

Google's Digital News Initiative: Picking winners in the future of journalism



***Des Freedman** is a Professor of Media and Communication Studies at Goldsmiths, University of London, and current chair of the **Media Reform Coalition**. In this article he looks into decision-making behind **Google's Digital News Initiative**, the potential pitfalls, and why it is not an outline for long-term media funding.*

Google's decision to set up a €150 million fund for digital news innovation is a big deal for a beleaguered news industry. Not only is Google set to offer the cash for both established groups and new start-ups, it has also promised to help train the industry in product development in the hope that it may more productively exploit Google's algorithms for its own benefit.

Given that we in the Media Reform Coalition (MRC) have long been calling for a levy on the profits of digital intermediaries like Google and Facebook to help fund new sources of news, Google's announcement of a Digital News Initiative (DNI) is potentially a step in the right direction, as was its €60 million fund to support French publishers back in 2013. But there are some significant issues that need to be resolved if this is not to result in Google choosing its future partners in the news business and therefore, far from encouraging more diversity, producing more consolidation around the titles it decides to collaborate with.

Free lunch?

Google has announced that the fund will support 'innovation in digital journalism within the news industry in Europe' and that it will work with journalism funders to distribute the cash. There will need to be some hard rules laid down first if the DNI is to be anything more than a promotional stunt or, perhaps more important for the long term, a means of helping 'legacy' media adapt to a regime dominated by Google.

One problem is that it is not yet clear how the funds will be disbursed. The worst scenario is that the money would be used simply to prop up failing business models and vested interests in the news industry. Some commentators allege that the case against Google is based on the vain efforts of a protectionist 'old' media to undermine the disruptive upstarts of the digital age. While this may be true (at least in terms of the motivations of some European press groups), the scheme should be clearly aimed at securing new public interest journalistic ventures on a sustainable basis.

It is clearly no accident that the discussion about the need for a fund has coincided with attempts by leading European newspaper groups (such as Axel Springer in Germany and Lagardère in France) to put pressure on the European Commission (EC) to take action against Google – pressure that was rewarded by the Commission's announcement earlier this month that it was going to investigate whether Google has been engaged in anti-competitive behaviour. So the DNI proposal is bound to be seen – rightly – as a PR move by Google to impress the Commission of its determination both to make a contribution to the existing news environment and to support innovation.

Potential pitfalls

In this context, there will need to be a contractual commitment that grantees are free to write what they like about Google itself. Given that the EC's antitrust investigation is likely to be one of the big

tech news stories of the next few years, it is vital that this is the subject of robust and independent coverage. We do not want to see a repeat of the kind of corrupt relationship epitomised by the Telegraph and HSBC that was so effectively exposed by Peter Osborne when he resigned as chief political commentator of that title in protest at its stilted coverage of the bank's activities.

We would also want to see a guarantee that the cash is used to support real innovation (and, by the way, it is interesting that there are constant references to innovation but very few to quality journalism): in other words, to provide adequate levels of funding for new voices and to compensate for the decline in local news. MRC has called for the creation of an independent Public Media Trust with a clear set of funding criteria, transparent procedures and an accountable system of appointments. This Trust would support local and niche news providers either directly or via existing outlets for whom funding would be contingent on commissioning content from these independents. It will hardly increase the diversity of the news environment if it is only Google who are able to select the participants.

Google Tax

A further issue is that none of the reports about the proposed deal even mention the fact that Google is one of the most high-profile companies said to be engaging in tax avoidance schemes. By shifting its profit centre to Ireland, Google was able to pay only £20 million of tax on UK turnover of £3.4 billion in 2013. It was this kind of behaviour (or rather noisy campaigns against tax evasion) that forced the chancellor, George Osborne (no friend of high taxation) to introduce what has since become known as the 'Google tax'. It is vital that the DNI is not used as an unofficial out-of-court settlement for highly dubious tax arrangements (although of course Google is far from alone in engaging in such schemes).

Google is presenting its proposals – and these include not simply the product development initiatives and €150m fund but also investment in academic research and journalistic training – as a kind of apologia for past mistakes. 'We are a teenage tech company after all' claimed Google's president of strategic partnerships. But the company does not seem to be rethinking the way in which it links to original news, or to be reconsidering its terms of trade, so much as investing in a slightly more productive relationship with organisations it would like to do business with.

The DNI may sound like a golden goose for some rather out-of-pocket news groups but it is, by its very nature, voluntary and short-term. We still need a long-term strategy to fund new journalistic ventures and to secure meaningful plurality in news and beyond. Google's proposals will kick off a fierce debate about how to fund news in the digital age, but this needs to be a debate that is led by journalists and citizens rather than any marketing team ultimately accountable only to its bosses in Mountain View.

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