and other social networks have a leg up. They’ve provided a clear reason why their community members should share who they are with the company. Now it’s time for news organizations to figure out why anyone should share anything with them. An organization that can crack this nut, will pave the way for the entire industry. ♦

# Business model works for print, but not for Web

After seeing little or no progress with free online content, publishers are moving very quickly to implement paid-subscription models on the Web.

By Mike Jenner

**C**harging readers for access to online news content is not a new concept in many parts of the world.

For years, publishers in many countries have asked readers to pay to read at least some of the content their staffs produce.

Not so in the United States. Since the advent of web publishing, most daily newspapers have offered much or all of their content online for free. Publishers reasoned that the business model that worked so effectively for centuries in print—use content to generate an attractive audience and then sell it to advertisers—would work on the web.

After a decade and a half of seeing little or no progress with that model online, publishers are moving very quickly to implement paid subscription models on the web.

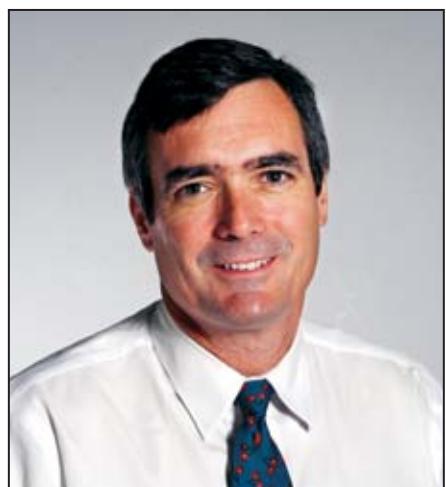
Just two years ago, only a handful of American dailies were charging for content on the web. New research shows that four in 10 dailies are now asking readers to pay for online content, and the

number is rapidly growing.

A recent University of Missouri survey shows that smaller papers have led the paid content movement. Phone interviews with more than 300 publishers of daily U.S. newspapers showed that 46 percent of publishers of daily newspapers under 25,000 circulation now require payment for at least some of their online content. Among newspapers with greater than

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**While smaller papers have been leading the charge to online pay models, larger papers have been most active in creating mobile phone and tablet apps.**



**MIKE JENNER**, an award-winning editor with a history of innovation, is the Houston Harte Endowed Chair at the School of Journalism.

Jenner joined the faculty in 2010 from The Bakersfield Californian, the family-owned newspaper he helped lead for almost 17 years.

A graduate of the journalism school, Jenner also was managing editor of The Hartford Courant and served in key roles at The Philadelphia Inquirer, Columbia Daily Tribune, Coffeyville (Kan.) Journal and Hattiesburg (Miss.) American.

25,000 circulation, 24 percent have begun to charge.

The survey was based on a random sample of all 1,390 U.S. dailies, and 301 interviews were conducted April 1-18 by the Missouri Journalism School's Center for Advanced Social Research. The response rate was 78 percent.

Underlying the move to begin charging is a strong belief that audiences will pay to consume quality news content. Two-thirds of the publishers believe customers will pay. Only 14 percent agreed with the statement, "I don't believe we'll ever be able to get customers to pay for online content."

That confidence is reflected in the plans of publishers who have not implemented paid subscription models. Of the papers that don't now charge, 35 percent have plans to do so; another 50 percent may begin charging at some point. Only 15 percent of publishers said they had no plans to charge.

Newspapers continue to reel from the economy and from an exodus of advertisers who are seeking cheaper and more targeted alternatives. And while online readership of news continues to grow, print revenues continue to decline. Publishers say they are looking both for revenue and to establish value for the content their staffs produce.

While publishers of papers that are charging welcome the new revenue coming from digital circulation, most have modest expectations about the amount pay models are likely to generate. In the coming 12 months, one-third believe the revenue from their pay models will count for up to 20 percent of their companies' digital revenue. Only one in 10 expect revenue from content to make up more than 20 percent of their digital revenue. Half expect a negligible contribu-

tion to the bottom line.

Although most see no impact on print circulation, a few do. Six in 10 see no effect; one in three believe their pay model will slow or stop circulation decreases, and 4 percent think print circulation might actually increase.

While smaller papers have been leading the charge to online pay models, larger papers have been most active in creating mobile phone and tablet apps.

Sixty-two percent of newspapers with circulation of 25,000 or more have a mobile phone app, while 21 percent of newspapers below 25,000 have a mobile app. The numbers were lower for tablet

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## Publishers say they are looking both for revenue and to establish value for the content their staffs produce.

apps: 39 percent of papers above 25,000 circulation offered tablet apps while only 9 percent of smaller papers did.

Publishers seem eager to enter the space, however. In the next 12 months, 59 percent of newspapers that don't offer a mobile phone app plan to introduce one, and 35 percent of those newspapers plan to charge.

Fewer than 20 percent of newspapers overall offer a tablet app. Among larger papers, 39 percent offer a tablet app; among smaller papers, only 9 percent have one. In the coming year, 48 percent of newspapers that don't offer a tablet app plan to offer one, and 45 percent of those newspapers plan to charge for it.



The online digital version of The Associated Press (AP) newsfeed is pictured on Apple Computer's iPad tablet.

Publishers were also asked about their revenue mix and how they expect it to change. After years of talk about the need to bolster the proportion of digital revenue to offset declining print revenue, publishers are finally expecting a shift in the mix. They were asked to estimate the proportion of revenue represented by print, digital and "other" (niche publications, outside printing, etc.), and to project how the mix would change in three years.

The overwhelming majority acknowledged that digital revenue was still a small contributor at their properties. Fully 85 percent said digital dollars represent no more than 15 percent of their companies' revenue, and 80 percent said print revenue still constitutes 70 percent or more of overall revenue.

In three years, 60 percent of publishers expect digital revenue to represent more than 15 percent of their papers' overall revenue stream, with nearly one quarter expecting digital revenue to represent more than 25 percent of all revenues. Overall, changes to the "other" revenue category did not see significant change.

In analyzing the data, we looked for relationships between these trends. One interesting relationship stood out: Publishers who expect the most dramatic shift in the revenue mix from print to digital also happen to have a mobile phone app in the field. ♦

# Profit may be a dirty word for many journalists

Profit makes journalism's carousel keep turning, and these days, profit is in hideously short supply

By Peter Preston

**I**t's a bind every editor recognizes. You have your freedom when the paper's making money. But when it's losing, you're boxed in, constrained by anxious accountants, wondering whether to fight the next libel fight—or fold. Can you afford to launch long investigations, to turn over necessary stones? Profit may be a dirty word for many journalists, but profit makes journalism's carousel keep turning. And profit, these days, is in hideously short supply.

On the one hand, you embrace the Internet, the websites, the daily audience swelled by thousands, even millions. On the other hand, print-copy sales are shrinking seemingly inexorably by five or six percent a year. Net advertising goes up, but because it's poured into a digital infinity of space, the rates it can command are relatively puny. And meanwhile print advertising goes away because the jobs, homes and street-shopping routines that

fueled it are in recessionary abeyance. A perfect storm—and a tsunami of problems, which leaves a probing, confident press laid flat amongst the wreckage.

What's to be done, though? The crucial difficulty, one that needs to be acknowledged openly, is that nobody really knows. We have gurus, prophets, technical geniuses, but we don't have a plan. Perhaps there is no plan. Some brave

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**What's to be done, though? The crucial difficulty, one that needs to be acknowledged openly, is that nobody really knows.**



**PETER PRESTON**, a former IPI world chairman and editor of the *Guardian* in London for 20 years, now writes an award-winning column on media matters for the *Observer* on Sundays.

souls talk of transition, so that one day the *Seattle Post-Intelligencer* is a print newspaper of renown and the next it's a website. There are precious few examples of such transformations making worthwhile money or claiming editorial success. And the reason for profound uncertainty is easy to find once you stop and analyze. We know what the transition is from—from paper and printer's ink and heavy lorries tearing through the night. But we don't know yet what it's to—because that future is still a work in bewildering process.

Come back with me to Britain in 2007 as recession starts to bite. The wizards of Hindsight Inc. are already lamenting newspapers' idiocy in giving their news away free on the Web. Many of them now think papers should throw up pay walls and begin to charge. Yet, how do you do that when the BBC's hugely powerful website gives all its news away free? You can't (or at least, you don't think you can). Therefore a great tide of BBC antipathy begins to flow.

Yet perhaps the BBC model isn't so much the problem as the solution. After all, it isn't really "free." You pay a hefty license fee—currently £145.50—every year, and the web site comes as part of the package. Why not take that same model and apply it to papers on the net? Why not gather newspapers into a consortium and charge entry fees to go behind that communal pay wall, so you may roam and click as you wish? No more individual websites with individual walls and individual passwords to be

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**We know what the transition is from—paper and printer's ink and heavy lorries tearing through the night. But we don't know yet what it's to—because that future is still a work in bewildering process.**

jotted down somewhere. Join a big club and enjoy big benefits.

Good idea? Of course. But also, in Britain at least, a very difficult concept to execute because the law—trailing in the wake of digital developments as usual—won't allow newspaper managements even to talk about creating anti-market mechanisms this way. Can outsiders with an interest follow the same road more practically? Yes. Sir Martin Sorrell's great WPP advertising agency has a riff on this notion on the front-burner; Google is always there or thereabouts, eager to seem helpful; Apple owns the iTunes store and shows some willingness to move the cash tills around inside it. Nobody can say that a good idea is dead. Yet, meanwhile, the future pounds on.

When this whole approach began, half a decade ago, the iPhone hadn't been invented. There were no smartphones; there were no tablets. The *Daily Mail* in London had a perfunctory web site scoring very low visitor levels (as compared with nearly 80 million a month today). Microsoft was still a giant

name to conjure with. Twitter (launched July 2006) wasn't any sort of name to conjure with. Facebook, having done well on the university circuit, was just about to let American high school students in. Very simply, a future solid enough to facilitate transition—or include static concepts like over-arching pay walls—didn't exist. The pace of change was much too fast and much too unpredictable to make transition or salvation meaningful options.

And the brutal fact is that it still isn't. Newspaper managements, including editors, can't stand on the front steps and wring their hands. They have to appear in charge, as confident masters of three- or five-year scenarios. But reality, in private, admits no such confidence. Different newspapers have different answers.

*The New York Times* builds a porous pay wall. *The Times of London* builds an impermeable one. The *Daily Mail* stays free—and makes a small profit, because it keeps costs small as well. The *Guardian* is free and makes a big loss, because the service it offers is far more expertise intensive.

*The Telegraph* believes in integrating its digital and print staffs so that one set of imperatives fits all; the *Mail* keeps online and print journalists far apart, frowning at any hint of integration. Most papers combine a print presence with Web development—but, cheered on by Professor Emily Bell at Columbia University, the *Huffington Post* concentrates on digital only.

These differences, and many more like them, aren't small

matters, problems of detail on the road to a few broad solutions that fit all cases. Least of all do they echo the old verities of print profitability with a mere two revenue sources—cover price and advertising—to worry about. Rather, changing the picture and course of events year after year, they betoken only profound uncertainty. Consider just a few of the things we don't know.

We don't know if the mightiest corporations of the new era will survive, mature and flourish. If MySpace soars high and then falls to earth, why should Twitter, without anything that seems like a solid business plan, fare any better? We don't know whether Apple will keep on winning, just as Microsoft used to keep on winning—until it didn't.

We don't know if soaring success, like the *Mail's* unique visiting scores, can be sustained, because it is so narrowly focused that some fresh contender may just move in and do it better. We don't know how to produce agreed-upon figures for visitors on the Web: ABC-e, Comscore and Nielsen can't create a consensus that helps willing advertisers. We don't know whether there is any robust economic model that enables an all-purpose quality newspaper to make money on the Web. And, of course, we don't know whether the Web itself is shrinking in range and practice because apps and iPads offer a narrower but swifter experience. (Oh! and I might have added, examining the latest figures, we don't even know whether the iPad itself is king for more than a day

as take-up on eReaders such as Kindle and Nook outpaces its sales growth).

I do know one thing, of course: Articles which reach no conclusions because there are no conclusions to be reached don't fit any familiar journalistic model. Articles need to be assured, confident, to argue a case that readers can respond to. But what if, in all honesty, that's impossible? What if—altering in experience from country to country—there is no familiar model? What if we've no sooner arrived at one definition of salvation than more unpredicted digital advances blow it away?

Then there is one deeply unwelcome conclusion that can't be avoided. Perhaps some newspaper sites—say the *FT* on the web, sheltering behind its pay wall—can make money. Perhaps carefully targeted ploys—say the *Mail* in Celebrity Square—can produce profits for a while. Perhaps some intensive news services—say Politico.com—can make money from print whilst online cements its grip. Perhaps specific audiences—say the international conference organizers who flock to Forbes.com—can offer advertising returns in a flash. Many, many things are possible. But the old snug security that allowed investment in investigative reporting, foreign bureaus, and well-staffed, expert financial coverage is gradually becoming less and less possible. In the end, maybe, the net will set us free. Alas, though, nobody can tell when that end will be, or how we can now define it. ♦



# Can the public pay for its own local news?

Still scrappy, experimental public media change the local conversation on serious news

By Michael Stoll

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**If it works in media-saturated San Francisco, the model could even more easily thrive in smaller towns and cities similarly afflicted by the media meltdown.**

In San Francisco this summer, a social service agency that helps elders prepare for their citizenship tests was threatened with cutbacks that might have crippled the program in a city with a high immigrant population, so its executive director had to lobby City Hall to have most of the funds restored. Police and firefighters lost part of their pension packages. Construction projects totaling \$27 million were put on ice. Meanwhile, clear signs of waste emerged in other departments. The city's public transit director sheepishly told city supervisors that in the first month of the fiscal year the agency was already planning to bust through its overtime budget by \$20 million because of unplanned but foreseeable overtime.

Documenting the winners and losers in the city budget used to be the bread and butter of local newspapers, but few of these details made it into the dominant local newspaper, the

*San Francisco Chronicle*, or any of the five television stations, or four news radio stations, or the two alternative weeklies. Most of these news sources have been cut back tremendously in the wake of news industry realignment. The *Chronicle*'s editorial staff has declined by more than half in the last decade, as eight of its nine regional bureaus have



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The *San Francisco Chronicle*'s editorial staff has declined by more than half in the last decade, as eight of its nine regional bureaus have shuttered.

shuttered and the paper struggles to remain relevant. Much of its front-page coverage is focused on individual high-drama crimes.

Though small, new and relatively unknown among sources and readers, the San Francisco Public Press ([sfpublicpress.org](http://sfpublicpress.org)) reported on the city budget cutbacks in detail on the Web and in a broadsheet print newspaper for sale in the city and just beyond its borders. The organization, a mostly volunteer-led nonprofit organized along the lines of a local public broadcaster, was founded to help address the shortfall in reporting capacity that has left many government agencies, big businesses and other powerful institutions without scrutiny.

The website is now read by tens of thousands of locals each

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## A flood of new entrants in the journalism field is changing the prospects for serious news on all levels, from global to local.

month and the quarterly advertising-free newspaper is sold for \$1 to about 6,000, a modest audience in a major metropolis but a major achievement for such a young and under-financed media startup. It is a demonstration project—something that, if it works in media-saturated San Francisco, could even more easily thrive in smaller towns and cities similarly afflicted by the media meltdown.

The *Public Press*, which I helped found in 2008 as an experiment in mixing noncommercial public media with the newspaper sales business model, is part of a nationwide movement among journalists who care about the decline of local news coverage to come up with new ways of doing business and doing journalism that will fill the gaps left in the mainstream. A flood of new entrants in the field is changing the prospects for serious news on all levels, from global to local.

But while corporations such as AOL are experimenting with dispatching hundreds of journalists across the country to set up cloned local news blogs under the moniker Patch.com, there has been relatively little investment in nonprofit mission-driven



professional news organizations. The startup capital in new public media is still tiny compared with the need.

It is not that the non-profit model is inherently better than for-profit. Right now, the need is experimentation with a diversity of business models and journalistic focuses.

Some are professional, others are amateur or pro-am. Some are advertising-based and others noncommercial, relying on grants and small donations. Some are websites, some are print, some are broadcast and some exist only on social media platforms. Some are advocacy while others play it right down the middle. Some are focused on one topic while others cover the gamut. Some are local, some are global. The more different models are tried, the more likely it is that some will survive and thrive. The more we leave the future of the media to corporate consolidators, the more vulnerable the media monoculture is to devastating economic pestilence.

Trust in the news media is ebbing. The News Corp. phone hacking scandal might easily spark a public backlash that could harm the independence of the news, and thus the accountability reporting we as journalists have prided ourselves on providing to the public. What we need, therefore, are examples of future-focused media businesses that present alternatives to the cynical consolidated empires of amoral media barons.

Public media represent a unique opportunity to transcend this tradition. Public polls consistently rate PBS and NPR as the most trustworthy news sources. A cover story in Ameri-

## The philanthropic community needs to both expand its support for experimental public media and pay attention to the ideas they bring.

*can Journalism Review* a few years ago documented many examples of how news organizations that arose from the public broadcasting tradition of public service were less sensational, with longer sound bites and more focus on public policy, even sometimes at the expense of maximizing audience size. Profit was not a consideration.

Because the financial barriers to entry on the Web are now effectively nonexistent, many startups are able, with enough tech savvy, to magnify their voices to rival some of the dominant players. But among nonprofits it is really only the well-funded experiments that have a shot at supplementing or replacing the *ancien régime*.

At the *Public Press*, we started with a mission statement that emphasized the public value of serious, independent news, particularly to an audience not targeted by advertisers—the poor, working class and minority residents of San Francisco. These groups are less often reflected in newspapers, at least in a neutral or positive light, and are likely to be redlined out of circulation promotions and delivery routes because they don't help papers show their advertisers they are

hitting a coveted high-income demographic. As a result, the people who most need access to accurate and timely information are the ones who have the least access to it.

So we at the *Public Press* decided it was important, at least while some people still read and pay for newspapers, to produce a print edition to reach audiences that still have less access to digital news sources. We wanted to take the spirit of innovation that is almost entirely focused on the Web and bring it to a medium that many have already given up for dead.

But the road has been rocky. The organization, started by a bunch of journalists, has done a lot with rather scant resources. We have raised about \$140,000 in a little more than two years of operation, and many of our key staff have been volunteers from the start. While most of our journalists and business staff have been paid something, it is intermittent and not sustainable. I have been a volunteer since the start—my philosophy is that I could inspire others to get involved as volunteers if I did so myself. Our operations director is also unpaid. This has allowed us to involve really skilled people to magnify our financial resources many times. If our annual budget is about \$70,000, we're operating as if we had more like \$200,000 if you add in the pro-bono labor.

It can't continue forever this way, though. We can produce award-winning explanatory and investigative reporting on a shoestring for a while longer, but we need more angel funding on top of our initial round of grants from the San Francisco Founda-

tion and others to keep doing what we're doing and expand. We hope to accelerate the paper edition to monthly within a year if we get the funds.

National journalism foundations have been focused for years on digital innovation, putting a premium on encouraging the development of tech widgets that will grow the audiences for news as fast as possible. They have also emphasized prop- ping up the organizations that are already generously funded by wealthy individuals, on the theory that they are the most likely to reach critical mass and influence public policy. But most of these organizations have no better idea how to sustain themselves than the smaller ones, and waste money on high executive salaries. And by vacuuming up scarce dollars, they suck the financial oxygen out of the room, leading some of the more precariously funded operations to close.

The philanthropic community needs to both expand its support for experimental public media and pay attention to the ideas that each startup brings to the table, to maximize impact and minimize waste. And they owe it to communities to invest directly in idled but dedicated and skilled journalists instead of employing legions of already well-paid programmers to cre- ate tech tools, most of which don't contribute meaningfully to improving local journalism, and many of which are abandoned or become obsolete within a year.

There are promising signs in the news industry that this is happening. Block by Block, a forum for more than 100 lo- cal news startups, has recently

created a nonprofit subgroup. The Investigative News Network, which exists to support serious news nonprofits, has grown to more than 50 members and is developing new business models, including syndication through Reuters. And NPR stations are now embracing local news ex- periments through meaningful journalism collaborations online and on the air.

No one knows which of these experiments will survive, but the more that arise and are nurtured, the likelier it will be that some will provide the kinds of coverage major metro papers have frittered away. ♦

# The gossip business: Murdoch and others find a bankrupt business model

By Greg Spielberg

**B**efore the acquisition of *Dow Jones* and the *Wall Street Journal*, the really big business of Rupert Murdoch's News Corp. newspapers is noninstructive by design.

They're not looking to help readers understand the world.

They don't seek to be guides to cities, culture, business, arts, science, or government. They don't attempt to perform "intelligence work,"

Walter Lippmann's shorthand for what journalists do. News Corp.'s core is gossip journalism—writing about and featuring idle talk, conversation snippets, off-the-cuff remarks, heat-of-the-moment opinion from well-known people—and it'll cost them while moving forward.

We tend to pigeonhole gossip journalism as Page 6 celebrity content. It's not nearly that narrow. Gossip journalism is any story that tells us what people say and nothing more.

More media companies than News Corp. have used gossip to propel profits. *The Huffington Post*, *Politico* and Gawker have

experienced meteoric audience growth on the back of gossip journalism. And Gawker.com has its DNA right there in the tag line: "Today's gossip is tomorrow's news." Gossip falls right behind photos as the best fuel for Web traffic and paper readership. It's cheap to produce, unlimited in supply, easy to find, write about, aggregate, reblog, consume, comment on and pass along. Take a



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**Gossip journalism is any story that tells us what people say and nothing more.**

## Paid and unpaid journalists throughout the country play off powerful gossip.

look at this Aug. 2 example from ESPN to see how powerful gossip is from an editorial standpoint.

On Aug. 2, ESPN, owned by Disney/ABC, reported that Dallas Cowboys defensive coordinator Rob Ryan talked trash about the Philadelphia Eagles. "I don't know if we win the all-hype team... but we're going to beat their ass when we play them," he said at a press conference. The gossip about the division-rival Eagles took only a few seconds for Ryan to produce, journalists to record and it formed the basis for ESPN's story. It was almost as easy for ESPNDallas writer Tim McMahon to find a reaction, too, through Twitter, the infinite well of gossip. "Talk is cheap," Eagles lineman Cullen Jenkins wrote about Ryan. "He must be nervous." McMahon added some context by referencing Rob's father Buddy Ryan, the

Eagles' late "foul-mouthed head coach," and voila—he had a new piece of journalism.

By the end of the day, McMahon's story generated robust reader conversation and engagement: 2,675 reader comments and 46,000 responses to the poll question, "What do you think of Cowboys assistant Rob Ryan appearing to call out the Eagles?" ESPN was asking fans to gossip ("what do you think?") about gossip ("appearing to call out") and building great Web traffic along the way.

Paid and unpaid journalists throughout the country played off the gossip, propelling it across the Web faster than a Michael Vick pass. *Philadelphia Sports Daily*, *Bleeding Green Nation*, *GCobb and Buzz on Broad*, Dallas' the *Landry Hat*, the *Fort Worth Star-Telegram*, *San Antonio Express-News*, *Dallas Morning News*, Fox Sports Southwest, *SportsBlog Nation*, NFL.com, New England's WEEI, Reuters Canada (!), Yahoo Sports, the *Los Angeles Times*, Football News Now, Examiner.com, Gack Sports, Ball Junkie,

NBC Sports, Black Sports Online, New York Giants fan site GMenHQ, and of course the *Huffington Post*, all riffed off the gossip journalism. ESPN's Skip Bayless and Rob Parker gave their opinions, too, and the long-tail story will be referenced from now until the season starts and until the season ends.

## Gossip journalism is fuel for editorial but shapeless for advertisers.

By the numbers, McMahon's story is an awesome success. Part of ESPN's organizational advantage is having professional competitors as news subjects. They're brimming with gossip, and gossip journalism is a fundamental part of ESPN's daily budget—from Tiger's caddie's thoughts to racist radio host tweets to LeBron James' prediction that there will be a 2011 NBA season. But gossip is just a side dish at ESPN. The network has by far the most comprehensive sports coverage on Earth. It owns TV rights to college football games that include the BCS, professional baseball and basketball, Monday Night Football, NASCAR and bowling. ESPN created the lucrative and fantastical X Games, now in the 17th year.

ESPN.com generates and controls well-defined content for a well-defined audience (94% men, 87% college-educated, 81% attended a sporting event in the past year, 89% shopped online in the past year), so they have a well-defined proposition for advertisers ranging from beer to sports equipment to cars to Viagra.

Fox News, *News of the World* and other News Corp. properties try to serve gossip as their main dish and it's muddled like mashed potatoes. Since everyone is into



Dallas Cowboys defensive coordinator Rob Ryan talked trash about the Philadelphia Eagles at a press conference and soon was in newspapers and on the air. AP Photo by James D Smith



Britain's best-selling Sunday tabloid signed off with a simple front page message, "THANK YOU & GOODBYE," leaving the media establishment here reeling from the expanding phone-hacking scandal that brought down the muckraking newspaper after 168 years. AP Photo by Sang Tan

gossip, everyone flocks to it. That was great for business when only a relative handful controlled distribution. Gossip served as the lowest-common-denominator content that produced enormous readership. Now that everyone can distribute, advertisers expect audience definition. What exactly can an advertiser expect to know about the reader who's looking at a story about Lindsay Lohan's latest relapse? Or whether Jennifer Aniston has found true love? Or whether Sarah Palin thinks President Obama palled around with terrorists?

Murdoch's *New York Post*.com has no real community. Its readers are 53 percent men, 47 percent women, but that's all the definition their media kit can muster. Create a mishmash of editorial gossip, and advertisers are faced with a muddled nightmare when considering their media buy.

If gossip and sensationalism—content meant to elicit gossip from readers—are a tough sell for a simple display ad, it's even

harder for deeper partners. Strong journalism companies are trusted conduits for brands to reach well-defined communities.

Through e-commerce, brands can partner with journalism companies to engage audiences on targeted offers or, even better, leverage economies of scale through group commerce. Hearst is bringing deals to its specialty publications, *Road & Track*, *Car and Driver*, *Marie Claire*, *Cosopolitan* and *Esquire*, says Tricia Duryee of All Things D.

*Esquire* is starting an online men's store, and *Seventeen.com* is partnering with JC Penney. Group commerce on the whole is capturing the attention of 102 million Americans according to BIA/Kelsey. As *Esquire* editor-in-Chief David Granger says, his brand wants to "close the gap between inspiration and action" and allow readers to go straight from his Web site to "take consumer action based on the desire we've created on our pages." Gossip does not drive consumer action.

## Strong journalism companies are trusted conduits for brands to reach well-defined communities.

Your brand, er, here?

By focusing all their coverage on gossip, murder, scandal, sex, corruption, drug use and conflict, Murdoch's properties drive traffic but become no-ads, no-partners land. Who reads about sex? Everyone. Who's enticed by corruption stories and drug-fueled nights? Everyone. I've spent hours eating through Wikipedia posts about mobsters and serial killers, but that doesn't mean I'm more likely to buy Pringles over Post-It Notes.

There's just no way to tell what products a reader of the *Post* or the now-deceased *News of The World* would buy. News Corp. properties can't claim ownership of a demographic, age group or gender like *Gun Dog*, *AARP* or *Bride magazine*.

To compound the problem, gossip as a distinct category can't be owned the same way it could when a handful of newspapers, magazines, radio and TV shows ruled distribution. Gossip was a whole lot more attractive when only a few outlets had access. Any site can make gossip its beat by riffing off easily obtainable pictures or stories about Taylor Swift, Rihanna and Zac Efron. As News Corp.'s thematic twin, the celebrity mag, is finding out, making readers pay for gossip is a difficult deal. Keith Kelly reports that *People's* newsstand sales fell 10% this year, *Touch's* 16%, *Life & Style's* 22% and *OK!*'s more than 20%.

## **Intelligence work creates community. Gossip doesn't.**

Meanwhile, journalism companies interested in doing intelligence work are expanding, partnering and making money. They're attracting influential audiences and come-a-runnin' advertisers. In the first half of 2011, *Wired*'s ad pages skyrocketed 27%, *Fast Company* went up 17%, *Businessweek* and *Harvard Business Review* jumped 16%. (Think about that: HBR is considered a consumer mag.) At *Marie Claire*, ads increased 20% last year and at *Elle Décor*, 35%. Top-of-the-line companies like Bloomberg, Economist and Mashable leverage their intelligence work to pull together thought leaders in real life, too.

Mashable's Social Good Summit is done in partnership with the UN and gets Ted Turner, MTV Network's CEO Judy McGrath, Elizabeth Gore and other players to join in. (Mashable is only five years old.) Bloomberg recently hosted its Chile Economic Summit, another on cars and fuels in L.A, one on women's entrepreneurship in Shanghai and on the debt crisis in London. BMW, Mini, American Iron and Steel Institute and Dell signed on as sponsors. The Economist creates conferences like its Buttonwood Gathering (finance), Ideas Economy (innovation and collaboration), The World in 2012 festival (palm reading), The Silk Road Summit (trade and investment outlook for Central Asia and South Caucasus). Come December, they'll have an East Africa Summit in Rwanda.

When journalism companies treat every country like a developing country and every industry like a developing industry, there



Anchor Shepard Smith broadcasts his "Studio B" program for the Fox News Channel, which often broadcasts narrow, noncommercial gossip. AP Photo by Richard Drew

are stories to be told, readers to influence and advertisers to line up. News Corp. brands can't create conferences. The best Fox News can do, for example, is cobble together a tea party rally. What would a sponsor try to pitch there: Don't Tread On Me T-shirts?

### **Community-less journalism companies are bound to fail**

At *News of the World*, we saw the result of a terrible journalism model. One former Murdoch executive told Carl Bernstein that the ends justify the means when it comes to News Corp.'s cruelty, intimidation and bottom-feeding, but really the means created the end. It has nothing to do with ethics, just the editorial model. By focusing only on the lives of well-known politicians, criminals, victims, athletes and celebrities, *News of the World* constricted its own supply of potential news producers.

If an editorial budget is filled

only with murder, celebrity sex, high-octane crime and drugs, there's not going to be a whole lot of story options. *News of the World* journalists eliminated the economic, social, technological and cultural development stories that are increasingly more powerful and lucrative than gossip. People care about newspaper or TV gossip like they do real life gossip: Just for a moment and then they move onto something else more worthwhile.

Fox News, by focusing on toxically narrow, noncommercial gossip, will eventually induce the same fate as *News of the World*. I heard the term "smart TV" for the first time the other day, which means marketers are starting to push their weight behind open-source Internet-integrated televisions. The same logic that is bringing down lean-forward gossip journalism models will bring down lean-back ones, too. When consumers have a real choice between smart and dumb, targeted intelligence always wins out. ♦



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DO NOT CROSS THE LINE - DO NOT ASK QUESTIONS - DO NOT INVESTIGATE

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# Vienna: Harmony of Old and New

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