

Toolkit for Contending with the Crisis in the Israeli News Market

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ABSTRACT

For the past two decades, the news market has been in a state of continuing crisis, which is in fact four different but related crises that feed into one another. The first is the economic crisis among the traditional media outlets (print newspapers and broadcast media, i.e., radio and television) and the undermining of their status by the technology giants. The second crisis is that of control and concentration of ownership in the Israeli media market, reflected in connections between organizations within the industry in every link in the chain of production and all of its components. These connections lead to overlapping interests between media organizations, those covering the news, and those receiving coverage, and pave the way for them to influence each other. Third is the crisis of trust and professionalism. Financial difficulties in the news organizations have led to budget cuts, reduced the number of media organizations and the caliber of news personnel, and changed the priorities of journalism. The fourth crisis concerns the relationship between politics and the press and is manifested in populist attacks on the media and a debate regarding the loss of public trust in the media.

Meanwhile, other processes have matured that will impact the news industry in the coming years: new possibilities for financing the media; technological developments that will enhance the journalistic process and the matching of content to consumers; increased regulation and taxation of the digital giants and online content services; and the restoration of public trust in the media. Greater public trust will strengthen the status of the media, in part through an understanding of the limitations of social networks in providing a reliable picture of the world but perhaps also thanks to court decisions in cases 2000 and 4000, which may establish a new normative framework for relations between capital, government, and the press.

Given all these processes, the challenge is to create sustainable models of activity for the news industry that will offer newspapers and news organizations long-term stability and protection from corruption both on the part of capitalists and on the part of politicians and other interested parties. To accomplish this, we have to try to imagine a new three-way contract between the state, producers of journalistic content, and the public. Such a contract should promote the creation and dissemination of content and information, ensure a high-quality news product, contend with the major players in the market, and incentivize investments in innovative formats and techniques for processing information and making it accessible to the public. Most importantly, the reform in the news market will not achieve its objective without a change in the journalistic ethos. Such a change requires cultural and political will. It is not enough to talk about market failures and economic models; we have to clarify what is proper journalism, what is considered a professional journalistic work process, how a journalistic ethos can be bolstered, and how a diverse news market functions.

This policy study will focus on the journalistic-news content industry and not on various other aspects of the media, such as sports coverage or original Israeli productions. It does not address specific types of media,

such as print media, television, and websites, because, for the last decade or so, producers of journalistic content have been able to distribute it by a variety of technological means, so the type of medium has become less important than the source of the news content.

The study was carried out at the height of the COVID-19 pandemic, which accelerated the news crisis and posed extraordinary challenges for it. The crisis also underscored the decisive importance of professional, high-caliber, independent news media whose job is to provide the public with reliable, well-grounded information and to disclose failures in various areas of activity in the midst of a medical, economic, and political crisis marked by extreme uncertainty and an abundance of misinformation.

The study offers a toolkit for strengthening the news industry. The first basic assumption of this set of policy tools is that there is no need to preserve the industry's past failures; instead our proposals must be derived from the values that need to be promoted: creation and distribution of content products that can benefit the public, quality assurance with respect to the news product, incentivization of investments in innovation and creativity, and transparency in media ownership.

In addition, it is necessary to adapt whatever arrangements are feasible and desirable to conditions in Israel, consider the financial and geographical limitations of the Israeli news market, and recognize the difficulty of carrying out professional reforms in the news industry due to the substantive conflict of interests of politicians in regulating the industry that, by definition, is supposed to criticize them. Changes in the news industry will require the involvement of many entities: antitrust, tax, privacy protection, and media regulation authorities; legislators and policymakers; owners of media outlets and newspapers; digital conglomerates; and journalists. This large number of interested parties also has to be taken into account. The proposals for the toolkit are therefore diverse. They include ways of limiting the power of existing players and

incentivizing new projects, arrangements for addressing internal issues in the present market and external threats from digital conglomerates, and measures targeting economic issues and professional and ethical issues.

The study presents a variety of policy tools and proposals and specifies how to make use of them. Each proposal appears at the end of the discussion of the topic to which it is relevant. The proposals include:

- **Addressing concentration of ownership and structural aspects of the news market** by amending the Economic Competition Law and the Reduction of Concentration Law, stipulating unique arrangements for the news industry, and adopting up-to-date methodologies for measuring and evaluating diversity in news markets and the degree of control and influence of players in this market
- **Offering indirect government assistance to the news market** through income-tax exemptions for donations to nonprofit news projects, a reduction in corporate tax for medium-sized news corporations, and a reduction in National Insurance contributions for employers in medium-sized news corporations
- **Offering direct government assistance to the news market** by easing the regulatory burden on broadcast media and allocating government advertising budgets to Israeli news corporations
- **Encouraging innovation in the news market** by establishing an innovation incubator within the Israeli Public Broadcasting Corporation, taxing digital platforms and directing budgets to a fund earmarked for supporting news projects, and encouraging voluntary news projects by Israeli platforms
- **Improving professionalism among journalists and ensuring that they comply with the rules of journalistic ethics** by strengthening organized labor in the news market, anchoring the rules of journalistic ethics in collective labor agreements, bolstering the array of professional training programs for journalists, establishing an assistance fund to

protect journalists from lawsuits aimed at silencing them, amending the Consumer Protection Law by requiring the appointment of an ethics official in news corporations, and instituting regulations under that law regarding consumer enforcement of journalistic ethics

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