Deregulation or democracy? New media, news, neoliberalism and the public interest

Natalie Fenton

Goldsmiths University of London, London, UK

Available online: 02 Feb 2011

To cite this article: Natalie Fenton (2011): Deregulation or democracy? New media, news, neoliberalism and the public interest, Continuum, 25:01, 63-72

To link to this article: http://dx.doi.org/10.1080/10304312.2011.539159
Deregulation or democracy? New media, news, neoliberalism and the public interest

Natalie Fenton*

Goldsmiths University of London, London, UK

This article began from the premise that news media are in crisis. The crisis is being managed by closing papers or shedding staff. Drawing on extensive empirical research the paper argues that these cuts are having a devastating effect on the quality of the news. The cuts are being delivered to news so that shareholder profits remain in an increasingly deregulated news environment. This is having a particularly negative impact on local news. While new technology is opening up new spaces for the engagement of local communities and communities of interest, and new news spaces are emerging these are far from being adequate replacements for a quality, genuinely local, independent news service. The paper suggests that at the heart of this dilemma is a contradiction between the democratic potential of new technologies and the stifling constraints of the free market.

Introduction

This article begins from the dual premise that neoliberalism is (1) based on a set of national and international policies for the business domination of all social affairs and (2) is accompanied by belief in the ability of markets to use new technologies to solve social problems over and above any other course of action (McChesney 2001). It is also based on the understanding that although most commercial news organizations are first and foremost businesses, news is no ordinary commodity and is linked directly to the health and well-being of democratic practice. The implications and issues of this technology/commodity combine are illustrated below with particular reference to local news media drawing on a two-and-a-half-year study into new media and the news in the United Kingdom and an additional study on the news needs of local communities undertaken by Goldsmiths Leverhulme Media Research Centre.1

Conclusions from this research (Fenton 2010) support the now familiar retort that news media are in crisis: Newspaper circulation and readership levels are at an all-time low. There has been a tremendous growth in the number of news outlets available including the advent of and rapid increase in free papers along with the emergence of 24-hour television news and the popularization of online and mobile platforms. The online world has decoupled advertising revenue from news, and from newspapers in particular, as classified advertising has transferred to advertising-specific websites. This, combined with increased investment by news organizations in new media technologies to attract audiences online, alongside cuts in personnel as profit margins have decreased (which is also related to the recent global financial meltdown) has had a negative impact on journalism (Freedman 2010). Put simply, in the digital age the space for news has expanded exponentially and the

*Email: N.Fenton@gold.ac.uk

ISSN 1030-4312 print/ISSN 1469-3666 online
© 2011 Taylor & Francis
DOI: 10.1080/10304312.2011.539159
http://www.informaworld.com
speed at which it has to be delivered is virtually instantaneous with fewer professional journalists employed to do the job. The depreciation of the current business model together with increasing commercial pressures is, as a result, devaluing the pursuit of news journalism that is in the public interest and impacting in particular on original news-gathering and investigative reporting as well as on local news. In a context where the business of news is failing and news as a product is fast losing its market value to advertisers, the market rationale and neoliberal response to the provision of news comes under scrutiny and demands a critical consideration of what we want news for and how this can be realized.

Currently, news that is surviving is, on the whole, suffering the consequences. Our research reveals journalists being thrust into news production more akin to creative cannibalization than the craft of journalism – there may be fewer of them but they need to fill more space and to work at greater speed while also having improved access to stories and sources online. Consequently, they talk less to their sources and find themselves captured in desk-bound, cut-and-paste administrative journalism (Phillips 2010). Our research reveals that in a commercial environment, news organizations foreground rationalization (cutting journalists’ jobs) and marketization (commodifying all available space) at the expense of ideal democratic objectives in a way that has led to the homogenization of content (Fenton 2010). The large traditional news organizations with a strong market position have responded to the current climate by investing heavily in online platforms, capitalizing on their market dominance and brand loyalty and increasing their audience share online. Thus, it also seems ever more likely that the voices on the web will be dominated by the larger, more established news providers in a manner that limits the possibilities for increased pluralism.

This situation is repeated in varying degrees across the globe. Downie and Schudson (2009, 2) note that in the United States ‘the economic foundation of the nation’s newspapers, long supported by advertising, is collapsing, and newspapers themselves, which have been the country’s chief source of independent reporting, are shrinking literally. Fewer journalists are reporting less news in fewer pages.’ Similarly, the Open Society Institute Media Program has investigated the impact of the financial crisis on media and news delivery to citizens in 18 countries of Central and Eastern Europe and the Commonwealth of Independent States: Albania, Armenia, Bosnia & Herzegovina, Bulgaria, Czech Republic, Estonia, Hungary, Kyrgyzstan, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Serbia, Slovakia, and Ukraine. The research analysed media performance in 2009 compared with the previous three years, exploring in particular ‘the cost-saving measures taken by [...] news carriers, and the effects of these measures on output, breadth and depth of coverage, scope of investigative reporting, and opportunities for open public debate’ (OSI 2010). It reveals that media across the region had lost 30–60% of their income and were forced to adopt cost-saving measures, including reduced volume, staff layoffs, less investigative reporting, and cuts in international and provincial coverage. They relate the changes to the global financial crisis that brought about severe constraints in news production as well as ownership changes resulting in an overall drop in the quality of news delivered to citizens and as a consequence news media that have become shallower, more entertainment centred, increasingly isolationist, more prone to political and business influences and lacking in investigative bite.

The current collapse of the news economy has been blamed partly on new technology while also turning to new technology as its saviour. It is true that the need to invest in online platforms has taken investment away from human resources and, in particular,
investment in journalists (Lee-Wright 2010). It is also true that the Internet has led to the de-coupling of classified advertising from news as it migrates to the likes of Craigslist (in the United States) and Gumtree (in the United Kingdom). And, as outlined above, new technology has brought with it new practices of journalism that have changed the very nature of the production of news where ‘speeding it up and spreading it thin’ has become the norm. But new technology is also endowed with the potential to save news, delivering a form of collaborative journalism more suited to the post-Enlightenment period – it may be paperless but it will be people-full, participatory and, as a result, more democratic. Whereas most often this is seen as part of the progressive anti-neoliberal response to the power of consolidated ownership, below I argue that in a hegemonic neoliberal frame this can also be part of the problem. A focus on technology as the means of solving social problems denies, or at least disguises, the structures of advanced capitalism that prevent change from happening. The demise of news is not a phenomenon entirely beholden to the use of new technology and neither is it likely that its rebirth will be either. The demise of news is, rather, linked directly to the structures of advanced capitalism. This can be illustrated by a closer look at local news in the United Kingdom.

New media, local news and neoliberalism

The concern that news media are failing to deliver a high-quality news service is not new (Franklin 2006; Franklin and Murphy 1998) and is not simply a consequence of the online environment. Rather, it is linked more fundamentally to the practices of neoliberalism – the increasing marketization of news and the ruthless logic of an economic system that demands ever-increasing profit margins resulting in fewer journalists doing more work, undermining the provision of news in the public interest. Earlier research (Franklin 1988), a good decade and a half prior to the impact of the Internet, into the influence of local government public relations on local newspapers concluded that 96% of press releases issued by the local authority generated stories in the local press, with significant recycling of the same news between newspapers in the same regional newspaper group. Franklin (1988) also points out that press releases were often reproduced wholesale with little evidence of any original journalism. Moreover, a newspaper’s willingness to engage in what Davies (2008) has called ‘churnalism’ bore a direct correlation to the size of the newspaper and the number of journalists it employed.

The extension of the marketization of news into the digital age has emphasized the consequences of this practice. In the worst cases local newspapers are simply being closed down altogether. In the United Kingdom the Newspaper Society notes that 101 local papers closed down between January 2008 and August 2009. Indeed, success in local and regional news now appears increasingly to depend on scale. This means more mergers and more takeovers with larger companies serving bigger regions with, as I argue below, less and less relevance for local people. Since the 1990s, following successive relaxation of ownership rules in the Broadcasting Act of 1996 and the 2003 Communications Act, the United Kingdom has seen a rapid consolidation of the newspaper industry into a handful of regionally based monopolies that dominate the market. The top 20 regional press publishers now account for 87% of all regional and local newspaper titles in the United Kingdom, and 97% of the total weekly audited circulation. As of 1 January 2010 there are now 87 regional press publishers producing a total of 1212 titles, a drop of 59 titles since January 2009. The five largest groups own 740 (61%) of all local newspaper titles with an aggregate circulation of 34.96 million. The key consequence of this process of merger and
takeover has been to reduce radically the number of groups publishing local newspapers from 200 in 1992, to 137 by 1998 and 87 in 2010 (Fenton et al. 2010).\textsuperscript{2}

Despite consolidation and the introduced economies of scale, commercial local news services have still faced ongoing investment cuts in recent times. What is more, these cuts have often been made irrespective of market conditions. In 2006, the \textit{Times} reported that the Trinity Mirror Group, one of the largest owners of local news titles in the United Kingdom, had axed 300 jobs in spite of a ‘buoyant’ market.\textsuperscript{3} But large organizational structures with significant corporate demands, the very epitome of neoliberal practice, have now become financial burdens and part of the problem (Picard 2010). The current UK coalition government favours yet more liberalization of cross-media ownership rules in local and regional media that is likely to exacerbate this issue and increase the danger of further diminishing the reason people turn to local news in the first place – to have a voice, to hear stories from their local community and see their local lives reflected. Economies of scale result in the diminution of the very thing people in our research were crying out for: local news that serves their local community. What we are left with is a form of remote localism that has its sights set on the bottom line rather than the news service that people want.

In other words, recognition and development of the product’s value as being directly related to the public interest leading to reinvestment in news journalism has been superseded by market ambition and the desire to deliver extensive profits to shareholders. In a neoliberal free market economy, news has no right to exist if it cannot pay its way. But news is not an ‘ordinary’ commodity – it has a special status by dint of its relationship to democratic life. So when markets fail or come under threat and ethical journalistic practice is swept aside in pursuit of financial stability, the consequences are felt more broadly than the marketplace. The UK government has recognized this and put local media at the heart of its plans. But the focus on localization is centred on commercial growth in local television and online services along with the complete removal of local cross-media ownership rules enabling yet more concentration of ownership by large multimedia corporations.

This response to the crisis in news media clearly falls far short of realizing a constitutive alternative to neoliberal approaches. The market remains firmly at the core of all policy considerations that continue to prioritize deregulation over democracy. Our research revealed fierce criticism of what was understood as a long-term decline in the quality of local news journalism which was associated chiefly with content convergence and the increasing primacy of commercial values in local news provision. Interviewees professed a strong sense of the loss of local journalism as watchdog and an equally strong desire for its return. Participants wanted active, visible reporting that speaks to people, recognizes and listens to the various voices in the community – particularly those without authority or power, reinforces standards and thereby holds power to account. Participants blamed directly the decline in quality local journalism on convergence and ownership concentration.

This research (Fenton et al. 2010) shows that people feel a genuine loss of independent reporting that provides information, investigation, analysis and community knowledge in the coverage of local affairs. Independent reporting should reveal not only what local government and private interests are doing but also the motivation behind their actions. It should dig deeper and provide people with insight that takes time and resources to reach. This is the watchdog function of the news and it is a function that is still at the heart of what people want from their local news service – reporting that holds truth to power and keeps local authorities, business and professional leaders accountable to the legal and moral
framework of society. However, in an environment of mergers and regional consolidation, local news is removed from the local vicinity to out-of-town premises, with journalists who are out of touch with the communities they serve. The National Union of Journalists (NUJ 2009) notes that the *Birmingham Post* and *Birmingham Mail* plus their associated titles had 16 offices 10 years ago and they are now down to four. Five years ago they had approximately 230 journalists, now that has shrunk to around 160. They have also lost all specialist journalists in transport, home affairs, the industrial correspondent, the community affairs editor along with three chief reporters. The courts/crime specialists have more than halved and business specialists have gone from nine to six. This is mirrored in many other places as news-desks, sub-editors and journalists are moved to centralized locations that serve regions rather than locales often many miles from the communities they are supposed to be speaking to and reporting on. With the increased pressures in the newsroom noted above, journalists now have a limited knowledge of the areas they cover and rarely get out to do local journalism. Local news that operates out of premises removed from the local vicinity, with journalists who are out of touch with the communities they serve, ceases to be relevant to local people. And something very tangible is lost in the process. The social benefits of local news were recounted time and time again by our participants. When they had lost their local newspaper they felt they had lost far more than news about the area, they had lost a sense of community and belonging that went with it. The lack of a local paper also reflected a poignant sense of vulnerability and powerlessness that contributed in turn to a feeling of isolation and ‘not being listened to’ by local centres of power. The clear conclusion is that the democratic potential of news media and the structural practice of local news production and journalism are at odds.

Evidently, the critical relationships between local news and democracy and between journalism and citizenship only work under certain conditions. Currently, on the whole, those conditions do not function for the public interest. The material conditions of contemporary journalism (particularly unprotected, unregulated commercial practice) do not offer optimum space and resources to practise independent journalism in the public interest. On the contrary, job insecurity and commercial priorities place increasing limitations on journalists’ ability to do the journalism most of them want to do – to question, analyse and scrutinize. Through prioritization of the pursuit of profit and shareholder returns news organizations that deliver local news have lost sight of their product value – a value recognized and desired by all of the participants in our study. The commodification of local news with little or no regard for its use-value has torn apart the relationship between news and democracy.

So what is the answer? Here, we come full circle to new technology.

**Anti-neoliberal progressive journalism: Paperless, people-full, participatory?**

The thinking behind the special issue of this journal began with the possibility that along with the collapse of the global market comes an opportunity to establish alternatives to neoliberalism, to move into an era of post-neoliberalism. The media are, of course, key to any progressive anti-neoliberal political movement. Frequently, the Internet is cited as the solution. In relation to local news, local people have been heralded as the new citizen journalists able to provide hyper-local content at little or no expense. Independent, not-for-profit and non-commercial news media once considered out of bounds because of the cost and scale of launching such enterprises are now, with new technology, suddenly brought tantalizingly within reach. The Internet, we are told (e.g. Garrison 2000, 2001, 2003; Gillmor 2004; Pavlik 2001), brings new ways of collecting and reporting information into
newsrooms. It brings forth a new journalism that is open to novices, lacks established forms of editorial control, can stem from anywhere (not just the newsroom), involves new writing techniques, functions in a network with fragmented audiences, is iterative and delivered at great speed. And there are many examples of where this new journalism has been operationalized successfully: OhMyNews in South Korea; the Huffington Post in the United States and openDemocracy in the United Kingdom are but a few of the new types of news providers forging their way in the digital age.

But the Internet is just a tool and the possibility for new forms of journalism it conjures up must also play out in the same social, political and economic structures of democracy as the old journalism and traditional news media. Accordingly, the Internet can also be de-democratizing. Alongside these success stories we must also remember that the large traditional news organizations with a strong market position and extensive and established news production infrastructure have responded to the current climate by investing heavily in online platforms. UK citizens predominantly use online news sites that are run by existing news providers, further asserting the already significant dominance of the major players (Ofcom 2007b). Furthermore the organization of web search tends to send more users to the most popular sites in a ‘winners take all pattern’ (Hindman 2009, 132). Added to this, Ofcom has found that, of the top 10 news websites by unique user in the United Kingdom, four were run by Internet-based organizations. These were Google News (a news aggregator site that produces none of its own content), Yahoo! News, AOL News, and MSN News (all sites that rely almost entirely on news agency reports) (House of Lords 2008).

What is more, although online newspapers are growing and their print versions declining, empirical evidence shows that people use the Internet mostly for entertainment purposes and online they are more likely to seek out only those fragments that are of particular interest to them rather than the pursuit of news and current affairs information more generally (Hilt and Lipschultz 2004). News consumption online may be steadily increasing but there is little evidence to support the view that the Internet has been established as a primary source of news except for a very small minority (Castells 2009, 231). It is also argued that the abundance of choice available online results in less exposure to news and current affairs – just as it may be easier to find, it is also easier to avoid (Prior 2007). It is worth bearing in mind that audiences are still focused predominantly on traditional media, with 43% stating a preference for offline media compared to 26% online and 70% stating they prefer print compared to 17% who prefer an online source (KPMG 2010). And, of course, issues of the digital divide are still very much with us with over a quarter of households in England still without an Internet connection direct to their home and 11% of UK households still unable to get broadband at 2MB (Ofcom 2009). The Internet is not the democratic panacea that many believe it to be.

It seems ever likely that the multiplicity of voices on the web will be dominated by the larger, more established news providers, rather than any form of citizen media, in a manner that limits possibilities for increased pluralism. In this context, it seems clear that even though there is now a plethora of media outlets, and citizens and civil society can publish media content more easily than ever before, protecting and enhancing a genuinely local news service has become more rather than less important.

The common retort to the above argument is that we are thinking of news in the wrong way and imagining it in the wrong form. News now comes from places other than designated news platforms and is delivered to us in a range of formats. The rise of social media and the micro-blogging site Twitter are frequently cited as examples of how news has been
transformed into a people-led, participatory forum. In response to this argument we need to answer a very basic question: who is communicating what to whom? Are they a wider set of people than those who had the privilege of being ‘authorized knowers’ (Ericson, Baranek, and Chan 1989) before new media, or are they the same old political elite, in a different, fractured guise (Hindman 2008)? A consideration of who is communicating is a sobering exercise. Usage of social media is highly uneven amongst participants and much content is dominated by a small percentage of people. A recent survey by the Harvard Business School (Heil and Piskorski 2009) found that 10% of Twitter users generate more than 90% of the content and most people have only tweeted once. Participation, it seems, is still the preserve of a few. Yet this is sharply at odds with the countless claims that social networking sites (and Web 2.0 generally) are democratizing news (e.g. Gillmor 2004; Beckett 2008; Domingo 2008). 

More broadly, if we look at the cultures of blogging and self-broadcasting, the means to self-expression have also been found to be carefully controlled impressions of the self structured around class affiliation (Paparcharissi 2002a, 2002b, 2009) and cultures of taste (Liu 2007). This research suggests that far from broadening our communicational horizons and deliberative understandings, new media work to reinforce already existing social hierarchies and further strengthen close(d) communities. The mythic dimension of the openness of new media that has brought about a hegemonic discourse based on the rhetoric of multiplicity and pluralism, access and participation that apparently lead automatically to a more pluralistic society and enhanced democracy also, Dean (2010) reminds us, happen to conveniently coincide with extreme corporatization, financialization and privatization across the globe.

In the United Kingdom, a recent report by the Carnegie Trust (Witschge, Fenton, and Freedman 2010), remarks on diminishing arenas for public deliberation along with the marginalization of dissent, especially in relation to those that lack power or confidence to voice their concerns or those who have non-mainstream views. This narrowing of the public sphere appears to be happening despite the expansion of mediated space and multiplicity of media platforms and claims regarding interactivity, speed and the international reach of online communications. So rather than simply celebrate these new online communicative spaces as an alternative to commercial news practices (which they may be), we should also consider how they increasingly embed the mainstream media’s priorities and interests ever more deeply, further establishing the norms and values of the corporate systems to which they belong. Seen from this angle, the revolutionary possibilities of the Internet take on a different complexion as we are forced to recognize and take account of current relations of power in an online context that encircle (but do not enslave) the agency of individuals. We are also encouraged to recognize and take account of communicational life without fetishizing the media forms that may enable it.

**Conclusion**

This article began from the premise that news media are in crisis. The crisis is being managed by closing papers or shedding staff. These cuts are having a devastating effect on the quality of the news. The cuts are being delivered to news so that shareholder profits remain. While new technology is opening up new spaces for the engagement of local communities and communities of interest, and new news spaces are emerging these are far from being adequate replacements for a quality, genuinely local, independent news service. So what we are left with is a contradiction between the democratic potential of
new technologies and the stifling constraints of the free market, and this is linked to a further contradiction between the democratic potential of news media and the structural practice of journalism. News is left stranded in a thoroughly marketized system that stubbornly refuses to understand its market value as being firmly located in the public interest, choosing instead to focus on shareholders returns.

So how do we go about re-imagining a post-neoliberal news order? Re-stating and reclaiming the critical notion of freedom of news media and news journalism is not a bad place to start.

Freedom of the press has always been associated with the ability of news journalists to do their job free from interference from government. Clearly this is crucial for independent news production. But freedom should also mean having the freedom to act in the public interest and not be constantly beholden to commercial gain; to be free from the shackles of corporatization. Freedom of news media and news journalism should be founded on the core service of news as a profession of integrity, transparency and accountability rooted in a relationship with democracy where profit is not the only principle. A free news media could embrace new structures of governance designed to protect and preserve quality and diversity of news content, wrestling power away from shareholders. This type of governance would, of course, need to safeguard independence of the news organizations, but could at the same time, increase the involvement of civil society. Local media could bid for public money on the assurance that they would build into their practice an active engagement with the public and with civil society through their governing bodies as well as being required to ensure that a certain proportion of their local news serves the public interest. And yes, this would mean more regulation but regulation in the public interest and for the public good; regulation that would protect news journalism from the worst vagaries of the market and advance its relationship with democracy.

A free news media would encourage plurality, protecting and enhancing a diversity of media content – a task that has never been more vital. Even though there is now a plethora of media outlets, and citizens and civil society can publish media content more easily than ever, there is still an ever-increasing threat to pluralism given the domination of a limited number of organizations that control the flow of news and the contours of public debate. Even though the Internet can provide opportunities for small-scale local and global independent journalism and commentary to enter the mediascape, it is not the free and easy option many claim it to be. If we want to have sustainable structures for media pluralism that can encourage continuity and build expertise as well as engaged audiences, we must also consider ways in which to support them. Any future funding models must recognize and regulate for the relationship between news and democracy. Relying on fully commercial enterprises for the deliverance of news and current affairs journalism that purports to be for the public good and in the public interest has failed. Without a much tougher attitude towards media concentration and the pursuit of meaningful diversity, current public interest considerations are unlikely to be strong enough to confront aggressive liberalization and marketization at huge cost to the public sphere. A post-neoliberal era is clearly far from evident. Sadly, the ground has been quickly reoccupied by the very structures that brought about the mess in the first place. Protecting the public interest requires both a more determined stance on media concentration and a more imaginative approach to securing media diversity, one that is based not simply on economic benefits but on the advantages of stimulating vigorous debate and critical perspectives and securing widespread political representation. The structures that enable this ethical practice need to be re-imagined and re-stated.
Notes

1. The main research project was funded by the Leverhulme Trust and undertaken in Goldsmiths Leverhulme Media Research Centre. It forms one of the first thorough empirical investigations of journalistic practices in different news contexts in the United Kingdom. Using interviews, ethnography and qualitative content analysis to investigate news production processes in a representative sample of news media, the research combined macro-social critique with micro-organizational analysis to gain a complex, critical understanding of the nature of news and news journalism in a digital age (see http://www.goldsmiths.ac.uk/media-research-centre/index.php). The follow-on research also reported on here and funded by the Media Trust was based on four in-depth case studies selected to cover areas that contained different socio-demographic and different news characteristics. The case studies included an analysis of the community news outlets/platforms and their relationship with mainstream news media through interviews with key protagonists and local news providers. Three focus groups were also held in each of the communities served for each case study (12 in total). Further interviews with news policy leaders also informed the research.

2. Newspaper Society Intelligence unit, 1 January 2010, ABC/VFD/Independently audited figures.

3. The NUJ in its 2009 submission to the Culture, Media and Sport Select Committee Inquiry noted that in the 12 months prior to its submission Trinity Mirror had axed 1200 jobs.

4. Birmingham is the second largest city in the United Kingdom and has the second largest economy. The Birmingham Mail and Birmingham Post are newspapers that serve Birmingham and are owned by Trinity Mirror.

Notes on contributor

Natalie Fenton is a Professor in Media and Communications in the Department of Media and Communication, Goldsmiths, University of London where she is also Co-Director of the Goldsmiths Leverhulme Media Research Centre: Spaces, Connections, Control and Co-Director of Goldsmiths Centre for the Study of Global Media and Democracy. She has published widely on issues relating to civil society, politics and new media and is particularly interested in rethinking understandings of public culture, the public sphere and democracy. Her latest book, New Media, Old News: Journalism and Democracy in the Digital Age (ed.) is published by Sage, 2010. Her forthcoming book New Media and Radical Politics is published by Polity.

References


NUJ (National Union of Journalists). 2009. The future for local and regional media: Submission to the Culture, Media and Sport Select Committee Inquiry.


