Greece: Press Subsidies in Turmoil

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15.1 Introduction

Greece is a small European country located on the southern part of the Balkan Peninsula in the south-eastern part of Europe. A major part of the population (4 out of 11 million) is concentrated in the wider metropolitan area of Athens, Greece's capital. The birth of the modern Greek print media largely coincided with the struggle for independence from the Ottoman rule in 1821 (Koumarianou 2005), and its development paralleled the growth of political life in the nascent Greek nation-state (Papadimitriou 2005). One result of this growth process was that the state came to strongly intervene into its economy. Greek social life in the past had been dominated by profound schisms: between "modernists" vs. "traditionalists" in the cultural sphere, and "leftists" vs. "rightists." Each of these spheres came to oppose each other strongly over time (Demertzis and Charalambis 1993; Demertzis 1996).

Assumingly, these structural preconditions together with a weak or better atrophied civil society and a late development of the domestic capital stock have led to a model culture of an interventionist state. Much of Greece's uniqueness is said to reside within the leading role the state has taken in promoting the economic development of the country (Featherstone 1994). In fact, the slow development of the private industrial and services sector and its dependence on an interventionist state have meant that the state has become ever more autonomous from the rest of society. As Costas Vergopoulos, a Greek professor of the study of political economy, put it: "*Ever since the middle of the nineteenth century, nothing could be done in Greece without it necessarily passing through the machinery of the state*" (as quoted in Mouzelis 1980, p. 248). This situation has also been attributed to a weak civil society as a consequence of which the state has had to support society in building up politico-ideological orientations (Mouzelis 1980). On top, even the

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elites in the economy sector have not managed to form well-organized and cohesive pressure groups. Mouzelis (1980, p. 262) noted that because of the persistence of patronage politics, even political parties and interest groups had to be articulated within the state apparatus. Again, the fact that the state has played a decisive role in the formation of the Greek economy and polity highlights its importance and weight in today's autonomy from its people.

The growth of the modern Greek press in the mid-nineteenth century paralleled the establishment of political parties in the country. Then, each party had its own newspaper. Regardless of the fact that the political party system and newspaper ownership grew up separately, an identity of common interests was maintained. The press watched all developments of political life and became a distinct power player. This was because Greek newspapers were not only partisan but were also used by their owners as instrument of pressure against government in order to serve their own particular interests. In effect, the relationship between the press and the political power in the early days of the modern Greek state was eloquently commented by the then influential newspaper Ephimeris ton Syzitiseon (Greek: "Journal of Debates"): "*Everybody uses the press as a patron and as servant for the best or the worst. . . it is not the press' fault, but of the governments that are buying it*" (*Ephimeris ton Syzitiseon* 1874, p. 1).

Since the size of the Greek market was considered to be too small to support too many newspapers at the same time, the state and its political elite tried to appease the few press owners left through various press subsidy schemes. The press owners who also came from industry sectors such as construction and telecommunications had used their newspapers as a means of control of government. While the government wanted a friendly press, it had to mitigate the power of adversarial press barons through various appeasement media policies. The economic power of the press barons well corresponded with their power as opinion-maker, and, next to state broadcasting, newspapers were the key mass media for the dissemination of political information of PanHellenic interest (Hallin and Papathanassopoulos 2002).

In this chapter, I will critically analyze the Greek subsidy scheme for newspapers. I will argue that state aid for the press has been heavily influenced by the troubled Greek patronage politics. I will organize this chapter in two parts. The first part deals with the structure of the Greek media system, which has been heavily affected by the interplay between the political elite and the press. Second, I will point out that press subsidies have not been governed by a clear legal framework. Instead, I argue that press subsidies in Greece have been used as state instruments of appeasement and silencing the print media. I build on the suggestion that state–media relations in Greece are an asymmetric relationship and could best be described through the concept of *clientelism,* as I attempt to explain in the next section of this chapter. Finally, I will conclude that press subsidies in Greece are in a state of continuous turmoil. This is due to the financial crisis and the austerity package put in place which exerts huge pressure on the existing practices of the press support provisions.

15.2 Media, Clientelism, and the State

The interplay between the state and the media has largely arisen from the tensions within Greek society itself. In the case of the media, the state may intervene in various ways (Hallin and Mancini 2004). As for Greece, the state has played the role of censor. The direct authoritarian control of the years of dictatorship is presumably a thing of the past, but some remnants have carried over into the democratic period. Second, the state has also played an important role as an owner of media enterprises. The electronic media have traditionally been under the total and tight control of the state. Third, in a more indirect but nonetheless effective way, the state has enforced its policies on ownership as well as the unwritten rules of power politics by using a wide range of means of intervention. These means include sizeable financial aid to the press, on which individual enterprises have become dependent. Finally, the central role of the state in the Greek media system has no doubt limited the tendency of the media to play the "watchdog" role so widely valued in prevailing liberal media theory. The financial dependence of media on the state has combined with the intertwining of media and political elites within a highly centralized state polity. This has led to a journalistic culture which has historically been cautious about reporting news which would be embarrassing to state officials.

Clientelism refers to a pattern of social organization in which access to social resources is controlled by patrons and delivered to clients in exchange for deference and various kinds of support. It is a particularistic and asymmetrical form of social organization and is typically contrasted with forms of citizenship in which access to resources is based on universalistic criteria and formal equality before the law (Hallin and Papathanassopoulos 2002, pp. 184–185). Clientelistic relationships have been central to the social and political organization in most southern European countries (Hallin and Papathanassopoulos 2002, pp. 184–185).The greater prevalence of clientelism in southern than northern Europe is intimately connected with the late development of democracy in southern Europe. It is historically rooted in the fact that autocratic, patrimonial institutions were strongest in the south (*ibid.*). The emergence of clientelism represented not simply a persistence of traditional hierarchical social structures, but a response to their breakdown, in a social context in which individuals were isolated, without independent access to the political and economic center, e.g., through markets, representative political institutions, or a universalistic legal system, and in which "social capital" was lacking (see also Eisenstadt and Roniger 1984; Gellner and Waterbury 1977; Kourvetaris and Dobratz 1999; Mouzelis 1980; Roniger and Günes-Ayata 1994; Putnam 1993; Katzenstein 1985). "*Clientelism evolved as a correlate of modernity*", write Roniger and Günes-Ayata (1994, pp. 24), thus providing mechanisms for social actors to gain access to resources as modernization disrupted traditional institutions. It is often said to be particularly prevalent under conditions of relative scarcity, where competition for meager resources is particularly sharp, leading to mistrust among people outside immediate families and patron–client relationships.

The classic form of clientelism is dyadic, based on individual relations of dependence. But as national political institutions developed, including parties and centralized administration, clientelistic relationships combined with them to create a more complex, pyramidal form of clientelism (Hallin and Papathanassopoulos 2002).

At the same time, clientelism may affect the development of the news media in many ways (Hallin and Papathanassopoulos 2002; Hallin and Mancini 2004; Papathanassopoulos 2004). First, it encourages the uses of the news media for other purposes than the balanced provision of news stories. The politicization of business is a result not only of the important role the state plays in the economy, but of the nature of the political process. "*What was important for an interest group*", write Lanza and Lavdas (2000, p. 207) about Italy and Greece, "*was its ability to establish a special and privileged bond with a party, a sector in the public administration, a branch of the executive a politician or a civil servant. In this way, institutions became permeable; otherwise they remained totally impermeable*." In northern Europe clientelist relationships have been displaced to a large extent by rational-legal forms of authority and, especially in the smaller continental European countries, by democratic corporatist politics, both of which decrease the need for economic elites to exert particularistic pressures and form partisan alliances (Hallin and Papathanassopoulos 2002; Hallin and Mancini 2004). In countries with a history of clientelism, rational-legal authority is less strongly developed. The judiciary and administrative apparatus are more party politicized and there is often a tradition of evasion of the law. The persistence of a culture in which evasion of the law is relatively common means that opportunities for particularistic pressures are common: governments can exercise pressure by enforcing the law selectively, and news media can do so by threatening selectively to expose wrongdoing. Legal proceedings against media owners are thus fairly common in many southern European countries (Papathanassopoulos 2004).

Second, clientelism makes the media systems less self-regulatory and the regulatory bodies less independent compared to their counterparts in liberal countries like the USA and Britain and in democratic corporatist countries. In southern Europe, the regulatory institutions tend to be more party politicized and weaker in their ability to enforce regulations.

Third, clientelism has also affected the content of the media, especially newspapers, as means of negotiation among conflicting elites rather than means for the information of the public and, therefore, mass circulation. It forces the logic of journalism to merge with other social logics—of party politics and family privilege, for instance. And it breaks down the horizontal solidarity of journalists as it does of other social groups. Thus, the journalistic culture of the Anglo-Saxon tradition which has once been manifested both in relatively strong journalistic autonomy and in highly developed systems of ethical self-regulation is absent in countries with a stronger history of clientelism because of the overriding importance of political interests. A sense of a public interest transcending particular interests has been more difficult to achieve in societies where political clientelism

is historically strong, and this contributes to the difficulty of developing a culture of journalistic professionalism.

15.3 The Media Ecosystem in Contemporary Greece

Since the fall of the military junta in 1974, the Greek press has undergone a process of modernization. Since then, the introduction of new printing technologies in the 1980s (Leandros 1992; Simmons and Leandros 1993), the entry of private investors into the media sector, and strong competition from television have changed the media sector at large (Psychoyios 1992; Zaoussis and Stratos 1995; Paraschos 1995). As a result, print media has had to reposition itself: editorial content has had become more objective, and close ties with political parties were being loosened. Partly, for the press this has arisen out of the need to attract a broader spectrum of readers in order to increase circulation in times when the rate of economic and social development in Greece was again declining. And it has partly reflected a drift away from the political party community itself toward the major political orientations of the modern Greek electorate. In effect, this means that the Greek media, collectively, is a still a very influential institution, usually aggressive and sensationalist in tone, especially in periods characterized by a climate of political tension and, of course, during times of elections (Komninou 1990, 1996).

As far as its structure is concerned, the Greek media are primarily characterized by excess in supply over demand. This oversupply appears to be logical, since a plethora of newspapers, TV channels, magazines, and radio stations have to compete for a small-country audience and advertising market share (Papathanassopoulos 1999).

Although the developments in the Greek media sector may not entirely respond to the needs of its advertising industry, it has been surprisingly adaptable to swings in the economic business cycle (Papathanassopoulos 1997). The recent fiscal crisis, however, coupled with the crisis of the economy, brought major losses of advertising revenues for the media industry (Korderas 2012). On top, the current austerity package put forth by the so-called *Troika*, the *European Commission* (EC), the *International Monetary Fund* (IMF), and the *European Central Bank* (ECB), which aims at restoring the Greek economy, is set to deepen Greek woes.

While the advertising market has faced a collapse since 2007, orders from public works or other public sector government activities have also gradually worsened the situation of the press. This was due to the inability of the state either to pay off or reimburse the contractors for the public works it had asked for. This had a negative knock-on effect on the media and newspapers in particular, since entrepreneurs in public construction projects who were also active in the media field could not any more cross-subsidize their media outlets from revenues made out of public orders. As Leandros commented (2010): "*The entry of industrialists, ship-owners and other business interests into the media scene was an important way for these interests to try to influence public opinion and to exert pressure in the political*

arena to the benefit of their business interests" (p. 890). With the downturn of the economy, this potential benefit, however, turned out to become a structural flaw.

Today, all media outlets are facing their most difficult period ever, but it is the print media (newspapers and magazines) which are suffering the most (Papathanassopoulos 2010). Although press decline in terms of sales, readership, and advertising revenue is a worldwide phenomenon, the Greek press has entered a state of permanent crisis since the mid-1990s. Since then, fewer and fewer Greeks read a newspaper on a daily basis (Papathanassopoulos and Mpakounakis 2010). Total sales of the national newspaper sector have lost about 15 % of its readership while the biggest losses are seen in daily editions. Some have already closed, like the well-known *Eleftherotypia* (Greek: Ελευθεροτυπία means "freedom of the press"), a daily newspaper once published in Athens. It was once the most widely circulated newspapers in the country. Even worse, today, there does not seem to be any more political will to help newspapers out of a crisis. Indeed, the current center-right government is reluctant to help out the press by means of press aid or subsidies.

Regardless of the fact that the level of population literacy is high (1.5 out of 10 have a university degree; *Hellenic Statistical Authority* 2012), newspaper readership is very low (53 in 1,000 in 2010; WAN 2010). However, in 2010, there were around 280 local, regional, and national daily newspapers in Greece (Papathanassopoulos and Mpakounakis 2010). In 2012, the country had 15 national daily newspapers (among them *TA NEA, Kathimerini, Ethnos, Eleftheros Typos, Avgi*), 12 national daily sports newspapers (among them *Sportday, Goal News, Fos ton Sport*), four national business newspapers (among them *Imerisia*, *Naftemporiki*), 17 national Sunday papers (among them *To Vima, Proto Thema, Katimerini tis Kyriakis, Real News, Ethnos tis Kyriakis, Eleftheros Typos tis Kyriakis*), and 11 national weekly papers (among them *Parapolitika, Ependytis, Sto Karfi*), most of which have been located in Athens (ADNA 2012).

Moreover, in a highly centralized country with 40 % of the population residing in the wider Athens region, it is not surprising that the Athenian press dominates the national market. Therefore, more than half of the daily newspaper circulation resides in Athens and the Athenian press has become national in scope and in sales too (since half of its sales is made in the rest of Greece). Only some regions still prefer their local newspapers, but mainly as secondary offer. Another characteristic is that there is a strong Sunday press, again mainly originating from Athens, since almost all dailies have their Sunday edition. Most of the Sunday papers offer a supplement or they have increased their number of pages in order to cater for the interest of a wider readership, especially younger readers.

However, as mentioned above, Greece has one of the lowest newspaper readerships in the developed world (Papathanassopoulos 2004). Critically, the entry of new private TV channels and radio stations in the early 1990s, and the advent of free dailies and the Internet in the beginning of the new century, has led newsprint demand to further decrease every year (Papathanassopoulos 2010).

On the other hand, the Greek press has tried to cope with these new conditions, by redesigning their titles and/or publishing new ones (Papathanassopoulos 2001). To increase sales most of the Athenian newspapers have adopted a policy of

offering add-on services, such as books, free travels, flats, and other consumers goods to readers through coupons for readers to collect. Although these marketing and sales efforts were effective and somewhat stopped the decline in sales especially of the daily press, it has forced publishers to rethink their original offers, since selling editorial content without associated offers and products has become difficult (Papathanassopoulos 2001).

The Greek newspaper sector has some more peculiarities (Papathanassopoulos 2001). First, while the average circulation of newspapers in Greece is falling, the same cannot be said for the number of daily titles. Although a number of established newspapers have failed and ceased publication over the past 10 years, new titles, and old ones under new ownership, have sprung up all the time. Most recently, four new daily titles (*6 Imeres, Efimerida ton Syntakton, I Ellada Ayrio, Epikairotita*) and one new Sunday paper (*To Xoni*) were brought to life in Athens. Sales, however, remained significantly low.

The following Table 15.1 shows the leading daily newspapers in Greece. It shows the leading daily newspapers in Athens, their 2012 circulation which is very low, their ownership status, and their political affiliation and connections with other media outlets and other sectors of the economy. It further shows that two newspapers (*Avgi* and *Rizospastis*) are directly owned by political parties: *Avgi* is owned by the Radical Left *Syriza* party and *Rizospastis* by the Communist party.

15.4 Government Intervention into the Press

State subsidies for the press do not necessarily lead to government control or intervention in the content of newspapers (Sparks 1992). In practice, however, state aid for newspapers in Greece comes as some sort of special economic intervention with strong political repercussions on both politics and the press. First, the implementation of government help was and is still strongly linked to the political culture of the country. Broadly speaking, government intervention in Greece is signified by these more or less hidden practicalities of state–press relations.

First, most newspapers have become dependent on *occasional* government handouts, bank loans, and, likewise, the financial goodwill of their owners. Notably, a regular, transparent, and government-neutral public financial press subsidy scheme has not established in Greece, and state policies of this kind are not visible in the near future. But indirect subsidies are greatly supporting newspapers, and these are rather opaque. As mentioned above, media owners and the political elite have built up more or less invisible but yet close ties of mutual dependence, reliance, and control. According to Mouzelis and Pagoulatos, "*the owners of the media represent a center of power that no politician dares to question, unless he aims to commit political suicide. Their power is being reinforced by their dominant position in numerous business fields (telecommunications, information technologies, construction etc.*)" (Mouzelis and Pagoulatos 2003, p. 22). In effect, as Leandros noted, since the late 1980s, "*successive governments have tried to*

Table 15.1 Leading daily newspapers in Greece

Title	Ownership	National average daily sales in 2012 (in 000)	Political stance	Membership of a chain
TA NEA	Dimosiogragikos Oranismos Lambrakis	38	Liberal	TV: Mega Channel; press: Lambrakis Group (papers, magazines); travel, culture
Eleftherotypia	C. K. Tegopoulos	Ceased publication in 2011 *Republished in January 2013*	Liberal	TV: Mega Channel; press: magazines; telecommunication services
Ethnos	Pegasus (Bobolas family)	26	Liberal	TV: Mega Channel; press: magazines, Construction
Eleftheros Typos	Press Foundation S.A. (then to Angelopoulos Family and later to D. Mpenekos and A. Skanavis)	15	Conservative	Used to have some shares in Star Channel
Kathimerini	Alafouzos family	36	Independent	Radio: two stations (SKAI FM and Melodia FM; press: magazines; TV: SKAI TV, shipping
Apogeymatini	Karagiannis	Ceased publication in 2010	Conservative	NO
Avgi	Syriza-left coalition party	2.8	Left	Radio station: Sto Kokkino FM
Vradyni	Vradyni Ltd (K. Mitsis)	3	Conservative	Magazine
Rizospastis	Greek communist party	8.3	Communist	No; radio station "902 Aristera sta FM"; a TV (called 902) station ceased operations in 2012

Note: The circulation of the above leading dailies represents the 77 % of the average sales of the daily press (morning and evening). In terms of advertising they represent the 70 % of the advertising revenue of the daily press
Source: Athens Association of Newspaper Publishers (for sales), compilation by the author

promote transparency and limit concentration in the media sector. However, (. . .) *their actions were contradictory and ineffective*" (Leandros 2010, p. 891).

15.4.1 Press Subsidies After WWII

After the liberation in 1944, Greece descended into a civil war. This period not only signified one of censorship and restriction of the freedom of press but also saw the strengthening of the relationship between press owners, the state, and the political parties through a series of laws (Skamnakis 2006; Papadimitriou 2005). These types of press support were not aimed at safeguarding pluralism. Instead, the political elite handed out financial support to its press in order to get its views disseminated. Only this secured newspapers' economic survival. In fact, the political elite gave subsidies to the newspapers through a number of special laws based on their political stance rather than their market share (Antonopoulos 1973). Limited reader demand, small circulations, and low advertising revenues made subsidies an essential fact of life for newspapers and a weapon for the politically powerful. This reinforced the close ties between newspapers and the state. Increasing publishing costs led most publishers to establish even closer ties with the politically powerful. On each occasion, however, the respective governments defined by law which newspapers were entitled to newsprint subsidies and, second, to the exact amount of these (Antonopoulos 1973). Doing so, politicians were able to support government-friendly newspapers and denied subsidies to adversarial ones.

A "Bureau of Newsprint" was established in 1946, among other things, to set the criteria concerning the allocation of the newsprint subsidies. Moreover, governments regulated the maximum number of the pages a newspaper was to have in order to control newsprint subsidy costs (Antonopoulos 1973). Evidently, after the right-left civil war period (1946–1949), state subsidy support to left-orientation newspapers was turned down. On the upside, the daily newspaper publishers supported were not obliged to pay taxes on any printing machinery they imported in the period 1951–1957. Further, through a number of laws, all daily and weekly newspapers did not have to contribute to any of the employee insurance funds (see Skamnakis 2005, 2006). And, in 1946, the government decided to allocate a considerable amount of money for the purchase of copies of all national newspapers published. Another aid to the press was the decision to force all public institutions (ministries, prefectures, municipalities, public hospitals, universities, etc.) to publish their public announcements in the press and private companies to publish their annual balance sheets in at least two daily newspapers respectively. Journalists also had free entry to movie theaters, theaters, music shows, and even public transport. The military junta (1967–1974) later imposed censorship, surveillance, and imported duties on newsprint and, surprisingly or not, continued the policy of indirect press subsidization (Peponis 2002).

15.4.2 Press Subsidies in the Era of the Restoration of Parliament (1974–1990)

The restoration of the Greek parliamentary rule in 1974 did not change the interventionist role the Greek state was (and is still) playing with economic affairs.

In effect, between 1974 and 1990, the state as rule-maker largely defined the extent of autonomy it was willing to grant to the media. Consequently, it also defined press autonomy. Subsidies came in as most appropriate means to do so. The state used them to enforce written press limits by providing sizeable financial aid to the press, on which individual enterprises became dependent since they could not recover their production costs by themselves.

That time, Greek newspapers started gradually to replace their old technology with new forms of printing, mainly with the introduction of phototypesetting technologies (Leandros 1992). But the introduction of these new technologies was expansive, and they needed huge financial support, both from the state and the banking system, which in most of the cases belonged to the state. Interest-reduced government loans were given out to mainly Athenian newspapers and the regional press (Kominis 1985, p. 192). Notably, government loans to regional newspapers were even written off from time to time (Skamnakis 2005).

By and large, the state continued using all of these modes of enforcement to control the limits of the autonomy of the press or to negotiate with its owners. The scale of subsidies for newsprint on the basis of the newspaper sales that dictatorship had imposed was abolished. The system of subsidies for newsprint, however, let to the same situation as before the junta. With the introduction of VAT in 1986, the then government introduced a reduced rate of 5.5 % (Law 1676) on newspaper sales (for the other products the VAT rate at that time was 15–18 %). Another law in 1977 (Law 583) introduced another form of indirect aid that was equally important: it consisted of reduced tariffs for the Athenian press companies on telephones, transportation, and postage.

In all, generous subsidies have tightened the links between the government and the press at an early time. Thus, the interventionist nature of the Greek state has remained one of the most important parameters of the media. The entry of private investment in the press sector did not change this mode since the press had to rely on state contracts.

15.4.3 Press Subsidies in the Era of Broadcast Deregulation (1990–2008)

In the 1990s, the entry of private radio and television had exacerbated the crisis of the press as it drastically changed the ways in which the public acquired news and information. Newspapers, on their side, were unable to defend their competitive advantage in providing comment and in-depth analysis of societal affairs. In most cases, newspapers have mimicked the model of television journalism. Moreover, the political party affiliation of a newspaper used to be, by and large, a fairly accurate predictor of each daily's attitude toward political issues. But, since the mid-1980s, accusations concerning scandals and corruption have become a frequent issue on the public agenda and the newspapers have played their part in this. Parties and politicians, overtly, condemned clientelism and the corruption of the institutions, but, on the other, avoided acting accordingly, obviously due to the

apparent political cost. In a very short period of time—as indicated by the polls, as well as a growing abstention from elections and void votes—political parties in Greece had lost their touch with the voters.

This indifference to or abstention from politics, however, seems to have negative effects on newspapers sales. It is not a coincidence that the public has started to regard both institutions as dysfunctional (politicians and media). In a recent survey, the majority replied that it does not trust either politicians or journalists (V-PRC 2002). In other words, the lack of credibility in public and political life has resulted in public disillusion and a relative indifference toward politics, both reflected negatively in the circulation of dailies. This is admitted publicly by most Greek newspaper editors. In effect, what the public perceives as political incompetence has naturally had a negative effect on circulation figures of dailies that still focus on politics.

The development of a private broadcasting ecosystem motivated the state to continue supporting newspapers. In this context, public government advertising started to play an ever more important role. Here, the state acts as a hidden agent in advertising and may place respectable quantities of advertising from various ministries, state bureaucracies, and state-owned enterprises (e.g., state lottery, semi-state-owned banks such as the *National Bank of Greece* or *Postal Bank*) in the print media. For example, in 2007 the amount of state/government advertising rose to 65 million euros, while already in 2004, the year of the Olympic Games held in Athens, 36 million euros were allocated for public advertising in the media (Galanis 2008). However, according to Law 2328 of 1995, the allocation of total funds of state advertising was supposed to be split up between national and regional media. Nevertheless, this provision was never materialized, thus benefiting the national items (Skamnakis 2005). Major criticisms regarding the allocation of government advertisements in the media thus remained (*Kathimerini* 2008). Here, for example, it was observed that free plane tickets were given to accredited journalists who participated in the official visits abroad of the President of the Republic and the Prime Minister. The reduced tariffs for the Athenian press enterprises on telephones, transportation, and postage had also continued. For example, in 1998, public aid for air delivery of the Athenian newspapers into the Greek provinces and isles amounted up to ca. 95 % of total costs (Ntarzanou 1998). Up until then, the costs had to be carried by *Olympic Airways*, then Greece's state-owned airliner (Ntarzanou 1998).

By and large, the Greek model of state aid to newspaper in 1995–2008 may be summarized as follows:

- State assistance for the transportation of newspapers by air and railways. For example, in 2007 this aid cost to the state ca. 7.5 million euros (General Secretariat of the Press 2007).
- Financial support in the form of the subsidization of distribution costs given to the Greek press to help sales abroad, mainly to push reading of Greek people abroad. For example, in 2007, government spent 800,000 euros to assist air transportation of Greek newspapers toward the US and Northern Europe; however, this subsidy was abolished in 2012 (see Table 15.2).

Table 15.2 Public aid to the Greek press (in euros)

Year	Postage	Telephones	Air transportation—in Greece	Air transportation—out of Greece
2009	32,707,293.69	767,864.56	5,482,337.92	616,890.00
2010	27,872,214.26	650,809.79	5,953,442.32	467,649.37
2011	16,986,978.89	309,687.53	1,795,914.65	164,250.88
2012	5,653,990.05 (estimation)	Abolished	Abolished	Abolished

Source: *General Secretariat of Mass Media* (2012, *Press distribution costs*, Personal communication) (compilation by the author)

- Ministries, state bureaucracies, or state-owned enterprises (ministries, prefectures, municipalities, public hospitals, universities, etc.) being obliged to publish their announcements in the daily or Sunday newspapers.
- Private companies to publish their annual balance sheets in at least two daily newspapers.
- Various tax allowances and exemptions, and reductions in certain state tariffs (post, telegraph, telephone and electricity),
- Tax concessions on profits for investment purposes (e.g., the purchase of new equipment).
- A reduced VAT rate of (5.5 %) on newspaper sales to be raised to 6.5 % in January 2011 (Law 3899/2010).

15.4.4 Press Subsidies Since 2008

As known, Greece entered a deep recession from 2008 onwards and is still struggling to reemerge. As the Greek economist Manolopoulos pointed out: "*The Greek economy featured high levels of public debt, a large trade deficit, undiversified industries, an overextended public sector, militant trade unions, widespread corruption, uneven payment of taxes, an overvalued currency, consumers expecting rising living standards and Euro membership based on inaccurate data*" (Manolopoulos 2011, p. xi). The debt crisis has led government to adopt several harsh, multibillion Euro austerity packages and to tackle its fiscal imbalances as part of the fiscal stabilization program in order to achieve lasting economic recovery.

The current press subsidy scheme needs to be seen within this framework. In effect, since 2009, as is shown in Table 15.2, indirect public aid/subsidies to press have been either abolished from July 1, 2011, such as in the cases of reduced tariffs on telephones and air transportation, or have been drastically cut as in the case of postage subsidies (by 85 %).

It is rather obvious that the fiscal crisis may drive even prominent titles into extinction. For some observers, government subsidies are seen as an abuse of taxpayers' money propping up a declining industry with limited readership. For others, newspapers still represent an important tradition for the functioning of

democracy and the pluralism of opinions. In Greece, the severe cuts in these overt indirect government subsidies, like government advertising and bank loans, may result into bankruptcy of most of the current titles, on either a national or regional scale.

Conclusion

This chapter has argued that press subsidies in Greece have not been governed by a clear legal framework. On the contrary, subsidies were handed over to the press through various rather clandestine channels. The overarching principle of these practices may be attributed to a paternalist and clientelist culture of Greek politics which has held together the state and the press in a network of mutual benefits. It is questionable whether the current financial crisis will ruin this model of press support and government intervention and so undermine the long-lived interdependent relationships between the press owners and the state, its respective governments, and its politicians.

Eventually, Greece's turn toward a neoliberal system of non-intervention into economic affairs may lead to a breakup of the strong ties between the state and the media. Consequently, newspaper companies may see the opportunity to become less dependent on political subsidies, substitute political criteria for a strict business agenda when making news, and discourage identification with particular political positions. It may also make running media enterprises too expensive for most politicians, and even industrialists may withdraw from buying into media for political motives. The financial crisis, together with the tough fiscal austerity measures, of course, creates problems of their own, which the Greek society increasingly has to face. Since the consumption of newspapers is falling year after year, there is already a big number of unemployed media people in general and press journalists in particular. I would think that this situation can easily undermine press autonomy from a different direction: it can drive newspaper companies to ask for new bank loans. But the banks due to their recapitalization needs are becoming more and more dependent on the Greek state and its lenders. This situation, again, may improve rather than disrupt the clientelist relationships between the state and the newspaper/media owners. Above and beyond, in the age of the Internet, it seems unlikely for newspapers to survive without subsidies from their owners, particularly from banks. Much will depend on the ownership structure of the industries involved, the nature of the party system, and, eventually, the political system in power.

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