

Taxing times

As newspapers' woes grow, some are lobbying politicians to make Google pay for the news it publishes



In 2009 Rupert Murdoch called Google and other search engines “content kleptomaniacs”. Now cash-strapped newspapers want to put legal pressure on what they see as parasitical news aggregators.

In Germany politicians are considering a bill to extend copyright protection to excerpts of newspaper articles appearing in search engines’ results, thus enabling publishers to collect payment for them. Google is the main target: some German newspaper executives say it benefits from showcasing their material in search results on its news aggregator, Google News. A similar bill has been proposed in Italy. French newspapers want the same. On October 29th President François Hollande warned Eric Schmidt, the chairman of Google, that if French newspapers’ demands for compensation are not met by year-end, France may pass a law akin to the German one. Austrian and Swiss publishers are thinking along similar lines.

Giving away the headline and first sentence of an article supposedly dissuades readers from clicking through to the newspaper’s website to read the entire story. Critics also say that lifting even snippets of articles means Google can sell advertisements alongside them on its search platform (though Google News carries no ads).

But the benefit goes the other way, too. Google says it directs 4 billion clicks to news websites every month; perhaps as much as three-quarters of Google News users go on to read the full article. And newspapers can add a tag to their pages so that they do not appear in Google News.

German lawmakers will start to discuss the bill this month, and it could pass next spring. Newspapers will then probably join forces to set up a collecting society, rather as the music industry collects royalties on songs.

Google has said that having to pay for articles could “threaten its very existence”. But its most likely response would be to remove pages from newspaper sites in the countries concerned from its search results. That would hit media outlets that depend on search-engine traffic to boost their revenues from online adverts. Even Mr Murdoch, who pulled his newspapers from Google’s search results in 2010, decided in September that headlines and teaser text from the articles should reappear. Google News is not universally important. In October over 150

Brazilian newspapers opted out of it (although they still feature in results on Google's main search engine), saying they should be paid for their work. Traffic dropped by only 5%.

Newspapers are also claiming that copyright law is on their side. America's laws are more relaxed than most of Europe's, so search engines' use of some material from articles qualifies there as "fair use". But in Belgium a group of newspapers sued Google for news copyright infringement and won. The company is appealing against the ruling but is likely to have to pay some damages.

The real issue behind all this, however, is the decline of traditional media. In France not a single national newspaper is profitable, despite around €1.2 billion (\$1.54 billion) in direct and indirect government subsidies, according to Olivier Fleurot, the boss of MSLGROUP, a communications firm, and a former chief executive at the Financial Times, part-owner of The Economist. Google can hardly be blamed for the recession, declining readership, and slumping advertising revenue. Online advertising has not offset the decline of print ads in newspapers. In 2011 newspaper advertising globally amounted to \$76 billion, down 41% since 2007, according to the World Association of Newspapers. Only 2.2% of newspapers' advertising revenues last year came from digital platforms, and even these are vulnerable to ad-blocking software (see article).

News sprint

Even if some countries do get Google to pay up for using their headlines and some text from articles, it will hardly plug the holes in their newspapers' revenues, or speed their restructuring. Jan Malinowski, a media expert at the Council of Europe, says trying to get Google to pay for articles "is like trying to ban Gutenberg's printing press in order to protect the scribes".

The legal pressure may in any case be overtaken by changes in business models. Newspapers have mostly avoided charging users for reading articles in the hope of boosting visitor numbers to their websites. But thinking is shifting. Many of the Brazilian papers that opted out of Google News will launch paywalls next year, says Carlos Fernando Lindenberg Neto, president of the Brazilian newspapers' association.

The emerging business model is now the metered paywall: a few free articles entice readers, but they must pay if they want more (a model used by The Economist and the New York Times, among others). Paywalls have doubled in America this year. Other outlets are banding together to charge for access. Piano Media, a Slovakian firm, lets users buy access to multiple websites, TV and radio stations in a single country for a flat fee. It pays publishers in proportion to time spent by users on their sites. Such ideas may work better than hoping for a cheque from Google.

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