

to compensate for



3. Reduced VAT rates: the most common form of indirect media support

Since media owners often consider direct state aid to be a way of exerting political and financial influence over editorial freedoms and business choices, other policy measures have usually been met with a greater degree of

Netherlands	9	21
Austria	10	20
Poland	8 and 5	23
Portugal	6	23
Romania	5	19
Slovenia	5	22
Slovakia	10	20
Finland	10	24
Sweden	6	25
Serbia*	10	20

*non-EU member

4. Serbia: generous public support and the threat of political parallelism

Project-based co-financing of public interest content in Serbia was introduced as a result of changes to media legislation² in 2014. The idea was to “regulate a chaotic media scene and ensure media integrity in a semi-democratic society” (Barlovac 2015), with the clear aim of transforming the role of the state in the media sector. In countries that have signed accession agreements with the EU, the diversification of media ownership (primarily privatisation) is considered crucial for media pluralism and integrity. Media owned by local municipalities, and by the state in general, were regarded as biased, heavily influenced by political agendas and, generally, incapable of fulfilling their democratic role. Thus, the new legislation envisaged a process of privatising local public media. While changes in media ownership were – for the most part – regarded as positive, a number of journalists and media workers were sceptical of the outcome. They were concerned that political pressures would simply be replaced by market-related ones (Balkaninsight 2015). To offset such concerns, media subsidies were introduced. However, as reports by civil society organisations and other independent stakeholders show, political actors in Serbia still have the upper hand when it comes to allocating funds on all levels.

Over the last two decades, media systems in Southeast Europe have been in a state of transformation as a result of demands for de-regulation, i.e. limiting the influence of the state. The outcome, however, has been disappointing. A manifesto adopted by the SEE Media Observatory Conference 2016 underlines the need for “radical reform [that] calls for active involvement by the governments which are obliged to provide and protect the communication rights of people” (Baši Hrvatin and Petkovi 2016). Demands that governments play a more active role in shaping the media landscape were thus driven by perceived failures in the model favouring commercial orientation and the withdrawal of the state from media ownership (Popovi 2017).

As 2011 research on Serbia’s media landscape shows, the country’s media market at the time was poorly regulated, with the media system overall failing to fulfil its democratic role (Mati 2012). With more than 2,600 media outlets recorded in the Media Registry, the Serbian media environment could be characterised as abundant and this has been the case for the past 20 years

Authors of a report on media integrity in Serbia claim that "state financial aid is allocated arbitrarily, i.e. on political grounds, and without supervision" (Matić an



Source: Center for Sustainable Communities, 2021

The Balkan Investigative Reporting Network and a coalition of civil society organisations (BIRN 2021) recently conducted an analysis of grants allocated over a three-year period (2019–2021) which showed that almost two thirds of grant recipients received regular support. These findings suggest



Source: Šalinovi et al (2021)

From the outset, creators of this system of subsidies had envisaged that income from the advertising market would be sufficient to cover the news production costs of radio and television outlets while the Media Pluralism Fund would provide an extra financial boost. However, as the data shows, many radio and television outlets on the local level would simply cease to exist without the Fund, or, at least, would not be able to perform their public service role, thus in all likelihood violating the terms and conditions of their respective grant contracts. This is in line with findings that the proportion of radio stations' revenues that was represented by grants increased from 5 to 12% over the period from 2007 to 2012. State aid for local televisions is even more critical: in 2007, grants accounted only for 2% of revenues, while by 2012 this proportion had increased to many r



Subsidies Board and their views of specific newspapers are irrelevant – if certain criteria are met, these press subsidies are awarded automatically.

A small subsidy for distribution, amounting to \$5.47 million in 2020 (MPRT 2021), is allocated to all newspapers sold for a price that does not diverge significantly (i.e. more than 25 percent) from that of the competition and that is distributed by the postal service or a joint newspaper carrier (it is important that publishers do not distribute their newspapers alone, but in cooperation with at least one other publisher). The value of the distribution subsidy had been higher for lower circulation titles but it has been fixed at \$0.02 per subscribed copy since 2020 (SFS 1990: 524). Historically, this subsidy had played an important role since home delivery is an essential form of distribution in Sweden where there are very few newsstands. Some high-profile national dailies still receive around \$300,000 annually from this source (MPRT 2021).

The most generous of all the Swedish media subsidies, amounting to \$67.3 million in 2020 and \$79.95 million in 2021, is the operational subsidy for newspapers (MPRT 2021). The basic rules are that:

The newspaper must be published at least once a week;

Its share may not exceed 30 percent of the given market, although it must have at least 1,500 subscribers (SFS, 1990: 524);¹⁰

At least 55 percent of its content must be original (MPRTFS, 2016:1).

For medium and high periodicity newspapers – published three to seven times a week – an additional requirement is stipulated: their position in the advertising market may not contradict the published circulation figures. At the other end of the spectrum, h

always rely on duty reporters to source the necessary information from the internet, press releases or other media but, at the local level, a newsroom may be the only source of information and financial pressures mean that important local events can simply fall off the news agenda.

These issues were addressed by Swedish policy-makers in "A media policy for the future", which was launched by the Ministry of Culture and Democracy in 2015. Media subsidies were discussed, together with the role of public broadc



News Deserts in Sweden: 2015 – 2020

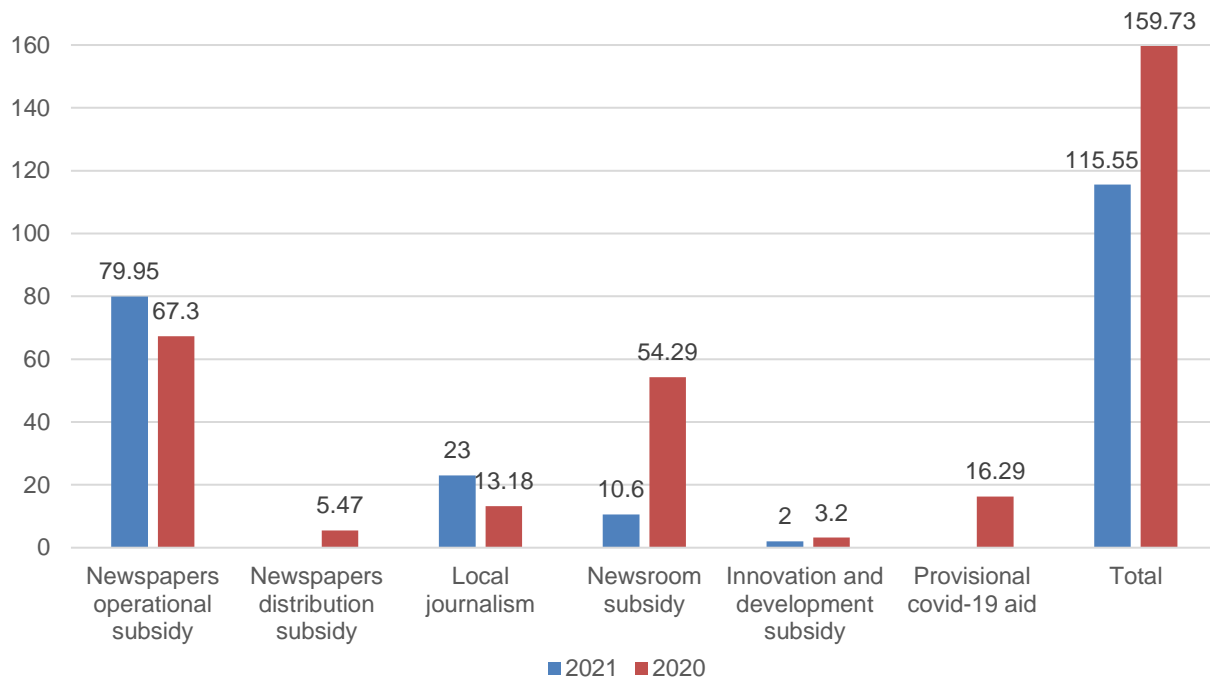
Source: Mediestudier.se

These news media "blind spots" are the focus of the local journalism subsidy. The Media Subsidies Board's evaluation criteria for its allocation to a new media operation – or to an existing newsroom's expansion – are (1) the outlet's contribution to journalistic coverage of communities without media; (2) the outlet's long-term sustainability; (3) the scope of journalistic coverage in the target area; and (4) the geographical distribution of the subsidy (MPRT 2021a). In 2021, around 200 newsrooms received subsidies, and in 2020, around 100 newsrooms received grants were awarded, amounting to \$23 million.

Together with provisional support related to Covid-19, direct subsidies to news media in Sweden amounted to the value of \$159.73 million in 2020, and \$



Media subsidies in Sweden
2020 - 2021, USD million



Source: Myndigheten for radio press och TV; authors' calculation

On the contrary, it is general news reporting and commentary which are considered to be in the public interest and, therefore, deserving of subsidies which insulate them against the vagaries of the market and changes in technology.

Another important aspect of the system – at least at the present time, if not overtly at the beginning – is a generally cordial approach to the Swedish media business. For decades, the newspaper market has been heavily concentrated (Ohlsson 2021). This means that a few big publishers (such as Bonnier AB or Stampen Lokala Medier AB) own a large number of subsidised local newspapers (thus making the case for regulations on the proportion of news content or locally produced content and on the ceiling of 40 million kronor for subsidies). In a platform-neutral environment, pluralism is probably more pronounced, but, as the director of Nordicom concluded, “The ten largest newspaper companies in the Nordic region ... control some 400 newspaper titles, including subscription newspapers, single-copy sale newspapers and freesheets – distributed in print and/or online” (Ohlsson 2021). It can be argued that several “sustainability” and “visibility” requirements featured in the regulations – which clearly do not favour non-profit start-ups – owe their prominence to the “neoliberal policy shift”. This diagnosis sees “the role of the state ... reduced to ensuring that a functioning market existed, while cultural goals of diversity and pluralism were sidelined” (Jakobson et al. 2021).

On the other hand, since the Swedish system prohibits the share of total grants received from surpassing 75% of the annual operating cost of a newsroom, the balance sheet must be presented to the Media Subsidies Board (SFS 2018: 2053). This can work as a safeguard against providing subsidies which simply increase profit margins. In any case, the influence of business actors is, at least, part of the reason why the system of direct subsidies was designed as a counterpoint to the automated system of indirect subsidies. Due to technological change, however, this approach needs to be abandoned in favour of a certain level of prioritisation among applicants on the basis of evaluation criteria. The Media Subsidies Board has developed an extensive set of formal requirements and rules that represent an effort to narrow the ambiguous space that



exists in the evaluations of the government-appointed Media Subsidies Board as



In order to assess the criteria set and to determine whether or not the evaluation and scoring technology really works, we will examine the €8-million "Journalism Partnerships" grant scheme. For project proposals that have fulfilled all the formal requirements, four groups of criteria are applied, each carrying 20 or 30 points:

- (1) Relevance (maximum score of 30 points)
- (2) Quality of content and activities (30)
- (3) Project management (20)
- (4) Dissemination (20)

Each of these groups has two or three sub-criteria, carrying

dilemmas and align the yardsticks that are used.²¹ Experts working for the EU are reasonably well paid for their services. Their names are published (although often “buried”) on the Commission’s website, however, the identities of the evaluators for any specific project are not revealed. Explanatory comments (such as “why did my proposal score only one point for the experience of the project team?”) are available. Proposals that are awarded more than 70 points “will be considered for funding – within the limits of available budget” and the applicants are notified that they have progressed into the grant preparation phase. This involves negotiation with the EACEA, primarily to “fine-tune technical or financial aspects” and “address the recommendations of the evaluation committee” (EACEA 2021, p. 15).

The methodology of Swedish media subsidies suggests that there is some room for interpreting the criteria. However, even in platform-neutral strands, grants are precisely calculated in relation to actual newsroom expenses.²² Conversely, while working towards an impression of “objective” evaluation, European Union schemes provide opportunities for reasonable adjustments of the scale, focus and the implementation strategy of the media supported. We may be tempted to interpret these differences in the light of different political settings and practices. However, European Commission schemes were developed within the realm of new public management and associated ideals of efficiency “imported” from the business arena. Although it may have been steered towards a similar set of values during recent decades (Jakobson et al. 2021), the Swedish system was inaugurated during the Fordist era which was marked by welfarism, public service ethos and corresponding notions of justice.

8. Conclusions

Direct subsidies are a mechanism for both supporting the production of public interest content and for investing in high-quality journalism in general. In that sense, they are more targeted and goal-oriented than

mediestödsnämnden efter Bulletinbeslutet | Journalisten (Accessed 8 April 2022).

Nielsen, R. K. and Linnebank, G. (2011) *Public Support for the Media: A Six-Country Overview of Direct and Indirect Subsidies*. Available at: <https://reutersinstitute.politics.ox.ac.uk/our-research/public-support-media>

