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Nonprofit News, News Industrial Subsidies, and The Rise of Citizen Journalism

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“Is there anything more forlorn than the American metropolitan newspaper?” David Carr (2012) asked in the *New York Times*. “First readers began deserting in droves, “then the advertisers followed. Family owners headed for the exits and then hedge funds and other financial players scooped up newspapers thinking they were buying at the bottom of the market. Greater fools came and went, each saying they could cut their way to former glory and renewed profitability. They got a haircut instead.”

Clearly, not just newspapers, but the entire U.S. news industry is in a state of crisis facing the veritable collapse of the underlying newspaper business model. For very different reasons, the British news industry also faces a simultaneous crisis, not of economics but of legitimacy. In both cases, but in quite different ways, nonprofits have been proposed as part of the solution. Meanwhile internationally, the recent rise of social media appears to portend a new era of citizen journalism on a kind of nonspecific, citizen voluntary model, and a variety of innovative practitioners have been exploring models of nonprofit news production. Despite this array of developments, third sector scholars have largely ignored issues of news production or industrial self-regulation as important aspects of the third sector.

As of this writing (November, 2012), there are no relevant journal articles on the topic of nonprofit news published in any of the nonprofit journals and there has never been a paper on the topic, although the number of related foundation reports, blog postings and other ephemeral literature continues to grow. The closest thing to a journal article on the subject may have been a 1996 article in *Nonprofit Management and Leadership* by T.A. Martens on “The News Value of Nonprofit Organizations and Issues” which was a public relations/marketing study about news coverage of general nonprofit news and numerous articles on news coverage of fraud and abuse by nonprofits. Likewise, standard taxonomies like the National Taxonomy of Exempt Entities (NTEE) contain no listings for nonprofit or tax exempt news media. Presumably, nonprofit news would fall under one of the numerous “NOC - Not Otherwise Classified” categories.

There are several reasons for growing interest in the area of news production as a category of nonprofit service. Perhaps the most important reason is the apparent collapse of the commercial business model of news production noted by Carr and many others. A mix of subscriber and advertising revenues are at the core of the current commercial (or “for-profit”) business model. It has been in place in the U.S. since the last years of the 19th century, but very real questions exist currently about how far into the 21st century it will continue.

In what follows three important policy questions are suggested in light of signs of recent growth of nonprofit news and the possibility of a great deal more similar growth in the future:

- 1) Does nonprofit news production pose a plausible solution to the economic troubles of the U.S. news industry?
- 2) Would industrial subsidies of nonprofits, like those for “welfare state” health and human services co-production offer a potential solution to the economic problems of the U.S. news industry?
- 3) Can the currently evolving internet-based system of news production by volunteer citizens be sustainable in the long run?

No effort is made here to definitively answer these questions in the space of a brief journal article like this. These questions are simply introduced and explored within the context of a review of recent developments and historic forces shaping the news industry. This review is built on existing and publicly available data sources to identify hallmark events and organizations and to begin to establish a profile of the current state of the nonprofit model of journalism. One important source for data on trends in nonprofit journalism are the annual series of reports published since 2004 by the Pew Foundation Project for Excellence in Journalism, including their annual *The State of the News Media*, published from 2004-2012 (Pew Foundation, 2012). The latest reports from this source suggest continuing modest but important growth in the number, scope and importance of nonprofit news production.

Another important group of sources are the self-presentations of the organizations in question through their online profiles (See Appendix F for a listing of selected websites). Additional information on the topic has been pieced together from a variety of additional sources.¹

¹ I would like to thank John McNutt, John Palmer Smith, Emily Balinoff, David Garvey and Sonja Merrill for their very useful and informative questions and comments at the ARNOVA session in Indianapolis where a condensed version of this paper was first presented, November 16, 2012.

News Defined

News can be a difficult term to define and the respective interests and enthusiasms of professional journalists, media scholars and nonprofit practitioners and scholars can vary widely. As a result, there is at present no universally accepted definition of news. It is sufficient for our purposes to define news as whatever those claiming to be engaged in producing news say that it is. The term need not be defined *a priori*, and definitions become part of battery of research questions. For the moment, nonprofit news is the product of tax-exempt and/or tax-deductible producers (mostly nonprofit corporations, foundations and trusts) who claim to be engaged in news production and dissemination.

Business Model of News Production

The long-standing business model of commercial (or for-profit) news production that has been in place in the U.S. at least since the Hearst-Pulitzer circulation wars of the late 19th and early 20th centuries, involves a mixture of revenues from advertising, subscriptions, and over-the-counter sales by vendors. For many papers, the familiar display ads are not the only source of revenue; legal advertising still provides an important public subsidy and before online personals lists disrupted them, classified ads. The commercial model of news production has been the mainstay of daily and weekly newspapers, news magazines, and other media. Radio and television news relies proportionately more on advertising, only recently supplementing that with new revenue sources like shares of cable TV revenues and radio subscriptions.

The problems of the commercial business model have been developing for a long time. Long-term declines in subscribers have been compounded more recently by dramatically declining advertising revenues (Pew Foundation, 2004-2013). Shrinking readership among the general public apparently has diminishing interest in news, and among those who remain interested, the idea of news as a free good universally available online appears to hold considerable appeal.

The number of daily newspapers in most cities has been declining for decades and once vigorous markets have become virtual or real monopolies; today there are few cities left with more than a single mass circulation daily or genuine choice between morning and afternoon papers. Recently, former dailies in New Orleans and elsewhere have moved to less-than-daily schedules, and the trend toward constriction in the newspaper industry continues unabated.

To this the rise of internet technologies has added increasing uncertainty over who qualifies as a journalist and how they may successfully distribute news. Tweets, blogs, and the full range of online social media have become important media for the distribution of news containing a volatile mix of information, gossip, innuendo, slander and even libel, but distributed at something approaching zero marginal cost to the consumer (Rifkin, 2014). This includes not only such familiar candidates as *Facebook*, *Twitter*, *Amazon* and *Google*, but also sites like *LinkedIn* for professional services and such sites as *Angie's List*, *Craig's List*, *eBay*, *Etsy*, and all of the less familiar competitive sites that vie with them.

News Production By Intermediate Institutions

Third sector scholars have long been concerned with the role of intermediate social and political institutions in mediating the relation between individuals, nonprofit organizations, the market and the state (Tocqueville, 1835 [1945]; Wagner, 2012). However, that interest has not included explicit attention to the news media as intermediate institutions. Yet, news media are arguably at least as much a part of the mediation between individuals and society in democratic contexts as voluntary associations, or educational or philanthropic and charitable institutions. The fact that in recent years news producers have been predominantly commercial entities may tend to obscure this important mediating role, even though journalists themselves have long emphasized their role as public sentinels and fashioned “the public’s right to know”. Such intermediaries include the reporters and editors of newspapers, and the researchers, writers, producers, and on-air personalities of radio and television news as well as the growing range of possible “citizen journalists” – tweeters, bloggers, *Facebook* and *LinkedIn* posters, news aggregators and others.

As a basis for understanding nonprofit news, we also need to recognize several additional points. First, in political journalism in particular there is a shifting balance between news and opinion. The long-standing positive model of news as “objective” reports by civically minded publishers, and politically neutral reporters and editors was a product of a distinct moment in history; a moment that may have passed. Sarah Palin’s derogatory label “lamestream media”, sums up widespread suspicions among a considerable portion of the population of ideological bias among the media, while Jon Stewart’s characterization of Fox News as “bullshit mountain”, sums up exactly the same set of suspicions for others. For all of us today regardless of political orientation it seems a sensible response to the news is that we “consider the source.”

The underlying problem of news production in the U.S. is universally

seen as economic. Cost savings, it is argued, might not only augment the intermediary role of the press, but might also offset declining advertising and subscription revenues. A nonprofit model would also open new revenue sources like foundation grants and donations (Brown, 2009). As outlined below, several major national nonprofit news producers currently operate with this nonprofit model, and it is the motive force behind at least one major national initiative toward development of a nonprofit press.

Meanwhile, a kind of industrial regulation by consumers may be emerging. The quest for objectivity in journalism has a strongly positivist bias, with an emphasis on reporting “just the facts”. This is also the basis of one of the most fundamental epistemological characteristics of news gathering. In national political reporting, this has been the basis for the rise of a wide variety of commercial, nonprofit and foundation-supported “fact checking” web sites like the Annenberg Project’s Factcheck.org, The *Washington Post*’s fact checker, and The *St. Petersburg Times*’ PolitiFact in the U.S., and Full Fact and The Fact Check Blog in Great Britain.

Another potential non-economic dynamic behind growth of nonprofit news production could be efforts to strengthen an important journalistic standard – what is usually termed “the public’s right to know”. Of course, no actual “right to know” exists or is recognized as a human right in law, despite more than half a century of journalism schools and journalists proclaiming it, extolling its importance, and building a plethora of civic claims associated with it. This does not mean the idea is unimportant, however; far from it. As a standard, the public right to know can be seen as an aspiration of journalistic ethics and self-regulation, rather than a political or civil right in the usual public policy sense. As such it is likely to be an important component of any role of nonprofit institutions in self-regulation of news production. The public’s right to know is, in reality, a powerful and positive aspiration of media organizations dedicated to a distinct form of what third sector types recognize as public service.

There is, however, a related fundamental set of rights involved in the freedom of the press guaranteed by the First Amendment to the U.S. Constitution and Article 19 of the Universal Declaration of Human Rights, which includes freedom of the press under freedoms of expression. As a practical matter, the media critic A.J. Liebling noted half a century ago that “freedom of the press is guaranteed only to those who own one” (Liebling, 1960). In other words, ordinary press freedom by itself only implies the right to produce news. It says nothing about protecting news readership or consumption: the right to read and any associated right to know what has been published.

Finally, our collective sense of news also contains a measure of responsibility that can perhaps be summed up by an incident in the summer of 2012 when an anonymous *paparazzo* photographed the Duchess of Cambridge (and presumptive future Queen of England) bare-breasted at a private retreat. The photos themselves were widely discounted as news, seen as a violation of her privacy and went unpublished in the vast majority of media outlets in the U.S. as well as Britain. However, the fact that the photos were published in a few obscure publications and online and that “Buckingham Palace” (that is, legal spokespersons of the British monarchy) sought to prevent their publication *made news* – note that important term *made* – throughout the world. While in Britain to publish the photos would have been a crime, the right of news outlets in the U.S. and elsewhere to publish photos of a future queen - bare breasted or otherwise - is unquestioned. The fact that the photos were not published in the vast majority of news outlets is thus a mark of the important role of editorial judgment (some might say, self-censorship, which is much the same thing in cases such as this) over the public’s right to know.

All of these suggest that determination of what is news and what makes news can never be separated from personality and organizational questions of *who*: What individuals and organizations are claiming that some particular meme of information *is* news? Thus, the gradual development of a nonprofit news industry or sector over recent decades and the more recent acceleration of these trends online are themselves newsworthy topics, if only because certain influential media analysts and organizations like the Pew Foundation, the First Amendment Center and the Investigative News Network say that they are. The fact that nonprofit news has not received greater coverage as a news story can be taken perhaps as an equally legitimate mark of skepticism on the part of other (commercial) news producers about the importance of this development. Or, it may as easily represent an indicator of editors’ and reporters’ own concerns and anxieties about the seeming collapse of the U.S. news business model.

Meanwhile, largely outside the news, entirely new forms of nonprofit journalism appear to be developing into an increasingly significant force in the U.S. public domain and elsewhere around the world.² One of these forms, discussed in this article, involves the emergence of nonprofit organizations engaged in the mission of news production. Another emergent form is the

² When I was a young reporter first becoming familiar with nonprofits I cannot recall anyone ever even suggesting nonprofit news production as a possibility. Years later, as a researcher at a health and social welfare policy institute I tried to organize a project on “social journalism”, but the project was unsuccessful in attracting grant support or interest. The only product of this venture was a workshop for reporters on the growth of the aging population that we organized for local reporters.

online production of news by individual volunteers in blogs, tweets and other social media.

One of the genuine ironies associated with the growth of third sector studies and an important evidence of the hybridity (Billis, 2011) of news production is that both of the specialized newspapers in the U.S. covering the field of the third sector, *The Chronicle of Philanthropy* and *The Nonprofit Times* are commercial ventures.³ *The Chronicle of Higher Education*, flagship of the company which publishes the *Chronicle of Philanthropy*, was founded as a nonprofit social enterprise in the 1960s but was later converted to a joint stock corporation when the venture proved profitable.⁴ *The Nonprofit Times* was founded in 1987 as a commercial enterprise.

(www.thenonproffitimes.com/content/about-nonprofit-times).

There has never been a shortage of nonprofit publications devoted to coverage of nonprofit institutions. Perhaps the earliest of these was *The Survey Graphic*, a national publication for most of the first half of the 20th century⁵. Between its demise in 1952 - due to the retirement of Paul Kellogg who had edited it for many years - and the 1980s, narrow-gauge program-, industry- and institution-specific publications such as *Art News*, *Christianity Today*, *NASW News*, *Philanthropy News Digest*, and *PA Times* were primary sources for nonprofit news coverage along with the local coverage provided by the “women’s pages” of daily newspapers.⁶ There has never been anything comparable to the on-going general news coverage provided by the *Chronicle* and *Nonprofit News* for nonprofit education, arts and culture, athletics, and a host of other nonprofit domains. The current 21st century nonprofit news movement, however, is something entirely apart from such traditional 20th

³ An anonymous reviewer missed the point of this discussion which is to point up the irony that the primary news sources on the nonprofit sector are for-profit enterprises.

⁴ “The fledgling newspaper initially was supported by grants from the Carnegie Corporation and the [Ford Foundation](#), but the introduction of classified advertisements in 1970 allowed it to become financially independent” (Encyclopedia, 2012).

⁵ Under Kellogg’s editorship 1907-1952, the publication actually had several names and a constantly evolving editorial focus. It began as *Charities* in the later decades of the 19th century, was renamed *Charities and the Commons* (in 1901), then became *The Survey* (in 1907), then split into *The Survey Midmonthly* and *The Survey Graphic* (after World War I). The two publications were merged into a single publication again in the 1940s. For a more detailed history, see Finnegan, n.d. Kellogg was a national social reformer who no doubt would have been very comfortable among the attendees at the Pocantico Conference, both with the location and among the attendees.

⁶ A partial exception to this generalization was – and is – *Town and Country* magazine, which has long provided selective coverage of what might be termed glamorous philanthropy particularly the activities of what used to be called the Eastern Establishment.

century perspectives.

Before we look more closely at the contemporary nonprofit news movement, we need to explore one further question; the relation between shifting perspectives of the public sphere and news.

Conceptual Background

A major conceptual link between journalism produced by nonprofits news outlets and contemporary third sector studies can be located in changes in the meaning of the public sphere first analyzed by Habermas (1965). Journalism in the U.S. is usually discussed as a phenomenon *sui generis*, but newspapers in Great Britain, France, Germany, and other European countries preceded the development of the fledgling American newspaper industry, in some cases by decades. They were also important in the emergence of national public spheres in each country and beyond. One of the most important transformations in late medieval and early modern publics was the formation during the 18th century of what Habermas termed the bourgeois public sphere around the reading public.

Both in Europe and North America, the growth of modern news production coincides closely with the emergence of such public spheres. The spread of literacy together with technological advances in printing, telegraphy, telephones, radio, television and most recently, the internet made it increasingly possible to report news to ever-growing audiences, beginning with broadsheets in the coffee houses of London and the salons of Berlin, Vienna and Paris (Hardt, 2001). In the U.S., John Peter Zenger's 1735 libel suit and Benjamin Franklin's *Philadelphia Gazette* came decades after the first American newspaper, *Publick Occurrences, Both Foreign and Domestick* which began publication in Boston in 1690.

In the 18th century public sphere, editorial judgments were often in the hands of enlightened public intellectuals whose enlightenment was a matter of class privilege and self-definition.⁷ Later in the 19th century, newspapers gradually broadened their readership as literacy expanded, and the subscription-based model of support came more clearly into focus. Newspapers were routinely subscription-based, but directed at broader and broader publics.

Producing news for the public sphere became more closely associated with political parties, social movements and causes like abolition of slavery

⁷ Although Benjamin Franklin's humble origins bely the generalization to some extent, many such enlightened figures were members of educated aristocratic (and all male) elites who defined their enlightened audiences in similar terms.

and the labor movement. Karl Marx, for example, was a writer and editor for a number of publications including *The Rhenish Gazette* in Cologne, Germany, the *Franco-German Annals* in Paris and *The New Rhenish Gazette* before each was closed by censors and he was expelled from Prussia in 1849 and fled to London thereby closing out his newspaper editorial career (see Hardt, 2001).

Tocqueville on Public Associations and Newspapers

Reflecting this 19th century world, Volume Two of Alexis de Tocqueville's report on the conditions of *Democracy in America* includes a chapter on newspapers immediately following his chapter on civil associations and just before his discussion of political associations. The placement, title and argument of that chapter are all significant. Noting a connection that sometimes eludes third sector scholars today, that chapter is entitled, "On the Relation Between Public Associations and Newspapers" (Chapter VI). In that chapter, the French aristocrat offered at least two possible explanations for the recent declining fortunes of newspapers, the first of which seems contrary to the contemporary facts. Tocqueville wrote "there is a necessary connection between public associations and newspapers: newspapers make associations and associations make newspapers; and if it has been correctly advanced that newspapers increase in numbers as the conditions of [people] become more equal, it is not less certain that the number of newspapers increases in proportion to that of associations" (Tocqueville, 120). Yet, even as both the conditions of people have become more equal *and* the number of associations have been rising rapidly in recent decades, the number of newspapers has been in decline. His second hypothesis, however, offers a potential explanation for the incongruity: "The connection between the number of newspapers and that of associations" he goes on, "leads us to the discovery of a further connection between the state of the periodical press and the form of the administration of a country, and shows that *the number of newspapers must diminish or increase among a democratic people in proportion as its administration is more or less centralized* (italics added for emphasis). . . The extraordinary subdivision of administrative power has much more to do with the number of newspapers than the great political freedom of the country or the absolute liberty of the press . . . The laws of the country thus compel every American to cooperate every day with some of his fellow citizens for a common purpose, and each one of them requires a newspaper to inform him what all the others are doing" (Tocqueville, 120-121).

Tocqueville even upends the usual priority placed on legislative institutions as policy-makers in democratic theory: "I am of the opinion" he concludes, "that a democratic people without any national representative

assemblies but with a great number of small local powers would have in the end more newspapers than another people governed by a centralized administration and an elective assembly” (Tocqueville, 121). To my knowledge, this seemingly testable hypothesis has never been actually vetted, but it would make an interesting study.

Those of us who grew up in small town America in the middle decades of the 20th century are acutely familiar with the deterioration of this Tocquevillian condition among American newspapers, as represented by familiar small town weekly papers run by individual editors. It was customary in many towns (and still is in some) for the local paper to report the details not only of all local public meetings, but also lists of who visited whose home for what reason and what foods were served at social gatherings! Both were forms of routine news reporting. Breaking news sometimes had touching or even comic dimensions to it (e.g., the famous – if apocryphal - headline: “Chicago Burns; Mrs. O’Leary’s Cow Kicks Over Lantern”. In that respect, the similarities between small town newspaper publishing and some aspects of contemporary social media in news reporting is quite uncanny, except that in social media persons offer such reports themselves.

Is Newspaper Decline A Public Policy Question?

There are important policy dimensions to the rise of modern communication media and equally important dimensions in their decline. Beyond the constitutional protection of press freedoms, there have also long been important public subsidies of our allegedly independent press (c.f., Foletta, 2001: 98-99). The combination of legal advertising and the very real cost reductions afforded by second-class postage rates for the dissemination of information in both the U.S. and Great Britain created an important public subsidy and allow major production economies for newspapers.

Thus, it is fair to ask whether, at the present time, an entire U.S. industry, representing thousands of jobs and substantial income, profits and tax revenues should be allowed to simply disappear, or if along the lines of the auto industry, banking, and the leisure industries of post-Katrina New Orleans and the Jersey Shore, some public intervention to save the newspaper industry might be deemed in the public interest. Perhaps along the lines of public subsidies for health and human service programs, some system of public subsidy for newspapers and other news producers should be undertaken.

From Party Organs to Commerce

At the time Tocqueville wrote, most daily newspapers in the United States were nominally commercial, but also affiliated with political parties.⁸ Gradually over the last quarter of the 19th century, newspapers became more independent, and then under the leadership of press barons like Joseph Pulitzer, William Randolph Hearst, and other publishers oversaw a major period of centralization of news media became feasible along with the reigning advertising-based commercial model of larger circulation and mass news production. Throughout the 20th century, there was a vast technological expansion of news production from newspapers to the wide variety of broadcast, cable and electronic “news media”; daily and weekly newspapers, subscription-based weekly news magazines, notably *Newsweek*, *Time* and *U.S. News and World Report*, and news services.

Nonprofit Institutions

These trends included the emergence of several pioneering nonprofit, social economy and philanthropic ventures. The Associated Press was founded in 1843 as a cooperative of member newspapers and other news outlets, and remains a cooperative today. For much of the past century, local, regional and philanthropic national family dynasties like the Ochs, Bancroft and Cowles families and others operated their newspapers as community trusts – sometimes profitable, sometimes not.

The constitution and development of a number of distinctive nonprofit institutions were an important part of these developments. United Press International was founded in 1905 as a company, but re-organized as a nonprofit in 1958. The Boston-based *Christian Science Monitor* was a church-based, but for-profit journalistic mainstay for much of the 20th century, as were pioneering commercial ventures including African-American publications like the *Chicago Defender* and the *Pittsburgh Courier*, and *The Jewish Daily Forward*, with its Yiddish edition, and, recently, the Jewish Daily News twitter site (<https://twitter.com/JDNmail>) and the Catholic News Agency (<http://www.catholicnewsagency.com>) – all of which operated in much the same quasi-philanthropic (“community trust”) mode as the *New York Times*, *Wall Street Journal* and *Minneapolis Star-Tribune* regardless of ownership arrangements.

Finally, a group of opinion weeklies including *The New Republic*

⁸ This was something known to theorists of political parties as the second (1828-1854) and third (1854-1896) party systems. The commercialization and full flowering of the commercial business model corresponds with the transition to the fourth party system (1896-1932).

(founded 1914); *National Review* (1955); and the oldest of this category, *The Nation* (1865) are all small commercial ventures that publish only limited advertising and operate on a quasi-philanthropic basis also.

Nonprofit Radio and Television

Perhaps one of the reasons for the widespread lack of awareness of the development of nonprofit journalism is that several of these developments occurred off the main stage of newspaper ownership and outside the glare of publicity. Another such development was the rise of “public” (actually, nonprofit) television in the hybrid government-commercial environment of the Great Society period. The Corporation for Public Broadcasting (CPB) was founded in 1967 presumably as a 501(c)1 (Congressionally sponsored) nonprofit corporation. National Public Radio (NPR) and the Public Broadcasting System (PBS) as well as nonprofit corporations in every state came out of this social enterprise incubator. Taken together, this third sector cluster represents what is almost certainly *the* major development of nonprofit journalism during the second half of the 20th century. Out of this also came such notable cultural developments as *Sesame Street*, *Masterpiece Theater*, *Prairie Home Companion*, *Mountain Stage*, and most importantly for our purposes, the Public Broadcasting System (PBS) *McNeil-Lehrer News Hour* and the NPR News Division, with such notable successes as *All Things Considered*, *Marketplace*, *Fresh Air* and several other news outlets.

This conglomerate of nonprofit public radio and television continues to be a political football, as conservative political forces have repeatedly sought to eliminate the small and shrinking portion of public (i.e., governmental) funding received by the NPR and PBS systems. However, the mainstay of support for both public radio and television is a recognizably philanthropic one: the ubiquitous local market area and statewide (in smaller states, like West Virginia, Vermont and New Mexico) on-air fundraisers that are a familiar feature of both public radio and television.

Pro Publica

Threats to the commercial business model of news production in the internet environment have recently also brought radical new forms of news distribution, including the rise of a variety of novel nonprofit news organizations like *Pro Publica* in the U.S., as well as centers for the study of investigative journalism including the Canadian Center for Investigative Reporting and the Center for Investigative Journalism in Great Britain. There are also a number of new commercial models like *Politico* and *The Huffington Post*, and most recently, *Newsweek* magazine, which formed a connection with *The Daily Beast* in 2010 and announced in 2012 that it was

moving to an online-only format. The news beat of *ProPublica* can be described as investigative reports, while *Politico* seems to concentrate on the general flow of national political news out of Washington and elsewhere. ProPublica has an .ORG web extension, provisions for making donations on their websites and IRS filings available on Guidestar.com.

Journalistic excellence has little to do with ownership or tax exemption. Several of the family-owned community newspapers have long been ranked among the best of the breed. This may be continuing with newer, online ventures. *ProPublica* and *Politico*, one nonprofit, the other commercial, both made early journalistic marks, earning a total of three Pulitzer Prizes and numerous other awards for reporting in their first years of operation. In April, 2011, Jesse Eisinger and Jake Bernstein received a second Pulitzer Prize for *ProPublica* for breaking the story of Wall Street bankers benefitting themselves with funds invested by their clients. This was the first-ever Pulitzer awarded for a web-only news report by a nonprofit news producer. In 2012, Matt Wuerker won a Pulitzer for *Politico* for his political cartoons, and both sites have won several additional awards since then.

Nonprofit Community Journalism

Also important among recent nonprofit foundings are a plethora of small, but distinctive local nonprofit journalistic enterprises, including *The Texas Tribune*, *The Minnesota Post*, *The Bay Citizen* and numerous others (See Appendix F). Some of these are unique not only in offering online-only news services, but also in their narrow focus only on investigative reporting. There is an emerging consensus among a wide variety of media experts and practitioners that investigative news, which had a modern renaissance in the Watergate investigations of the Washington Post – is the most threatened form of news reporting in the present.

On July 1, 2009, a confederation of the publishers of two dozen of these publications formed the Investigative News Network and issued *The Pocantico Declaration* (<http://cpublici.wordpress.com>) which read in part:

(W)ith a full appreciation of both the complexities and the opportunities to be achieved by more formalized collaboration, the nonprofit news publishers at Pocantico hereby declare that preparations should be immediately made to form a collaboration, the Investigative News Network (working title). Its mission is very simple: to aid and abet, in every conceivable way, individually and collectively, the work and public reach of its member news organizations, including, to the fullest extent possible, their administrative, editorial and financial wellbeing. And, more broadly, to foster the highest quality

investigative journalism, and to hold those in power accountable, at the local, national and international levels.

The mission of the Investigative News Network established by the resolution is:

... to aid and abet, in every conceivable way, individually and collectively, the work and public reach of its member news organizations, including, to the fullest extent possible, their administrative, editorial and financial wellbeing. And, more broadly, to foster the highest quality investigative journalism, and to hold those in power accountable, at the local, national and international levels.

If further evidence were needed of the third sector nature of this network, we need only note that the declaration emerged from a meeting held at the Pocantico Conference Center, operated by the Rockefeller Brothers Fund, which has also been the site of several ARNOVA board retreats, and has served as an incubator for numerous other nonprofit sector developments. The Pocantico Declaration also named a Steering Committee of 11 members broadly representative of the major outlets of that time (See Appendix D).

The 2012 list of current members of the network is shown in Appendix C below. In addition to INN members, there are an unknown number of additional local operations, e.g., the Connecticut (CT) Mirror (<http://www.ctmirror.org/>), in other communities. (Individual members can also be accessed online with active web links in the right hand column at: <http://cpublici.wordpress.com/about/>. Also listed at the site are foundations and corporate sponsors of the network.

The INN members appear to fall into at least three distinct categories: One group, including *ProPublica* and National Public Radio have corporate addresses in New York, San Francisco and Washington DC and appear to have a national news focus. A second group, like the Food and Environment Network and the Juvenile Justice Information Exchange appear to have a narrower, issue-oriented news focus. Mailing addresses suggest that at least a dozen network members have explicit university connections, and may be involved in teaching, research or advocacy.⁹ A number of others are located in university communities, like Berkeley CA, Minneapolis MN, Austin TX and Madison WI. Members also include one foundation, one Canadian member, and one Puerto Rican university. Thirty of the members of the network appear to have an explicit community focus to their reporting. (In some cases,

⁹ A self-documenting social movement would be a very reasonable step. All of the recognizable university connections appear to be with programs or schools of journalism.

the community involved may be a state, like Maine or Montana, or even a multi-state region like New England or the Midwest.)

Social Media

The emergence of a vast network of voluntary news disseminators and aggregators using the technology of social media is another interesting, unexpected and potentially even more revolutionary development with a vastly more complex relation to the third sector. All of the entries discussed in this article, for example, indicate either *Facebook* or *Twitter* presences or websites or both. In ways that are not always entirely clear to sophisticated observers, social media including *Twitter*, *Facebook*, *LinkedIn* blogs, and to a diminishing extent, email discussion lists (“listservs”), and a bewildering variety of other new media are also important factors in the emerging third sector news mix.

Where all of this will end, and what its full implications for dissemination or transformation of actual news are impossible to determine at the moment. However, one need only note the upsurges of tweeting whenever a major news event occurs to realize that in ways reminiscent of the original Lazarsfeld and Katz discovery of the “two step flow of communication” some interesting new dimension of news dissemination in open (and under some circumstances, closed) societies is beginning to emerge here.

Policy Implications

So, do the nonprofit alternatives pose plausible solutions to the economic troubles of the U.S. news industry? The current best answers to that question would appear to be “sort of”. Despite the deepening crisis of the American newspaper, there is not a single instance of a major metropolitan daily newspaper converting to nonprofit status. Nor, so far as is known, are there any current proposals of any sort for long- or short-term subsidies to the newspaper industry in the manner, for example, of the auto industry “bailout” or long-term subsidies for corn, cotton and other agricultural products. Given the supposed importance of the “public’s right to know” this is a very curious situation, and may eventually represent a major failure of institutional democracy in the U.S.

Because there has been no massive move toward nonprofit status, the answer to the second question posed above also remains largely moot. Discussion of the problems of the U.S. newspaper industry has been almost exclusively economic. In that context, however, there is no currently clear formulation of an economic case for the relative advantage of nonprofit news producers. In the same vein, political perspectives like those raised by

Tocqueville regarding the role of newspapers in a health democracy appear to arouse little contemporary interest. Thus, it seems highly unlikely that there will be a strong nonprofit response to the crisis of the American newspaper industry on either economic or political grounds.

The third sector prospects are entirely different in the case of industrial self-regulation in general, and the British newspaper crisis in particular. Given the avowed preference of the Levison Report for a nongovernmental regulatory body and the long track record of nonprofit/voluntary sector regulatory bodies in Britain, the U.S. and internationally, this seems the most likely resolution of this situation.

Likewise, the prospects for third sector solutions in the context of online news production by members of the Investigative News Network seem excellent in the short run, less so in the long term. As the news functions of both public radio and public television have shown, there is a case to be made for such services, perhaps in combination with other arts and entertainment services.

It appears that a broad range of new online news services like *Pro Publica*, members of the Investigative News Network, if they continue to be successful and are able to generate consistent surpluses, may find it advantageous eventually, to switch to a profit-distributing, tax-paying mode and seek investor capital much like the exemplary case of the *Chronicle of Higher Education*. The investigative news stance of both *Pro Publica* and the local INN members, in the context of the journalistic ethic of the public's right to know is at least the germ of a strong, although not exclusively nonprofit, political case for their operations. Their continued nonprofit status over the longer term or even their closure is likely to be seen as a failure to attract large followings attractive to advertisers or funders. Or, it may be an indication of failure to identify a clear economic or political case for nonprofit status.

Finally, the current and future prospects of online citizen journalism conducted by volunteer bloggers, tweeters and other citizens of the republic of social media are much more difficult to fathom. Certainly, there have been many seemingly meaningful incidents in recent years, although what they really mean is not altogether clear. At bottom, the problem may be a deeply theoretical one with great importance for the future of democracy: Whether and exactly how thousands of independent online postings of any sort can shape and impact the public sphere in the way newspapers have for the past two centuries and radio and television news have for much of the past century. This is a question requiring a great deal of further inquiry.

The question of the possible rise of a nonprofit news network is an interesting one that raises a host of interesting and challenging industrial policy questions, the least of which may be the role of continuing postal subsidies and legal advertising. According to Graham (1994), national industrial policy consists of all of the strategic efforts by governments, investors and others to influence (or discourage) the development of the national industry portfolio, a notion that would include both sectors and specific industries, including nonprofit industries. Thus, public grant funds to support innovation in nonprofit social services in the U.S. during the 1960s, major moves to public contracting beginning in the 1970s, and the Thatcher-Reagan era “privatization” initiatives during the 1980s are all arguably part of recent industrial policy. We can also speak of the present U.S. industrial portfolio in terms of support for specific agricultural products like corn (ethanol), and cotton, defense industries, and high technology innovation in areas like nanotechnology and anti-terrorism efforts. Likewise, the general policies of providing tax exemptions to a broad range of nonprofit corporations on various grounds, and allowing tax deductible contributions to some (501c3’s) are properly also regarded as features of U.S. industrial policy.

The current plight of the U.S. newspaper industry poses a classic policy dilemma: Can (or should) public officials allow the entire daily urban newspaper industry in the United States to decline or even eventual extinction? Or, following the example of numerous other major industries as diverse as cotton, corn, and other agricultural commodities, oil and gas exploration, and automobile manufacturing, and even the earlier postal rate subsidies for newspapers (which remain in effect), should systems of federal, state or local support be enacted to shore up this ailing industry? And, if so, what role should nonprofit production play in this arrangement?

Or is the problem of the American newspaper industry not fundamentally a matter of industrial policy at all? Is it instead, as Tocqueville suggested, a reflection of changes in the nature of intermediate institutions and the connections between individuals, associations and society? Is it linked in some hitherto unexplained ways to the problem of declining civic engagement noted by Robert Putnam (2000) and others?

The policy questions posed for the British newspaper public are quite different ones, revolving around questions of an official, but infrequently used, practice of continued government censorship of the press interacting with the loss of public confidence in British news arising from the phone hacking scandals of 2009-10. The specific question raised by the Levison commission is whether confidence in British newspapers can be restored by

And still the question remains: What, if anything, would continuing growth of a nonprofit news industry contribute to this volatile mix in either the U.S. or Great Britain? The answer to that question probably hinges on further exploration of the question of what relative advantages nonprofit news brings to the table. Some commentators on the Pocantico Declaration (including at least one blind reviewer of this paper) see the relative advantage in terms of (unspecified) cost reduction. Others would undoubtedly see it in similar terms of union busting, of once-powerful newspaper unions.

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Appendix A The Pocantico Declaration

Creating a Nonprofit Investigative News Network

July 1, 2009

Pocantico Conference Center, NY*

Resolved, that we, representatives of nonprofit news organizations, gather at a time when investigative reporting, so crucial to a functioning democracy, is under threat. There is an urgent need to nourish and sustain the emerging investigative journalism ecosystem to better serve the public.

Recognizing, that there are many forms of potential collaboration: Editorial, which at the least could be doing joint accountability journalism projects, publishing on the same day on multiple websites with other, multimedia partners, which would entail efficient, shared information, reporting and synchronous editing; Administrative, exchanging information about necessary organizational “back office” functions such as employee benefits, health care and general liability insurance, libel review and insurance, directors and officers insurance, etc., and perhaps even centralizing some of these functions to increase efficiencies; and Financial, at a minimum, exchanging development-related information and even jointly fundraising, at the most, pioneering new economic models to help to monetize the shared, combined content of the member organizations, in order to achieve a more sustainable journalism.

Realizing, that there are gradations of editorial, administrative and financial collaboration, and more broadly, that the current journalistic and economic milieu could hardly be more complex; and that, as this new, dynamic nonprofit investigative journalism continues to evolve in unprecedented ways, so, too, will its collective sensibilities become more clear. Thus, the number of interested investigative news publishers will very likely increase, which means that basic shared goals and news values must be established.

Therefore, with a full appreciation of both the complexities and the opportunities to be achieved by more formalized collaboration, the nonprofit news publishers at Pocantico hereby declare that preparations should be immediately made to form a collaboration, the Investigative News Network (working title). Its mission is very simple: to aid and abet, in every conceivable way, individually and collectively, the work and public reach of its member news organizations, including, to the fullest extent possible, their administrative, editorial and financial wellbeing. And, more broadly, to foster

the highest quality investigative journalism, and to hold those in power accountable, at the local, national and international levels.

A Steering Committee is hereby formed to oversee this new venture, and it will be comprised of: Bill Buzenberg, executive director of the Center for Public Integrity; Sandy Close, executive director of the Pacific News Service; Sheila Coronel, director of the Stabile Center for Investigative Journalism at Columbia University; Margaret Engel, executive director of the Alicia Patterson Journalism Foundation; Laura Frank, co-founder of the Rocky Mountain Investigative News Network; Margaret Wolf Freivogel, founding editor of the St. Louis Beacon; Brant Houston, Knight Chair professor in Investigative and Enterprise Reporting at the University of Illinois; Joel Kramer, CEO and Editor of MinnPost; Charles Lewis, founding executive editor of the Investigative Reporting Workshop at American University; Scott Lewis, CEO of voiceofsandiego.org; and Robert Rosenthal, executive director of the Center for Investigative Reporting. The Committee may decide to add one or two additional members, as needed. Initially, it will seek and obtain sufficient grant funding to develop a plan for sustaining and strengthening nonprofit investigative journalism.

The Committee will begin immediately to spearhead the fundraising work for a planning grant and a possible grant for continued editorial project collaboration, including doing major investigative projects, and foster greater administrative and related, “back office” organizational efficiencies. In addition, the Committee will design and construct an Investigative News Network website, and will take full advantage of other emerging technologies to coordinate, curate and showcase the best content of the Network member publishers and its growing, searchable “long tail” archive. The committee is also expected to put forward recommendations about the Network’s news standards and practices to be followed by all members, and will define such difficult issues as the criteria for Network membership and whether they have been met. The initial fiscal agent for any Network funding and disbursements will be the Center for Public Integrity, the fiscal agent for the Pocantico conference, until such time as the network is able to be its own fiscal agent.

Overall, the Steering Committee will, in general, implement the declaration, oversee deliverables, and do whatever is necessary to ensure greater investigative reporting and non-editorial, operational collaboration between Network member organizations. At this juncture, the Steering Committee will be the interim governing body for the network, until such time as a new nonprofit corporation may be formed with its own Board of Directors.

What is clear in this Pocantico Declaration is that we have hereby

established, for the first time ever, an Investigative News Network of nonprofit news publishers throughout the United States of America.

* This report is based on materials prepared for these meetings at Pocantico and the discussions that took place there and does not necessarily reflect the views of the Rockefeller Brothers Fund, its trustees, or its staff.

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Source URL: <http://www.investigativenetwork.org/about/pocantico-declaration>

Appendix B
Signers of the Pocantico Declaration

Joe Bergantino	New England Center for Investigative Reporting
Bill Buzenberg	Center for Public Integrity
Sandy Close	Pacific News Service
Sheila Coronel	Stabile Center for Investigative Journalism
Brian Duffy	National Public Radio
Joe Bergantino	New England Center for Investigative Reporting
Bill Buzenberg	Center for Public Integrity
Sandy Close	Pacific News Service
Sheila Coronel	Stabile Center for Investigative Journalism
Brian Duffy	National Public Radio
Margaret Engel	Alicia Patterson Journalism Foundation
Laura Frank	Rocky Mountain Investigative News Network
Louis Freedberg	Center for Investigative Reporting
Margaret Freivoge	St. Louis Beacon
Florence Graves	Schuster Institute for Investigative Journalism
Andy Hall	Wisconsin Center for Investigative Journalism
Lorie Hearn	Watchdog Institute
Mark Horvit	National Institute for Computer-Assisted Reporting (IRE)
Brant Houston	University of Illinois, Urbana-Champaign

Joel Kramer	MinnPost
Daniel Lathrop	Investigate West
Charles Lewis	Investigative Reporting Workshop
Scott Lewis	voiceofsandiego.org
Bob Moser	The Texas Observer
Cherilyn Parsons	Center for Investigative Reporting
Robert Rosenthal	Center for Investigative Reporting
Jon Sawyer	Pulitzer Center on Crisis Reporting
Stephen Segaller	WNET.ORG
Trent Seibert	Texas Watchdog
Stephen Smith	American RadioWorks

Appendix F

Current (2012) Members, Integrative News Network

N	100 Reporters	Washington DC
N	Alicia Patterson Foundatio	Washington DC
N	Aspen Journalism	Aspen CO
C	Austin Bulldog	Austin TX
C	Broward Bulldog	Fort Lauderdale FL
C	California Watch	Berkeley CA
N	Canadian Ctr. For Investigative Reporting	Hamilton ON
C	Catalyst Chicago	Chicago IL
N	Center for Public Integrity	Washington DC
U	Centro de Periodismo Investigativo	San Juan, PR
U	Chicago Talks	Chicago IL
C	City Limits New York	New York NY
U	Common Language Project	Seattle WA
I	Connecticut Health Investigative Team	New Haven CT
I	Education News Colorado	Denver CO
	Fair Warning	Encino CA

U	Florida Center for Investigative Reporting	North Miama FL
I	Food & Environment Network	
F	G.W. Williams Center for Independent Journalism	San Francisco
I	Health News Florida	St. Petersburg FL
C	i-News Network	Denver CO
C	i-team TV	Larchmont NY
U	Init. for Invest. Reporting	Boston MA
C	Investigate West	Seattle WA
C	Investigative Fund	New York NY
C	Investigative News Network	Encino CA
U	Investigative Newssource	San Diego CA
U	Investigative Reporting Workshop – American U.	Washington DC
C	Iowa Center for Public Affairs Journalism	Iowa City IA
U I	Juvenile Justice Information Exchange	Kennesaw, GA
C	Maine Ctr. For Public Interest Reporting	Halowell ME
N	Maplight	
I	Media Crime and Justice – The Crime Report	New York NY

C	Midwest Ctr. For Inveg. Reporting	Prairie Village KA
C	MinnPost	Minneapolis MN
U	National Institute for Computer Assisted Reporting	Columbia MO
I	National Institute on Money in State Politics	Helena MT
N	National Public Radio	Washington DC
	New American Media	San Francisco CA
	New England Ctr. For Inveg. Reporting	Boston MA
C	New Haven Independent	New Haven CT
N	Newsdesk	San Francisco CA
C	Oakland Local	Oakland CA
C	Oklahoma Watch	Norman OK
N	Open Secrets.org	Washington DC
I C	Philadelphia Public School Notebook	Philadelphia PA
N	ProPublica	New York NY
C	PublicSource	Pittsburgh PA
N	Pulitzer Ctr. On Crisis Reporting	Washington DC
U	Schuster Institute for Investigative Journalism, Brandeis University	Waltham MA

C	SF Public Press	San Francisco CA
C	SpotUs	Oakland CA
C	St. Louis Beacon	St. Louis MO
C	Texas Observer	Austin TX
C	The Lens	New Orleans LA
U	Toni Stabile Center for Investigative Journalism	New York NY
C	Tucson Sentinel	Tucson AZ
C	Voice of San Diego	San Diego CA
C	VTDigger.org	Montpelier VT
C	WBEZ Chicago	Chicago IL
C	Wisconsin Ctr. For Inveg. Reporting	Madison WI
C	WyoFile	Casper WY
I	Youth Today	Washington DC

Source: Members, Investigative News Network.
<http://www.investigativenetwork.org> (Downloaded 11/28/2012)