

Debate

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Journalism in the age of tech sponsoring?

A case for stronger journalism in the digital media world

Abstract: Building on the paper by Günther and Schultz (2021) »Ten Theses for Strong Journalism in a Digital Media World«, this paper adds an eleventh thesis to the case: Good digital journalism will have to face the issue of new structural dependencies created by tech sponsorship. For when journalism is funded by corporations such as Google or Facebook, digital journalism is subjected to new market and product logics, not least because these corporations provide the digital infrastructures. The possibilities and limits of these new dependencies must be addressed vigorously in teaching, research, and in practice.

Established concepts of journalism and their underlying business model have been in crisis for years: Advertising funding has collapsed, social media are playing an ever more central role in news delivery, and tech giants like Google and Facebook offer free news via »Google News Showcase« and »Facebook News«. ^[1] In the US, Google funds local journalism; Facebook introduced its »Facebook Journalism Project« to support local news media; and Apple launched Apple News+ (see Tech Transparency Project 2019: 7ff.).

Why are tech companies so concerned about the (financial) stability of journalism? According to Google, the group aims at »providing access to information and supporting the publishers« by helping participating publishers »monetize their content through an enhanced storytelling experience« that »lets people go deeper into more complex stories« (cited in Bender 2020). That sounds good, and the group touts its sponsorship of journalism as a social commitment.

1 This article contains excerpts from the author's September 2021 report on *Digital Capitalism. The power of global tech companies*, published by the Institut für sozial-ökologische Wirtschaftsforschung e.V., Munich.

In the US, it is not unusual for non-journalistic organizations to take on the role of publishers and thus finance journalism directly. However, according to Emily Bell (2019), who served as responsible editor for the *Guardian's* digital products during the newspaper's early days at Google News, this industry-wide acceptance of funding from tech companies is new. Whether you attend a press conference, hear about new initiatives in newsrooms, or even look at journalism research, it is almost impossible not to come across the name Google in the funding disclosures (see Bell 2019). The same applies to Germany.

Accordingly, journalists and journalism researchers must urgently address issues of tech sponsorship. It is not enough to pay lip service to »strong journalism in a digital media world« (Günther/Schultz 2021), no matter how elaborate and well-intentioned the arguments. Since structural and financial conditions create new dependencies, we must question the motives, and explore how to rethink journalistic independence in the context of tech sponsorship. When tech companies fund journalism, what exactly are they spending their money on? Who profits from it? What are the long-term implications?

All philanthropic rhetoric aside: For-profit companies like Google, Facebook and Apple do not do anything out of the goodness of their hearts, also not in journalism sponsorship. This has consequences of a magnitude that cannot be captured by individual examples and that does not stop at national borders. Tech corporations operate globally, and accordingly, journalism funding and the new dependencies it creates must be described in global structural terms. Whether in teaching, research, or practice, a critical examination of tech sponsorship needs to be front and center of our debate.

Google's »checkbook diplomacy«

No company has done more to fund and support journalism in the last decade than Google. Between 2013 and 2019, Google made grants to European media companies worth more than 200 million euros. In addition to technological developments, the corporation supports research projects, holds journalism conferences, and finances residencies for young journalists. Why is Google doing this? According to a study by the Otto Brenner Foundation (OBS), this strategy is a response to the ever-increasing media policy pressure from European publishers and part of a complex »ecosystem« of media publishers, editorial offices, and tech companies. Google vehemently rejects the demand that publishing companies get a share of the revenue generated by ads placed before their news contents. Instead, the company supports the industry with a variety of financing measures (Dachwitz/Fanta 2020). In other words: Google is making »gifts« so it does not have to pay; the objective is to appease media conglomerates. The

authors of the study call this »checkbook diplomacy« in the digital age (cited in the study: »How dependent is German journalism on Google?« 2020).

It is no coincidence that Google's first media fund was created in France; it was meant to silence the debate about publishers getting a share of Google's advertising revenue. Ludovic Blecher, former editor-in-chief of *Libération*, a French newspaper founded by Jean-Paul Sartre, became director of the new fund (see Tech Transparency Project 2019: 9ff.). Blecher then joined Google full-time in October 2015 and has since been singing the praises of the 60-million-euro program (2013-2015) and its successor, the »Digital News Initiative« (DNI) (2015-2019). This initiative pumped another 140 million euros into media companies across Europe (Blecher 2019).

Ultimately, the largest chunk of DNI funding, a total of 21.5 million euros, went to large, commercial publishers in Germany, followed by France (19.5 million euros), and the United Kingdom (15 million euros) (see Dachwitz/Fanta 2020: 48 ff.; Blecher, 2019). DNI funding in Germany set an example for funding practices all across Europe. The »typical recipient of Google funding« was an established media institution, »old, Western European, and for-profit« (Fanta 2018). According to the OBS study, only about 5% of the funds (6.5 million euros) went to non-profit media (cf. Dachwitz/Fanta 2020: 49). In other words, large publishing houses in Germany, generally well organized and politically influential, were soothed in order to ease the political pressure exercised by them.

There are other reasons why Germany was the top recipient of DNI funding. It was only in 2013 that »ancillary copyright« was passed, granting publishers the right to charge search engines for reproducing their content. Germany played a leading role in enforcing similar regulations at the EU level. Politicians such as Günter Oettinger (who, until 2017, served as EU Commissioner for Digital Economy) or Axel Voss were strong champions of EU copyright policy and reform, demanding taxation of digital companies for posting copyrighted material. These and other demands were a threat to the very foundations of Google's business model. Through the DNI, publishers were directly and individually bound to Google in order to anticipate possible regulations at EU level.

The »Google News Initiative«

With its 2019 »Google News Initiative« (GNI), the company aims to allocate about 263 million euros worldwide until 2021 (Dachwitz/Fanta 2020: 32 et seq.). According to Google, in the first half of 2020 alone, the GNI supported more than 5,300 local publications around the world. This was done by means of a journalism emergency fund, a fee waiver for ad placement in Google Ad Manager, and a \$15 million campaign to support local news (see Bender 2020). In Germany, GNI supports products and product development for digital journalism as well as

journalistic projects and programs that promote innovation in the news industry. Google says this is its contribution to »ensuring that journalism continues to flourish in the digital age« (Google News Initiative).

However, according to a 2019 study by the Tech Transparency Project titled »Google’s Media Takeover«, which calls for more accountability from tech companies, GNI funding primarily responds to looming regulations that would curtail the corporation’s existing practices. It is therefore no coincidence that Google’s journalism funding is currently shifting from Europe to the US, where resistance against the influence of technology corporations is growing (cf. Tröger 2021: 29ff.).

In Europe, Google’s measures have not been entirely successful so far. As recently as 13 July 2021, it was announced that the company would have to pay a fine of 500 million euros in a dispute with French publishers and press agencies. According to the French antitrust authority, Google failed to act in »in good faith« in its negotiations with publishers on individual licensing agreements – negotiations to which the company had been compelled in April 2020 (»Google must pay 500 million euros in France« 2021).

This fine is also relevant in the context of Google’s dispute with the government of Australia. For months now, the Australian government has been trying to force the company to pay a tax on its delivery of news produced by local media companies. As in France, Australian media publishers argue that Google earns money from their content through advertising, but does not pay usage fees. In response to a possible regulation of the advertising market, Google threatened to shut down its services in Australia in early 2021 (see Senzel 2021; Bielicki 2020).

Google News Showcase vs. Facebook News

In response to mounting media policy pressures, Google announced its News Showcase Program in June 2020. It is a news service »that provides an opportunity for prominent, in-depth presentation of publisher content« (Bundeskartellamt 2021). Among other things, Google offers free access to paid articles on a publisher’s website. According to the company, this allows publishers to »grow their audiences and open an opportunity for people to read content they might not ordinarily see« (Bender 2020). This is how Google sells PR measures designed to mend the strained relationship with media publishers and avert state regulation.

Google News Showcase has been made available in Germany in October 2020, as well as in Australia and Brazil. It is a licensing deal for which certain publishers and media companies partner with Google. When the project launched in Germany, 20 media companies were involved, representing 50 publications. In the meantime, the range of partners and content has been expanded. Stefan Ottlitz, managing director of the German SPIEGEL Group, considers Google’s

initiative a positive change of direction. »This interesting new partnership with Google will allow us to curate an experience that will bring our award-winning editorial voice into play, broaden our outreach and provide trusted news in a compelling way across Google products,« Ottlitz said (quoted in Bender 2020). The close link between editorial offers and Google products is becoming the unchallenged standard.

As recently as June 2021, the German media company Corint Media filed a complaint with the German Federal Cartel Office. The company argues that Google News Showcase not only severely restricts competition to the detriment of press publishers, but it also poses a threat to the economic foundations of the free press in general (cf. Bundeskartellamt 2021).

Other tech companies like Facebook are also striking million-dollar deals with major media companies. Only in May 2021, the group launched Facebook News in Germany. Shortly before, it became known that Facebook had struck a »premium deal« with the German media conglomerate Axel Springer publishing for this purpose. Similar to Spiegel and Google, Springer provides content to Facebook in return for reaching a broader audience. Mathias Döpfner, CEO of Springer, emphasizes that this cooperation is »a strategic milestone« for his publishing house and the entire industry (Handfeld 2021). 35 other media publishers, such as the German F.A.Z., have signed contracts with Facebook News.

The exact terms of these contracts are unknown, and won't be known, due to strict confidentiality clauses in the contracts. The reason behind this zero-transparency strategy are individualized negotiation strategies of the technology groups but also legal concerns. Google contracts are governed by US law, Facebook's (which is based in Ireland) by Irish law. It is therefore unclear to which institutions publishers can turn in case of contractual problems. Thus, from a contractual point of view, the technology companies have the upper hand.

Döpfner is also President of the German Association of Digital Publishers and Newspaper Publishers (BDZV), in which the economic-political dynamics of tech media sponsorship are now unfolding: Springer is digital, international, and has a wide reach. BDZV members are »not yet digital, national, sales-oriented, and often have the pride and stubbornness of family businesses« (Wiegand 2021). In other words, big media publishers are attractive to the tech companies, smaller ones are not. This way, large media are getting bigger, existing media concentrations are intensified, and publishers and their media policy work are being divided.

Tame, self-censoring journalists?

Media representatives like to emphasize that Google has »no influence over editorial work or decision-making« (Bell 2019). The media representatives who

were interviewed in the OBS study stress that they are unaware of any instances in which Google attempted to exert direct influence on reporting via its DNI. However, several journalists have expressed their justified concern that Google's funding and their proximity to the corporation could »tame« journalists or encourage »self-censorship« (Dachwitz/Fanta 2020: 67, 73 and 102 et seq.)

The core of the problem of tech sponsorship, however, lies deeper than the possible (in)direct influence of corporations on journalists. Google's influence in journalism sponsorship lies in the use of certain software, the introduction of certain products, and the consistent enforcement of Google's corporate logic (product and service sales, technological solutions to journalistic problems, etc.). In short: Google won't do anything that won't benefit Google. Its core business is and remains (hardware and) software technology. The actual enforcement of corporate interests takes place at the structural level: The company creates favorable institutional, political and informational conditions to secure, or at least not endanger, corporate interests. Instead of fighting publishers, tech companies pacify them with money, thus integrating publishers into their own complex networks. This creates a mesh between institutions and actors that are central to the production and distribution of information in digital society. The larger objective of these pervasive measures is to mold entire information landscapes.

Reporting on these companies thus becomes an important means of demanding accountability. Journalists need space and knowledge to raise these issues and expose structural questions. It is true that journalism funding is a relatively small arena compared to other markets in which tech companies such as Google and Facebook are engaged – all the more reason not to simply accept their emerging supremacy in the production and distribution of information.

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