

## Fighting Europe's Crisis with Innovative Media: A Modest Proposal

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**Abstract:** The notion that Europe needs more political integration to resolve its persistent economic crisis is now widely accepted. Yet, politics in member states of the European Union and even the Euro zone are in reverse gear. In many countries populism is on the rise, impeding compromise at the Union level and threatening the long-term viability of the entire project. Polls show low levels of trust in both Union and national institutions. This paper focuses on the role of the media. Europe's current ailments can be attributed to the absence of a European Public Sphere. If European nations were interlinked by a common discourse space, economic governance could be enhanced. Moreover, democratization of central level policy making, which is hitherto hindered by the prevalence of national debates, would become possible. This paper argues that a European Public Sphere is the missing link in the process of integration. It examines the changing economic properties of journalistic products due to digitization. It discusses potential solutions and presents a modest proposal: a corporatist scheme to fund pan-European media projects.

**Key words:** Euro zone; European Union; public spheres; public goods; media economics; digitization; macroeconomic governance; corporatism

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### 1. Introduction

The absence of an European Public Sphere (EPS) has long been a matter of debate both in the realms of academics and politics. While traditional nation states rely on the formation of public opinion through permanent discourse, there is still no equivalent at the European level. Cross-border mass media such as pan-European newspapers, news websites or common public broadcasting networks, that could facilitate the emergence of an EPS, are small in size and impact.

For many years the EPS debate was a rather theoretical topos. The EU seemed to work sufficiently well without, driven by the integration markets under the management of technocratic elites. That political discourses remained a matter of individual member states seemed to be the natural state of a continent composed of a multitude of nations and languages. More recently, however, this has changed. A series of economic and political crises has hit the EU and, even more severely, the Euro zone: the debt crisis; a surge of populist politics in a growing number of member states; threats to security by aggressive neighbouring countries and Islamist terrorists; the refugee crisis.

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While these crises have no common cause, the EU's difficulties to cope with them have a common reason: To overcome its current problems more European integration is required (Juncker, 2015).<sup>1</sup> But without an EPS more integration is neither feasible nor desirable. Europe lacks a critical piece of infrastructure that is present in every modern nation state: a system of mass media serving as a platform on which public opinion can evolve in open discourse (Erikson, 2005).

This article analyses why the communicative gap has not been filled over time, and discusses how it could be filled. It is organized as follows: Section 2 highlights the interaction between recent economic, political and communicative developments in Europe. Section 3 asks why there is insufficient private supply of European media by analyzing the economic properties of media, particularly of digital journalistic products. Section 4 discusses options for funding pan-European media. Section 5 sketches a corporatist solution: a European Media Fund (EMF) as a non-governmental vehicle to support quality journalism. Section 6 summarizes the findings and formulates thoughts for further research.

## 2. Interactions between Recent Economic, Political and Communicative Developments

When the Maastricht Treaty was signed in February 1992, European integration was meant to be lifted to new levels. The path to the introduction of a common currency was set out; for the first time, interior as well as foreign and defensive policies were included as distinct "pillars" of common policies. Political integration remained incomplete but that did not seem to pose much of a problem. Markets were deemed to take care of themselves. Economic integration proceeded smoothly, with intra-EU trade and cross-border investment rising to ever higher levels; the common market, created in 1993, and its institutions worked well; the common currency, introduced in 1999, proved to be stable money, which more and more member countries wanted to join. In the early 2000s, growth of GDP and employment was solid in most parts of the EU.<sup>2</sup> Occasional political set-backs, most notably the rejection of the European constitution by referendums in France and in the Netherlands in 2005, were seen as episodes in the cumbersome, but unstoppable process of forming "an ever closer Union of the peoples of Europe", a goal enshrined in all the European treaties since 1957. By and large, the Europe project would thrive along the lines set out by its founding fathers: integrating markets accompanied by common institutions.

The predominant view that markets were essentially self-regulating also resonated with communication scientists. Even in the absence of cross-border media, national debates could converge over time to the effect that a quasi-Europeanization of media coverage would emerge (Latzer & Saurwein, 2006, p. 16) as well as specialized public spheres through transborder networks (Eder, 2000), synchronizing public discourses and setting common political priorities, thereby creating pan-European public opinion by stealth. At the time, forming an EPS was deemed either unnecessary (because markets would best be left alone without interference from politics) or only a matter of time (because of the convergence of national public spheres).

Both notions proved premature. The financial crisis of 2008 and the following European debt crisis, starting in 2010 with the near-bankruptcy of Greece, called the inherent stability of markets into question. Simultaneously, a re-nationalization of public opinion took hold: Empirical evidence suggests that newspapers, TV and radio

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<sup>1</sup> Frieden (2016, p. 30) compares the evolution of the United States in the 18th and 19th century with the Euro zone and states that "any union depends on the standing of its central authorities, and the European Union is no exception".

<sup>2</sup> Late-reformers like Germany and Italy seemed to be exceptions proving the rule.

channels may dedicate more space and airtime to cover events elsewhere in Europe, but they apply predominately national frames; a trend further stressed by the security crisis following the Russian annexation of Crimea in 2014 and the refugee crisis starting in 2015.<sup>3</sup> European nations started to take closer looks at each other, albeit through distinctly different lenses.<sup>4</sup>

The divergence of dominant frames and narratives in Europe has led to severe political and economic problems aggravating each other. The EU's inability to identify common interests through common public opinion has rendered it incapable of solving common problems. This, in turn, has nurtured cynicism and undermined the trust in elites and institutions, both at the national and at the European level.<sup>5</sup> Recent developments like the rise of nationalist populist parties in France (Front National), Germany (Alternative für Deutschland) or Austria (Freiheitliche Partei Österreichs), the formation of nationalist governments (in Hungary and Poland) and the Brexit campaign in the United Kingdom can all be attributed to the missing of an EPS.

Facing populist pressures in their home countries, EU member states' governments have been reluctant, if not unwilling, to find viable common solutions for common challenges. The debt crisis is a case in point: While the US and the UK were able to apply a policy mix of massive deficit spending, monetary quantitative easing and private sector deleveraging (by debt write-offs and bank resolutions), the EU, and the Euro zone, neither have the institutions to deal properly with the fall-out of financial crises nor were their member states able to agree on creating them.<sup>6</sup> The result was a prolonged slump with persistently high unemployment rates and declining standards of living in many member countries.

If even in economic and monetary policy — the most integrated core of the EU—member states could barely be aligned, finding common ground has been even harder in foreign, defense and interior policies. The EU was unable to take a firm stand versus Russia after the annexation of Crimea and the interference in eastern Ukraine; anxieties in Central Eastern European member states such as Poland and the Baltics were only soothed by the US enhancing its military presence in the region. The refugee crisis is an even more telling example, with unilateral action (such as the opening of borders by the German chancellor in the Summer 2015) and beggar-thy-neighbour strategies prevalent (such as the uncoordinated closure of borders initiated by Austria in early 2016), while approaches to build common schemes for the allocation of refugees (European Commission, 2016) have run into full-blown resistance from a range of member states. Europe, in the words of Commission president Jean-Claude Juncker, has come close to outright failure: Without open borders there would be no common market; without the

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<sup>3</sup> For example, a study carried out the European Journalism Observatory on the coverage of events in Ukraine found significant differences across countries. See: <http://en.ejo.ch/media-politics/research-europes-media-ignore-pan-european-news-stories>.

<sup>4</sup> See Risse (2015) for an overview on debates on the EPS and recent empirical findings.

<sup>5</sup> On average, only 15 percent of EU citizens said they “tended to trust” political parties, 27 percent trust their respective national government, 28 per cent their national parliament (Eurobarometer, 2015, p. T-51). For a global study on trust in elites in various realms see also Edelmann (2016, p. 27).

<sup>6</sup> At the outset, Euro zone members sought to weather the crisis merely by creating an emergency fund—the European Financial Stability Fund (EFSF), later transformed into the European Stability Mechanism (ESM) — and a strengthened framework for mutual surveillance. A banking union was agreed upon, but it is still lacking critical elements needed to engineer a rapid clean-up of the banking sector such as a credible common deposit guarantee scheme and a fiscal backstop for banking resolution. The ECB only started full-scale quantitative easing in 2015, even then it left national central banks with the duty to buy up their own respective governments debt in secondary markets, leading to the somewhat perverse effect that Germany, the Eurozone's strongest economy, has become the largest beneficiary of the ECB's bond buying programme. Proposals by the European Commission to create instruments for the pooling of deficit financing — “Eurobonds”, an equivalent to US Treasuries or British Guilds — had to be shelved due to opposition from Germany and other creditor countries. Ideas of pooling parts of the sovereign debt overhang, such as a European Redemption Pact drawn up by the council of economic advisors to the German government (Doluca et al., 2012), were not even discussed in earnest.

common market the common currency would make no sense anymore.<sup>7</sup> Spillovers from one policy area to another have created a cascade of problems.

Among academics (e.g., Habermas, 2011) and technocrats (e.g., Draghi, 2014) a consensus has been forming that more integration is needed to break the vicious cycle of mutually enforcing economic and political problems. The EU, and especially the Euro zone, would have to become more federalist, assigning more policy areas to the European level. Without the existence of an EPS, however, even fundamentally pro-European national governments find it hard to persuade their constituencies to transfer more powers to Brussels (or Strasbourg or Luxemburg).

Furthermore, since the existence of a public sphere is a precondition for democracy to prevail, Euro federalism without an EPS runs into a dead end: As the German constitutional court has ruled on several occasions, European integration is limited by the limits of democratic processes at the European level, not least because of a missing public sphere where public opinion is formed and governments and parliaments can be held accountable (BVG, 1993, p. 98).

It is thus no exaggeration to state that an EPS is the missing link of European integration. Without filling this communicative gap the European project is likely to falter; the economic and political costs of failure are highly uncertain, but potentially quite substantial.

### 3. European Media and the Impact of Digitization

Media with a pan-European audience only make up a small fraction of European markets. Even the most prominent media outlets reach comparatively small audiences. Private publications such as *The Economist*, the *Financial Times* and the newly founded *Politico Europe* target elite readerships. Their impact on European public opinion is, therefore, limited at best. The only EU-wide television program, *Euronews*, which was created in 1993, is owned by national public broadcasting corporations in member states and subsidized by the European Commission; with 6.9 million daily viewers on average its size and reach is a small compared to national programs (*Euronews*, 2013, p. 22). Earlier attempts trying to establish truly continent-wide newspapers such as *The European*, founded in 1990 by the Maxwell Communication Corporation, abandoned in 1998, did not prove to be viable enterprises.<sup>8</sup>

One could argue that if there is only little supply, there may not be sufficient demand for business models to be viable. Therefore, the absence of European mass media would simply be the result of a lack of interest by readers, viewers and users. However, this argument ignores two developments. First, due to the process of digitization, the market for news is being transformed substantially, changing the economic properties of news products in ways that may lead to specific forms of market failure. With marginal costs of reproducing and distributing digital content falling towards zero, prices have fallen accordingly; sales revenues have shrunk for many years, while large parts of advertising revenues, the second major source of news media companies' income, have moved elsewhere, not least to search engines like Google or social networks like Facebook. Resulting cost-cutting measures by news companies have been impeding the quality and the variety of journalistic products (e.g., Downie & Schudson, 2009), particularly in areas such as politics and business reporting that are expensive to produce.

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<sup>7</sup> Quoted after Turner (2015).

<sup>8</sup> <http://www.magforum.com/european.htm>.

Even in the US, where a large integrated single-language market for quality news media has existed for a long time resulting in substantial economies of scale, well-respected brands such as the New York Times and The Washington Post have been struggling to turn their traditional business models into economically viable digital ones;<sup>9</sup> the London-based Guardian, which set out to transform itself into a transatlantic news website by massively investing in its staff, was forced to reverse course lately (Gapper, 2016). In Europe, economic obstacles are even higher due to market fragmentation and a diversity of languages. Market entry is associated with considerable sunk costs. Experience good characteristics (Nelson, 1970) of quality journalism raise barriers to entry even further. It typically takes years until the credibility of a new product is firmly anchored so that investments can start yielding positive returns,<sup>10</sup> while digitization involves higher degrees of uncertainty about future cashflows. Thus, even if there was a growing demand for pan-European quality journalism, it could not be met by financially squeezed private media companies.

Second, national media systems across Europe do not rely solely on private suppliers, but are characterized by a mix of private and public suppliers. Country specifics vary but the duality of private and public media is present across Europe (Hallin & Mancini, 2004, p. 30), distinguishing it from the US model of predominantly private news media supply. Public involvement, most pronounced in television and radio, is thought to enhance the quality and neutrality of programs, enabling them to provide a platform for political discourse untainted by financially powerful interests. Meddling of politicians with public media is, presumably, kept in check by competition from private media. Following this argument, there may be some role for public suppliers at the European level in providing a border-crossing platform for public discourse.

More generally, digitization turns news media content into quasi-public goods. Not only are marginal costs of production and distribution essentially zero. Contrary to physical media such as newspapers, digital media can also be consumed in non-rival ways (Anderson, 2009). Therefore, the installation of technical barriers, such as paywalls, that restrict the use of news websites to paying customers only, is neither possible — even where technical barriers are in place effectively, content can be “curated” by free-riding digital news media without bearing any production costs (Bain, 2013) — nor is the exclusion of non-payers desirable, since in an optimal world no one should be excluded from consumption, given that overall welfare could be enhanced at zero costs.

Public good properties lead to constellations where demand is not met by private-sector supply. The absence of an EPS may thus be the result of market failure resulting from digitization and barriers to entry. There may be an underlying demand for pan-European mass media that is not becoming effective because no relevant products are available. Newly private-sector ventures like Politico Europe cater to even narrower sets of customers<sup>11</sup> than established ones such as The Economist and the Financial Times.

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<sup>9</sup> Senior editors and executives of the New York Times, who celebrated having one million digital subscribers in October 2015, stressed that this remarkable figure was not sufficient and that “we need to move with much more urgency” (*New York Times*, 2015, p. 3). The Washington Post, acquired by Jeff Bezos of Amazon, is following a different strategy: maximizing digital readership by lowering copy prices drastically (*Economist*, 2015).

<sup>10</sup> Accordingly, media companies tend to shy away from establishing entirely new brands but rather acquire licenses of existing foreign ones. Politico Europe, a joint venture of the well-known Washington website and the Berlin-based publishing house Axel Springer, is a case in point.

<sup>11</sup> Politico Europe's business model focuses on company subscriptions of “verticals”, i.e., investigative newsletters relevant to specific industries such as energy and finance (Davies, 2016), hardly meeting the criteria of mass media.

#### 4. Options for Funding Pan-European Media

Digitization may pose significant challenges to private-sector journalism. However, with ubiquitous access throughout the continent now available at very low cost, digitization also lowers the hurdles for pan-European media, if there was a reasonable financing scheme. In this section, three options are discussed briefly: a public-law approach, EU subsidies, and a corporatist solution.

An obvious approach would be the creation of a European Broadcasting Corporation (Thomaß, 2006), modelled after the British Broadcasting Corporation. Many European countries followed the BBC example after World War II. Extending it to the EU level may seem to be a natural solution for creating an EPS. This type of media corporation's funding is separated from governments' budgets — by levying a special lump-sum fee on private households, companies, and organizations — to ensure editorial independence. To hamper direct political interference, oversight is allocated to bodies of representatives from different parts of society.

While this model has worked sufficiently well in different countries, transposing it to the European level warrants three caveats: judicial, political, and economic. First, in creating an EBC the EU risks overstepping its competences. In Art 167 the EU Treaty explicitly states that the Union is to respect the “national and regional diversity” of the member states (European Union, 2007). Still, in principle an EBC could be set up apart from the EU framework by a subset of countries, as was the case with the Euro rescue fund ESM and the Fiscal Compact, both of whom rest on international treaties outside EU law. Second, in the current political climate of resurgent nationalist sentiments, introducing an extra European duty would run into stiff opposition. Since the EBC fee would have to be differentiated along income levels, leaving richer member countries with a disproportionately larger share of the bill, it would entail elements of a transfer union in a sensitive policy area, rendering it a likely political non-starter, notably in net-contributor countries. Third, the creation of an EBC would be a far-reaching intervention in a rapidly changing market environment. If the new corporation was successful, struggling private media companies would come under extra strain from a publicly funded competitor. Private-sector innovation could be stifled, impeding novel digital business models.

An alternative to establishing of an entirely new institution would be subsidies from the EU budget designed to induce media companies' investments in pan-European services. From a strictly economic point of view this type of intervention may seem justifiable, the rationale behind it being that the production of a meritoric good, European quality journalism, is associated with substantial sunk costs; countering this impediment would be welfare enhancing. However, it is hard to perceive how this approach could yield sensible results in practice. The Commission would need to formulate a set of conditions defining which kinds of projects would be eligible, appreciate proposals and monitor their realization. Thus, there would be ample room for political deals, hardly compatible with the goals of fostering credible, independent media.

A third approach would be an intermediate one: a corporatist solution under which entities such as companies, business associations, trade unions, and other organizations collude to fund European journalism. Corporatism has a long tradition in continental Europe, particularly with regards to labour relations and social insurance schemes (e.g., Compston, 2003), but also in overseeing public broadcasting (Hallin & Mancini, 2004, p. 30). Under contemporary corporatist arrangements distinct functions are performed not by institutions of representative democracy, but by councils assembling “social partners” (i.e., employer associations, unions), churches and other groups. This course of action can be justified by the principle of subsidiarity (Muresan, 2014, p. 133); decisions should be taken at the lowest possible level in order to reduce information costs and to strengthen the commitment

of private sector players to social causes.

In terms of European media financing, a corporatist approach seems applicable given that bigger companies and their employees are the most direct beneficiaries of a stable Europe, a stable currency and an open common market. To put it the opposite way, a failure of Europe would impose immediate costs on businesses, especially on multinational companies that have built trans-European value-chains. Therefore, these players should have strong joint interests in stabilizing the EU and the Euro zone. If enduring stabilization is only possible through further political integration, and if, in turn, integration is only conceivable in the presence of European media, then it is not far-fetched to propose a corporatist solution.

In the long run, a weak media system is not in the best self-interest of business. Empirical evidence shows that the link between economic performance and the freedom of the press is rather strong, both on the company and at the national level. After all, a well-functioning media system provides the comprehensive levels of information that standard economic models assume to prevail. Without free media markets are prone to fail and the political process is bound to be strangled by vested interests; the prevalence of corruption is closely correlated to indicators of press freedom (Stiglitz, 2002). Thus, independent journalism is an essential part of infrastructure, for the market economy and for democracy, at the national and at the European level.

In the past, the corporate sector has provided a large share of media financing. Traditional business models of newspapers and magazines were built upon advertising revenues. In the new era of digitization, however, companies have reallocated their funds away from classic quality media to other channels such as search engines and social media. While this may be a rational business decision, it has created negative side-effects for society as whole, undermining the very foundations their businesses rest upon. As responsible corporate citizens companies and their owners should have a vital long-term interest in a functioning media environment. Just like foundations, that are increasingly eyeing journalism as a new field of action, a business-financed fund would be an alternative means to augment traditional media systems, notably at the European level where an EPS is non-existent.

Still, corporatism typically runs into two types of problems. First, they may not be efficient; since only representatives from some parts of society are involved, outsiders' interests may not be taken into account sufficiently.<sup>12</sup> Second, arrangements may not be effective; participants may not reach agreements that are up to the task. These objections, though, can be alleviated by adopting an appropriate institutional design.

## **5. A Modest Proposal: An European Media Fund**

A European Media Fund (EMF) can complement the existing media landscape where it is most needed: at the European level. This section provides a sketch of its design. It strives to tackle three questions: What kinds of project should be financed? How can the institutional set-up ensure journalistic independence? How could sufficient amounts of money be raised?

### **5.1 What Types of Projects Should Be Financed?**

In order to create an EPS two principles should be followed: a constructivist and a corrective one. National media tend to report along the lines of the nation state, thereby, implicitly or explicitly, constructing a we-them-divide. The respective nation serves as a point of reference. This is not only the case in reporting on

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<sup>12</sup> In analogy to corporatist bargaining over wages, that tend to neglect the interests of outsiders, thereby producing sub-optimal outcomes, i.e., setting wages at levels resulting in involuntary unemployment (Lindbeck & Snower, 2002), corporatist governance of public service broadcasting is prone to political and ideological influences neglecting the needs and views of outsiders, if boards and councils are dominated by specific interests. Unesco (2005) provides a best-practice guide to the governance of public broadcasting.

institutions, but also when it comes to economic, social or security affairs. While in other fields of reporting, international points of reference have become common — think of sports (most prominently, the pan-European soccer Champions League), popular culture, science, or the arts — politics, in its broadest sense, is still being framed in national terms. This practice contrasts with a political, social and economic reality where parallel developments can be observed across European countries and where spill-overs and interdependencies of various kinds are prevalent. In this constructivist vein, EMF-sponsored projects should aim at stressing these parallels and interdependencies. Following, in turn, the corrective principle, independent investigative projects should scrutinize institutions, companies etc. all over Europe, with a special focus on EU and Eurozone institutions, holding these institutions and their decision makers accountable to the European public. Ideally, EMF projects would combine both a constructivist and the corrective aim. Journalism does not help the cause of European integration if it idealistically paints rosy pictures. It does so, though, if it provides transparency by confronting EU and national institutions with serious research and tough questions.

Eligible for funding should be private media outlets whose business models and journalistic track-records are deemed fit to perform the task of pan-European reporting and that would refrain from doing so without additional EMF funds. These could be traditional media companies that are branching out to the European public as well as journalism start-ups of the Pro Publica type, an investigative journalism outfit in the US. Pro Publica's example is an interesting one, because its success rests on supplying other media outlets with complementary content. Stories may be taken from Pro Publica's website free of charge for further distribution.<sup>13</sup> This concept makes use of the public good properties of digital media content, striving to maximize readership of a product that can be consumed in non-rival ways by giving it away at marginal costs, effectively zero.

Lingual obstacles need to be cleared, too. To be noticed across Europe, EMF-sponsored content needs to be transposed to different European languages, at least the three major ones, English, French and German.

As long as truly European mass media are absent, tools and services could be provided that help to transmit discourses across borders. Projects that help bridging communicative gaps using up-to-date big data-based methods could be supported to provide more transparency on national debates across borders.

Training journalists to develop European rather than national angles could be a third field of action for the EMF. With the nation being the region of reference for traditional quality media, only very few media have been able to apply a supranational view. Training professionals, or journalism students, to develop a comparative and inclusive view of Europe would be a valuable undertaking.

## **5.2 How Can the Institutional Set-up Ensure Journalistic Independence?**

A business-sponsored vehicle such as the EMF is prone to arguments about its independence. To be efficient — in the sense, that journalistic projects are credible, respected and trusted, making the most of the resources allocated to them — the fund should be managed by a team of independent media experts. Independence from vested business interests is of the essence. Its governance structure should be designed accordingly. Shielding themselves against outside pressures and pursuing the best professional practices for their customers, i.e., the general public, has traditionally been a key challenge for media companies. In the past, they developed mechanisms to keep outside pressures in check and to foster journalism's own ethical and professional standards. Processes of self-governance, designed to keep big business, law-makers and courts at bay, are central to the independence of journalism (Fengler, 2014). These mechanisms include ombudsmen inside individual journalism

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<sup>13</sup> <https://www.propublica.org/about/frequently-asked-questions>.



outlets, who act as advocates for the users, as well as media councils at the national level that sanction misbehaviour of individual media or journalists. Central to all of these approaches are transparency and publicity. Complaints by users are routinely published and internally investigated. Those who fail to meet the standards are publicly blamed. These sanctions tend to work because, being an experience good, journalism's success depends on the trust people put in it; to be in the pillory can be lethal to media brands.

The corporatist EMF solution should be endowed with mechanisms equivalent to those developed and employed at traditional quality media. Furthermore, the broader the base of contributors to such a fund, the more diverse individual interests will be. The more business associations and trade unions, companies from various countries and sectors are taking part, the more likely it is that they will effectively neutralize each other.

### **5.3 How Could Sufficient Amounts of Money Be Raised?**

To make a meaningful contribution, the EMF would need considerable financial resources. Pro Publica had an annual budget of 11.5 million US dollars, all of its revenues coming from donations, based on an initial endowment by a wealthy individual.<sup>14</sup> Given the larger task of contributing to the formation of an EPS in a multi-language setting, a budget several times as large would be required over an initial funding period of several years. Raising amounts this large is no easy task. In effect, companies, business associations and other civil-society actors would be asked to provide for a public good, which, by definition, does not yield individual benefits. Dismissing this proposal as unrealistic would be premature, though. National governments have been able to nudge private sector players into agreements before.<sup>15</sup> To overcome the free-rider problem, key to success is the formation of an initial core group of influential participants from the business sphere with vital interests in the lasting stability of the European project. Associations such as *BusinessEurope*, the European association of national business associations, and the European Roundtable of Industrialists could be enlightenedly self-interested partners of an EMF. From this starting point, other civil society players, such as unions and churches, as well as private donors could be approached.

## **6. Conclusion**

This article analyzed how Europe could resolve its multifaceted crisis by furthering pan-European media. While it is widely acknowledged that more political integration is needed to bolster economic and monetary integration in the EU and the Euro zone, the absence of a common public sphere is a fundamental obstacle. For democracy to prevail at an empowered European level, institutions need to be held accountable and public opinion needs to be able to form across countries. Therefore, provisions to integrate public discourses across nations are required.

At the same time, the private media sector is hardly able to bridge the gap. Digitization is turning journalistic content into a quasi-public good. With marginal costs of production and distribution of digital content close to zero, prices as well as journalism producers' revenues have fallen accordingly. Media companies may be experimenting with novel business models, a silver bullet for private sector financing of quality journalism in mass media has yet to be invented. The continuing absence of pan-European mass media could, thus, be the result

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<sup>14</sup> <https://www.propublica.org/about/frequently-asked-questions>.

<sup>15</sup> For example, in 2000 the German government convinced companies to contribute to a foundation for victims of forced labour under Nazi government. Initiated by Gerhard Schröder, then German chancellor, the Foundation Remembrance, Responsibility and Future was endowed with 5.2 billion Euros coming both from companies and the federal government (see: <http://www.stiftung-evz.de/eng/the-foundation.html>).

of market failure, i.e., digitization turning products, that were a profitable business in the analogous era, into a quasi-public good. Hence, two processes collide: the multiple crises of Europe and the crisis of private sector journalism.

Moreover, if there was a viable way to operate pan-European journalism outfits, they could make use of considerable economies of scale; cross-border shipment is quite expensive for physical products such as newspapers, digital ones can be distributed at zero marginal costs. Non-rivalry in consumption of journalistic content suggests that barriers to distribution, such as paywalls of news websites, would be inefficient from a welfare-maximizing perspective, since more people could be served at constant cost levels.

These findings raise questions about alternative sources of funding. This article sketched a concrete proposal: the creation of a European Media Fund. It is a modest proposal, since it does not apply the regular textbook solution for the provision of public goods, i.e., general taxes. Instead, it envisions a setting in which a core of contributors is formed. Compatible with an enlightened version of Europe's corporatist tradition, this core would consist of players from major transnational companies and business associations, entities with vital interests in the lasting stability of an integrated Europe. Other contributors would be welcome to join.

The EMF would be a vehicle that provides resource to producers of journalistic projects with a pan-European angle. Traditional media companies, investigative journalism units, and individual free-lancers would be invited to apply for support. EMF-supported products, i.e., articles, audio or video pieces, should be presented in at least the three major languages of the EU, English, French and German, and should be free for re-publication by other media, thereby maximizing usership and making full use of public good properties of digital content.

Editorial independence is essential for the success of the corporatist approach. Developing specific governance structures to guarantee journalistic quality and to safeguard the EMF against interferences from specific interests was beyond the scope of this paper. Further research could draw from extensive literature on governance in public broadcasting, an area where similar problems arise, and on media accountability in general.

Specifying the process of forming a core group of contributors and putting it on a firm theoretical footing would be a worthwhile exercise. Collective action problems in the management of commons may provide a yardstick (e.g., Ostrom et al., 2010).

The argument that there may be an underlying demand for pan-European mass market journalism that currently is not met by sufficiently tailored products needs to be tested empirically. Experiments are required to specify which topics, angles and journalistic forms would be suitable for a transnational audience. Ultimately, it is the customers who decide about the success of any enterprise.

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