
Canada's "Symbolic" Rescue of Journalism May Be Too Little, Too Late

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Author: Ian Gill

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Canadians have become accustomed – especially with President Donald Trump presiding over his country's fall from grace on the world stage – to hearing almost embarrassingly glowing reviews of our nation as a global bastion of democracy, tolerance, and good governance.

So it is somewhat sobering to read, in none other than *The Washington Post*, that Canada has become a sort of poster child for the death of newspapers – the so-called "fourth estate" that is supposed to be synonymous with, arguably even a prerequisite of, a healthy democracy and an informed citizenry.

"Newspapers have been dying in slow motion for two decades now," the authors of an opinion piece¹ in the *Post* averred in late March. "In Canada," they wrote, "this talk has transcended the hypothetical."

So dire are the prospects for Postmedia and Torstar, which between them own most of Canada's newspapers, that Douglas McLennan, founder and editor of ArtsJournal, and Jack Miles, Pulitzer Prize and MacArthur "genius" award winner, predict that one or both companies could fail in the next two to five years, "which would leave most of the country's major cities without a hometown daily. Digital media are unlikely to pick up the slack."

They quoted British Prime Minister Theresa May as saying 200 newspaper closures in her country since 2005 were a "danger to democracy." They wrote that US newspapers have been in a freefall for a quarter of a century, with advertising revenues having declined by more than two thirds since 2000.

“In response to a similar decline in Canada,” they wrote, “Prime Minister Justin Trudeau’s government has pledged \$50 million to support local news coverage and proposed legal changes that might help non-profit news ventures to raise money.

“But at this point, these are little more than symbolic gestures.”

McLennan and Miles are hardly alone in their skepticism with respect to a two-part 2018 federal budget pledge to, 1) provide \$50 million over five years to fund “one or more independent non-governmental organizations that will support local journalism in underserved communities,” and 2) spend a year reviewing charity law with a view to enabling “private giving and philanthropic support for trusted, professional, non-profit journalism and local news.”²

In Canada, the funding part of the announcement has been dismissed as irrelevant to the prospects of Postmedia and Torstar, and as to what \$10 million a year will do to aid local journalism in a country as large and diverse as Canada, in which hundreds of papers have closed and 16,000 journalism jobs have been lost in the past decade³ – well, that’s anyone’s guess. At a Public Policy Forum (PPF) conference on “community-based journalism and democracy” held in Ottawa one month after the budget was released, no-one emerged any the wiser as to what the government has in mind.

Similarly, there is little clarity about Ottawa’s second commitment, which is to go about “exploring new models” to encourage private giving and philanthropic support for journalism. “This could include,” the government announced, “new ways for Canadian newspapers to innovate and be recognized to receive charitable status for not-for-profit provision of journalism, reflecting the public interest that they serve.” The hope among digital innovators is that it’s not just “newspapers” that will qualify for charitable status, but otherwise the government’s opaque hint that it might change the rules to privilege public-interest journalism is a headscratcher – and not just for the media. “Does this mean introducing a new definition of charities?” asks Hilary Pearson, president of Philanthropic Foundations Canada. She doesn’t think so, given that the Canadian government has historically shown “no appetite” to bring in or revise legislation governing charities, as the UK did in 2011, Australia did in 2012, and New Zealand did in 2005.

Despite the findings last year of the Consultation Panel on the Political Activities of Charities that “the legislative framework for regulating charities in Canada is outdated and overly restrictive,”⁴ Canada’s charities laws seem destined to remain deeply rooted in the Statute of Elizabeth of 1601. Tinkering with the Income Tax Act seems to be the limit of the government’s interest in modernizing charities law, at least during this term in office.

Karen Cooper, an Ottawa charities lawyer who presented at the PPF conference in March, agrees with Pearson that there’s little prospect of the federal government changing the law as it stands.

Short of that, Cooper said in an interview, the government has two logical options: treat journalism organizations the same way it does athletic and arts services organizations and enable them to write charitable receipts, or designate them as “qualified donees,” which also gives them the benefit of being charities without being designated as such.

Pearson said agreeing that public-interest journalism “benefits the community” – a standard that the Canadian Revenue Agency requires charities to meet – is probably the easy part.

Defining what public-interest journalism *is*, and who's doing it, and who's not – that's not so easy. Determining the “criteria for what's in and what's out . . . I don't know how they are going to do that,” Pearson said. “I'll be fascinated to see how *that* plays out.”

However it plays out, will allowing journalism organizations to qualify as a charities actually result in a lot more money in Canada going to journalism? Presumably that's why the government wants to encourage donors to step up – because it thinks philanthropy will pinch hit where the media market has failed, and where the government fears to tread at any meaningful scale.

Whatever model the government settles on, will the floodgates open for journalism funded by philanthropy? Mathew Ingram, the Toronto-based chief digital writer for the *Columbia Journalism Review*, isn't optimistic. “Is there someone that's somehow desperate to invest in non-profit media that isn't,” but who would if they could get a tax receipt? “Prem Watsa [Fairfax Financial]? I don't know. David Thomson [Thomson Reuters]? I don't know that either. I don't think so.”

Whether or not high rollers are in the mood to step up, Ingram believes it's unlikely the public at large will be easily persuaded to think of journalism when donating to charity. “Media's going to be pretty far down the list. It's just not something that people are going to pick up their chequebook, and fund quality journalism.”

Will foundations? Well, some already do.

Deborah Irvine, vice-president of grants and community initiatives at the Vancouver Foundation, attended a Knight Media Forum in Miami in February for funders and media leaders working to strengthen local news, community, and democracy, which is something the Vancouver Foundation is interested in because, as Irvine says, “a well-informed community looks after its interests.”

Journalism has a role to play in “engaging with people about what's important to them,” she said, “and from the foundation's point of view, engagement around important social issues is consistent with its charitable purposes. “Part of the solution is to be hyper-local and to *listen* to communities and journalism is a channel for doing that.”

The Vancouver Foundation has funded work by several media outlets in BC (including, full disclosure, The Discourse), and Irvine said it is contemplating an experiment in BC to test whether “there is an appetite among many alternative and maybe traditional [media] sources to come together and do some collaborative reporting” and, by doing so, move the dial on an issue of public importance. The plan is not for the foundation to choose the issue, but “what we would insist on is huge community involvement. I see a role that journalism can play in civic engagement.”

The Atkinson Foundation, meanwhile, has since 2014 funded a work and wealth beat at the *Toronto Star*, and in 2017 funded the *Star* to add a second beat, on democratic renewal. It describes these beats as “responding to coverage deficits created by economic and technological disruption in the media industry.”⁵ These beats are subject to contractual relationships between the foundation and the paper “pursuant to the foundation's charitable objects and in keeping with its usual administrative procedures for vendors.” In other words, the

foundation considers its funding of journalism to be well within the boundaries of what Ottawa already allows.

Hence, “It is not yet clear to Atkinson if changes to federal laws defining and governing charitable activity are necessary.”

Which is fine and dandy if you can draw a straight line between foundation funding and journalism that happens to intersect with engagement around an issue that a foundation feels secure in advancing as a charitable purpose in the first place. But that doesn’t really promise much for journalism more broadly, especially for outlets that can’t or won’t play the foundation game, perhaps because they are uncomfortable being tied to someone else’s impact outcomes, or don’t want to develop dependencies on short-term, project-based funding that doesn’t cover baseline costs of doing journalism.

In other words, what about funding journalism for its own sake? Not journalism that tightly binds to outcomes or impacts that funders want, or instances where “philanthropies . . . cooperate with media professionals who share the same thematic interest,” but rather an embrace of a model of independent journalism untied and indeed under no obligation to serve “as a mere amplifier of (philanthropy’s) own issue-related work. Indeed, how are funders supposed to support a sector that is frequently depicted as sleazy or wilfully confrontational?” These quotes are from notes shared by Eric Karstens from a Journalism Funders Forum convened in London, England, last May by the European Journalism Centre.[6](#)

Those notes point out that recent attempts in the UK to give journalism legal recognition as a charitable cause failed, “and anyway, charity status is not a panacea.” With or without charity status, however, “funding with a consistent long-term perspective . . . could leave a substantial mark on the entire journalism ecosystem: Hiring journalists full-time, funding larger multi-year projects or platforms complete with the management expenses required to run them, or providing news organizations with ongoing operating costs. It is clear, though, that this requires funders with substantial financial means and stamina.”

Even more ambitiously, the European funders talked of contributing to the “structural re-engineering of journalism” through a combination of grants and investments. This was echoed in a special feature on journalism in *Alliance* magazine last December that featured a column by Barbara Hans, editor-in-chief of *Spiegel Online*.

Hans wrote that journalism confronts not just a crisis in funding, but in credibility – and that philanthropy could help solve both. Indeed “the crises facing journalism . . . represent its greatest opportunity – to return to its true function in society and vital role in democracy.” She provides a useful guide[7](#) to overcoming a basic dilemma, which is that media values its autonomy, and, “indeed, it is this independence that appeals to philanthropists in the first place.”

Her greatest caution is around dependency, “because funding that doesn’t also increase a media outlet’s credibility isn’t worth it. Not for the journalists nor for the philanthropists. Nor for readers nor for democracy.”

Happily, or perhaps not, there doesn’t seem to be any imminent danger of Canadian media becoming dependent on philanthropy. As Irvine says, “We can’t save journalism: there isn’t

enough money.”

Meanwhile, Pearson notes that it’s “disappointing” how little media profits over the years have been directed to philanthropic media funding, but she also doesn’t see that changing fast. “I can’t see a [Canadian] foundation that would be like Knight, saying our purpose is to support, in and of itself, journalism.”

Marcel Lauzière, president and CEO of the Lawson Foundation, said there are probably only 15 to 20 foundations in all Canada with the resources and strategic inclination to fund journalism and “I would agree, there’s not that much money.”

Lauzière said Lawson has funded *The Conversation* in Canada to the tune of \$100,000 over three years, but “That’s peanuts, right?” Lawson, like other foundations, is interested in mobilizing knowledge from academia and actually would like to do more journalism funding, so from that point of view, “it would be great for us if that was easier. I think [the budget announcement] is better news for foundations than it is for the media itself.”

Absent a Knight in shining armour, so to speak, or more to the point one or more foundations that, like Knight, have \$2 billion plus in assets and want to spend \$125 million a year funding journalism, perhaps the smart thing for Canadian philanthropists is to concentrate their efforts less on journalism writ large, and to double down where the federal government is planning to make its timid investments – in underserved markets. The Knight Community Information Challenge,⁸ a five-year, \$24 million (USD) initiative to encourage community- and place-based foundations to play a role in addressing the local information needs of their communities, could have helpful lessons for leveraging private and community foundation resources against Ottawa’s small, but potentially catalytic, contribution.

Lilly Weinberg, community foundations program director for Knight, was Skyped into the PPF meeting from Miami. She said in a subsequent interview that the Knight Challenge was successful in fostering experimentation, raising awareness about the importance of local journalism, and getting funders to realize that “information is a core component of everything you are working on.”

It was not as successful, she said, “at embedding this work in funders’ strategies” for the long term.

The authors of *The Washington Post* opinion piece, meanwhile, aren’t terribly sanguine about public-interest journalism, writing, “There is no real money in civic responsibility.”

Maybe. But as the lights go off in papers large and small across Canada, new lights flicker and will glow brighter in the digital news media world, and maybe that’s where smart philanthropy has an opportunity to contribute to a systemic, not just symbolic, recasting of journalism’s place in the world.

As for so-called “legacy media,” and in particular newspapers? Well, reports of the death of Canadian newspapers might be at least slightly exaggerated, given that one company, Torstar, announced the day after April Fool’s Day that it is rebranding and expanding its *Metro* papers in Vancouver, Calgary, and Edmonton – albeit in order to steal readers away from Postmedia in those markets and further hasten its decline.

But even if some papers survive, will they be any good? It's been some time since we could boast of having a truly great newspaper in this country. Maybe, just maybe, there is a wealthy Canadian philanthropist waiting in the wings to be Canada's Jeff Bezos, whose *Washington Post*, for about a year now, has worn its heart on its masthead under the slogan: "Democracy Dies In Darkness." Indeed.

This article is published as a collaboration between The Philanthropist and Philanthropic Foundations Canada (PFC).

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