

# **Media Subsidies**

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The following is a brief summary, drawn mainly from a study undertaken by the European Institute for the Media in 1997, of the press subsidy mechanisms in Austria, France, Norway and Sweden. A very brief outline is also provided of the situations in The Netherlands and Germany.

Each of the countries surveyed has introduced press subsidies to combat the growing problem of “newspaper death” in the last two decades brought about by the growing importance of the broadcast media, increasing costs and the concentration of media ownership. Each country explicitly states that the subsidies are designed to ensure diversity and plurality in a modern democracy.

### Austria

In June 1995 there were 16 daily newspapers and 50 regional and local variations published in Austria. 13 of these papers were independent and 3 were daily newspapers of a major political party. Three different types of paper have been identified: the high-quality regional daily with a monopoly in its region, the national high-quality newspapers (*Der Standard*, *Die Presse* and *Salzburger Nachrichten*) and the urban tabloids (*Neue Kronen Zeitung*). The leading tabloid (*Neue Kronen Zeitung*) is also the all-round national market leader.

Austria began to experience increasing concentration of newspaper ownership in the late 1950s. The numbers of daily papers steadily declined and traditional papers of political parties steadily lost their market shares and became dependent on party contributions. In the late 1980s significant foreign investment came into the Austrian press and further concentrated ownership. The most popular tabloid (*Neue Kronen Zeitung*), together with *Kurier* (both owned by the same media company) now accounts for more than half of all newspapers sold in Austria.

In order to counter this reduction of the public’s access to a wide range of viewpoints and to slow or halt newspaper closures, general press subsidies were introduced by the 1975 Federal Act on Press Subsidies.

The Act stipulates that general subsidies are to be given to papers satisfying these criteria:

- They relate to political, economic or general cultural information and are of more than local interest.
- They are not mere advertising vehicles.
- They are not merely the organs of interest groups.
- They have distribution and importance in at least one province.
- They are printed and published in Austria.
- They are published at least 50 times per year.
- They are sold on a single copy basis or by subscription.
- They have been publishing for at least 6 months.

- They satisfy minimum distribution requirements and employ at least two full-time journalists.

Papers aimed at the promotion and preservation of non-German speaking ethnic groups are given subsidies without having to meet these conditions.

Applications for subsidies are made to the federal government with the possibility of an appeal to a Special Commission comprised of members appointed both by the government and the Austrian Printers and Publishers Association.

Subsidy amounts to individual papers must not exceed 5% of the total funds available for a daily and 0.8% of the total funds available for a weekly publication. Total available funds are set by the Federal Financial Act and were initially ATS 3 million for daily papers and ATS 500,000 for weeklies. These amounts have steadily risen every year. Between 1975 and 1994 such subsidies cost approximately ATS 2 billion.

Subsidy amounts were initially calculated on the basis of the VAT imposed on the newspapers sales in the previous financial year. A 1976 amendment altered this to calculate the subsidy on the basis of 80% VAT and 20% postal delivery costs. A 1980 amendment again altered the system so that the subsidy is now based 60% on VAT, 20% on postal delivery costs and 20% on Telecommunications costs in the previous financial year. A 1978 amendment introduced subsidies of a total of 4.3% of total Financial Act funds to support non-profit making organisations which promote the training of young journalists.

As a result of increased cost pressures and the continuing closure of papers, a 1985 Federal Act introduced special, selective subsidies for newspapers with economic problems. These are mainly 2<sup>nd</sup> rank papers in their respective markets and party political papers.

These subsidies are granted on the following conditions:

- The paper is of special importance to the formation of political opinion in at least one province and has a circulation of between 1% and 15% in the province.
- The paper employs full-time journalists.
- The paper is not a monopoly in its market and does not exceed 15% circulation in the province or 5% in the whole of Austria.
- The paper does not rely too heavily on advertisements or have close links to advertisers.
- The selling price of the paper is comparable to that of similar papers.

Between 1985 and 1994 such subsidies amounted to ATS 950 Million.

Since the mid 1980s indirect subsidies have also been granted to the Austrian Press. These include controversial subsidies to printing houses for the

building of printing plants and the purchasing of new machines and equipment. Such subsidies amounted to about ATS 1 billion between 1984 and 1997. Also, the Austrian Press only pay 10% VAT as opposed to the normal rate of 20%. Finally, restrictions on the number of advertising minutes Austrian broadcasters may sell has helped to ensure a continuing flow of advertising revenue for the Austrian Press.

Although it is difficult to analyse the economic structure of the Austrian Press because of the lack of reliable business data, some estimates are available. Throughout the Austrian Press as a whole it appears that only 2% or less of annual revenue derives from subsidies. Some commentators suggest that a “poor” paper may derive up to 20% of its revenue from subsidies while a “healthy” paper can do without subsidies altogether. Others suggest that small and medium sized papers rely on subsidies for up to 36% of their revenue and that subsidies are vital for the survival of several such papers. In the case of the three remaining party political papers in particular (*Salzburger Volkszeitung*, *Neus Volksblatt Linz* and *Karntner Tageszeitung*), removal of subsidies would probably mean drastic reductions in size or output or outright closure.

While some Austrian commentators argue that in the small Austrian market government subsidies for the press have been vital in maintaining weaker papers and ensuring a continuing diversity of views, others point to significant failings of the system. On this view, it is mainly the national and regional market dominators which have benefited from subsidies since, because of the way subsidies have been calculated, the financially strongest papers and those with the highest circulation have received the largest subsidies and have thus been in a position to cement their dominance. At the same time the party papers, representing the political views of differing “electorates” have declined to virtual extinction.

## France

In the past the French Press was characterised by a large number of national and regional papers with a strong circulation of about 14 million copies. In recent years both newspaper circulation and the number of newspapers has substantially declined as a result of rising publication costs. Total circulation of national papers is now approximately 3 million copies and Paris based titles have shrunk from 28 in 1946 to 11 in 1990, while regional dailies shrank from 175 to 62 in the same period. Currently, the French press can be divided into three categories of publications: the non-specialist national, daily press, the local dailies providing general information, and non-daily periodicals of general and specialised nature. In 1994 there were 11 national dailies (including *Le Monde*, *Liberation*, *Le Figaro*, *La Croix*, *L'Humanite* and *Present*) and 58 regional dailies ( including France's biggest selling daily *Ouest-France*) offering general and political information as well as approximately 5 major non-daily news magazines (*L'Evenement du Jeudi*, *L'Express*, *Le Point*, *Le Nouvel Observateur* and *Courrier International*).

In an attempt to address the problem of newspaper decline a dual system of subsidies was introduced including both indirect subsidies to be regulated by the *Commission Paritaire des Publications et Agences de Presse* (set up in 1950) and direct subsidies administered by the *Fonds d'aide aux quotidiens a faible capacite publicitaire*, set up in 1973.

In order to receive indirect subsidies a newspaper must receive an inscription number from the CPPAP by satisfying the following criteria (unchanged since 1976):

- The paper is important in the dissemination of ideas and is involved in the instruction, education, information and recreation of the public.
- The paper abides by its obligations under the Press Law .
- The paper is distributed at least once every four months.
- The paper is distributed for free and carries a marked price.
- At least one third of the total volume is dedicated to editorial content.
- It is not a brochure or catalogue or similar type of publication.

Most indirect subsidies are granted to daily newspapers offering general or political information with a circulation of less than 150,000 which weigh less than 100 grams and carry less than 20% advertising revenue.

Those with inscription numbers receive the following benefits.

- Press companies are exempt from payment of professional tax.
- Newspapers providing mainly political information are partially released from the payment of tax on their invested profits. Under this scheme income tax is not payable on a certain percentage of profits provided that the money saved is then invested in equipment or facilities necessary for the day-to-day running of the paper, or to enable it to create a reserve fund for future investments of the same kind.
- Newspapers benefit from a reduced rates of VAT of 5.5% on paper, ink, editorial copy, outside composition and printing and a VAT rate of 2.1% on single copy and subscription sales revenues.
- Papers are entitled to reduced postal tariffs as well as a 50% discount on telephone rates.
- Special reductions on transport fares are also available.

As far as direct subsidies are concerned, the *fonds d'aide aux quotidiens a faible capacite publicitaire* distributes an extraordinary operating subsidy to safeguard the survival of newspapers with a low advertising revenue. The subsidy is calculated according to the number of copies sold in the previous year provided that the upper limit of support per copy sold does not exceed 6% of the average cover price of national dailies with general and political information (where advertising revenue exceeds 15% the amount of support decreases proportionate to the importance of such revenue to the paper). The criteria for direct support are:

- The paper is printed in French;

- It provides general interest information;
- It is printed at least five days per week;
- It is distributed nationally;
- It is printed on newsprint;
- It sells less than 150.000 copies on average, and has a print run of under 250,000 copies;
- No more than two thirds of the total space available is occupied by advertisements;
- It has a selling price of between 130% and 90% of the average selling price of other national papers.

Local daily newspapers are subject to similar criteria but must sell less than 60,000 copies and have a print run of less than 70,000 and should not be in a dominating position in their distribution area.

The above subsidy is financed by a tax on public and private television advertising revenues which generally nets considerably more than is actually distributed in subsidies (FF75 million was raised in 1994 and only FF19.2 million distributed).

An overview of the last ten years shows that the amount of money the French Government has distributed to national dailies varies from a minimum of 12.8 million in 1991 to a maximum of 19.3 million in 1996. In the last ten years six national dailies with low advertising resources have been declared eligible for subsidies. These were the Catholic *La Croix*, the official organ of the Communist party *L'Hummanite*, the official organ of the extreme right Front National *Present*, the independent *Liberation* and the right-wing daily *Le Quotidien de Paris*. For local newspapers, the total amount of direct subsidies given varies from a minimum of 4,800,000 in 1996 to 9,950,000 in 1993.

The most effective support, in financial terms, is the VAT reduction and exemption from professional tax, investment benefits and reduced postal and telecommunication tariffs. These benefits amounted to approximately five billion Francs per year from 1985 to 1989, compared to the average 200 million per year spent in direct subsidies in the same period.

In situations of financial crisis ( Where advertising revenue has decreased by 5% over two years, and amounts to 15% or less of total revenue), a decree of 1993 established exceptional aid for all publishing companies having a subscription certificate from the *Commission paritaire des publications et agences de presse*. National and local publications can apply for a subsidy covering up to four million francs of their economic losses.

Most local commentators appear to regard the French system of press subsidies as having failed to provide an effective commercial environment for the press and a democratic marketplace for the dissemination and circulation of ideas. Criticisms include the perception that subsidies encourage a behind-the-scenes attitude to press/state relations, that they constitute an increasing burden on the public finances with no clear result, that they are a disorganised system whose disparate measures are only loosely related and that they

continually drift away from their objectives of strengthening diversity in the market. Most importantly, newspaper deaths continue and many fear that the daily newspaper industry is becoming a mere footnote in the story of French media.

### Norway

Norway is said to have the highest level of newspaper readership in the world and a concomitant high number of newspapers. In a population of 4.4 million Norway has 212 newspapers. 84 of these issue four or more editions each week and 93% of the adult population reads at least one newspaper every day. The Norwegian market is characterised by a wide variety of papers covering different geographical areas, editorial profiles and/or political affiliations. For most Norwegians the important papers are their small local sheets. This peculiar structure of the Norwegian press is probably based on geographical, historical and cultural factors. It lends itself to a four-layer analysis. The national layer consists of a number of tabloids, the daily papers with strong links to political parties and the financial papers. All of these have a national coverage and distribution. In addition there are a number of small non-dailies with a national coverage. The regional layer includes the major papers serving discrete areas and districts as well as the "number 2" papers in the same areas. The local layer includes papers which have a monopoly in their local area and those which face competition from a number of local papers. They cover the towns or urban centres where they are published and their size is determined by the number of households in the area they cover. The final layer is a large group of non-daily local papers with a low circulation.

During the 1950's and 1960's Norwegian newspapers began to experience severe financial difficulties due to escalating production costs, increasing commercialisation and concentration of ownership. Some forty papers disappeared in this period and often only the largest newspapers in a given area survived. By 1966 there had been a dramatic decline in the household penetration of "number 2" daily papers and the Norwegian Press Commission determined that subsidies should be provided to protect papers in direct competition with a paper with a higher circulation in a particular area.

In response to this recommendation, the Norwegian government introduced selective production subsidies in 1969. The smallest papers and "number 2" papers were to receive a given amount depending on the number of tons of newsprint used each year. NOK 5000 was available per ton for "number 2" papers while small papers could claim NOK6000 if they used less than 50 tons of newsprint each year.

After a second Press Commission report in 1972 the government introduced general subsidies, irrespective of specific needs, to newspapers with a circulation of below 10,000 as well as to larger papers if they were only operating in a proportion of their potential local market. Market leaders whose circulation exceeded the "number 2" paper by less than 10% also received general subsidies, although papers with a circulation exceeding 40,000 were generally not subsidised.

In 1978 the government introduced “extraordinary production grants” as one-off financial injections to save dying newspapers, although this was of limited success.

In general, in order to be included in the subsidy scheme papers must have a general news profile and an editor who adheres to the editors code set up by the Editors Association and the Norwegian Newspaper Publishers' Association. Newspapers which pay dividends to shareholders are excluded from receiving subsidies.

By 1980 some 80% of all newspapers were receiving government subsidies and the Press Commission again reported to the government, suggesting a number of changes to the subsidy system to reduce the number of papers benefiting. As a result of this report the government embarked on a complete overhaul of the subsidy system. Firstly, the upper circulation limit was reduced to 6000 copies, eliminating some 45 papers from the scheme. Secondly, and most importantly, the criteria for calculating the subsidy were altered from newsprint use to the size of circulation. A complicated new system was introduced where the circulation of the three largest papers in Oslo, Trondheim and Bergen (later extended to include the city of Stavanger) was used as the basis for calculating the subsidy rate for other papers (the Number 1 rate) and secondary papers in the three northernmost regions were to receive 85% of the Number 1 rate (the Number 2 rate). Monopoly papers were to receive 25% of the Number 1 rate and market leaders and monopoly papers in the three northernmost regions were to receive 60% of the Number 1 rate. From 1989 local newspapers with one issue per week and a circulation of at least 1000 copies were included in the production subsidy scheme. In 1995 the total cost of direct subsidies was approximately NOK270 million.

Between 1978 and 1994 direct subsidies were also granted to encourage joint distribution schemes between market leaders and secondary papers within their local area of distribution. This subsidy was calculated on the basis of the number of papers distributed but was a failure and was abolished in 1994. In the same year the Norwegian government set up the Norwegian Mass Media Authority (Statens Medieforvaltning) to administer all newspaper subsidies under the authority of the Ministry for Cultural Affairs.

In 1995 “establishment” subsidies were introduced to assist new papers. These amounted to NOK75000 in retroactive support following the first year of operations.

In addition to the direct subsidies, the Norwegian press benefits from reduced postal rates and the zero-rating of VAT on subscription and single copy sales. Indeed, this measure is the most significant general subsidy, amounting to approximately NOK 890 million annually. A Public Press Fund was also established in the 1970s which grants cheap loans and state loan guarantees to allow newspapers to modernise and re-equip. State bodies are also required to advertise vacant positions in the civil service in every daily



newspaper, paying the normal advertising rate. Finally, newspapers published in the minority Saami language receive special support.

According to the government information service government subsidies amounted to 1.7% of newspapers' incomes in 1990. Most secondary newspapers received between 11.7% and 15% of their income from subsidies while for some, subsidies amounted to more than 50% of annual income. Because of the significant difference in advertising revenue between first rank and secondary papers, subsidies can be vital in guaranteeing the financial health of the smaller papers, particularly given the geographic localisation of the Norwegian press.

According to some commentators the removal of state subsidies to the press would probably result in the more or less immediate disappearance of 20 or 40 papers, but even without these papers the Norwegian press would be extremely strong. Some argue that removal of subsidies would place the press on a more sound competitive and financial position and suggest that the importance of state subsidies in generating and maintaining diversity has been exaggerated. Since 1982 18 secondary newspapers have closed, despite receiving subsidies and many now regard the issue of generation of advertising revenue as far more important to the survival of papers than subsidies. At best, some argue, state subsidies have slowed the process of "newspaper death" but have not eliminated it.

### Sweden

In Sweden it is common to differentiate between types of newspapers according to their markets. There are metropolitan morning dailies, sold mostly by subscription and circulated throughout the entire country, accounting for about 25% of total circulation, metropolitan afternoon/evening dailies which amount to 25% of total circulation and are sold exclusively at news-stands on a single copy sales basis, and the local morning press (about 50% of total circulation), distributed over limited areas. There also exists a small group of non-daily newspapers, local and regional as well as national.

Generally, Swedish newspapers are primarily locally or regionally spread. The average Swedish daily newspaper has a circulation of 25,000 copies and appears in the morning. Twenty communities have two or more competing papers. Of the approximately 165 newspapers less than twenty are published in the three main cities of Stockholm, Gottenburg and Malmo. About half of the newspapers are published daily (six to seven days a week). There are also 60 low frequency newspapers which are published only once or twice a week, while the remaining papers are issued with varying frequencies.

In Sweden almost everyone reads newspapers. Most people read local and regional newspapers, while 'tabloids' and metropolitan morning papers outside their region are read in addition to the local newspaper. As an important aspect of the development of subsidies for Swedish newspapers, the press is by tradition affiliated to political parties, at least notionally; almost

all newspapers exhibit a political orientation through their editorial pages. Non “left-wing” papers account for about three-fourths of the total circulation.

In the late 1960s Sweden, through its government commissions on the press, came to the conclusion that escalating newspaper closures were diminishing the ability of the daily press to discharge its functions within the democratic system. The government passed the Press Subsidies Act (PSA) in 1971, providing economic benefits for weaker, low-coverage newspapers. The PSA effectively gave direct cash-funds to ‘secondary’ papers, that is competing newspapers with less than 50% household coverage in their home market. In addition, Sweden also applies a range of indirect subsidies, such as a reduced VAT-rate on certain types of sales, press insertions by government departments, government regulation of the advertising market, and state guarantees for loans.

### Direct Subsidies

Under the PSA, production subsidies (now called operating subsidies) are based on household coverage. The theory is that the commercial potential of a newspaper is best reflected by its household coverage in its place of issue. It follows that the more households a newspaper covers in a given area, the more important it is for the local advertisers. Thus, the secondary papers were at a commercial disadvantage in the advertising market, which accounted for roughly 60% of the average revenue of subscribed newspapers. The Press Support Board (‘Presstodsnamnden’), the prime organisation to administer all forms of state support to newspapers, distributes production subsidies in cash to newspapers meeting the following conditions:

- The paper was a conveyor of general news in the traditions of newspaper journalism which:
  - Is predominately distributed in Sweden
  - Is written in Swedish.
  
- High-frequency, metropolitan papers, published 6-7 days a week are eligible under the following conditions:
  - They have at least 2,000 subscribers
  - At least 70% of their circulation consists of subscribers.
  - They cover not more than 40% of household in their market.
  - At least 30,000 metres of the paper contains editorial matter.
  - They have a ‘normal’ selling price (i.e., a price which is not lower than the one set out by the Press Support Board).

For such papers the level of yearly support is up to SEK 48,015,000 depending on circulation.

- High or middle-frequency newspapers, published 3 to 7 times weekly, are eligible under the following conditions:

- They have at least 2,000 subscribers
- At least 70% of the circulation are subscribers.
- They cover not more than 40% of households in their market.
- They charge a 'normal' price.

For such papers the level of yearly support is up to SEK 11,252,000 depending on circulation.

- Low-frequency newspapers, published once or twice weekly, are eligible under the following conditions:
  - At least 2,000 subscribers.
  - At least 50% of the circulation are subscribers.
  - Not more than 25% household coverage.
  - At least 1,000 metres editorial matter.
  - A price of at least SEK 230 for 1995.

For such papers the level of yearly support is SEK 1,493,800.

Production subsidies may also be given to newspapers with higher coverage in competing markets if they are clearly having the same difficulties as trailing newspapers in the same circulation area.

In 1995 operating grants/running support amounted to a total of SEK 410 million.

In Sweden, the system of selective operational subsidies effectively stopped newspaper mortality. A second objective was to stimulate the creation of new newspapers. Thus, another direct subsidy, 'establishment grants' were instituted in 1976/7 to stimulate new entries into the market. Due to a lack of demand this establishment aid was cancelled in 1987.

Co-operation grants, to encourage joint-printing were also introduced but only a few newspaper companies showed an interest in them. In 1990, they were replaced with another measure aimed at assisting low-coverage newspapers investing in their production process to make them more effective. Competing newspapers were encouraged to sell advertising space jointly thus carrying the same amount of advertising. The amount of subsidy for 'co-operation on the advertising market' was dependent on the value of joint sales. Grants of 6% of joint-advertising income, divided equally between the co-operating papers, were intended to neutralise advertising competition. To qualify, at least one of the collaborators had also to qualify for a production, co-operation or development subsidy. Finally, since 1985, the advertising tax has been 4% on daily newspapers and 11% on all other print media.

In 1988, it was noted that the results from establishment, development, and co-operation grants were very disappointing. These forms of grants were

replaced with one 'development grant' providing greater flexibility and dynamic effects to lift weak newspapers out of permanent dependence.

Development grants are available for newspapers which need investment and for joint-distribution schemes. Joint-distribution support is paid for each subscribed copy of a newspaper distributed by a distribution company or by rural delivery, provided that at least two different newspaper companies are involved. The support is paid annually at a rate of 9,25 Ore for the first 7,000 copies sold, 7,40 Ore for each copy sold between 7,000 and 14,000, 5,55 Ore for each copy between 14,000 and 21,000 and 4,64 Ore for each copy over 21,000 (1995). (In 1995 joint distribution support amounted to SEK 73 million. For the year 1995/6, the distribution subsidies were SEK 109.5 million.)

Total direct press subsidies amounted to SEK 487.5 million in 1994/5, 6% less than in the previous year (SEK 517.3 million).

#### Indirect Subsidies

- Special postal tariffs are granted to papers delivered by the National Swedish Post office (mainly weeklies.).
- In the Supplementary Budget Bill of April 1995/6, VAT on subscription and single-copy sales revenues was reduced to 6% (compared to the standard 25%).
- Privileged status is given to newspapers with respect to publication of state and government insertions. As a rule, public advertisements of equal size have to be placed in all newspapers with a circulation of any consequence in the area in question.
- Guarantees for loans are also provided( amounting to SEK 300 million in 1995).

Production subsidies sharply increased at the beginning of the 1980s, reaching their peak in real terms in 1983, when more than three times as much money was granted to newspapers than in 1971 in order to counteract the unfavourable economic situation of secondary papers. They were gradually decreased thereafter. Marked nominal decreases were introduced between 1991 and 1994. Since November 1994, production subsidies (i.e., operating subsidies) have been reduced to SEK 411,4 million and development grants to SEK 3.1 million, leaving only distribution grants stable. In a report produced in 1994 the trends noted were: first, the provincial papers have shown better profitability than papers in the major cities, and second, the main regional papers are going from strength to strength. The main factors seem to be that small, local newspapers in the countryside are well managed, have a skilled staff, and a much lower salary level for their journalists than larger papers.

In March 1995, the Swedish parliament decided to hand out an increased amount of SEK 936.5 million of total state press subsidies for the budget year 1995/6. In 1994, only one of the ten most profitable newspapers in the country had a nation-wide distribution. This was a business newspaper, *Dagens Industri*.

There is common agreement as to the general success of state subsidies in preventing newspaper closures as well as achieving positive structural and competitive changes. There is no doubt that many of the 77 newspapers receiving subsidies would be doomed to falter if help were cut. There is some argument, however, as to whether subsidies might actually weaken intermediary competition with local radio, TV, and other forms of new media (such as the internet). Instead of supporting one strong paper in a local area to compete with the new advertising options, subsidies keep both papers in the area relatively weak in comparison to the market power of the competitor.

### Germany

In Germany, newspapers and magazines with 25-30% editorial content benefit from preferential postal rates and all newspapers are exempt from the monopoly of the Bundespost and able to use their own distribution mechanisms. Newspapers and magazines with substantial involvement in political education and citizen development can apply for investment loans from the State to improve productivity, primarily for the purchase or upgrading of technical equipment. Publications making the supply of information to the public subservient to external business objectives are excluded from applying for such loans.

### The Netherlands

In the Netherlands a State Press Fund grants loans or subsidies to newspapers or opinion magazines in difficult financial circumstances. These grants are designed to allow restructuring leading towards renewed profitability. The fund may also assist newspapers which make a particular contribution to diversity in the market.

The Dutch Media Act allows the distribution of part of broadcasting advertising revenue to press organs either by the Netherlands Broadcasting Programme Foundation or the Minister of Cultural Affairs. Public local and regional radio stations cannot broadcast advertisements unless they have come to an agreement on the distribution of advertising revenues to local or regional press organs in their broadcasting area.

### General Conclusion

Since the 1950s many western European nations have directly intervened to prevent newspapers from dying and to ensure the practical efficacy of the right to publish and disseminate information freely by sustaining a plurality of titles in the press and thus, hopefully, diversity.

While the various methods for subsidising the press vary from one country to another, a number of common problems can be identified. Most significantly, despite subsidies, newspapers continue to “die” in all the countries surveyed. As a result, a number of commentators regard subsidies as a means merely of staving off the inevitable; closure and a contracting market for newspapers in general. In a number of cases subsidies appear to have the practical effect

of strengthening those already leading in their market, and many argue that subsidies actually weaken newspapers by denying them the possibility to become commercially powerful and to compete with new media technologies.

Also of concern is the question of improper government interference in the press through the granting and withholding of subsidies. While few would argue that subsidies are used as a direct tool to influence the press, some have raised concerns about the allocation of subsidies in Austria and France and even Sweden has not been free of allegations of political influence.

While there is some evidence that popular support for press subsidies is diminishing in western Europe, subsidies remain one of the main pillars of press support in the region and there seems to be little prospect of radical change in the near future, although budgetary pruning is leading to the scaling down and removal of some financial support mechanisms. Critics of subsidies suggest that they are a drain on the public finances with no demonstrable long-term benefit to the press. The fact is, they argue, that with or without subsidies, a newspaper that turns its back on the requirements of the market will fail. Despite this, and the difficulties in ensuring neutrality and fairness in distribution, subsidies seem destined to continue for some time in western Europe.