
The Context, Purpose, and Structure of the Book

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Ever since newspaper companies have first turned to their governments for support to halt newspaper mortality caused by mounting economic problems in the 1950s, most continental-style European states have tended to agree upon applying public government-backed support to their print media operations and outlets. In contrast to the liberal Anglo-Saxon approach to press regulation which largely rejects the interventionist approach to providing cash injections to newspapers in need, corporatist-style government authorities in mainland Europe have long adhered to a public policy of granting financial subsidies to their press, according to which their democratic and political function—to guarantee that citizens have access to information, are accurately informed, and actively take part in the democratic political process—is promoted.

Today, significant changes have intensified pressure on the principles and practicalities of these interventionist government schemes (Doctor 2010). These pressures have endangered the secure funding necessary to produce both expansive high-quality journalistic and noneditorial press output. Arguments that exert pressures for change are manifold. On the one hand, state intervention into the economy by means of financial cash subsidies to newspapers has been attacked by political conservatives for offending against the principle of a free and independent press. Likewise, liberal economists have continuously criticized state aid for principally distorting the free functioning of the market. On the other hand, significant questions are now being increasingly raised about the need for and efficacy and future of state aids to the press. The confluence of external factors of change, be they technological, economic, socio-demographic, political, or other in nature, has come to threaten the very legitimacy of interventionist schemes of state aid to newspapers (OECD 2010; PEW 2013; WAN 2012). In gist, emerging end-user technologies and changing social trends, accelerated by the global economic crisis, have changed the commercial context for journalism and news management and continue to disrupt

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the existing business models of traditional newspaper publishing. Many of these factors driving this pattern of industry change may well contribute to public policy reform and strategic repositioning of the newspaper themselves.

In all, that the current news media industry is in crisis originates from the following broad claims (Barthelemy et al. 2011; Currah 2009; Nielsen 2012; Picard 2010): First, the *future business of journalism* is widely held to be in a terminal crisis today. The rise of digital technologies represents a profound change in how we communicate, how we interact, and how we learn about the world (Benson 2011; Benson and Powers 2011; Curran 2010; Kaye and Quinn 2010; Lee-Wright et al. 2012). In many cases, they have severely challenged the inherited journalistic routines and business practices of the media organizations that legacy news industries relied on to keep us informed about public affairs. Journalism today needs to move away from being processors of information to contextualizing information curators in a multi-platform usage environment. The onset of the global financial crisis in 2008, and the dramatic drop in revenue that followed, raised the level of industry turmoil as news organizations slashed staffs and budgets to cut costs (Anderson et al. 2012; Barnett 2009; Levy and Nielsen 2010).¹ But industry observers agree that not everything is doom and gloom: there is plenty to be optimistic about too. Indeed, there are even signs of industry recovery. Advances in technology have enabled journalism to flourish—from instant global distribution to community participation and more powerful storytelling techniques (Stone et al. 2012). And there are already instances where readers have shown they are prepared to pay for digital news content. It is worth remembering that despite these massive upheavals in business models and technology, the centuries-old perception remains widespread that an informed public is an intrinsic social good. How will journalism be funded when the business models that sustained it for centuries are crumbling?²

Second, most of the current challenges faced by news organizations today result from changes in the media environments and markets that arguably have reduced the *value of news* and information and disrupted the existing business models of traditional news producers and distributors. It is widely agreed that the news media landscape in Europe and elsewhere is becoming more chaotic and fragmented due to the confluence of technological, economic, socio-demographic, political, legal,

¹The Pew Research Center, an American think tank organization based in Washington, D.C., provides regular information on issues, attitudes, and trends in USA and the world. The “State of the News Media Report” is the work of the Pew Research Center’s Project for Excellence in Journalism, a nonpartisan and nonpolitical institute that studies the information revolution. See <http://stateofthemedial.org>. The World Association of Newspapers and News Publisher’s WAN-IFRA’s *World Press Trends* survey is the largest of its kind, containing circulation data from more than 150 countries and advertising revenues from more than 90 countries. See <http://www.wptdatabase.org/>.

²In the USA, for example, newspaper newsroom cutbacks in 2012 put the industry down 30 % since 2000 and below 40,000 full-time professional employees for the first time since 1978. Globally, however, newspaper circulation grew by 1.1 % in 2011, to 512 million copies, and 4.2 % between 2007 and 2011. The growing newspaper business in Asia has more than offset circulation losses elsewhere in the world (WAN-IFRA 2012).

and ethical or environmental advances. Importantly, technology-driven innovations such as news mash-ups and social media applications have led to a disaggregation of the news value chain for many news organizations and thus require new business strategies for both the print and online news markets (Currah 2009; Doctor 2010; Picard 2010). Internet and related digital technologies are considerably altering the economics of news publishing in that they provide a “competitive displacement effect” between traditional and online news media (Chyi and Sylvie 1998; Dimmick and Rothenbuhler 1984). This has led news publishers around the globe to continue their transformations in the new media ecosystem, expanding their platforms and product lineups in order to build new revenues and audiences (Foster 2012; Stone et al. 2012).

And, third, *audience fragmentation* for time, content, and media will continue. Individuals are nonetheless confronted with an ever-increasing availability of diverse news. As online news consumption becomes more widespread, usage becomes more ad hoc, irregular, and sporadic than it used to be. Online news readers get a variety of news from different sources, allowing them to mix and compile their own personalized information (OECD 2010). Legacy news publishers face a wide range of new competitors such as news aggregators and digital intermediaries and emerging forms of new journalism all of which devote an ever growing amount of attention to the Internet and the opportunities it offers (Picard 2003). Arguably, the ability of online content to reach a global audience means that the increased competition among news sites publishing stories on the same topics is driving down the value of news.

Hence, these pressures have brought situations which force newspaper executives and publishers to rethink established business parameters, strategies, and behaviors in order to ensure survivability, sustainability, and growth, all in accordance with the dynamic preferences of their consumers.

1.1 Newspapers in Crisis: Can State Aid Turn the Tide?

Above observations raise fundamental issues that policymakers, journalists and news makers, news media aggregators, and publishers must consider when evaluating the roles of news media in advanced democracies, about economic policy and market interventions, and about the very roles of government and self-governed media management activities in liberal societies. Now, can the traditional newspaper industry win the race against the clock for survival? What are the game-winning strategies newspaper publishers need to apply in order to safeguard economic viability and provide new competitiveness vis-à-vis digital online news offers? And, what is central to this book volume, how, if at all, can state aid for newspapers turn the tide?

Taking liberal, free market economics as the dominant governance paradigm and favored regulation model among most current Western-style countries, regulators are today navigating between the contradictions of general cost-cutting public austerity programs, interventionist antitrust laws, and financial subsidy schemes

for their news media industries that aim at engendering economic opportunity and prosperity, editorial pluralism, and a market structure which safeguards the diversity of titles. Worse yet, the appropriateness and legitimacy of public subsidies channeled to news media are further challenged by the inbuilt weaknesses of the current regimes themselves.

As it stands, the issues at stake point out the poles between which government regulators oscillate when asked for policy action to ensure both economic vitality and editorial diversity of the press. On the one hand, they continue to financially subsidize their newspapers as a genuine sociocultural asset worthy of political protection. On the other hand, those who question the value of continued state subsidies to the press not only criticize their political ramifications, but consider subsidies misappropriated as they slip into newspapers' pockets with no obvious return. Ending up as backdoor subsidies with no clear benefits, only artificially keeping alive those who are already economically weak, they do little to balance the structural inequalities of the market.

This book will fill this void. It provides a comprehensive analytical treatment of today's challenges in the printed news media industry's race for survival in a global perspective. It depicts current practices of government-backed state aid schemes to newspapers for political, economic, and sociocultural purposes against the background of declining readership and revenue, increased inter-media competition, austerity budgets imposed on national economies, and shifting audience tastes. Using the insights of theoretical debates within the scientific disciplines of media economics, media governance, the economics of regulation, and media management, this book provides a state-of-the-art analysis of these issues by investigating the powers of state aid policies to newspapers in general and financial subsidies more particularly.

Historically, interest in newspaper subsidies began to gain attention of policymakers and scholars in the 1970s in response to increasing newspaper mortality. One of earliest comparative studies of these support mechanisms was made by Anthony Smith (1977, 1978) and Milton Hollstein (1978) since that time a number of studies have described and compared national press support policies (Picard 1984, 1985; Santini 1990; Holtz-Bacha 1994; Murschetz 1997, 1998; Humphreys 2006). Smith, who conducted a survey of the types of state assistance offered in Europe, stressed the role government plays in safeguarding democratic viability: Newspapers would guarantee that citizens have access to information, are accurately informed, and actively take part in the political process. Smith, a doyen of research on press subsidies, traced the etymology of the word "subsidy" and found that "*the word subsidy has become, in certain times and places, to be used almost synonymously with 'bribery'. Newspaper people themselves have often rejected payments from authorities, when these have been offered, as necessarily undermining the principle of independence. The newspaper, it is traditionally argued, must operate, to be free, entirely in the open market, or rather, in two markets, for, since its very invention, the newspaper has depended on advertising as much as on direct sales*" (p. 1).

Most studies, however, have consisted of mere descriptions of the types of state intervention into print media systems on a national scale. Only a few have gone

further to seek explanations of patterns and causes. Robert G. Picard (1985), one of the leading figures of research into media management and economics in Europe, found patterns of press intervention which were related to national economic and industrial policies rather than in terms of specific press policy, and that the intensity of intervention in newspaper economics differed widely among nations (Picard 1984). These studies attributed differences among national policies to cultural elements and to economic policies toward industries overall.

Later, in the mid-1990s, Christina Holtz-Bacha was first to study measures of state support in Western Europe in international comparison. Adding to the high-impact double-volume book on *Medienmanager Staat* (English: *The State as Media Manager*), edited by Peter A. Bruck, Holtz-Bacha came to conclude – among other things – that cultural differences would play a big role when subsidy schemes were to be applied. Not only would subsidy-promoting political parties be interested in keeping alive their party papers by means of proactive financial assistance, but also would the model of state organization (centralized vs. federal), the size of a country (i.e., the issue of media regulation in small states), the language space (i.e., one or multiple languages spoken in a specific region), and geographic specificities (e.g., of delivery and logistics) be important impact factors informing policy approaches and actual politics. Further, Peter Humphreys argued that governments should turn attention to designing press support schemes in ways that a pluralistic and culturally diverse press sector can be maintained. A diverse press sector would be more important than ever in the Information Age (Humphreys 2006). “*If newspapers are to be competitive with other media in the Information Society they need to invest in restructuring and innovation, including in online activities. This places a heavy burden on smaller, financially weaker, or already struggling newspapers. These therefore deserve to receive continued public support*” (p. 51), Humphreys concluded.

And, lately, a research study published by the Reuters Institute for the Study of Journalism at Oxford University, titled “*Public Support for the Media, A Six-Country Overview of Direct and Indirect Subsidies*,” showed that public subsidies differ greatly in Finland, France, Germany, Italy, the UK, and the USA (Nielsen and Linnebank 2011). The study authors Rasmus Kleis Nielsen and Geert Linnebank revealed that while the US government allocated 16 % of public funds to the media, US newspapers would attract 94 % more readers than Italian ones. Germany spends 40 % less than Italy on press subsidies yet reaches three times the number of Italian readers. Their research also pointed out that, in general, the allocation of public money does not seem to constitute any guarantee for a healthy media market, as public funds are not necessarily invested on innovation or improvements. In all, Nielsen’s and Linnebank’s report stressed the fact that there is no evidence that subsidies actually improve the competitiveness of a country’s media market. Nielsen and Linnebank also elaborated three models in terms of how public support for different media systems is distributed across them. Their nation-specific classification revealed that public support for the media primarily takes the form of license fee funding to public service broadcasting media, and, to a minor degree, state support would be allocated mainly as indirect (and not direct subsidy) support to incumbents of the private print media industry. Both authors identified

the following three models of public support for the media (Nielsen and Linnebank 2011, p. 28):

- Finland, Germany, and the UK all run a *dual model*, combining a high degree of license-fee funding for public service media with considerable indirect subsidies to their private press.
- France and Italy both operate a *mixed model*, combining medium-degree levels of funding for public service media with a blend of indirect and direct forms of support for private sector media.
- The USA remains an exception with its *minimalist model*, combining low levels for public service media with low levels of indirect support and no direct support to private printed media outlets.

1.2 Why Study Press Subsidies?

This is an independent research study to establish an integrated view of academic debates and practical policy case studies on a truly international scale. This book is aimed at a student market, the scientific community of researchers into media management, media economics, and media policy, as well as practitioners in publishing, press regulation, and media governance. The book's main objective is to analyze and discuss state aid for newspapers across and beyond Europe.

The volume brings together experts in the field to combine theory with industry practices. It excels prior publications on government subsidies to newspapers in being more analytical in focus and scientific in approach. It may thus be considered as one of the first books to combine economic and public policy theories with practical issues of print media governance in journalism and the news media publishing domain.

The book project is a joint interdisciplinary effort of a team of many partners, coming from all across Europe (including Switzerland), as well as from Russia, Australia, and the USA. We use a multi-method approach (desk studies and cases) for the analysis. We believe that the single-case study research design depicting current issues and debates around subsidy schemes to newspapers on a national level is best suited to the study of the present phenomena.

State Aid for Newspapers shall deal with a vast area of issues. It is attempting to:

- Explore theoretical issues of government support to print media.
- Discuss the plausibility and rationale for intervention.
- Examine the governance of subsidy schemes and the instruments applied to reach them.
- Broaden the understanding and discussion of the impact of subsidies on press operations, managerial decisions, and the public.
- Study the effects of subsidies on the economic competition of newspapers.
- Analyze the effects of political efforts embodied in the subsidy schemes to halt concentration and stimulate the diversity of opinion.

- Explore deficits endemic in the schemes and the pressures, problems, and dilemmas that surround them.
- Unravel the overall success or failure of the schemes to keep newspapers afloat and to strengthen both their commercial competitiveness and democratic accountability in safeguarding press diversity and promoting plurality of views.
- Consider possible changes to make them more effective.

1.3 How to Read this Book

The present volume is structured into three parts. The book starts with an *Introduction* into its context, purpose, and structure (Paul Murschetz, Chap. 1). Part I will introduce the reader to theoretical concepts surrounding the big issue *State Aid for Newspapers*, supported by explanations from newspaper economics more generally (Paul Murschetz, Chap. 2). There, it will pursue some crucial underpinning issues of a rather wide theoretical canvas. It will predominantly focus on the viewpoint of media economics in explaining the more practical issues that lie ahead.

Part II tackles mid-range theories on state aid to the press. It starts with offering a topography of issues and challenges in the provision of state support for news in general (Robert G. Picard, Chap. 3). Then, it surveys subsidies to various industries including the film industry and the different macroeconomic policy approaches that guide it (Nikolaos Zahariadis, Chap. 4). Further, it enters the effects debate on subsidies and sets up a model of demand for a regional newspaper monopolist by analyzing its profit-maximizing level of journalistic quality (Christian M. Wellbrock and Martin A. Leroch, Chap. 5). The subsidy debate is further widened by a chapter on the effects of European Union (EU) state aid rules on Member States' press support policies (Evangelia Psychogiopoulou, Chap. 6). Theoretical issues are eventually rounded off by discussing the heuristics offered by the theory concept of governance (Hamelink and Nordenstreng 2007). By this, we distinguish different domains of press governance, namely, ownership regulation, press subsidies, limitations to press freedom, and editorial standards (Manuel Puppis, Chap. 7).

Part III features a selected range of case studies on the provision of newspaper subsidies, their governance, and effects on affected markets. We believe that *single-case study* methodology is more than suitable for exploring the question of press support in Europe and beyond. This is because there is no single European-wide (and thus obviously no global) approach to press subsidies. Each nation has developed its own subsidy scheme, reflecting different economic policies, political contexts, and cultural differences. Further, we know that case study research is a popular qualitative method used in media economics and public policy research. And, as far as our research strategy is concerned, we believe that single-case study methodology is the inquiry tool that best investigates our phenomenon within its real-life context, especially when the boundaries between the phenomenon and the context are that complex (Yin 2002).

The case-based part is pragmatic and qualitative in nature. This means that we use case study research to describe an intervention and the real-life context in which

it occurred. The selection of cases was pragmatic in as far as it had to pick cases on the basis of two criteria: (a) *Availability* and *accessibility of data* which was guaranteed by the authors originating from the countries they analyzed and (b) *External validity* (albeit not being comparative and built on multi-case study logic) in order to instances which reveal critically interesting experiences of a nation, i.e., lessons to be learned from different regulatory practices across a wide range of countries. Unfortunately, especially the first criterion denied selecting those countries which we believed would have been best-practice illustrations by history and culture of newspaper subsidy practice.

For this reason, there are a range of countries providing government support to newspapers which are not referred more deeply in this book. A best-practice example is Canada, where subsidies are provided by *Newspaper Canada*,³ which runs the *Canada Periodical Fund*, a subsidy program for community newspapers and magazines. Another interesting case is Denmark, where the current three-party center-left coalition government had reviewed the country's press subsidy scheme in January 2013 and now hands out a 55 million euros to print and online media yearly. Beneficiaries have to offer at least 50 % on editorial content of which one-third has to be produced in-house. Editorial contributions have to be of public interest and need to be produced by three full-time journalists (to be supported by some free-lancing journalists). Subsidies may amount up to 2.3 million euros per applicant or 35 % of total editorial costs.

In addition, Denmark also provides for an "innovation fund" for restoring economically weak newspapers and bringing new publications to market. Further, in Italy, where newspaper readership remains low compared to most of EU countries, an unhealthy dependence on state funding is created through a great amount of public funds granted to the written press, that is, newspapers and magazines linked to a political party, movement, or an individual political figure. Now, with Italy feeling the economic (and political) crisis and the government seizing the scissors to cut public spending, party-owned media organizations, such as *Liberazione*, the voice of the Communist party, are expected to suffer most from subsidy cuts. Norway, which is a nation of avid newspaper readers and also a best-practice country for newspaper subsidies over decades, is currently (albeit only slowly) changing its subsidy scheme for the media. While the government is still handing over ca. 40 million euros to its newspapers in the form of a *direct* "production grants," and monies particularly go to so-called "No. 2 newspapers," i.e., economically disadvantaged newspapers, some changes in the scheme are under way since a committee formed in 2010 found that the newspaper subsidies were better allocated as *media subsidies* more generally such that print newspaper publishers were stimulated to invest more into their electronic outlets (Engebretsen 2009;

³ Headquartered in Toronto, *Newspapers Canada* is a joint initiative of the *Canadian Newspaper Association* and the *Canadian Community Newspapers Association*. The trade association represents over 830 daily, weekly, and community newspapers in every province and territory in Canada.

Østeraas 2006; Skogerbø 1997).⁴ Part III of this book starts with Australia (*Franco Papandrea* and *Matthew Ricketson*, Chap. 8). Australia has one of the most concentrated newspaper industries in the developed world. Policymakers have tended to counter related concerns about diversity of opinion in newspapers with measures promoting diversity of ownership of broadcast media including restrictions on newspaper control of other media. While subsidies to newspaper production have not been a feature of media policy, the industry has benefited from several direct and indirect assistance measures at various times in its 200-year history. As in many other countries, newspaper circulation has been declining for decades, but the primacy of newspapers in the advertising market was not seriously challenged until the recent rapid rise of the Internet as an advertising medium. The consequential structural adjustments have raised concerns about the future sustainability of the crucial role that newspapers play in a democratic society and have led to calls for government assistance. The issue of press subsidies was pushed by a recent federal government-initiated media inquiry into media and media regulation. However, while the inquiry acknowledged the difficulties facing the industry it stopped short of recommending financial assistance.

Next is Austria (*Paul Murschetz* and *Matthias Karmasin*, Chap. 9). Austria has introduced a direct general government subsidy scheme for newspapers already in 1975. Operating across all daily and weekly newspapers, a unique feature in Europe, it was built on the original idea of compensating publishers for the then newly introduced Value Added Tax. While this general scheme is still running and distorts the market structure in favor of the market leading boulevard press, Austria introduced a selective financial subsidy scheme in 1985, the so-called “*special subsidy for the maintenance of variety*,” granted to secondary daily newspapers based on criteria of circulation and advertising volume. Today, the current scheme is set to be overhauled by government, and its future is widely discussed by academics, lobbyists, political party representatives, and NGOs. At stake are principles, design, and total amount allocated to newspapers. While the country continues giving out state money to newspapers, the general purpose to safeguard the future of the press and quality journalism is more than contested.

The Belgian government has long adhered to an *étatiste*-interventionist tradition of promoting diversity and quality in the print media. Consequently, Belgium has developed a support system of the press. Indirect government support, aimed at the newspaper market as a whole, had been organized by the federal government and mainly consisted of favorable rates with the postal service, but also a zero percent VAT rate. Belgium had also introduced a direct subsidy scheme in 1973 a direct subsidy support system, aiming at helping out the ailing party press at that time. The scheme was plagued by party, political, and linguistic strife, however. While the

⁴ Analyses on other countries which have attracted scholarly research interest on the issue and are not covered in this book are covered by a publication of the Netherlands Press Fund (Ed.), *Press and Press Support in a Digital Age. International Conference on Press and Press Support in a Digital Age*, 3–4. October 2007, as well as by an earlier publication by the Autonomous University of Barcelona. See, Fernandez Alonso et al. 2006.

indirect subsidy system was criticized because of its general nature, with the effect of disproportionately favoring the bigger papers, the government decided to phase out the direct subsidy system in 1997 due to ineffectiveness (De Bens 2009; Raeymaeckers et al. 2007).

The next chapter (*Ike Picone and Caroline Pauwels*, Chap. 10) will look into the region of Flanders where the rise of digital media and changing media consumption patterns has had a particular impact on the news market. Flanders, being a small linguistic and cultural community, has built up barriers to market entry for alternative news products. In contrast to the centralized, direct subventions for newspapers published in the French speaking community, government subsidies to the press in Flanders are distributed and managed in collaboration with sector-specific associations such as the *Flemish Association of Journalists*, the *Flemish Association of News Media*, and the *Flemish Association for the Press*. Dedicated press support is limited in scale and scope and mainly aimed at supporting the day-to-day operations of journalistic organizations, on-the-job training of journalists, as well as small-scale research projects into investigative journalism. Support for media innovation, on its part, has been steadily growing over the past decade. Various Flemish institutions have been set up for this purpose, focusing on research and development. These initiatives fit in the strategic policy imperatives of the Flemish authorities that want to turn Flanders into a knowledge economy by 2020. In this chapter, the authors argue that in times where direct subsidies to the press are unlikely to increase, press organizations might need to take a more creative and proactive innovation approach if they intend to benefit from support measures. Innovation grants can be a welcoming source of funding for Flemish press companies.

The chapter on Bulgaria (*Georgi Kantchev and Nelly Ognyanova*, Chap. 11), said to be the poorest of all 27 countries in the European Union, opens another critical debate on press subsidies: Hidden practices and unwelcome side effects of state subsidies handed over to the press in various indirect ways and the social cost that such activities as lobbying, favor seeking, and political parallelism as part of state support to newspapers infer. Their text argues that while current media laws and regulations in Bulgaria do not foresee any direct state aid for newspapers, several mechanisms of indirect help reveal more unofficial, shadowy practices that exert unhealthy influence on the press. Much of this intervention aims at seeking government advantages over other commercial market players, all by means of public money.

Finland (*Hannu Nieminen, Kaarle Nordenstreng and Timo Harjuniemi*, Chap. 12) then addresses the rise and fall of a long-standing government subsidy scheme to newspapers. Historically, the Finnish state has handed out considerable amount of subsidies since the 1960s. Much of it was guided by a consensus across all political parties that the ailing party press had to be helped out financially, newspaper deaths to be averted, and pluralism of opinion safeguarded. The big change came in 2008. Then, the direct state aid subsidy scheme was judged as a violation of the EU State Aid Directive and accordingly completely slashed by the Finnish authorities. Today, the only direct subsidy left is the so-called “*selective subsidy*

granted to newspapers published in national minority languages” (such as Sami, Romany, and Swedish). The annual budget of the aid is a mere 0.5 million euros and maximum aid intensity is 40 % of the newspapers’ operating costs. Today, indirect state support is much more important, i.e., the tax exemption of the newspapers (zero percent VAT, amounting to 313 million euros per year, according to Nielsen and Linnebank 2011) and the reduced charge for postal delivery of newspapers, making home delivery payable for households in remote areas (allegedly amounting to more than 100 million euros per year). In Finland, another landslide regulatory change came in 2012 when the long-standing policy according to which newspapers were exempted from VAT (a zero-rated VAT) was canceled and a VAT of 9 % was imposed for the first time. In all, these governance moves are much in opposition to government policies in a country whose political fundamentals have traditionally been built on the ideas of public interest and the social responsibility of the press.

The next case study chapter is on France (*Matthieu Lardeau and Patrick le Floch*, Chap. 13), the most prominent example for a highly interventionist newspaper subsidy culture. There, government subsidies to newspaper have come to be a *raison d’être* for the newspaper industry. At the same time, critics oppose the scheme for not being effective since subsidies have done little to preserve a vivid, vibrant, and pluralistic press landscape. Even worse, as is argued by the chapter authors, state subsidies have not averted the market from failure.

The book will then focus on Germany, France’s big neighbor and considered to be the strongest economy in Europe. Germany (*Castulus Kolo and Stephan Weichert*, Chap. 14) acts reluctantly to any kind of state interference in media, an attitude which is attributable to the problematic role the press played in the years before and during the Nazi regime. Consequently, the country’s postwar media system is since based on the principle of press freedom as stipulated in the German Constitution of 1949. However, while this disallows for state interference in terms of subsidies, alternative funding models beyond state subsidy are currently debated in order to improve the financial situation of particularly news journalism in the country. Hence, this chapter focuses on these nontraditional funding models such as charity, trust, or cooperative ownership and looks into their potential to ensure that investigative journalism in Germany will survive the structural crisis (Esser and Brüggemann 2010; Weichert and Kramp 2009).

State/media relations in Greece (*Stylios Papathanassopoulos*, Chap. 15) are characterized by political clientelism, that is, patron–client relationships between the ruling elites and the press owners, which seem to reveal a deep-seated ambiguity ingrained in the role definition of the press in Greek democracy. The author explores the roots of this sort of power play in a political system that lacks transparency and accountability regulation. On top, the Greek state is currently challenged even more as the recent financial crisis clamps down on the country as a whole.

Much light has recently been shed on Hungary’s latest moves to restrict press freedom and media pluralism. There, the Hungarian parliament passed a succession of controversial, far-reaching laws which overhauled the regulation of the print,

broadcast, and online media. After a negotiation process between the Hungarian government and the European Commission, several amendments were passed in March 2011, only later to be declared as unconstitutional by the Hungarian regime. The chapter on Hungary (*Agnes Urban*, Chap. 16) will focus on government intervention via indirect subsidies through publicly funded advertisements by government agencies. By this, it is argued, the state exerts significant control over the media and acts as a strong governor which decisively influences the financial results of Hungarian publishers.

The Netherlands (*Lou Lichtenberg* and *Leen d'Haenens*, Chap. 17) is a shining example for a country of high esteem for public intervention into the press. Building on its history of subsidy success of safeguarding media plurality, the authors argue that government should excel its interventionist ethos and also aim at stimulating innovation as a “duty of care” approach, based on freedom of speech and every citizen’s right of seek information and ideas. In this context, the Netherlands Press Fund is scrutinized as change agent and driver of innovation in news publishing of the future.

Some more light shall then be shed on another big Eastern European nation-state: Russia (*Mikhail Makeenko*, Chap. 18). Russia still struggles to build a solid economic base for its newspaper industry. Today, newspapers represent the smallest segment of the total Russian advertising market, but show the lowest growth rate among all media sectors. However, state officials and some parts of the national and regional elites consider newspapers as a crucial element of their propaganda, at the same time they see print media as an instrument of unification of the country’s huge territory. Moreover, state support remains a core element of industry economics and keeps the press alive as a cultural institution. Selective and targeted funding would strengthen the press as an effective means of organizing the public discourse.

The Swedish model (*Mart Ots*, Chap. 19) for press subsidies has attracted considerable international interest in answering this crucial proposition in that it has represented a role model of an active state, having been focusing on direct and selective support to weaker newspapers over decades. In times of declining print markets, however, Swedish legislators seem to seek answers to one pivotal and overarching question: How can the state continue to support a range of channels as diverse as necessary in order to foster societal debate and safeguard the plurality of news provision?

Switzerland (*Alfred Hugentobler* and *Christian Jaag*, Chap. 20), by contrast, is a typical non-interventionist case study country. There, the press benefits from government provision of merely two forms of indirect subsidy: Subsidies to support postal transport prices and a reduced VAT rate applied to specific printed matter. Discussing postal subsidies, this chapter argues that the new Postal Act which had come into effect in 2012 has made the scheme much clearer and more effective in allocation. Discussing postal subsidies, this chapter argues that the new Postal Act which had come into effect in 2012 has made the scheme much clearer and more effective in allocation. However, some regulatory inconsistencies still remain.

Similarly, The United Kingdom (*David Baines*, Chap. 21) is traditionally critical toward all proposals to directly intervene into its press. Apparently, British regulators have proved the most skillful in playing a regulatory system of *official* non-intervention into the press, thus rejecting the interventionist approach to sustaining press diversity by direct subsidies in many other European countries.⁵ Yet, although officially viewed as “tax on knowledge,” substantial indirect support is granted to the press by zero-rating press sales and advertising revenues. Given this milieu, little success can also be reported from the economic regulation of British press monopolies. Although there is a body of law which purports to regulate mergers, monopolies, and anticompetitive practices of newspapers, it has repeatedly been criticized as a somewhat half-hearted and completely ineffective attempt to limit the size and thus power of press companies.⁶ Relying solely on general competition law to protect diversity in the press, British press policies are thus primarily concerned with the operation of the economic markets rather than with the distinctive wider needs of public policy, in particular the need to ensure the expression of a rich diversity of views and opinions. With the “normal” antitrust law considered the most effective policemen for fair press competition in Britain, the unwillingness to intervene is paralleled by a system of voluntary self-regulation by a press watchdog, the UK’s Press Complaints Commission (previously the “Press Council”), established in 1991 and, as indicated above, by the resistance to step into the field of subsidies, itself unequalled in Europe. The chapter on the UK takes another spin on the topic of press freedom in the country. It starts out from acknowledging that commercially independent UK print media companies come to oppose the publicly funded BBC and claim, by virtue of that independence, to act as critical scrutinizers of the political process. Now, the discourse of independence and democratic oversight was recently deployed by the local and regional press in order to avert the expansion of the BBC’s diversification strategies at local level and other print media initiatives by local government. The chapter contests the validity of state independence argument put forward by the commercial press. It uses a case study of a local newspaper organization to demonstrate that the local press does enjoy substantial and significant support from the public purse and that the industry’s claims to act as independent counterweights of the political process only conceal more nuanced and complex relationships.

Part III closes with presenting possibilities to publicly intervene into American media. Although consensus has been reached that journalism is in crisis, few agree on the nature of its decline or the means of resolving it. After providing an overview of this ongoing debate from an American perspective, the author (*Victor Pickard*, Chap. 22) contextualizes the US journalism crisis within several historical, political, intellectual, and structural processes that help highlight what is at stake and

⁵The government’s aversion for intervention is best set out in the report of the last Royal Commission on the Press. See the Royal Commission on the Press 1974–1977, *Final Report* (RCP 1977), Cmnd 6810, HMSO, London.

⁶This view has been advocated by Curran (1978), Sparks (1992), and Tunstall (1996).

what can be done to support the journalism required for a democratic society in the USA. He proposes to look closer into the issue of press subsidies. It is surprising that subsidies have been relatively common throughout the history of American news media. Postal subsidies, public and legal notices, and tax breaks have been important sources of revenue for the publishing industry throughout American history (Cowan and Westphal 2010; Nilikantan 2010). However, recent market failures in supporting journalism arguably underscore the necessity and legitimacy for implementing targeted subsidies. This final chapter provides an overview of this history, examines the potential for public policy intervention in light of the current journalism crisis, and offers a justification for implementing various forms of subsidies today. In particular, this chapter suggests that as the health of American newspapers continues to decline, it is likely that subsidies will become journalism's last best hope (FTC 2012; Greenberg 2012; Kirchhoff 2010; Schizer 2010; Schmalbeck 2010).

Part IV develops a critical summary assessment of all previous chapter results (Paul Murschetz and Josef Trappel, Chap. 23).

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This book goes back to the author's earlier academic publications *State Support for Daily Press in Europe: A Critical Appraisal* first published in the *European Journal of Communication*, and *State Support for the Press – Theory and Practice. A Survey of Austria, France, Norway and Sweden*, researched for Glasgow Caledonian University (Dept. of Language and Media), published with the European Institute for the Media (*Mediafact*, October 1997). Last but not least, we thank Barbara Fess, editor in business/economics, and Marion Kreisel, editorial assistant, both *Springer-Verlag*, for their patience and great support throughout the editorial consultation and production process.

With the contributions of its many participants, this book attempts to be a first step to an international network of exchanging information and ideas on policy and research on *State Aid for Newspapers* for the future.

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