Sweden: State Support to Newspapers in Transition

19

Mart Ots

19.1 The Market and the Subsidies

Newspapers in Sweden have traditionally held a strong position in the media landscape. They have long been in the centre of public debate and stood out as dominant sources of local and regional news coverage in the country. Readership figures are still among the highest in the world, and until the 1990s, when the audiovisual sector was deregulated, the newspaper industry enjoyed an unrivalled position also on the advertising market. However, during the last decade, the shift has been dramatic. Competition from commercial Internet and TV companies has since cut deep into the newspaper advertising market share, and circulation figures dropped relentlessly year by year.

Table 19.1 below shows Sweden's 15 largest newspaper publications. As far as national circulation is concerned, the largest daily titles include two national evening tabloids, a handful of subscribed and home-delivered metropolitan morning dailies, and the free daily *Metro* (see, Table 19.1). The three largest media conglomerates, *Bonnier*, *Schibsted*, and MTG, have primarily focused their Swedish newspaper holdings to these national and metropolitan markets, leaving the regional press to smaller media owners. Among the newspapers, the evening tabloid *Aftonbladet* has been the most aggressive and successfully started up its online activities. Today the website *Aftonbladet.se* has more than five million unique visitors per week[1]. On top of this, it holds several digital media operations, particularly in classified advertising, and thus dominates these segments. At the same time, as print editions continue to plummet, newspapers on all markets are

[1] According to the leading institute for measuring internet traffic in Sweden, KIA Index, *Aftonbladet* has had five to six million unique weekly browsers visiting the site during 2012 (http://www.kiaindex.se).

M. Ots (✉)
Media Management and Transformation Centre (MMTC), Jönköping International Business School, Jönköping University, Jönköping, Sweden
e-mail: mart.ots@hlk.hj.se

P. Murschetz (ed.), *State Aid for Newspapers*, Media Business and Innovation,
DOI 10.1007/978-3-642-35691-9_19,

Table 19.1 Top 15 daily newspapers in Sweden 2011

Title	Circulation	Type	Owner
Metro Stockholm	305,200	Free daily	MTG
Dagens Nyheter	285,700	Metropolitan daily	*Bonnier*
Aftonbladet	271,700	Evening tabloid	*Schibsted*
Expressen (all editions)	248,500	Evening tabloid	*Bonnier*
Göteborgs-Posten	215,600	Metropolitan daily	*Stampen*
Svenska Dagbladet	185.600	Metropolitan daily	*Schibsted*
Metro Göteborg	151,500	Free daily	MTG
Metro Skåne	124,600	Free daily	MTG
Sydsvenskan	110,200	Metropolitan daily	*Bonnier*
Dagens Industri	103,100	Business daily	*Bonnier*
Helsingborgs Dagblad (all editions)	74,800	Regional daily	*Helsingborgs Dagblad*
Dalarnas Tidningar (all editions)	57,100	Regional daily	*Mittmedia*
Nerikes Allehanda	54,700	Regional daily	*Stampen*
Nya Wermlands-Tidningen (all editions)	51,900	Regional daily	NWT
Östgöta Correspondenten	51,600	Regional daily	NTM

Source: *Tidningsstatistik* AB (2012)

still searching for ways to monetize their journalistic content in the digital environment.

When looking into the Swedish newspaper market as a whole, it is the large number of subscribed and home-delivered regional and local morning papers that collectively represent the largest share of newspaper circulation and readership. Whether surprisingly or not, this is also where most of the beneficiaries from the operational government-backed press support to newspapers are to be found. Papers eligible to be supported need to be funded by paid subscription, which automatically disqualifies evening tabloids and free dailies from the press subsidy program. On the list of the 15 largest publications (see Table 19.2) only the *Schibsted*-owned *Svenska Dagbladet* receives operating support. It qualifies for support by being the only subscribed paper on the list that is not a leader on its home market (in this case Stockholm). Economically speaking, while a majority of the companies receiving subsidies in 2011 were in the red, *Svenska Dagbladet* had a record profit of more than 11.1 million euros[2] (10.7 % net margin). At the same time it was collecting more than 6.6 million euros in subsidies from the state (Olsson et al. 2012). A list of the ten largest beneficiaries is presented in Table 19.2 below.

This contribution will look at the development of the Swedish newspaper market over the past 40 years and discuss the objectives and effects of the press subsidy scheme in this context. The chapter starts with introducing the political context of

[2] Throughout this paper monetary figures are translated into Euros at the rate 1 Euro = 9 Swedish kronor.

Table 19.2 Top 10 press support beneficiaries 2011

Newspaper title	Operating support (million euros)	Distribution support (million euros)	Circulation
Svenska dagbladet	6.6	0.4	185,600
Skånska dagbladet	6.6	0.1	29,400
Norrländska Socialdemokraten	1.9	0.1	32,300
Arbetarbladet	1.9	0.09	21,600
Värmlands Folkblad	1.9	0.06	17,800
Dala-Demokraten	1.9	0.05	16,100
Länstidningen Östersund	1.9	0.04	18,500
Västerbottens Folkblad	1.9	0.04	11,700
Dagbladet Nya Samhället	1.8	0.04	10,700
Sydöstran	1.8	0.04	10,400

Source: Data from *Press Subsidies Council* (Olsson et al. 2012)

the Swedish media system, the historical background to the press support scheme, and its mechanisms and costs. It then continues compiling and discussing results from academic studies, database sources, and materials from prior press investigations about known effects of the scheme. The chapter then concludes by providing some insights into current political discussions and identifies future challenges for subsidizing a media sector which finds itself in a structural change process of transition towards digital ventures.

19.2 The Political Context

Historically, Sweden is known to host one of the most generous systems for distributing direct support to newspapers. Annually, subsidies amounting to a value of more than 500 million SEK (ca. 55 million euros) are selectively handed out from the state to non-market leading newspapers. The magnitude of the direct support places Sweden in the European top tier behind France, which is known to be Europe's most avid provider of state funding to the press (*World Association of Newspapers* 2012). However, when including also the value of indirect support of non-selective character, such as VAT exemptions, it stands clear that there are several countries in Europe that effectively spend more money than Sweden in supporting their press sectors (Nielsen and Linnebank 2011; Jauert 2010).

The rationale for Swedish newspaper subsidies is best understood in its cultural and political context. Like in many countries with Germanic languages, the printed press historically holds a strong position (Weibull 2008). In terms of newspaper readership Sweden occupies one of the top positions in Europe and newspapers traditionally target broad segments of society (Färdigh 2008). Readership is largely regional in character, which means that few or no national morning newspapers have managed to be established. Consequently, the provincial press is strong and contains a large number of papers that are important news providers in their respective local or regional markets.

All in all, it has been recognized that the Swedish press sector, which historically is made out of newspapers with affiliations to different political parties, requires a range of newspaper titles in order to get a diversity of political perspectives represented. The democratic corporatist media model as proposed by Hallin and Mancini (2004) comes with an in-built acceptance for undertaking state initiated policy measures such as direct subsidies in order to achieve that end. In the Swedish version, the press policy objectives “diversity and choice”, which have been echoed in various policy documents for the past 30 years, reflect this need for the reader to select his or her news sources from a range of options with different political flavours (SOU 1975: p. 79).

While this political affiliation of the press remains historically valid, there are vital signs of change in the Swedish media markets. First, academics have noticed a depolitization of the press (Østbye and de Bens 1998; Weibull 1995; Weibull and Anshelm 1991) in favour of a more commercial and market-oriented news journalism (Jönsson and Strömbäck 2007). This trend is interpreted as a gradual shift towards a politically independent press and the liberal media systems of the UK and USA in general (Weibull 2008). In this process, most political parties have divested their newspaper holdings and sold to commercial interests, thus further weakening the political ties of newspapers, while leaving room for a new type of commercial block-building to establish (Ots 2011; Gustafsson 2010a). Overall, to claim that the Swedish press subsidy scheme has gained its legitimacy from the political, technological, and societal view of the corporate democratic media system in the 1960s is reasonable. However today the political, technological, and societal context in which newspapers are embedded is a fundamentally different one. These structural changes will be further discussed below.

19.3 The History of Press Subsidies

During the 1950s and 1960s, the number of newspaper titles in Sweden was in sharp decline. In 1946, Sweden could count 231 daily publications, a figure that had dropped to 108 by 1970 (Nord 2008). History has shown that this market concentration has had negative impact on monopolists on small single-paper markets and newspapers with low market share in competitive markets (Nord 2008; Furhoff 1964). In order to address the concerns raised about the potentially negative impact this development might have had on the formation of public opinion in a democratic society, two parliamentary inquiries were initiated in 1963 and 1967 (SOU 1965: 22, 1968: 48). Their conclusions for intervention was based on the relative competitive market positions of newspapers and in particular on the negative impact that the competitive situation had on the opportunities for weaker newspapers to attract advertisers. This also explained why the earlier general support measures such as reduced post tariffs and tax exemptions had not halted the process of market concentration. According to the *theory of the “circulation spiral”* (Furhoff 1964) market leaders were in a positive spiral of gaining more circulation and more advertisers, whereas their weaker competitors were stuck in a negative spiral, losing a disproportionate amount of advertising revenue for every lost subscriber. By then, the design of an appropriate state support system needed to take into account this imbalance between market leaders and their challengers. The Social Democratic party, which was in office at the time, saw many of their affiliated newspapers in weakening positions going down the spiral, while the competing liberal and conservative market leaders mostly were growing stronger. In just a few months a proposal of a selective press subsidy was drafted and later passed in Parliament in summer of 1971 backed by a coalition of the Social Democrats (*Socialdemokraterna*) and the agrarian/liberal Centre party (*Centerpartiet*) (Nord 2008). The proposal included a production support to newspapers in inferior competitive position. Only a year earlier, a distribution support had been launched based on the recommendations of the 1967 press committee (Prop. 1971: 27). Ever since, many of the liberal and conservative newspapers who represent the lion's share of the total newspaper circulation have remained critical towards selective operational subsidies, and this divide within the industry has left the *Newspaper Publishers Association* (TU) ambivalent.

Over the following decades a number of parliamentary commissions fine-tuned the detailed functioning of the press subsidy system. The 1972 press investigation defined the objectives of the Swedish press policy as to promote *diversity* in supply, leading to *choice* for the reader, and opportunities for a *diverse debate and formation of public opinion* (SOU 1975: 79). For the coming press investigations these formulations became guiding principles in their work.

In the operationalization of Swedish press policy it has been clear that focus has been on external diversity (i.e. the number of newspaper titles and the total range of opinions represented in the market) rather than on internal diversity (i.e. balanced reporting and diversity of views represented in each newspaper). The 1985 press commission elaborated this concept from *newspaper titles* to the preservation of *independent editorial products*. Then, the idea was that these independent products would collectively represent a diverse range of opinions (Ds 1985: 2; SOU 1988: 48).

19.4 The Design and Function of Press Subsidy Elements

The current functioning of the Swedish press subsidy system is governed in law by the Statute of Annual Press Subsidies (SFS 1990: 524)[3]. The statute is time limited and expires on 1st January 2017; thereinafter a new statute is needed to be passed by parliament. The basic function of the press subsidy system rests on two types of subsidies: *operational support* and *distribution support*.

[3] The Statute of Annual Press Subsidies (*Presstödsförordningen*) was passed in 1990 and has been modified a number of times since then; see http://www.notisum.se/rnp/sls/fakta/a9900524.htm.

Operational support is the dominant form of subsidy and amounts to 80–90 % of the total press subsidy budget. It is given to newspapers with low household coverage in their home region in order to compensate them for their weaker market position. A number of conditions need to be met before a newspaper can apply for support at the Press subsidy council. For a high- or medium-periodicity publication the following general requirements apply (SFS 1990: 524):

- A subscribed circulation of at least 1,500 copies.
- Total circulation shall primarily be based on subscriptions.[4]
- The subscription price shall not be patently lower than that generally applied by newspapers in a corresponding category.[5]
- Household coverage in the home region may not exceed 30 %.

Besides the general requirements stated above, a number of additional conditions need to be met when the council decides whether an applicant is a newspaper which qualifies for support (KRFS 2011: 2). A set of guidelines further defines central concepts such as “newspaper”, “unique editorial production”, and “editorial independence”. In effect, these definitions require more than half of the newspaper content to be unique for the publication[6], and the newspaper needs to have independent editorial staff to produce this content. A recent addition requires each receiver to demonstrate how the operational support has been used in the editorial operations.

If the conditions are met, a high-periodicity newspaper may qualify for an operational support up to 45 million SEK[7] (5 million euros per year for a metropolitan newspaper and 16 million SEK (1.8 million euros) for a provincial newspaper depending on its total circulation. A low-periodicity newspaper with one or two issues per week can receive a maximum of 6 million SEK (700,000 euros).

The distribution support is designed to lower the entry barriers for newspapers with lower household coverage to get their publications delivered to the home. Traditionally, the Swedish distribution system for newspapers has been designed to be allocated for subscribed and home-delivered morning papers and operated by special distribution companies, often affiliated with some of the larger newspaper groups. Gaining access to these distribution networks is crucial for smaller papers to get their products to market. All newspapers participating in a joint distribution scheme open for all other newspapers in the area receive a subsidy up to 0.1 SEK per distributed copy (SFS 1990: 524). Within each joint distribution network, all newspapers should in principle pay the same fee per distributed copy. However, the distribution agent is allowed to raise the price for an individual title by up to 10 % above the least costly publication if the title incurs significantly higher costs due to

[4] Consequently, free dailies and evening tabloids have never been eligible for support.

[5] This means that a newspaper cannot use the support to dump market prices of subscriptions.

[6] This helps preventing newspapers from applying multiple times for each of its different editions.

[7] The upper ceiling of the subsidy levels for urban newspapers has been lowered after an EU complaint 2007 (SFS 2010:1119).

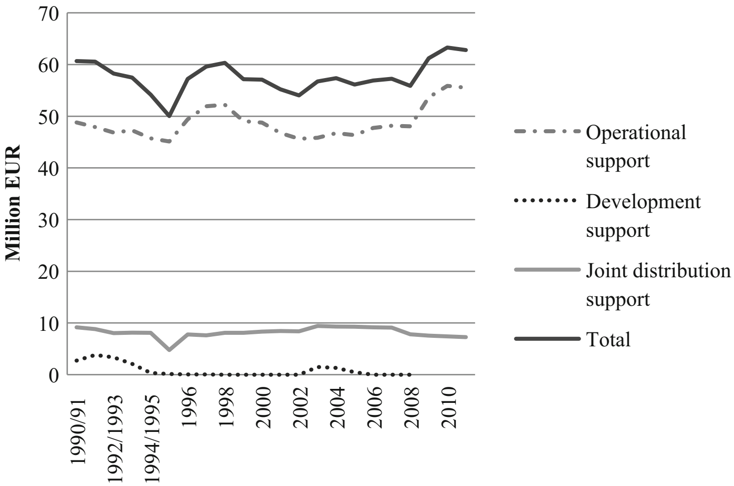

Fig. 19.1 Annual costs of direct press subsidies 1990–2011. Source: Data from *Press Subsidies Council* (Olsson et al. 2012)

for instance administrative work, additional transportation, or a higher weight of the publication.

The implementation of the press subsidy statute is handled by the Press Subsidies Council[8]. The council convenes six times a year and consists of 24 members and substitutes representing all political parties in Parliament. An administrative office based in Stockholm implements the Council's decisions and runs the daily operations, including administration, financial transfers, and communication with the newspapers affected. According to its instructions (SFS 1977: 1151), the Council also monitors and assesses the financial development of the Swedish newspaper industry. A financial analysis conducted for the 1972 press investigation had revealed a dramatic difference in economic performance between newspapers with high and low household coverage (SOU 1975: 79, p. 381). Later, such knowledge was judged to be of high importance for the future development of the subsidy system. Since 1979 the data consist of annual reports of all Swedish newspaper companies (Gustafsson 2012). The objective for this is to present the state with the intelligence needed to make necessary political measures and adjustments of the press subsidy scheme.[9]

Figure 19.1 below illustrates the changes in costs for the Swedish press subsidies have since 1990. In 2010, the amount of state funding was 568 million SEK (around 63 million euros). Of this total, the operating support accounted for 502 million

[8] *Presstödsnämnden*, http://www.presstodsnamnden.se

[9] These annual reports have been produced since 1976 by the *Press Subsidies Council* http://www.presstodsnamnden.se. The developments of the reports and their methods applied have been more explicitly described by Gustafsson (2010b, 2012).

SEK (56 million euros), whereas the distribution support amounted to 68 million SEK (7.6 million euros). During a few years, a small development support has been provided (see Fig. 19.1). In nominal terms, the cost for the subsidy system has remained relatively stable over the past two decades, but nonetheless shows a decrease in real terms. Over the past 5 years, however, the overall trend has been an increase in the operating support due to the influx of new newspapers published once or twice a week. This increase has partly been offset by a decrease in distribution support due to overall falling circulation figures in the industry.

Originally, the subsidies were financed through an advertising tax collected on all printed media. As the advertising sector grew, the tax soon brought in twice the cost of the subsidies to the state, and the official connection between the two was broken. As commercial audiovisual and digital media have entered the commercial advertising market, the advertising tax has been seen to disadvantage print media against their new competitors. In 1998, a commission came to conclude that the advertising tax should be abandoned altogether (SOU 1997: 53), a recommendation that was later voted through by Parliament in 2002. The decision was to be realized when the state budget allowed so. Due to other priorities, the advertising tax has only been lowered stepwise over the past decade and still remains in parts. As of 2013, the consequence for the newspaper industry is that they enjoy the benefits of a "cultural" VAT on newspaper sales (6 %), at the same time as they are subject to an advertising tax (3 %) which few other media types have to pay.

19.5 Market Trends and Effects

As already mentioned above, the objective of the Swedish press policy scheme is to promote "diversity and choice" (SOU 1975: 79). In practice, this objective has assumingly met its goal: to provide for a large number of newspaper titles to coexist, even in times of a market decline. Against this background, the Swedish press support can rightfully be seen as having achieved its merits (Gustafsson 2007). Little surprise the scheme has been awarded the title "model system" by international observers (Humphries 2006).

Figure 19.2 below shows the number of news publications in Sweden and how they have developed over the past 30 years. Notably, following the period of dramatic market concentration that took place during the 1950s and 1960s, the number of published titles has remained stable since 1980, and the number of one- and two-day publications has even shown a slight increase in recent years (see Fig. 19.2). Several researchers have credited this to the presence of direct press subsidies. Often, the development in neighbouring country Denmark is used as evidence to support this conclusion. Denmark faced a similar problem in the early 1970s but chose only to use general indirect support measures such as VAT exemption. Since then, the country has noted a continuous decline in the number of newspaper titles (Gustafsson 2007; Humphries 2009; Østbye and de Bens 1998).

In 2010, the total amount of subsidies spent equalled 2.7 % of total costs in the newspaper industry. For benefitting newspapers, however, they have been

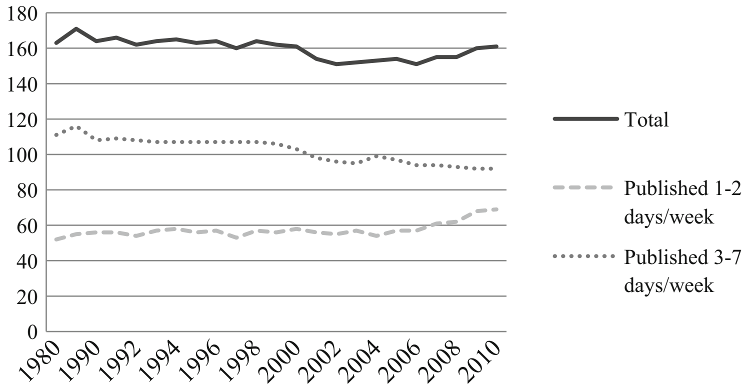

Fig. 19.2 Number of newspaper titles. Source: Data from *Nordicom* (2012)

estimated to account for 15–20 % of total turnover (Gustafsson et al. 2009). The annual reports conducted by the Press Subsidies Council have also shown that, generally, the Financial state of the newspaper companies is surprisingly good. Over the years the net margins have largely followed the development of the economy at large. More so, single years during the 2000s have been exceptionally good, with net margins of around 10 %. In 2006, a cut in the advertising tax from 4 % to 3 % actually helped in making it one of the best years in the history of the Swedish press with a median net margin of 12 % (Gustafsson 2012)[10].

However, there is still a paucity of more detailed and structured assessments of the effects of the direct subsidies (Østbye and de Bens 1998). It has also been noted that the underlying aims of the Swedish press policy regime as formulated by the 1972 press committee have come to be taken for granted by one press commission after the other, without questioning whether they still remain valid (McQuail 2009).

Looking beyond the mere preservation of newspaper titles, it is clear that subsidies have not been able to halt a number of other alarming trends in the Swedish newspaper market. These trends are assumed to decrease the contribution of the press to societal pluralism. Figure 19.3 below shows how the Swedish newspaper circulation ecosystem has developed since 1980. Data are provided for the industry as a whole as well as for the major market segments. The diagram demonstrates that the total weekday circulation has dropped by 30 % from close to 5 million daily copies in 1990 to less than 3.5 million daily copies in 2010. This decline cuts across all the largest market segments—provincial dailies, metropolitan dailies, and evening tabloids. Considering that the number of newspaper titles has remained stable over the same period, newspapers, as depicted below, are on average getting smaller and smaller. Over the same period, newspaper readership is decreasing and advertising revenues have stagnated. On the advertising market, the

[10] This figure is calculated based on newspaper companies without operating support (Gustafsson 2012).

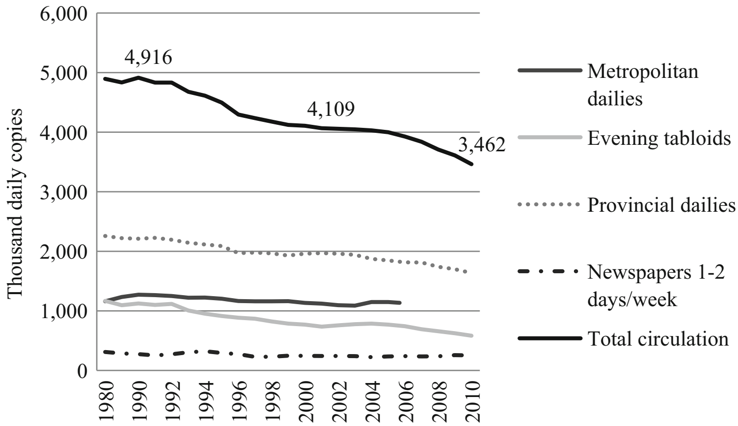

Fig. 19.3 Newspaper circulation (weekdays). Source: Data from Tidningsstatistik (TS)

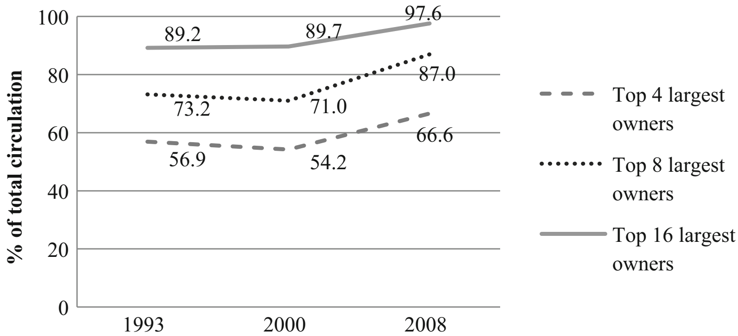

Fig. 19.4 Ownership concentration, newspapers published 3–7 days/week. Source: Data from *Nordicom* (2012)

metropolitan press is suffering the most having lost half of its market share between 2000 and 2011 (Hedström et al. 2012).

Additionally, the preservation of newspaper titles has not stopped the process of ownership concentration. In 1975, there were 130 newspaper companies in the country. By 2010, this number had dropped to 74. In order to compensate for decreasing circulation figures and stagnating advertising revenues, newspapers have, particularly during the 2000s, been acquired by larger newspaper groups in order to gain access to better technologies and achieve production efficiencies (Ots 2009, 2012a). As of 2008, the eight largest owners controlled 87 % of the total newspaper circulation in Sweden (see Fig. 19.4). To date, there are 15 regions in Sweden that host two competing newspaper titles. However, in 12 of these regions, these newspapers share the same owner and collaborate around administrative functions, advertising sales, and increasingly also journalistic functions such as shared pools of journalists and photographers (Ots 2012a). These structural changes have opened up for cuts in the number of employed journalists, administrators, and managers by 25–30 % since 1990. Only three remaining regions can still demonstrate a competitive situation in its original sense, i.e. one between two truly independent newspaper publishers.

Hence, in times of decreasing circulation figures and stagnating advertising revenues, the relatively stable economic performance of the newspaper industry can be attributed to heavy cost rationalization and production efficiencies in fewer but larger newspaper companies, along with a rapid increase in consumer subscription prices (Ots 2012b). As noted by several researchers, the direct subsidies have not managed to significantly change the underlying performance of recipient newspapers (Murschetz 1998; Ots 2009; Picard 2003). On Swedish market this has led to ownership concentration as many recipient newspapers have been sold to larger newspaper groups due to their weak economic condition (Ots 2006). Any performance improvements have primarily been enabled when independent newspapers are acquired by larger owners granting them access to efficiencies and better production technologies. However, the presence of subsidies and their demand for at least 55 % of unique content in each publication has incentivized even the larger owners to carry a range of newspaper titles rather than merely producing one newspaper with several regional editions.

19.6 Current Debates and New Policies

Over the years, the Swedish subsidy system has attracted considerable attention. However, it has also been criticized for its inability to provide changes to a market and its companies in need of restructuration (Picard 2003). This critique has been dismissed as a misunderstanding of the underlying purpose of the Swedish press policy regime—the purpose is not to change markets, but rather to preserve the structures and the existing diversity in a declining industry (Gustafsson 2007).

As this chapter has shown, the Swedish press support scheme has contributed to the preservation of newspaper titles, but it has not been able to slow down the processes of ownership concentration, declining circulation and advertising revenues, and reduction of editorial staff. On top of this, national press support systems are under pressure in many European countries, and Sweden is no exception. For quite some years, the Swedish government has indicated that they don't intend to raise subsidy levels anymore[11]. The technological development and the process of media convergence are additionally attacking the rationale of a specific support scheme for print media as audiences are spreading their media consumption patterns over more access channels. From a policy perspective there is a trend of closer harmonization within the EU, and the 2009 critique raised by EU competition commissioner Neelie Kroes against the Swedish press subsidy scheme (IP/09/

[11] In the directives to the 2012 press investigation it is explicitly stated that resource efficiency is a priority in any changes of the subsidy system (Dir. 2011: 112).

940) increased the Swedish government's attentiveness to the European Commission as a stakeholder. The complaint which led the European Commission to investigate into Swedish press subsidies claimed that these created unfair competition. However, the conclusions by the commission acknowledged the overall benefits of the system and their recommendation was largely restricted to advocate lowered subsidy ceilings for the metropolitan press (IP/09/940).

At the same time, there is an important discussion about the role that the state should play in supporting mass media beyond public service operations. The challenges of promoting diversity may be as important as ever. Indeed, it is a different media landscape today than 50 years ago. The total supply of news content in the digital world is increasing, and yet reports show that news reporting tends to be lighter, more entertaining, and more repetitive in its character both in Sweden (Jönsson and Strömbäck 2007) and its neighbouring countries (Curran et al. 2009). Although more than 60 % of Swedes still read printed newspaper at least five days per week, the printed news are inevitably playing a diminishing role in peoples' lives as circulation and readership continue to decrease. This is not to say that the news organizations as institutions are obsolete–particularly on the local and regional level they still have a unique function in reporting and debating current issues and public events.

Press subsidies as one such initiative to support independent news production are still considered important. The directives that the Swedish government issued to the 2011 parliamentary press investigation (DIR 2011: 112) clarify the need to find a new model that can be put into place when the current statute of annual press support (SFS 1990: 524) expires in 2017. One challenge in this task is the one-dimensional focus of Swedish press policy objectives on one particular type of market diversity, and that is the number of newspaper titles. The press policy objectives defined 40 years ago (SOU 1975: 79) were formulated in ways that diversity of newspaper titles would automatically lead to more choice for the reader and a more multifaceted debate thereafter. This focus on the supply side, i.e. to state that newspaper titles are the primary objective, has also left the reader's perspective on the diversity of news largely missing from the policymaker's agenda (Ots 2009). Perhaps, a better question is to ask how and where citizens consume news and what institutions and editorial processes support these democratic practices. This goes in line with an increased international interest in defining new goals and vehicles for future media support in a digital media landscape. Researchers continue to support the role of government-backed state subsidies in supporting journalistic production and facilitating a diverse public debate but, however, acknowledge the challenges this entails (McQuail 2009; Humphries 2009). Propositions include that future media subsidies should be media neutral and flexible rather than limited to a technology (Nord 2008; Gibbons 1998) and that these should focus on citizens and their democratic practices rather than on the supply side (Bardoel 2009; Ots 2009). It has been suggested that it is the editorial functions and the journalistic work that should be subsidized rather than the production of newspapers (Skogerbø 1997; Bardoel 2002).

Conclusion and Outlook

It is clear that subsidies cannot in the long term save an industry which is battling against changing consumer preferences and media consumption patterns. As illustrated here, the Swedish success model has indeed preserved newspaper titles, but the scheme's original idea of providing the media audience with a choice between different local newspaper providers appears increasingly futile. Today, the local market arena is different. Commercial TV broadcasters show increasing interest in local audiences, while free sheets and online businesses eat into the shares of the traditional print advertising markets. Yet, like the press has been struggling to find viable business models in the digital media landscape, the state is trying to identify stable platforms and mechanisms on which it can support a pluralistic and democratic news provision in the future. One major problem in this transition from print to digital is the absence of successful examples of how a future media subsidy scheme should be designed. A further complicating factor is the inability of news organizations to establish viable business models for online news. Subsidies are traditionally given to news organizations in a defined sector, working along an established business model—as in the Swedish case—the production and distribution of subscribed newspapers. As this model now fades, there is no single business model to replace it. During 2012, the digital transition gained momentum and some media companies even started to prepare for a future without analogue newspaper operations. Still, online advertising revenues have not been sufficient to recoup the operating costs of the news organizations and online consumer revenues for news content continue to appear elusive. Some companies are putting trust in the rapid penetration of the iPad, testing mobile subscriptions. However, such initiatives do not at this point provide solid foundations for the radical reformulation of a new media policy regime. It is by now clear that press subsidies cannot save the press—and the press companies are yet struggling to find their future roles in the media landscape.

The work in Sweden is now to take one step back and look at the construction of their media policies and press policies and to rethink how well they serve their underlying purpose—that is "to facilitate a diverse debate and formation of public opinion". Further, the assumption of a unique position of the press in this process stems from an image of the media landscape as it looked like in the late 1960s. As newspaper publishers go online and develop integrated platform strategies that encompass audiovisual elements, it seems difficult to single out the printed product as a distinct element in the overall process of content production to receive state support. After all, it is within the political objectives to keep people informed and stimulate the democratic debate. How printed newspapers should contribute to this remains critical.

References

Bardoel, J. (2002). The internet, journalism and public communication policies. *International Communication Gazette, 64*(5), 501–511.

Bardoel, J. (2009). Conditions for a new communications policy. In *Press and press support in a digital age* (pp. 48–53). The Hague: The Netherlands Press Fund.

Curran, J., Iyengar, S., Lund, A. B., & Salovaara-Moring, I. (2009). Media system, public knowledge and democracy: A comparative study. *European Journal of Communication, 24* (1), 5–26.

Dir. (2011). *Översyn av det statliga stödet till dagspressen [Overhaul of state support to daily newspapers]*. Committee directives 2011:112. Stockholm: Ministry of Culture.

Ds, U. (1985: 2). *Effektivare presstöd [A more efficient press subsidy scheme]*. Report from the 5th Swedish press investigation, Ministerial memorandum. Ministry of Education. Stockholm: Liber.

Färdigh, M. A. (2008). *Mediesystem i Europa: En studie av de europeiska ländernas mediesystem utifrån ett användarperspektiv*. Göteborg: Institutionen för Journalistik och Masskommunikation, Göteborgs Universitet.

Furhoff, L. (1964). *Tidningsdöden och dess bakgrund [The newspaper mortality and its background]. 1963 års pressutredning [The press investigation 1963]*.

Gibbons, T. (1998). *Regulating the media* (Modern legal studies, 2nd ed.). London: Sweet & Maxwell.

Gustafsson, K. E. (2007). *The market consequences of Swedish press subsidies. Analysis commissioned by the Swedish Ministry of Culture*. Stockholm: Ministry of Culture.

Gustafsson, K. E. (2010a). Bloc-building in the Swedish newspaper industry since its beginnings. In O. Hultén, S. Tjernström, & S. Melesko (Eds.), *Media mergers and the defence of pluralism* (pp. 75–82). Göteborg: Nordicom.

Gustafsson, K. E. (2010b). Historien om branschanalysen "Dagspressens ekonomi". In B. Þorbjörn, U. Kivikuru, B. Tufte, L. Weibull, & H. Østbye (Eds.), *The nordic countries and the world: Perspectives from research on media and communication: A book for Ulla Carlsson* (Vol. 61, pp. 271–280). Göteborg: Institutionen för journalistik, medier och kommunikation, Göteborgs universitet.

Gustafsson, K. E. (2012). *Dagspressens ekonomi 1976–2010: En rapport on presstödsnämndens externa räkenskapsanalyser [The economy of the daily press 1976–2010: A report on the financial analyses conducted by the Swedish Press Subsidies Council]*. Stockholm: Presstödsnämnden.

Gustafsson, K. E., Örnebring, H., & Levy, D. A. (2009). *Press subsidies and local news*. Oxford: Reuters Institute of Journalism.

Hallin, D. C., & Mancini, P. (2004). *Comparing media systems: Three models of media and politics (Communication, society, and politics)*. New York, NY: Cambridge University Press.

Hedström, T., Ekman, J., Minnhagen, C., & Höiseth, E. (2012). *Svensk reklammarknad 2011 [The Swedish advertising market 2011]*. Stockholm: IRM – Institutet för reklam- och mediestatistik.

Humphries, P. (2006). Press subsidies in the context of the information society. Historical perspective, modalities, concept and justification. In I. F. Alonso, M. d. Moragas, J. J. B. Gil, & N. Almiron (Eds.), *Press subsidies in Europe* (pp. 38–55). Barcelona: Generalitat de Catalunya.

Humphries, P. (2009). Press subsidy modalities and justifications. In *Press and press support in a digital age* (pp. 25–38). The Hague: The Netherlands Press Fund.

IP/09/940. (2009). State aid: Commission proposes appropriate measures to bring Swedish press aid into line with Single Market. In Published by the Commission of the European Communities (Ed.), *State aid: Commission proposes appropriate measures to bring Swedish press aid into line with Single Market*. Accessed February 3, 2013, from http://europa.eu/rapid/press-release_IP-09-940_en.htm

Jauert, P. (2010). *Media landscape: Denmark*. Accessed September 6, 2012, from http://www.ejc.net/media_landscape/article/denmark/
Jönsson, A. M., & Strömbäck, J. (2007). *TV-journalistik i konkurrensens tid: nyhets-och samhällsprogram i svensk TV 1990–2004*. Stockholm: Ekerlid.
KRFS (2011:2). *Presstödsnämndens föreskrifter om presstöd. Kulturrådets författningsamling [Directives to the press subsidy council regarding press subsidies. Policy directives from the Swedish Arts Council]*.
McQuail, D. (2009). The case for press support revisited. In *Press and press support in a digital age* (pp. 39–47). The Hague: The Netherlands Press Fund.
Murschetz, P. (1998). State support for the daily press in Europe: A critical appraisal: Austria, France, Norway and Sweden compared. *European Journal of Communication, 13*(3), 291–313.
Nielsen, R. K., & Linnebank, G. (2011). *Public support for the media: A six-country overview of direct and indirect subsidies*. Oxford: Reuters Institute of Journalism.
Nord, L. (2008). *Medier utan politik: en studie av de svenska riksdagspartiernas syn på press, radio och TV [Media without policy: A study of the Swedish parliament parties' views on the press, radio and TV]*. Stockholm: Santérus.
Nordicom. (2012). *Newspaper Statistics*. http://www.nordicom.gu.se
Olsson, J., Enström, O., McKenzie, S., & Sandén, P. (2012). *Dagspressens ekonomi 2011 [The economy of the daily press 2011]*. Stockholm: Presstödsnämnden.
Østbye, H., & de Bens, E. (1998). The European newspaper market. In D. McQuail & K. Siune (Eds.), *Media policy: Convergence, concentration & commerce* (pp. 7–22). London: Sage.
Ots, M. (2006). Samarbete och strukturaffärer på tvåtidningsorter [Structural adjustments and collaborations in communities with two papers]. In SOU 2006:8 (Ed.), *Mångfald och räckvidd: Slutbetänkande av presskommittén* (pp. 545–623). Stockholm: Fritzes.
Ots, M. (2009). Efficient servants of pluralism or marginalized media policy tools? The case of Swedish press subsidies. *Journal of Communication Inquiry, 33*(4), 376–392.
Ots, M. (2011). Tvåtidningsorterna. In K. E. Gustafsson, J. Olsson, K. Rohdin, & P. Sandén (Eds.), *Dagspressens ekonomi 2010*. Stockholm: Presstödsnämnden.
Ots, M. (2012a). Competition, collaboration and cooperation: Swedish provincial newspaper markets in transition. *Journal of Media Business Studies, 9*(2), 43–63.
Ots, M. (2012b). Mediernas ekonomiska villkor [The economic conditions of the media]. In L. Nord & J. Strömbäck (Eds.), *Medierna och demokratin [Media and democracy]* (pp. 117–148). Lund: Studentlitteratur.
Picard, R. G. (2003). Press support and company performance, The Swedish case. In U. Carlsson (Ed.), *Pennan, Penningen, Politiken. Medier och medieföretag*. Göteborg: Nordicom.
Prop. (1971: 27). *Kungl. Maj:ts proposition angående stöd till dagspressen [His Royal Highness' parliamentary proposition regarding support to the daily press 1971:27]*.
Tidningsstatistik AB. (2012). *Newspaper Statistics*. http://www.ts.se
SFS. (1990: 524). *Statute of annual press subsidies*. Swedish Code of Statutes 1990:524.
SFS. (2007:1191). *Statute of instruction to the Press Subsidies Council*, Swedish Code of Statutes 2007:1191.
SFS. (2010: 1119). *Förordning om ändring i presstödsförordningen (1990:524) [Statute of change to the statute of annual press subsides 1990:524]*. Swedish Code of Statutes 2010:1119.
Skogerbø, E. (1997). Press subsidy system in Norway, controversial past – Unpredictable future? *European Journal of Communication, 12*(1), 99–118.
SOU. (1965: 22). *Dagstidningarnas ekonomiska villkor. Betänkande av pressutredningen [Official report of the Swedish government 1965:22. The economic conditions of the daily press. Report from the press investigation]*.
SOU. (1968: 48). *Dagspressens situation. Slutbetänkande för 1967 års pressutredning [Official report of the Swedish government 1968:48. The state of the press. Final report from the press investigation 1967]*.

SOU. (1975: 79). *Svensk press. Statlig presspolitik. Slutbetänkande för 1972 års pressutredning [Official report of the Swedish government 1975:79. Swedish press. Final report from the press investigation 1972]*.

SOU. (1988: 48). *Reformerat presstöd [Official report of the Swedish government 1988:48. A reformed press support]*.

SOU. (1997: 53). *Reklamskatteutredningen [Official report of the Swedish government 1997:53. The advertising tax investigation]*.

Weibull, L. (1995). Media markets and media diversity. In K. E. Gustafsson (Ed.), *Media structure and the state: Concepts, issues, measures* (pp. 149–170). Göteborg: School of Economics and Commercial Law.

Weibull, L. (2008). The Northern European/Democratic corporatist countries: Introduction. In G. Terzis (Ed.), *European media governance: National and regional dimensions* (pp. 55–62). Bristol: Intellect.

Weibull, L., & Anshelm, M. (1991). Signs of change: Swedish media in transition. *Nordicom Review, 2*, 37–63.

World Association of Newspapers. (2012). *World press trends 2011*. Paris: FIEJ.