

# VOTE ME THE MONEY!

What if readers decided how much journalists got paid?

Story by Benjamin Alldritt

**B**etter media help voters make better decisions, and a Vancouver-based economist has a plan to give voters more power to improve the media.

Mark Latham is the creator of Voter-Funded Media, or VFM. Put simply, VFM is a way for voters to award funding to the media outlets that have served them best. It's already up and running at the University of B.C. and Simon Fraser University student unions, and Latham is working to introduce it at several college campuses in the Lower Mainland.

"I had long had this feeling that I wanted to change the world – save the world!" says Latham, who has put up more than \$16,000 of his own money to prove that the concept works. Raised in Burnaby, Latham earned degrees in math and business at UBC before going on to complete a PhD in finance at the Massachusetts Institute of Technology's prestigious Sloan School of Management.

Latham taught finance at Berkeley though the '80s, and it was in the summer of 1988 that he first had the idea that led to VFM. At the time, it was focused on improving corporate governance.

"I think it would be very beneficial," he wrote to a colleague, "to have a consulting firm hired directly by the shareholders. They would be an independent monitor of management, with no executive power except to spend a limited budget authorized by the shareholders."

The idea raised a few eyebrows, but went nowhere. In the meantime, Latham left Berkeley to work on Wall Street for heavyweights such as Salomon Brothers and Merrill Lynch. Six years in the trading capital left him with considerable fi-



ancial freedom and a renewed interest in corporate governance.

"In the power structure of corporations, I had seen some things that looked not good, and I had an idea on how to fix them."

Latham's idea was for a company's shareholders to keep a modest amount of money out of the control of company management. Independent consulting firms would fight for the job of scrutinizing the management, and would be paid out of the shareholders' money. The competition would encourage the consultants to bring the shareholders quality information. And better-informed share-

holders, Latham argued, would be better equipped to vote on their management's performance.

Fast forward to the year 2000. Latham has pitched his idea to more than a dozen companies, and has been turned away by every one.

Celebrity businessmen Warren Buffett and Bill Gates both wrote to their shareholders to advise against adopting Latham's proposal.

"I was disappointed," he says, "so I started shifting my focus a bit, realizing there was a parallel issue in democracies."

Latham retooled his idea, with voters replacing shareholders, media outlets replacing consultants, and government replacing management. He also decided to put up his own money to prove it would work.

Now living back in Vancouver, Latham dubbed his plan "Turbo Democracy," and took it to UBC's student government, the Alma Mater Society, in 2006.

"Student unions being about the smallest scale democracy which is still big enough that you see quite a disconnect between the elected council and the average voter," explains Latham.

"Well, the first thing they said to me was 'Get rid of that name!'" he recalls, laughing. Newly christened as Voter-Funded Media, Latham's idea was finally put into action during the January 2007 Alma Mater Society elections, nearly 20 years after he first proposed it.

"As a candidate, I found it wholly unpleasant," says Matthew Naylor, who was running for AMS Vice-President at the time. "Questions were asked of me that wouldn't have been asked otherwise. We had more coverage, and more diverse coverage than we've had in the past."

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## VOTER-FUNDED MEDIA

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The 2008 AMS elections were the second time out for Voter-Funded Media. Eleven media outlets paid the \$150 entrance fee, down from 13 in 2007. This year's top winner was campus newspaper The Knoll, with the blog UBC Insiders and debating society newspaper The Devil's Advocate rounding out the top three.

"This is what I called the turbo," says Latham. "It's a feedback loop that builds up the strength of the whole system. You vote for better media, which helps you vote for better politicians, and keep an eye on them once they're in office."

The Simon Fraser Student Society is also introducing the idea, and Latham is in talks with Langara and Kwantlen Colleges' student unions. Once he has a number of student examples up and running, the economist-turned-democratic-reformer wants to scale up to the municipal level and beyond.

But why do we need VFM off-campus, where media consumers already vote with their dollars? Don't sales figures already tell media if they're doing a good job? To understand VFM's role, says

Latham, you have to distinguish between private goods and public ones.

"The thing you would pay for out of your own pocket is different from what you would vote to pay for as a group," he argues. "We do not expect individuals to pay for public goods voluntarily."

"The same people who buy People Magazine at the checkout and want to read about celebrities, they will vote to spend collective money for in-depth analysis of the tax system and how it should be improved. Totally boring – they don't want to read it, but I think they realize it's important."

Though he acknowledges it might be a tough sell at city halls, Latham hopes to have a municipal level example within two years. He also hopes to find additional sponsors to help provide the initial prizes.

"Anyone who uses the rhetoric of democracy should support this," says Matthew Naylor. Despite losing his race in this year's VFM-scrutinized election, the political science student is adamant that voter-funded media find a place in higher levels of government.

"I think it can, I think it will, and I definitely think it should." (LJR)



Mark Latham is bringing his Voter-Funded Media project to a college or city hall near you.