



## The Keiretsu—Cooperative: a Model for post-Gutenberg Publishing

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### Abstract

Communication by printed media has reached its limit as an agent of democratisation. Only a privileged minority had access to tools of printed mass communication at the close of the Gutenberg era, and before the widespread availability of inexpensive digital media, including the Internet. At the end of 2009, printed book publishing was a business in decline after years of low or no growth. Newspaper publishers were searching for business models to replace a *modus operandi* in which most of their revenue—which rarely covered operating costs—was derived from commercial advertising, with newsstand purchases and subscriptions in the US and UK commonly accounting for no more than a fifth of their sales. This paper outlines a suggestion for a profitable, post-Gutenberg publishing model, one that puts bloggers at its centre. It avoids the chief risk of implementing pay-for-content plans, which are reducing site traffic, thereby reducing publishers' attractiveness to advertisers. Its pay-to-own scheme allows digital media to live up to their democratic potential in the highest degree.

## The Keiretsu—Cooperative: a Model for post-Gutenberg Publishing

He who first shortened the labour of Copyists by device of Movable Types was disbanding hired Armies and cashiering most Kings and Senates and creating a whole new Democratic world: he had invented the Art of printing.

*Sartor Resartus* (Thomas Carlyle, 1831)

New communication technologies have created a karaoke world. It is not just that we have the means to ensure, cheaply and easily, that—as Andy Warhol predicted—everyone could be world-famous for fifteen minutes. Regardless of talent and a capacity for positive engagement or notoriety, we all have access to sophisticated media for making art, and for entertaining and communicating with fellow human beings on the other side of the world. Practically nobody is content any more to be just a spectator, reader, passive listener or viewer. Audience participation as well as the right to talk back—which includes non-expert reviewing of works or performances by trained and seasoned professionals—have become absolutely standard expectations.

Anyone who doubts the willingness of audiences of millions to pay attention to people as unskilled in communicating or performing as they are themselves has never heard of *YouTube*, literary and political blogging, or reality TV. In modern times, this technology-mediated openness to amateurism probably began with karaoke singing, which has been described—not wholly ironically—as ‘an entirely new way for people to learn to tolerate each other.’

We have been witnessing nothing less than the complete democratisation of the arts. But the change is wider and more profound in its scope and implications. It entails realising the 19th century ideal of the Fourth Estate, of which Thomas Carlyle wrote in *Heroes and Hero-Worship*:<sup>1</sup>

Burke said there were Three Estates in Parliament; but, in the Reporters' Gallery yonder, there sat a Fourth Estate more important far than they all. [...] Literature is our Parliament too. [...] [I]nvent Writing, Democracy is inevitable. Writing brings Printing; brings universal everyday extempore Printing, [...] Whoever can speak, speaking now to the whole nation, becomes a power, a branch of government, [...] It matters not what rank he has, what revenues or garnitures. the requisite thing is, that he have a tongue which others will listen to [...] Democracy virtually extant will insist on becoming palpably extant.

Digital communication tools, including the Internet, have so strikingly enhanced the power and reach of the Fourth Estate that it has been suggested that it is evolving into a Fifth Estate, which allows:

networked individuals to move across, undermine and go beyond the boundaries of existing institutions, thereby opening new ways of increasing the accountability of politicians, press, experts and other loci of power and influence. (Dutton, 2009)

Among other new terms gaining currency are ‘reverse publishing’ and ‘100 percent participation’, along with a prediction that ‘every person will publish in 2013’ (Pelli and Bigelow, 2009).

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<sup>1</sup> Available at: <http://www.fullbooks.com/Heroes-and-Hero-Worship3.html>

SharedBook,<sup>2</sup> an entrepreneurial start-up straddling New York and Herzlia in Israel, is offering a system for reverse publishing, which, it says:

allows users to select the Web content they would like to keep in permanent form; they can capture and assemble it in a book with just a few clicks. [...] As an example, see Blog2Print, SharedBook's blog printing platform.

Authorship is reckoned to be going universal (Pelli and Bigelow, 2009):

[W]e considered an author's text "published" if 100 or more people read it. (Reaching 100 people may seem inconsequential, but new-media messages are often re-broadcast by recipients, and then by their recipients, and so on. In this way, a message can "go viral," reaching millions.) Extrapolation of the Twitter-author curve [...] predicts that every person will publish in 2013. That is the ceiling: 100 percent participation. [...]

International concern for the minority who can't read may soon extend to those who can't publish. [...] As readers, we consume. As authors, we create. *Our society is changing from consumers to creators.* [emphasis is by the author of this paper]

What does the shift from passive to active and participatory audiences—ie, reader-publishers—imply for the future of commercial publishing? What could work as a business model for post-Gutenberg journalism and books?

We call reader-participants 'bloggers' and 'twitterers', today—with the first group typically expressing themselves more deliberately and at greater length, and the second in streams of spontaneous and impulsive sound-bytes.

Few newspapers have acknowledged how much they need the help of bloggers to survive as frankly as *The San Francisco Chronicle* (SFGate.com) which quoted an expert on this subject on its front page in May 2009:

[C]omments keep readers on the Web sites longer and create engaged communities, which can turn into more money-making opportunities through increased advertising, said Steve Semelsberger, senior vice president and general manager of Pluck, the company that provides social-media tools to 250 newspapers, including USA Today, the Washington Post and The Chronicle.

He said comments can boost page views by 5 to 15 percent and can serve as a starting point for social-media interaction on a news site.

"Comments are both an offensive and defense move," he said. "You have to do it to be a relevant conversational Web property, and you can also make money off it."

SFGate averages almost 4 million page views a month for comments. Prior to turning on comments for news stories in the summer of 2007, there were only about 30,000 page views a month for comments, mostly on staff blogs.

Even so, journalists and editors at most print newspapers continue to see and treat bloggers principally as barbarians at the gate. Dissecting the implications of a flash-flood of protests on Twitter and the rest of the Blogosphere about a popular columnist's account of shooting a baboon, a writer for *The Times* focused almost exclusively on the Internet's potential for igniting and spreading mob rage, and specifically on:

a feedback loop growing between online and the traditional media, with each reporting on the other until the size of the virtual crowd spreads to hundreds of

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<sup>2</sup> See: <http://www.sharedbook.com/about/index.html>

thousands—most of whom have no direct experience of the cause of the group's anger.

There was no gratitude in that analysis for soaring click count on the newspaper's site in the week of the uproar. The writer did not note that since fully engaged readers and commenters—including those writing related posts on their own blogs and sites—are what newspapers increasingly count on to attract advertisers, the effect of the putatively bloodthirsty and savage columnist's confession must have put stars in the eyes of the paper's Internet traffic managers.

It has become impossible to conceive of a newspaper succeeding online *without* rich and copious blogger commentary.

What can newspapers do to sustain high levels of traffic on their sites and retain blogger loyalty? Witty and sharp exchanges among bands of regular reader-bloggers can be seen drawing readers to newspaper and magazine blogs all over the net, but close monitors of these sites know that reader-supplied content of high quality waxes and wanes arbitrarily.

Pluck, mentioned earlier in the excerpt from *The San Francisco Chronicle*, has been adding social media software to newspaper sites, obviously hoping to turn some of them into quasi-clubs. The *St Louis Post-Dispatch*<sup>3</sup> supplies one of the more ambitious and wide-ranging elaborations of this concept, with visitors offered opportunities that range from customising the news to suit their tastes to starting personal blogs linked to the site, reviewing local businesses, forming neighbourhood associations, joining old-fashioned clubs centred on hobbies or medical support groups, and posting photographs, videos and profiles with personal details.

Site designs of that type are likely to be adopted by all newspapers in the near future. But they seem unlikely to guarantee a stable, predictable flow of income for proprietors.

*What could guarantee such a flow? It is the contention of this paper that the strongest guarantee would be to maximise bloggers' and freelance content suppliers' involvement in the fate of a newspaper by offering them compensation in the form of (some degree of) profit-sharing.*

Newspapers need to focus on magnetising the thoughtful and provocative posts by a few commenter-bloggers that disproportionately suck in web traffic. Some of these are by aspiring writers shut out of the exclusive clubs that conventional print journalism and book publishing have come to resemble. In addition to such otherwise unpublished writers, the ranks of online commenters include moonlighting professionals. The Internet postings of professional writers and journalists are now frequently dissected pseudonymously by other professionals—just as Dutton, remarking on academic accountability in the age of the net (2009), has noted that:

Checks and balances on more established academic institutional structures are being broadened [...] with a growing sense of accountability to the often anonymous blogosphere of fellow academics.

Some naturally talented commenter-critics with only amateur status are beginning to resent not being paid for their posts, more so as they appreciate how vital these have become to the economic viability of newspapers. Others simply want to be able to justify the hours they spend contributing thoughts and various forms of amusement, and are reminded of the old equation of time and money.

As one literary blogger (Kirsch 2008) has pointed out:

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<sup>3</sup> See: <http://my.stltoday.com/community/app/nf/vistafs.aspx>

The Internet has democratized the means of self-expression, but it has not democratized the rewards of self-expression.

About the inevitable resentment of that inequality, he observes:

Now everyone can assert a claim to recognition—in a blog, tumblr, Facebook status update. But the amount of recognition available in the world is inexorably shrinking, since each passing generation leaves behind more writers with a claim on our memory. That is why the fight for recognition is so fierce and so personal.

Yet [...] bloggers [do] not want to dismantle the prestige of 'being a writer', but to claim it for themselves; [...] to move individually from the camp of the have-nots to the camp of the haves. In this they are like the snobbish narrator in Proust, whose fascination with aristocratic titles reached its height at just the historical moment when titles became completely meaningless.

[...]

In the same way, the Internet brings the atomized, absolute competitiveness of capitalism to the struggle for recognition that is literature.

*What would be the lineaments of a business model for publishers that democratized monetary and other rewards for self-expression? Any successful model would have to have elements satisfying these needs of the principal parties concerned.*

For Old Print Media's leaders:

- Ways to monetise mouse clicks regularly and predictably.
- *Newspapers* are looking for a replacement for advertising as the principal source of revenue. In the *book business*, publishers are trying to work out how e-books will change the relationship between readers and authors on the one hand, and on the other, between readers and publishers and booksellers—and what scope there might be for making money from those shifts.
- In both industries, there is strong interest in increasing reader loyalty.

For commenters and bloggers:

- **Recognition** of themselves as individuals, separate from the undifferentiated herd, or at least a shortening of the odds of attaining this status.
- **Anointing as registered practitioners** of a particular art of craft—eg., 'poet', 'writer', 'musician', etc. ... or even über-blogger ... even though most of them realise that any such designation is chiefly aspirational.
- **Money**—many want the time they spend blogging online to contribute to their financial support to one degree or other to justify all the time they spend on the net. Rewarding them financially could therefore have what economists call a multiplier effect, which would help to confirm the soundness of a blogger-based publishing model—much like Henry Ford's policy of paying his workers well to ensure that they could afford to buy themselves Model Ts.
- To feel **included** in something. One negative testimonial to the intensity of this drive is the stubbornness with which bloggers return under new screen names after they are chastised or excluded by comment moderators on the sites of certain newspapers such as *The Guardian's* Comment-is-Free forum, even when furious about their punishment.
- The **comfort and familiarity** of returning to familiar locations on the web—the online equivalent of feeling 'at home' in a 'neighbourhood' where one 'lives'—which may not be the site of any publication but blogs, Twitter streams or Facebook pages of Internet friends.

- **Glamour by association** with—or reflected glory from—a well-known brand, eg the status of being a regular commenter on *The New York Times* site, or *The Daily Telegraph's*.

*What existing pre-Internet institutions could accommodate those requirements of publishers and bloggers?*

None that would satisfy all of them, but these structures would each cover some portion of them:

- **Cooperative.** Of, relating to, or formed as an enterprise or organization jointly owned or managed by those who use its facilities or services.
- **Keiretsu.** A Japanese term describing a loose conglomeration of firms sharing one or more common denominators. The companies don't necessarily need to own equity in each other.
- **Social club.** A group of persons organized for a social, literary, athletic, political, or other purpose.
- **Book club.** An organization that offers its subscribers certain benefits, as discounts, bonuses, or interest, in return for regular purchases or payments.

Several book publishers and newspapers have already put into place frameworks for social networks focused on texts that disseminate news, or on some book either printed or electronic, or both.

An Internet-based keiretsu-cooperative hybrid—something no one has tried so far—could work as follows.

The keiretsu would describe the relationship between a loose affiliation of a newspaper with, say, two book publishers, a hardback and a paperback specialist—for instance, *The Independent* collaborating with Penguin Books and Bloomsbury Publishing—whose chief purpose would be the joint administration of the collaborative site. These parties would share the cost of developing the software for its operation, the salaries of its (lean) staff, as well its revenue and profits.

Those reader-commenter-creators (sometimes referred to here as simply, 'bloggers') who chose to join the keiretsu-cooperative would also have small—perhaps chiefly nominal—shares in the flow of income. Software for new systems of administering and making micropayments in an advanced stage of development will make such large-scale sharing more secure and easier to accomplish.

Readers' blogs would share the keiretsu partners' site. Their 'everyman' sites would be scattered around the blogs, articles and multi-media offerings of professional writers and journalists.<sup>4</sup> Each type of blog—whether by well-known or obscure bloggers—would be encouraged to cite and comment on the other.

Readers' blogs would have the same format—the 'look-and-feel' of the blogs and publications of 'name' writers to strengthen the bonds of their community. The talk of power-sharing as the essence of the new, post-Gutenberg era would begin to acquire substance.

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<sup>4</sup> Readers blogs cheek-by-jowl with commentaries and blogs by professional writers can already be seen on such sites as Yahoo's aggregated film reviews (<http://movies.yahoo.com/movie/1810062520/info>) and, embryonically, *Independent Minds* (part of *The Independent* newspaper's web presence; see: <http://www.livejournal.com/integration/independent/learnmore.bml>).

## Why a Keiretsu–Cooperative is the Answer

Why would a collaboration between a newspaper and two book publishers be preferable to any of these companies assembling a reader–commenter–creator cooperative on its own?<sup>5</sup> To attain the kind of ‘critical mass’ essential to attract the most advertising revenue—since, even in the ‘search-driven’ / random-reviewer-dependent advertising model that is replacing the manipulations of the old ‘hidden persuaders’, sites that attract more traffic also tend to be placed higher in search results.

Some text-lovers are more interested in news reports in online newspapers and blogs than in the longer, denser and formally structured long-form texts like books and academic papers. The same text-lover can also go through phases of preferring one of these categories to the other. So they are complementary and overlapping groups—like tenants of a shopping mall visited by buyers from the same or markedly similar demographic groups with closely aligned tastes and buying patterns.

The most striking differences between this model and those of other online publishing experiments and ventures that have been tried out so far are that (i) there would from the start be some revenue stream—one based on modest subscriptions; and (ii) bloggers with some prospect—even a distant one—of sharing in the profits of the collaboration would have a financial incentive to help to attract more mouse clicks.

From the standpoint of newspaper and book-readers of the past, what is most novel about the scheme—making it potentially as revolutionary as the one-person-one-computer idea born in a Xerox-PARC research facility and Apple Computer—is that it permits their promotion from passive consumers to creators.

A full-page advertisement in Rupert Murdoch’s *Wall Street Journal* for that newspaper’s website (2009) invites readers to ‘join the online community’ because ‘social networking now means business.’ Many readers and bloggers would agree with that statement, but are most likely to join and consistently support online communities linked to newspapers that make them stakeholders in those businesses.

## FAQs About the Viability of a Keiretsu Cooperative

Q: ‘But will blogger–commenters want to pay subscriptions in the age of the ‘information wants to be free’ slogan?’

Yes, because it meets their needs for inclusion, a feeling of belonging, the status of being associated with prestigious and long-established brand names, and the chance to be anointed as creators.

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<sup>5</sup> One such collaboration announced by US magazine publishers includes Condé Nast, Hearst, Meredith, News Corp. and Time Inc.. see: Kramer, S.D. (2009) New Digital Publishing Venture Boasts Access to 144 Million-Plus Audience in *paidContent.org*, December 8. Available at: <http://paidcontent.org/article/419-new-digital-publishing-venture-boasts-access-to-144-million-plus-audien/>

Q: 'Why won't the bloggers just leave to go to another site that charges no subscriptions?'

Because they will love the 'pay-to-own' part of the transaction, and the chance—however slight—of sharing in profits further downstream.

Q: 'Surely, as a club, a keiretsu-cooperative will be far too big for membership to mean anything—like belonging to AA (the automobile insurance clubs in the UK and US)?'

No. Belonging to, say, 'the Indy-Penguin keiretsu-cooperative' will feel like a mixture of being a fan of a football team and owning high-status branded consumer goods—with the bonus of being part of a conversation with the football players and conceivers of the designer-ware.

Q: 'Aren't cooperatives just pie-in-the-sky businesses that get bogged down in excessive ideology—like so many organic food growing and retailing ventures of the '60s and '70s that fell apart like hippie macramé baskets?'

Those were just the cooperatives that got the most attention. Shared ownership of apartment complexes, known as condominiums, has been popular in the US for half a century, and various forms of other housing cooperatives are common enough to be unremarkable in other parts of the world. The author of this paper has for sixteen years been part of a rural electricity cooperative—a smoothly operating, seventy year-old utility dedicated to generating and distributing electricity.

Cooperative businesses are only as good or bad as their charters, structures, and the behaviour of their members. With the Internet flattening hierarchies in every branch of life, they could be entering their heyday.

Q: 'What will the keiretsu-cooperative do to preserve good professional writers and writing—or is the point of it to dig them a grave?'

Journalists on the keiretsu-cooperative's newspaper and authors signed on by its book publishers will still get salaries and advances, respectively, in exchange for the obligation to meet regular deadlines and accept editorial guidance and editing, when necessary. The keiretsu-cooperative will give them regular readers—and those readers, now turned into reader-creators, will improve their chances of being 'discovered', if they are gifted and talented, by established practitioners and gatekeepers of their craft.

Q: 'Fine, but are more skilled writers and entertainers to be paid the same as amateurs? Is exceptional talent supposed to go unrewarded in the age of the Internet?'

See the answer to the last question. Established professional writers could conceivably be awarded slightly larger shares in a keiretsu-cooperative—though this is a question probably best put to the vote at the inception of all such enterprises. Cooperatives operate under widely ranging rules. In certain cooperatives, shares in dividends are commensurate with members' contributions of time and effort. Some members of cooperatives can have a bigger say in their control than others—though such an arrangement would best be sanctioned by the collective to avert an Orwellian 'some pigs are more equal than others' drift in power-sharing.

Q: 'Wouldn't a cross between a keiretsu and a cooperative end up as an excessively complex structure—something like the horse designed by committee that we call a camel?'

Imagine trying to describe what Facebook has become—a social networking / job-hunting / advertising-and-promoting / family-uniting tool that can require updating and refreshing several times a day—before the fact. Horses that look like camels on



paper are a predictable consequence of the massive and unprecedented flexibility that digital technologies have made possible. A keiretsu-cooperative might be seen as one illustration of the observation (Dutton, 2005) that:

the Internet [...] creates many new options for radically redesigning organizations and interactions between them, such as a 'virtual organization' composed of separate private firms or public agencies employing ICTs to enable them to act as if they were part of the same real unit.

Q: 'Surely the fractiousness and aggression—between commenter-bloggers, and in attacks on perceived outsiders by groups of them acting tribally—will rip apart any collaborative enterprise, reducing it to 'a Hobbesian state of nature, where everyone is at war against everyone else'?<sup>6</sup> (Kirsch, 2008)

Anyone who has studied relationships between commenter-bloggers on newspaper sites as a peer knows that this is the greatest obstacle a keiretsu-cooperative is likely to face. However, the past is arguably useless as a guide to the viability of a venture that has no historical precedent in publishing for certain features offered to all comers, such as 'pay-to-own'.

A new understanding of the importance of harmony and cooperation could come into play as bloggers and commenters experience the opportunities for belonging and recognition that a keiretsu-cooperative would offer them. It would be interesting to see if having financial stakes in a common venture made any difference to blogger behaviour. Part of a mutually agreed charter might include a statement like this passage in a successful biotechnology entrepreneur's vision for his company as an enterprise run by 'citizen-owners':<sup>7</sup>

Citizen-owners have rights (eg., to speak without fear) but also have correlative responsibilities (eg to listen respectfully to others and contribute to the creation of an environment in which the success of another is viewed as enhancing all of us). (Holtzman, 2009)

Creating the benign environment he proposes could eventually mean collective agreement on long, complex sets of rules for participation in a keiretsu-cooperative. That would make such ventures the equivalent of a highly regulated democracy far less like the US than, say, Switzerland—a country with a population so independent that it requires twenty-six regional centres of government known as cantons for just 7.5 million people yet is run on dense thicket of laws and regulations mandated by referendum.

Ideally, panels of blogger-readers would set moderation policies and arbitrate disputes between bloggers, and between bloggers and moderators.

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<sup>6</sup> See: <http://www.poetryfoundation.org/journal/article.html?id=182410>

<sup>7</sup> See:  
[http://investor.infi.com/common/download/download.cfm?companyid=INFI&fileid=292407&filekey=E73C8581-00CA-41C7-9976-5007C54DF18E&filename=BIO\\_S.\\_Holtzman\\_Byline\\_May\\_2009.pdf](http://investor.infi.com/common/download/download.cfm?companyid=INFI&fileid=292407&filekey=E73C8581-00CA-41C7-9976-5007C54DF18E&filename=BIO_S._Holtzman_Byline_May_2009.pdf)

## Conclusion

In a discussion of the choices open to newspaper publishers groping their way to the future, a senior editor at *The New York Times* has remarked:

At stake are millions of dollars from online advertisers who want the largest possible number of readers. Putting up any kind of pay wall has the potential to drive away readers and some of those dollars.

The keiretsu—cooperative proposed here would arguably attract both readers and advertising revenue—and do so by engaging those readers profoundly, not least by giving them roles as participants, stakeholders and creators that they never had before.

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Comment one on 'The Keiretsu-Cooperative: A Model for post-Gutenberg Publishing' (OII Internet Issue Brief No. 4)

Bill Emmott  
Independent writer and editor of *The Economist*, 1993-2006

The idea of a co-operative structure, with the most active contributors to an online community sharing in the profits, makes perfect sense. Certainly, in many circumstances, it could solve the problem of needing to motivate and involve a much wider range of content-providers than has hitherto been necessary in offline media, and without relying simply on reputational or cross-selling benefits as with many first-stage online publications. Whether or not the subscription or advertising revenue model in such a structure would bring in enough to reward this wide network of participants would be a matter of trial and error.

Comment two on 'The Keiretsu-Cooperative: A Model for post-Gutenberg Publishing' (Oil Internet Issue Brief No. 4)

David Goodhart  
Editor and Founder, Prospect magazine

The paper had some very nice observations – 'Anyone who doubts the willingness of audiences ... etc.' on page 2, for instance. Or, on page 5, 'Now everyone can assert a claim to recognition ...etc.'

But I have to say that overall, I was not convinced. Surely, to prove this thesis – that bloggers are a new kind of media yeast that will generate big advertising income for old fashioned newspapers – you would need to talk a lot more about what those advertising flows look like. After all, we have had these newspaper websites – mainly free, and with at least some of the blogger activity described in the paper – for quite a few years. What is the record on advertising? Not brilliant, as far as I am aware

And surely the Steve Semelsberger quotation is completely self-serving? Of course he would say that.

I think that the paper also underplays the extent to which there is a hierarchy among the bloggers. We are not particularly interested in 99 per cent of bloggers. They create a sort of background noise. We do want to read the few who are particularly smart or authoritative -- Andrew Sullivan, for instance. But they command very big fees for their blogging. That is a significant extra cost for newspapers before you start to reap the supposed extra advertising revenue.

About the cooperative aspect of this proposal, I would say that since people are now used to being part of the club for free -- ie., all those people who clog up the Guardian's Comment is Free site -- why should they suddenly becoming paying subscribers instead? It's one thing to give away your thoughts, as most bloggers have to do because no one is interested in paying for them. To have to actually pay to express yourself will be a hard sell.

If the proposal is viewed as a sort of subscription model, I would say that it comes closest to magazines, with their club-like atmosphere. Like, say, the combination of the Spectator and its 'coffee house' website, which has been quite successful -- and perhaps even Prospect, in a smaller way. But the income-generator in these cases is still the old fashioned weekly or monthly magazine that people are willing to pay for. The website is a sort of add-on for marketing purposes and provides an extra, club-like buzz for subscribers. Bear in mind, though, that the numbers involved are tiny.

The Spectator's circulation is something like 65,000 readers and falling, and we are at about 30,000.

Comment three on 'The Keiretsu-Cooperative: A Model for post-Gutenberg Publishing' (OII Internet Issue Brief No. 4)

Godfrey Hodgson  
Columnist and former director of The Reuters Foundation  
Programme at Oxford University

I find the paper both highly interesting and somewhat confusing. I am reluctant to appear negative, but I do find myself sceptical.

It seems to me to be addressing a number of real and relevant problems which are so diverse that it is not clear that the solution proposed addresses them all.

- It is certainly the case that the spread of blogs and other "user generated content" on, for example, "social sites" reveals an immense pent-up wish for self-expression. (Incidentally it is surely an exaggeration to say we have moved or are anywhere near moving to a society of creators as opposed to consumers. For the foreseeable future, I suspect, most of us will have neither the time, the talent or the inclination to create original "copy" or comment.)
- No doubt many bloggers and other self-expressers would like to be paid for their thoughts. I myself receive a small fee for contributing blogs to the OpenDemocracy site and I cannot deny that this motivates me to find something to say more often than I otherwise would. I cannot myself imagine that the revenue of the keiretsu cooperatives envisaged are likely in a foreseeable future to generate advertising or other revenues that would, divided by the would-be contributor, amount to a significant income.
- Both the newspaper and the book publishing industries are in financial trouble. (*A qui tu le dis?* I might say.) In the case of the newspaper this is largely because advertising and specifically classified advertising has migrated to the web, including sites like Craigs list. In both cases, structural difficulties have been exacerbated by the cyclical incidence of the world recession. It is hard to imagine how revenue generated from cooperative blogging would contribute materially to, for example, the hundreds of millions of dollars of deficit weighing down the *New York Times*, let alone to the sums piled on the *Chicago Tribune* company by a real estate developer.

Certainly I do not think that Rupert Murdoch's ambition to install pay walls to charge readers of all newspaper websites is the answer, or even a viable contributor to newspaper economics. The only newspaper sites that look like being able to charge significantly are those (like the *Wall Street Journal* and the *FT*), which enable

subscribers to make money out of specialized information. But if pay to view sites are impracticable, that does not make pay-to-contribute sites practical either.

I am aware that I may not fully grasp precisely what is envisaged. I do feel that the keiretsu cooperative is being asked to solve several disparate problems.

It might be more persuasive if the proposal were to focus more tightly on the advantages of a new type of institution that sought to generate and distribute advertising revenue among bloggers.

Such an attempt is desirable. But it does bring us back to the familiar problem Who is to pay for the acquisition of specialized knowledge and expertise? The newspaper model did this fairly efficiently for a hundred years or so. It is no longer generating revenues to pay for intense, knowledgeable reporting. Pew and other studies have recorded the sharp drop off of Washington and state capital bureaux and foreign correspondents in the United States.

An example closer to home makes the point. On one occasion, when I worked for Oxford Analytica, I was trying to make sense of the annual IMF World Bank conclave from Oxford. When I was a Washington correspondent in an earlier phase of my career, I could have gone along to the Shoreham hotel and done my best to talk to the governor of the Banque de France or the chair of the Fed. But the most brilliant of economists sitting in Oxford could do no more than guess what was happening at the event. News gathering is expensive. The most talented blogging is no substitute for “notebook and shoe leather” reporting.

I fear my comments may seem confused as well as negative. But I do think the paper attempts to solve equations in several different planes!

#### Comment four on ‘The Keiretsu-Cooperative: A Model for post-Gutenberg Publishing’ (OII Internet Issue Brief No. 4)

Dr Frances Pinter  
Publisher, Bloomsbury Academic  
Using Creative Commons Licensing to Promote Scholarly  
Communications

The Keiretsu-Cooperative model is an interesting idea that tries to create a new income stream for those who publish blogs on the internet. The basic premise is that bloggers can significantly improve hit rates of the income generating publications they blog about and so those entities who currently benefit should share their profits – whether these are from direct sales or advertising revenues.

In principle this is laudable, however, the author has conflated newspaper publishing with book publishing and the model rests on alliances that while possible would need more compelling benefits for publishers of both newspapers and books to follow.

As a book publisher myself, I would have no problem if such a system were in place and the benefits to my company clearly demonstrable. However, I cannot see many publishers taking the time and trouble to put such arrangements into place. I can see, however, my accounting department groan at yet more micropayments. Yes, software exists to deal with this – but that is the easy bit. Implementation in most large organisations is hard – where buy-in, opportunity costs and return on investment also need to be established to justify yet another thing to worry about.

To act as devil's advocate – the business models of traditional print newspaper and print publishers have significant differences and therefore finding a common remuneration basis to be shared by both is improbable – however sophisticated the technology. And who would pay and how for the time put into the 'moderation oversight and arbitration of disputes' processes Ms Barron mentions.

For some reason Ms Barron teams up one newspaper publisher with two book publishers. It is unclear what advantage this would bring the book publishers. We like to differentiate between our products but we are chasing the same consumers. Why would we make the promotion of our competitors easier – unless there was a significant gain to ourselves? Trade associations face this question all the time and are used to convincing their constituents of the benefits of their proposed projects. It would take more than an act of faith or goodwill to sell the benefits of such a cooperative.

Another issue that might worry some would be how the independence of comment would be assured if the publishers of books or newspapers are paying the bloggers? Is it not possible that some bloggers might game the system and write to encourage sales and thus their share of the income?

Despite these reservations, I am all in favour of finding new ways of distributing income along the value chain – especially if it can be demonstrated that this increases the number of readers and possible purchasers of books. As a practical sort of person I would advise a change of name. I couldn't figure out how to pronounce 'Keiretsu' and I'm not sure about the word 'cooperative' for this – despite the long history of such unions. Perhaps 'guild' might resonate better – the Authors Guild is a thriving organisation in the United States. And come to think of it, why not see if there might be some way of collaborating/partnering with them?

Cheryll Barron replies:

I am grateful to the responders for reactions so stimulating that lobbing balls back into their court is a special delight.

**The core of the keiretsu-cooperative idea is pay-to-own and pay-to-be-a-full-participant, not 'pay-to-express-yourself'.** . . .

. . . as **David Goodhart** puts it. I can only blame myself for the misunderstanding, but the proposal turns readers into stakeholders; subscriptions into small contributions of capital – features of a 'cooperative' enterprise. When I wrote the paper, I had no idea that cooperatives were coming back into fashion among policy-makers, a point made

in a commentary on the news that the Conservative Party intends to facilitate greater employee ownership in public services.<sup>8</sup>

As no major media organisation has ever, to my knowledge, attempted anything like the cooperative structure of the model set out here, how can Old Media leaders like the responders be so sure that it would not and could not work?

And surely they prefer envisaging reader-commenter-bloggers as shareholders to bowing meekly before the 'Information-wants-to-be-free' mantra in wide circulation? Surely the idea of reader-commenter-bloggers helping to expand both revenue and profits is preferable to giving away all artistic and intellectual effort for nothing?

Nowhere does the paper suggest that readers will no longer be able to express themselves gratis in the comment sections of publishers' sites. Rather, those reader-commenter-bloggers who do not buy small stakes in a keiretsu-cooperative for small sums will just forego a chance to share in decision-making and future profits, among other privileges.

**Advertising revenue will not come from today's sources, hence is hard to project.**

Three out of four responders express deep scepticism about the likelihood that a publishing model turning reader-commenter-bloggers into stakeholders and co-creators to varying degrees would generate more advertising revenue for the 'Old Media' extensions – such as newspaper web sites -- in which they become involved.

The objection may soon be demonstrably irrelevant. That is because of the tendency of digital tools to transform the contexts of their primary purpose – and activities and social environments closely associated with it. Advertising is one such activity. It is changing out of all recognition by becoming (a) search- rather than image-driven (consumer-pull, rather than push-oriented); (b) keenly attuned and reacting to user reviews of every sort of product and service.

Each of those alterations shifts 'agency' from brand-owners to users, consumers, audiences – or reader-commenter-bloggers, where the 'brand' belongs to a newspaper or book publisher. Arguably, it makes a great deal of sense to give 'agents' capable of boosting new sources of advertising revenue a stake in doing so, and virtually none to worry about projections of the old-fashioned and all-but-obsolete kind, which treats readers as passive audiences.

**Complexity is a side-effect of digitisation.**

Two responders have either said or implied that the proposal is too complex, and therefore confusing. There might be a trace of 'shooting the messenger', there. The surpassing flexibility of digital technology gives nearly every new tool and medium such a vast array of capacities and consequences that an outline of its potential is bound to be indigestible.

Consider this parallel. Though all the responses strongly suggest that the responders have little or no personal experience as journeymen bloggers, it is unlikely that any of them see email communication as more remarkable than, say, eating porridge. But what if they had never sent or received email themselves – and had been asked to envisage a communication medium that let them write to more than one person at once with a single writing implement (through CC-ing); let a dozen people or more

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<sup>8</sup> See: 'The risks and benefits of employee ownership' – William Davies writing in <http://www.prospectmagazine.co.uk/2010/02/the-risks-and-benefits-of-employee-ownership-in-the-public-sector/> Prospect magazine



secretly read any communication (BCC-ing); share the precise contents of a letter with others instants after its receipt (through message forwarding); revealed chief executives of giant corporations as dunces at spelling and grammar, even after the invention of something called 'spell-checking' -- and put millions of secretary-typists out of work?

We take for granted every digital tool's transformation of us into many-tentacled octopuses almost as soon as we have learnt to use it, but it can seem pointless, faddish and incomprehensible beforehand.

**Content supplied by reader-commenter-bloggers does not have to meet Old Media's editorial or reporting standards – and could exceed them.**

**David Goodhart** is not interested in what '99 per cent of bloggers' have to say; only in what Old Media stars like Andrew Sullivan do. He does not have to be, for the keiretsu-cooperative structure to work as a replacement for the old advertising-centred model for income generation. Just as the colours of eyeballs that television and other video-centred media count for their audience analysis statistics do not matter, Old Media barons need only care about engaging reader-commenter-bloggers, collecting their contributions of capital, and retaining their loyalty.

**Godfrey Hodgson** is sure that 'the most talented blogging is no substitute for "notebook and shoe leather" reporting.' But new ventures are being born every week, and some of these are focusing on how specialised expertise can be encouraged and rewarded. Once again, I would suggest that second-guessing the future is inadvisable.

On other matters ...

**Dr. Frances Pinter** is responsible for my referring to reader-commenter-bloggers in this response, rather than merely 'bloggers,' and I am indebted to her for showing me the need for repeated clarification. I regret that she was misled by my use of shorthand, after an initial reference, to conclude that the purpose of a keiretsu-cooperative is 'to create a new income stream for those who publish blogs on the Internet'.

Some reader-commenter-bloggers might have blogs of their own; others could simply be contributors to other sites – such as a keiretsu-cooperative's.

I do not believe I have actually 'conflated newspaper publishing with book publishing,' by suggesting an alliance of a newspaper with one hardback and one paperback book publisher – merely as a hypothetical example of joint site operators. That is because a keiretsu is an association of companies so loose as to have been described as 'amorphous' in relation to the Silicon Valley venture capital leader Kleiner-Perkins' decades-old use of the concept.<sup>9</sup>

Here Dr. Pinter sounds exactly as Old Media barons have for the last twenty years, when warned about the digital revolution on the horizon:

'As a book publisher myself, I would have no problem if such a system were in place and the benefits to my company clearly demonstrable. However, I cannot see many publishers taking the time and trouble to put such arrangements into place. I can see, however, my accounting department groan at yet more micropayments.'

This reluctance to grapple with the fuss, bother and expense of innovation is arguably part of the reason why Old Media are reeling from having adaptation forced on them – instead of anticipating new structures that technology could facilitate with

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<sup>9</sup> See 'American Keiretsu' in *Red Herring* <http://www.redherring.com/Home/8219>

a pre-emptive leap in the right direction. No newspaper that now has specialists in dealing with Twitter, Facebook and other social networking sites – as most do -- would have given conceptual outlines of such media the time of day, two years ago.

Elsewhere, she says,

‘For some reason Ms Barron teams up one newspaper publisher with two book publishers. It is unclear what advantage this would bring the book publishers’ and she asks, ‘Why would we make the promotion of our competitors easier – unless there was a significant gain to ourselves?’

A disappearing footnote to the paper<sup>10</sup> that might not have been in the draft that Dr. Pinter saw mentions famous rivals among top US magazine publishers collaborating to develop a format for e-publishing. I might simply suggest, in addition to the reasons already set out: *autres temps, autres moeurs*.

Anyone who cares about Old Media making a successful transition to the future would, however, be heartened by her conclusion that Dr. Pinter is ‘all in favour of finding new ways of distributing income along the value chain – especially if it can be demonstrated that this increases the number of readers and possible purchasers of books.’

My paper only sets out one such attempt, and debates like this one can only lead to better and more refined proposals.

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<sup>10</sup> One such collaboration announced by US magazine publishers includes Condé Nast, Hearst, Meredith, News Corp. and Time Inc.. see: Kramer, S.D. (2009) New Digital Publishing Venture Boasts Access to 144 Million-Plus Audience in *paidContent.org*, December 8. Available at: <http://paidcontent.org/article/419-new-digital-publishing-venture-boasts-access-to-144-million-plus-audien/>