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Media in Crisis: should the state intervene?

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1. Introduction

The global economic crisis has not spared the media industry. The print press has been hit particularly hard, as it was already shaken by the Internet boom and readers' migration towards on-line editions most newspapers provide for free. Competition from 24/7 news channels also seems to have undermined newspaper sales.

According to the World Association of Newspapers, between 2000 and 2005, press circulation fell by 5.26% in Europe, by 2.5% in USA, and by 2.13% in Japan. This negative trend has accentuated during the last couple of years.

2009 was one of the blackest years yet for the newspaper industry in North America and Europe¹. Worldwide newspaper circulation dropped by 0.8%, while advertising revenues declined by 17%². But these global figures are less dramatic because they include positive trends in the Asian markets.

In 2009, U.S. newspaper circulation hit its lowest level in seven decades, as papers across the country lost 10.6% of their paying readers from April through September, compared with a year earlier.³ Never since the Great Depression has the industry been in a worst shape.

To make matters worse, advertising markets also shrunk drastically under the strains of the global crisis. Advertising spend declined in most of the regions - North America (25%), Western Europe (13.7%), Central and East Europe (18.7%), Asia (9.6%) and South America (2.9%) – but remained fairly stable in the Middle East and Africa⁴.

As both sales and advertising revenues are dropping, the future of print press looks very grim. Many speak even of a “terminal decline”, or of the inevitable “newspapers' death”.

When the press is dying, can governments be indifferent?

Most West European states decided almost four decades ago that the answer to this question is “No”. Increasing newspaper mortality during the 1960's and the 1970's prompted many governments to adopt extensive subsidy mechanisms.

“From the point of view of any democratic theory, the importance attached to the newspaper press is that is one of the main channels by means of which citizens can be informed about the world and the problems and choices facing their government, and in which they can find reasoned discussion of alternative policies and possibilities. Also, according to this theory, it is essential that the same quality and variety of information

¹ *Trends in Newsrooms 2010*, World Editors Forum, World Edition Forum WAN/IFRA

² *World Press Trends 2010*, WAN-IFRA

³ Frank Ahrens, „The Accelerating Decline of Newspapers”, *Washington Post*, October 27, 2009

⁴ *World Press Trends 2010*, WAN-IFRA

and debate is available to all citizens equally, (...) since systematic information imbalances between citizens are obstacles to full democracy.”⁵

The severe economic hardship affecting media in general and print press in particular calls for a reassessment of state policies towards this industry. For – and that might come as a surprise to many – there is no press completely free of government intervention anywhere in the world. To better understand the mechanisms available, I will compare regulations in two Western countries which are very different in their approach on this issue: France and Great Britain. I will also analyse Romania’s case, which proves that „no official intervention” can mean selective, non-transparent support for government-friendly media. It is a worst case scenario, showing that the free press itself is at risk when market failure combines with corruption and political pressure.

⁵ Colin Sparks, „The Press, the Market and Democracy”, *Journal of Communication*, Vol. 42(1), 1992

2. The State and the Press: two antagonistic philosophies

Two opposing schools of thought have shaped governments' policies towards the press and can be traced behind every controversy regarding State intervention in this area.

The first one is the libertarian, free-market theory of the press, which rests on the belief that government involvement should be minimal and that free competition would eventually solve any problems. This view is deeply rooted in Anglo-American cultures.

The second one is the social responsibility theory of the press, most popular in continental Europe, especially in France and in the Scandinavian countries. According to this view, media is not just a business, but also a public service and so governments should make sure that it is provided for at all times in a satisfactory way.

Dr. Paul Murschetz from Glasgow Caledonian University describes these two contending paradigms: “What some market observers and practitioners believe to be inimical to a press thought of as a public service – the need to turn a profit in a “market is king”-environment – others call necessary market-driven adaptations to the requirements of readers' changing desires. For the latter, newspapers are privately-owned, profit-making businesses. Maximizing sales and profits should take precedence over all other matters. For the former, newspapers should serve the market without kneeling before it and allowing it to become a tyrant.”⁶

However opposed these two theories may seem, they still share the common belief that free press and editorial pluralism are vital to any democracy. And even in the most liberal, market-oriented societies, State intervention is present in the media.

⁶ Paul Murschetz, *State Support for the Press – Theory and Practice; A Survey of Austria, France, Norway and Sweden*, The European Institute for the Media, Mediafact, October 1997

3. What is State intervention?

According to Prof. Robert G. Picard, founding father of media economics studies, governments regularly intervene in media markets. Intervention occurs through regulation, advantages and subsidies⁷.

Regulation refers to the legal framework set by government for a specific industry, in order to organize and manage the activities of companies. The most common types of media regulation are controls on newspaper ownership and antitrust laws, preventing media concentration.

Advantages are assistance programs that provide reduced fees for services or other preferred treatment by government agencies or government-controlled entities. Included in this category are tax breaks, reduced fares for journalists on state railways or airlines, and exemptions from regulation.⁸

Subsidies are cash transfers from the government, although the term is commonly used to describe all sorts of advantages granted by the State.

Both advantages and subsidies increase profit and create incentive for production.

Robert G. Picard also identifies three criteria for categorizing State intervention, which can be:

- general or specific
- direct or indirect
- selective or mandated

General aid provides revenue that a media manager can use for any purpose, while **specific assistance** is limited for a single type of use. Tax breaks and reduced postal fares are general advantages; grant funds for personnel training are specific.

Direct aid is targeted to a specific newspaper, while **indirect aid** is granted for the industry as a whole. Historically, most aid has been indirect, coming in the form of fiscal breaks, equally benefiting all papers. Large direct aid is primarily found in Northern Europe and has a clear link to political and cultural purposes⁹.

Selective intervention is to be decided by an administrative body or official, on a case by case evaluation. **Mandated intervention** is not dependent on such a judgment,

⁷ Robert G. Picard, *Media Economics – Concepts and Issues*, Sage Publications, 1989, p. 94

⁸ Robert G. Picard, *Free Press and Government: The Ignored Economic Relationships of US Newspapers*, Mass Media Research Unit Publications, Goteborg University, 1995

⁹ Robert G. Picard, *Issues and Challenges in the Provision of Press Subsidies*, Proceedings of the Symposium Press Subsidies in Europe: Development, Pluralism and Transparency, Barcelona, 19-20 June 2006

because it has been mandated by a law that clearly defines who benefits from it and in what circumstances.

Each of these types of aid has its merits and its downsides. General aid is flexible and grants media managers more freedom to decide their business strategies. On the other hand, it might not be used to solve specific problems the government wants to address.

Indirect aid does not alter competition, but can be criticized for helping more the companies who need it less. Also, it can prove to be quite expensive in the long run. On the other hand, direct aid is usually more controversial, as it can be suspected of artificially distorting the market. Also, “they are often judged to be subject to political and other kinds of manipulation”¹⁰.

Suspicion of subjective evaluations, mined by vested interests, is also the main concern regarding selective intervention. To avoid aid being directed mostly to government-friendly media, there is a strong need for objective qualification criteria.

Although the core rationale underlying all state intervention in the media industry has been the same (support pluralism and diversity of opinion), the specific ways to achieve that goal differ considerably. Prof. Peter Humphreys from the School of Social Science, University of Manchester, explains:

“Subsidies have varied according to their function. They may be designed specifically to support the establishment of new newspapers, or simply to tide publications over periods of difficulty. They may be more extensive and continuous, to promote competition in markets threatened by monopoly. They may be designed to compensate for production and/or distribution costs, to off-set declining sales and advertising revenues, to encourage the cooperation of newspapers in distribution, promote capital investment and/or restructuring, or to support journalists’ training and special projects. Subsidies may be targeted at minority newspapers with a special social value or political orientation, and so on.”¹¹

Prof. Robert G. Picard discovered that patterns of press intervention were related to national economic and industrial policies¹², and that the level or significance of intervention in newspaper economics differed widely among nations¹³. His studies attributed differences among national policies to cultural elements and to economic policies towards industries overall.

¹⁰ Jens Cavallin, *European Policies and Regulations on Media Concentration*, International Journal of Communications Law and Policy, Issue 1, 1998, para.28

¹¹ Peter Humphreys, *Press Subsidies in the Context of the Information Society, Historical Perspective, Modalities, Concept and Justification*, Proceedings of the Symposium Press Subsidies in Europe: Development, Pluralism and Transparency, Barcelona, 19-20 June 2006

¹² Robert G. Picard, *Patterns of State Intervention in Western Press Economics*, Journalism Quarterly 62:3-9, Spring 1985

¹³ Robert G. Picard, *Levels of Intervention in the Western Press*, Mass Communication Review, Winter/Spring 1984

Britain, France and Romania are excellent examples of how this diversity of backgrounds translates into different government approach towards the media.

4. France

France has the oldest and probably the most complex system of press subventions in Western Europe¹⁴. Its roots can be traced as far back as 1789, when the Declaration of the Rights of Man stated that „every citizen can exercise his right to write, speak and publish freely”. The principle of a free press was, however, institutionalized only in 1881, with a law¹⁵ guaranteeing freedom of opinion and granting the right to publish and disseminate information freely, without prior restraint from any state authority¹⁶.

Dating from the days of the French Revolution¹⁷, preferential postal tariffs for newspapers are a form of indirect aid adopted since then by many countries. But the bulk of France’s intricate press subsidies legislation accumulated after the Second World War. The initial motivation for this heavy interventionist trend had to do with the Gaullist development of a press not previously associated with the Vichy government, as well as with the need to overcome the poor conditions of the reconstruction period.

A short-lived boom in newspaper consumption immediately after the Liberation was followed by a sharp decline, in the context of economic hardship „d’apres guerre”. At the request of all press organizations and unions, the government of the Fourth Republic (1946-1957) adressed the crisis by offering massive indirect aid to the industry: preferential fares for telecommunications, a 50% discount for the transport of newspapers on national railways, an exemption of half of the taxes on newspapers’ turnover, investment benefits. It also set up a state-structured press regulatory agency: *Comission Paritaire des Publication et Agences de Presse* (CPPAP). Created by decree in March 1950, this agency ensures that all recipients of state aid meet some basic conditions.

Over the years, both the role and the rules of CPPAP have knowns several alterations, as the subsidy scheme in France became more and more complex, „laid down in a plethora of decrees, supplementary decrees, ordinances and policy documents”.¹⁸

Unchanged remained the motivation behind it: to provide access to information for all citizens, to stimulate their participation in public life, to safeguard and promote plurality of titles and thus diversity of views.¹⁹

In order to be registered by the CPPAP, a publication must:

- provide in a continued and regular manner political and general news and comments about local, national and international topics, capable of improving citizens judgement of the world;

¹⁴ Isabel Fernandez Alonso and Jose Joachin Blasco Gil, *Press Subventions in Europe in 2006: Categories, Funding Provided and Assigantion Systems*, Proceedings of the Symposium Press Subsidies in Europe, Barcelona, 19-20 June 2006

¹⁵ *La loi d’affranchissement et de liberte*, from 29 July 1881

¹⁶ Paul Murschetz, *State Support for the Press – Theory and Practice*, Mediafact, October 1997, p.70

¹⁷ Loi du 4 Thermidor an IV

¹⁸ Paul Murschetz, *State Support for the Press – Theory and Practice*, Mediafact, October 1997, p.72

¹⁹ D. Junqua, *La Presse Ecrite et Audiovisuelle*, Edition du Centre de Formation et de Perfectionnement des Journalistes, 1995, p. 100

- allocate to the above mentioned requirement at least one third of its total content;
- be published regularly, at least once every four months²⁰;

Brochures, catalogues and other purely commercial publications are not entitled to benefit from the special treatment granted to the press.

All publications registered with the CPPAP are entitled to broad State support coming in the form of indirect advantages. Additional conditions must be met for direct subsidies, available to newspapers with weak financial resources, or granted on specific projects.

The complete details of this very intricate scheme of State intervention can be found on-line on the website of the General Directorate for Media (Direction generale des medias et des industries culturelles) subordinated to the Ministry of Culture.²¹

The French State is helping print press in several different ways:

1). Indirect aid:

a) fiscal breaks:

- VAT on sales revenues is only 2.1% (compared to the standard rate of 20.6%);
- reduced Social Security taxes;
- exemption from the professional taxes (patente²²) for publishers (but, under certain conditions, also for printers, distributors and press agencies);
- tax deductions for profits reinvested²³;

b) preferential postal rates: up to 60% discounts on mail distribution, according to a number of criteria, including weight and urgency of delivery²⁴.

This is the oldest, but also the most expensive of all state aids for the French press, with an average annual budget of €250 million over the last 5 years.

This indirect subsidy has been subject to many readjustments since “La Poste” – the national mail service - became an independent operator in 1991. In the late 80’s, the State covered between 65% and 75% of all press mail delivery costs. In March 1992²⁵, the press contribution was raised to 33%, the rest being divided

²⁰ General Law on Taxes, Annex 3, article 72; my own translation

²¹ *Aides a la Presse Ecrite*, Direction generale des medias et des industries culturelles, <http://www.dgmic.culture.gouv.fr>

²² Article 1458 du Code général des impôts

²³ Article 39 bis A du Code général des impôts

²⁴ Articles D18 à D27 du Code des postes et des communications électroniques

²⁵ Protocole d’accord entre la Poste, la Fédération Nationale de la Presse Française et le Ministère des Postes et Télécommunications signé le 25 mars 1992

between the State (37%) and the Post (30%). Apparently it didn't work, since in 1995 the Post was still financing 47% of all press mail delivery. Other agreements were signed in 1996, 1997 and 2004. Between 2004 and 2008, the State spent €242 million per year to cover its share of the deal.

The latest agreement between representatives of the press and the management of the Post was signed on the 23rd July 2008 and stipulates a sharp rise in tariffs.²⁶ However, in January 2009, President Nicolas Sarkozy decided to postpone for a year the implementation of the new agreement, due to the global crisis. So the press got to pay the same fares, with the State reimbursing the Poste an additional €25.4 million for 2009.

c) **reduced National Rail Service fares:** since 1999, the amount covered by the State is decided annually. Between 2000 and 2004, dailies were granted a 60% discount, while other publications (registered by the CPPAP) got 19% off their railways transportation bills. The system was reformed in 2005 and new rules were introduced for calculating fares. In 2006, the State paid €7.3 million to the SNCF²⁷, thus covering 75% of all the dailies' transportation costs. The same amount was allocated in 2007.

d) **subventions to promote reading the press:**

- under an experimental programme approved in July 2005, the State provides newspapers to the libraries of some 1'000 secondary schools all over France
- on turning 18, every teenager in France is to get a year's free subscription to the paper of his/her choice, in order to boost reading habits; the measure was announced by president Nicolas Sarkozy in January 2009. In October 2010, the French minister of Culture and Communication, Frederic Mitterand, announced that this experimental programme has already boosted newspaper readership by 6% among the targeted age group.

2). **Direct aid:**

a) **Subventions to promote pluralism** are available for dailies and weeklies of general and political interest with low advertising revenues or limited circulation. There are separate funds and different conditions of eligibility for:

- national dailies (advertising revenues should not exceed 25% of all income)
- regional, departmental and local dailies (advertising should be less than 15%)
- regional and local weeklies (under 10,000 copies per edition)

²⁶ Over a seven-year period, the rates would go up by nearly 25% for politically oriented and general interest publications. For the rest, the increase will be close to 34%.

²⁷ Société Nationale des Chemins de Fer

On November 2008, the daily „Libération” asked, for the first time, to benefit from the State assistance to national dailies with weak advertising resources. Aimed to support the variety of the opinion press, this public assistance had been so far reserved to „L’Humanité”, „Le Croix” and „France Soir”. In 2005, the daily „L’Humanité” received €2.6 million, „France Soir” €2.2 million and „Le Croix” €2.1 million.²⁸

Also aimed at promoting pluralism there are two other public funds:

- The Multimedia Press Fund offers loans and subsidies to help the French print media modernise and adapt to new information technologies. Up to 40% of these credits may be rebated when publishers can prove a given project has been completed (this limit was recently raised up to 60% for on-line providers of general and political news). Annual funding for each on-line news service cannot exceed €1.5 million; in the case of collective projects, each participant company can benefit to a maximum of €1 million peryear.
- The Modernisation Fund for daily newspapers supports innovative projects regarding technological updates, improving newsrooms, but also more „outside the box” ideas aiming to boost readership. Selection of projects is made on a case-by-case basis. The fund is financed by the proceeds of a 1% tax levied on all advertising published in the free commercial printed media (free and promotional papers, brochures, catalogues, direct mailing and so on). In 2008, out of the 78 projects presented to the Selection Board (Comité d’Orientation), 64 were approved, receiving a total funding of €24.7 million.

b). **Distribution subsidies** are trying to improve press penetration:

- subvention for decentralized newspaper printing;
- subvention for the modernization of press selling points;
- subvention for the promotion of French press abroad;
- a “portage” subsidy is encouraging daily newspapers to find private alternatives to the Post for distributing subscriptions. The State is paying up to €0.30 for every copy home-delivered by means otherthan postal;
- subvention for national level distribution of daily general and political information press;

According to the World Press Trends 2009 Report, France gives €1.5 billion in direct and indirect state aid to the national press each year.²⁹ Still, French print media was far from thriving long before the global crisis. The circulation of all national paid-for titles totaled 8 million, compared with 16 million in the UK and 24 million in Germany. It is true, though, that France does not have high circulation tabloids like „The Sun” in Great Britain or „Bilt” in Germany.

²⁸ World Press Trends 2009 Report, World Association of Newspapers

²⁹ World Press Trends 2009 Report, citing Patrick Eveno, media historian at Sorbonne

French national newspapers also face much higher production costs mainly because press printing - controlled by the powerful union „Le Livre” – costs twice the normal market price for non-syndicated printing.

So, despite the extremely expensive State support system already backing it, the French press is still very vulnerable in face of the global economic crisis. Additional help was promptly announced by president Nicolas Sarkozy on the 23rd of January 2009: not just a generous €600 millions emergency aid, but also new rules and regulations aimed at attracting investors outside Europe. Also, the French president promised the State would double advertising in print and online newspapers.

Summary:

- The cultural legacy of the 1789 revolution and the Gaullist policies at the end of WW2 shaped the French hyper-interventionist approach to the press
- French print media are alarmingly dependent on subsidies, generously provided by the State for more than half a century
- France spends annually €1.5 billion on direct and indirect aid for the print press
- In face of the current global economical crisis, a €600 millions emergency aid was granted to the French press.

5. Britain

In Western Europe, the British press seem to be the one closest to the libertarian ideal of minimal State intervention. The only help granted by the government comes in the form of an indirect advantage: VAT exemption for both single copy and subscription sales for all publications.

The value of VAT exemption should not, however, be underestimated. According to a 1998 study, the introduction of a 6% VAT across Europe, suggested by the European Commission as a possible harmonization measure, would mean the disappearance of most UK regional dailies and a 10% fall in the circulation of the national dailies³⁰. And that prediction was made long before the current global crisis.

Still, compared to most Western European states, Britain has the least interventionist approach towards print media. And, until very recently, unhindered free market competition seemed to have produced a much more robust print industry than those heavily subsidised on the continent. Whether economically more viable necessarily means superior in terms of social value is of course highly debatable.

Less than a fifth of British people say they trust newspapers, down from about 30 per cent last year and well below the global average, according to a new report published in January 2009.³¹

„Quality press” makes for just about a quarter of the total British newspaper circulation. Tabloids sell four times as many copies as broadsheets.

Popular press, which has a long tradition in Britain, has always been more about entertainment than about journalism, more about selling than about informing. Prof. Adrian Bingham proves this point by putting together some very revealing testimonies from the past³²:

Ever since a modern popular press developed in the mid-nineteenth century, in the form of cheap Sunday newspapers such as “*Lloyd's Weekly News*” and the “*News of the World*”, it has drawn scorn from educated commentators. Victorian moralists attacked the lurid press coverage of proceedings of divorce cases and murder trials. Matthew Arnold famously described the “New Journalism” of the 1880s as “feather-brained”.

When a popular daily press emerged after Alfred Harmsworth's launch of the “*Daily Mail*” in 1896, there was a similar wave of ridicule and contempt. Lord Salisbury, the Conservative Prime Minister, dismissed the “*Mail*” as “a newspaper produced by office-boys for office-boys”.

³⁰ Els De Bens and Helge Østbye, *The European Newspaper Market*, in Denis McQuail and Karen Siune (eds) *Media Policy. Convergence, Concentration and Commerce*, 1998, London, Sage, p.13

³¹ The 10th annual Edelman Global Trust Barometer, based on a survey of more than 4,500 college-educated adults with an interest in news

³² Adrian Bingham, *Monitoring the popular press: an historical perspective*, History and Policy, May 2005

The “Report on the British Press”, published in 1938 by the policy organisation Political and Economic Planning (PEP), notes “a dangerous tendency by which entertainment ceases to be ancillary to news and either supersedes it or absorbs it”. Many people, the authors observed, “welcome a newspaper that under the guise of presenting news, enables them to escape from the grimness of actual events and the effort of thought by opening the backdoor of triviality and sex appeal”. Such readers, they feared, were left ill-informed and unable to participate intelligently in political debate.

A Royal Commission found out that in 1937 the “*Mirror*” devoted four times as much space to sports than it did to “serious” news about politics, society, and the economy.

“I am not arguing that instruction should not be given, but that our main function is, and is likely to remain, entertainment”, wrote “*Mirror*” editor Hugh Cudlipp in a 1947 letter to the newsgroup owner, Cecil King.

Over the years, tabloids achieved not only financial success, but also great public influence. Professor Jeremy Tunstall, a former adviser to the latest Royal Commission on the Press, argues that the British government has always opted for minimal interference in press matters simply because “the politicians in power fear antagonising the newspapers”³³.

As a result, British press policy relies solely on general competition law and the publishers’ voluntary self-regulation of ethical standards under the supervision of an independent watchdog commission, the PCC (Press Complaints Commission, previously the Press Council), established in 1991, to protect diversity in the press.³⁴

During the 20th Century, three Royal Commissions reported on the state of the British press, in 1949, 1962 and 1977. The third one is particularly of interest, not just because it is the most recent, but also because it has specifically addressed the issues of state subsidies.

The third Royal Commission on the Press was set up in May 1974 and its members appointed by Royal Warrant on 16 July 1974 under the chairmanship of Sir Morris Finer. Following the death of Sir Morris Finer, Professor Oliver McGregor was appointed to succeed him as chairman on 7 March 1975.

The commission was established „to inquire into the factors affecting the maintenance of the independence, diversity and editorial standards of newspapers and periodicals and the public freedom of choice of newspapers and periodicals, nationally, regionally and locally.”

³³ J. Tunstall, *Newspaper Power. The New National Press in Britain*, Oxford: Clarendon Press, 1996, p.391

³⁴ Paul Murschetz, *State Support for the Press – Theory and Practice*, Mediafact, Oct 1997, p.23

After a three year investigation, the Commission decided against any State help for the press, ruling that successful examples of intervention from elsewhere in Europe are irrelevant to British circumstances.

Direct (selective) intervention was rejected on the grounds of distorting the market and making room for subjective evaluations – which could ultimately impinge on the independence of the press. It would require, the argument goes, „a central agency to make invidious decisions between deserving and undeserving publications (...) in such a way as to amount censorship in the sense of preferring to support some publications and not others.”³⁵

Indirect help (such as non-selective tax breaks or postal discounts) was rejected because it „carries the penalty of helping publications which neither need nor merit assistance”. „This kind of subsidy is expensive and may even discriminate against newspapers in financial difficulties by giving extra resources to their stronger competitors”, the Commission concluded.

It must be added that another strong argument against subsidising British print media has always been the BBC. Through the publicly funded broadcaster, the State ensures a constant flow of relevant news and high-quality journalism.

Although not completely unchallenged³⁶, this view on State (non)intervention was, until recently, largely supported both by the press industry and the political establishment. „The catastrophic downturn in the industry’s fortunes”³⁷ changed all that and relaunched the debate on government aid for print media.

According to the *Trends in Newsrooms 2010 Report*, the fate of many British papers came under threat in 2009, especially in local and regional markets. In 2008 alone, 11 Newsquest papers were closed in the northwest of the country. Johnston Press cut more than 1,100 jobs and the Guardian Media Group also cut about 245 jobs, as well as all 22 editorial offices of its weekly newspapers. Trinity Mirror was forced to close 27 newspapers in 2008, and a further eight in the first half of 2009.

A report published by Enders Media in June 2009 predicted that up to half of the nation’s 1,300 local and regional papers could be closed within the next five years. The report projected a 52% decline in regional newspaper ad revenue in the period between 2007 and 2013, alongside an 8% dip in circulation.

In face of imminent disaster, many in the print industry called for a government bailout. The issue of State intervention is now being reassessed, sparking again controversies.

³⁵ Royal Commission on the Press 1974-1977, p.112, 113 and 126

³⁶ see James Curran, „The liberal Theory of press freedom”, in Curran J./Seaton J., *Power Without Responsibility. The Press and Broadcasting in Britain*, London, Routledge, 1991

³⁷ Ian Burrell, *The Big Question: Why are regional papers in crisis, and does it matter if they close down?*, Independent, March 2009

In March 2009, the then Culture Secretary Andy Burnham said “the government does not have the funds to chuck around” to save the press. However, following a letter sent by the Society of Editors and Newspapers, the government announced an upcoming summit to discuss the future of regional media in the UK.

At about the same time, Conservative MPs voiced a law proposal to loosen media merger laws in order to help the press. This initiative was contested by both Labour party members and the National Union of Journalists (NUJ), who claimed this would lead to further editorial cuts.

In June 2009, the NUJ urged Ben Bradshaw, the new Culture, Media and Sport Minister, to take action in the campaign to reinvigorate local journalism in the UK. In its Economic Stimulus Plan, the NUJ made the following suggestions:

- A hard and fast commitment to ring-fence licence fee funding for the BBC;
- A levy introduced on commercial operators who benefit from quality public service content – including local news – but do not contribute to its production;
- Tax breaks for local media who meet clearly defined public purposes;
- Tax credits for individuals who buy quality media;
- Direct support to help establish new genuinely local media organisations;
- Strategic use of central and local government advertising;
- Support for training opportunities that open access to journalism;

The same month, the Labour government launched a cross-party committee investigation into the future of newspapers in the UK, in collaboration with representatives of the press industry³⁸.

After the 2010 elections, the coalition government formed by conservative leader David Cameron did not encourage hopes for any State subsidies for the print press, as Tory media policy is dictated by a "de-regulatory approach".

Instead, the new Culture and Media Minister, Jeremy Hunt, promised a wide reform aimed at encouraging investment in a new generation of local TV stations in UK towns and cities. Central to this reform would be a significant relaxation of cross-media ownership rules which currently prevent groups from owning regional newspapers, radio stations and television channels in the same area.

The Department for Culture, Media and Sport was expected to publish a "local media action plan" in the summer of 2010.

Summary:

- The only State subsidy for the print press: VAT exemption for newspapers sales
- British print media has traditionally been very market-oriented

³⁸ Trends in Newsrooms 2010, World Editors Forum / WAN-IFRA, Section 1, p.6-7

- tabloids sell four times more than broadsheets
- serious journalism is provided by the BBC
- regional media is now under serious threat.

6. Romania

The Romanian print media face an additional risk to those of the Western press: the government not only doesn't help, but seems quite eager to push them over the edge. The only State granted advantage enjoyed by the industry is a VAT reduction on newspaper sales: 9%, instead of the general 24% (recently raised from 19%³⁹).

The very notion of press subsidies is totally unfamiliar in Romania. Ever since the fall of communism in December 1989, the emerging free media remained suspicious of any kind of State intervention. The mistrust was mutual, as all governments tended to consider the press a potential enemy.

Leading journalist Cristian Tudor Popescu thinks that there has been almost no evolution in the political leadership's attitude towards the press during the last two decades: "A communist-era way of thinking is still very much present in their approach to the media. It has been the same under all three presidents we have had so far. They all saw the press as a subordinate body, owing natural obedience to the political establishment."

Former chief-editor of the bestselling national daily *Adevărul* and later founding director of the independent *Gândul*, Cristian Tudor Popescu is reputedly the most influential political columnist in Romania. For more than five years, he was also the voice of the industry, as president of the Romanian Press Club (CRP), which he chaired until 2008.

Popescu thinks that the Romanian political leadership never truly understood the media's role in a democracy: „As for our current president, he has a genuine disdain for the press. In Traian Băsescu's opinion, the media should be simply an amplifying device always ready to broadcast his messages for the people. Nothing more.”

A very similar view comes from Sorin Roșca Stănescu, founder and former co-owner and director of the national daily *Ziua*, which closed down in December 2009, two years after he left the newspaper (after previously selling his shares). For five years, Roșca Stănescu has also chaired the Owners' Department inside the Romanian Press Club. He agrees that no government has ever been willing to help out the media. Quite the contrary: "Politicians in power have always been interested in keeping the press weak and thus easier to control" – explains Sorin Roșca Stănescu.

a) The print boom of the early postcommunist years

But the Romanian press has not always been broke and weak. During the first half of the 1990's, it was thriving and hugely influential. After 45 years of communist censorship, the public demand for news and debate was tremendous. In less than a year after the fall of Ceaușescu, the total number of publications almost tripled, from 495 in 1989 to 1,444 in 1990. The number of dailies grew from 36 to 65. Circulation of the top

³⁹ The 24% VAT was introduced on the 1st of July 2010

selling national newspapers – *Adevărul* and *România liberă* - averaged around 1.5 million copies per day.

The press was then a very profitable business, even in the absence of a real advertising market. Sorin Roșca Stănescu explains: “Print media was probably the first industry to become fully privatized. We were years ahead of the rest of the Romanian economy, who remained State-owned. For a long while, almost all advertising was State sponsored. That meant government controlled. Politicians in power used it – as they still do – to buy favorable press coverage, or at least to shield themselves from critics.”

Cristian Tudor Popescu agrees that State sponsored advertising has always been a tool for political pressure: “In the late 1990’s, *Adevărul* has been at some point officially black-listed and cut off from any advertisement from FPS (State Ownership Fund), because it dared to criticize the activity of that institution.”

There were no guidelines whatsoever in granting State sponsored advertising. The same amount could be given to bestselling broadsheets and to minuscule, obscure publications, if their owners were well connected.

Still, during the 1990’s, the press was rather immune to this kind of pressure, because many newspapers were able to make a profit on circulation only. “Profit assured editorial independence” – stresses Cristian Tudor Popescu.

b) The slow decline of the late 1990’s

But the huge public demand for print press didn’t last very long. By 1994, when the number of Romanian dailies reached a staggering 102, circulations had already begun to drop. The million copies sales were a distant dream. By the end of the decade, top seller *Adevărul* boasted an average circulation of around 200,000.

What had happened? The transition to a free market economy brought along large scale unemployment and devastating inflation. For many people, buying newspapers simply became an expendable luxury. It became even more expendable after the first privately owned TV stations began to broadcast, providing extensive news programmes for free. (The public television has always been suspected of obedience towards the government, so was never really trusted as a substitute for print media.)

Cristian Tudor Popescu has yet an additional explanation for the Romanians progressive disenchantment with the press: “During the first half of the 1990’s, the press was very highly regarded by the Romanian public. Maybe too highly. Because people trusted the press to accomplish things it could not possibly do. That kind of unrealistic expectations backfired. After 10 years, people got disappointed understanding that media was not actually solving the problems, that more often than not there were no immediate consequences to a story. So the exact opposite opinion started to prevail: the press is useless, journalism is just talk, empty words and a loss of time. Worth reading just for fun, for entertainment. This turning point was evident in the Spring of 2001, when – for

the first time - the tabloid *Libertatea* sold more copies than the bestselling broadsheet *Adevărul*. For ten years, tabloids had modest success in post communist Romania. Tabloids could only take over after the fall of the myth of the militant problem-solver press.”

The emergence of a commercial advertising market – although frail – managed to compensate for some of the losses in newspapers’ sales. But the impact of State sponsored advertising grew bigger. So did the politicians’ influence over the media.

c) The political influence over the press gains momentum

Between 2000 and 2004, there was a widespread feeling that much of the mainstream media has been bought off by the government. This feeling grew stronger after the uncovering of the infamous memo of socialist PM Adrian Năstase, requesting all State sponsored advertising to be firstly approved by him.

Cristian Tudor Popescu thinks it is important to correct a false legend: “We keep hearing that Adrian Năstase controlled the press. He did not. He never managed to do that.” According to Popescu, State advertising has always been a way to buy friendly media coverage, but not necessarily for the government in office, but for individual politicians in charge of those budgets:

“During Adrian Nastase’s government, State sponsored advertising was mainly controlled by two members of his Cabinet: Miron Mitrea, who ran the Transportation Ministry, and Dan Ioan Popescu, in charge of the Economy Ministry. To a lesser extent, the Ministry of Tourism – under Dan Matei Agathon – was also interesting as a source of advertising revenues. So these three politicians were channeling public money into newsrooms, expecting in exchange favorable press coverage. But not for the government as a whole, just for their own ministries. They didn’t care much about the bad press their PM was getting.

It is out of sheer frustration that Adrian Nastase signed the memo urging that all advertising granted by the government should be firstly approved by him. He was basically trying to factor himself into this media-bribing scheme.”

d) The birth of the media tycoons

After the 2004 elections, the new right-wing coalition government decided to simply cut off any State sponsored advertising. This was meant to prove that the new power refused to engage in the practices it had previously denounced from the Opposition bench. But this drastic measure had unexpected, profound effects on the print industry. It has triggered, or at least precipitated, a sweeping change in the ownership structure of the media.

Back in the 1990’s, journalists were running the Romanian press. In most newsrooms, the editorial policy was the sole responsibility of a single person, usually a leading journalist acting as director or chief-editor. He would generally also own a

significant share of the company. Interferences from other shareholders were seldom, as long as the business was making a profit.

But, with the new Millennium, profits started to evaporate. The circulation decline not only continued, but was accelerated by the spread of Internet - more and more readers turned to the free on-line editions instead of buying papers. As sale revenues were alarmingly dropping, the abrupt cut off of all State advertising left the industry extremely vulnerable.

Cristian Tudor Popescu explains: „It became increasingly hard for broadsheets to sustain themselves. So they were taken over (sometimes hostilely, sometimes otherwise) by businessmen with big money made outside the press. This massive injection of capital from outside the industry has completely altered the journalistic environment. Paychecks got bigger, but the quality of journalism plummeted.”

Cross-ownership is not prohibited in Romania, so big media trusts soon absorbed all relevant national newspapers. Concentration is not yet a problem, since no player controls too big a share of the market.

Still, print press never turned back to being profitable. On the contrary, it became more money consuming, even before the advertising market collapsed under the strains of the global crisis.

So why are the new media tycoons willing to put up with such losses? Cristian Tudor Popescu explains: “Unfortunately, none of these guys is a Citizen Kane. They don’t buy a small paper to build up a functional media empire. Today there is no media enterprise in Romania making a profit. Not even TV stations. They are all losing money. Maybe just some tabloids are covering their costs. So newspapers are kept alive only to be propaganda tools, serving the private interests of some individuals. They are not party journals. It’s a frequent mistake to say «That paper is against the social-democrats, or the other one is favorable to the democrat-liberals». That’s not true. The party is not the point. It’s not about doctrines and ideologies. It’s about individuals. The individual interests of the owner can converge at one point with those of a given political party, and later go on to the opposite direction. We have already witnessed spectacular editorial turnarounds, caused strictly by personal relationships and whims. It’s outrageous.”

This dangerous evolution has been repeatedly denounced by the current president and his party. Corrupt “media moguls” became an obsessive target for Traian Băsescu’s diatribes quite early during his first tenure as head of the State (2004-2009). They also became a convenient excuse for avoiding difficult, legitimate questions. The president and his political allies simply dismiss any criticism as being biased and ill-intentioned.

But not all media are hostile to president Băsescu and his party. A significant part of it is exceedingly friendly. And it is owned by equally controversial businessmen. Their background doesn’t seem to matter though, as long as they are on the government’s side. Staunch support for the regime can also bring other advantages. The president’s favorite

columnist, former BBC journalist Traian Radu Ungureanu, was rewarded with a seat in the European Parliament. That may not be unheard of. Really amazing is the fact that while he was still posing as an independent political commentator he was also on the payroll of the presidential party.

Other leading pro-Băsescu voices in the press have been appointed to head public institutions, like the Romanian Cultural Institute, or the Institute for the Study of Communist Crimes. They are still writing regularly.

Advertising is again being reconsidered as a tool for buying influence. Earlier this year, PM Emil Boc made a public statement that flagrantly reminded people of the infamous memo signed by Adrian Năstase. Boc declared his intention to personally check and approve all contracts for advertising European sponsored projects, although the money involved is the EU's.

Even worse, there is widespread suspicion that private advertising is also sometimes politically influenced. In a country ranked amongst the most corrupt in the European Union⁴⁰, companies winning lucrative contracts with the State might be easily persuaded to avoid certain publications, or to favor others. The local press is especially vulnerable to this kind of pressure.

e) The state of the press today: flawed but still functional

Cristian Tudor Popescu thinks that although deeply flawed, Romanian media are still performing their basic functions, providing information and a pluralism of opinion. Popescu explains:

“We’re not living in a dictatorship. Before 1989, it was possible for facts to be hidden, to be kept secret for years, completely inaccessible to the public. At most, they could perspire as a rumor, but without ever being mentioned in any kind of media. Today something like that is impossible. Now no scoop can be blocked for long. Because once someone decides to post it on a blog, it is impossible to stop its dissemination. As the scoop gains momentum, even media organizations interested in keeping silent about that issue are forced to reconsider. They are forced by the competition and by the public interest. They simply cannot afford to ignore the information, because their bias would become too evident.”

As for the public debate, Cristian Tudor Popescu believes it is now defined by “manipulation equilibrium”:

“Of course, the debate is altered. It becomes increasingly hard for a media consumer to get an accurate depiction of what is really going on, to get a less morphed image of the reality. Because he would have to sift through too many different sources. That takes a lot of effort and it is time consuming. But it is not impossible. There is a manipulation equilibrium. A balanced disinformation. A discerning public can navigate through this twisted, perverted system and manage to make sense of things. As for the

⁴⁰ According to the 2009 Corruption Perception Index, calculated by Transparency International

rest, the vast majority of the public simply stopped trusting the media, both as information provider and as a host for debate.”

Still, according to a survey conducted in the spring of 2010, over 73% of Romanians think that mass-media are the first most credible source of information regarding corruption cases.⁴¹ Apparently, this was not good news for the politicians in power.

f) A dangerous government strategy: the press pictured as a security threat

After succeeding to single-handedly impose an obedient government after his reelection in 2009, Traian Băsescu took his battle with the press to the next level. In June 2010, a national defense strategy review commissioned by the president identified media as a security threat, besides terrorism, corruption and organized crime. The document states that “orchestrated media campaigns, aimed at slandering the state institutions by disseminating false information about their activity” are one of the country’s major vulnerabilities. It also accuses the press of posing a threat by trying to influence “the political decision-making process with the aim of securing economic advantages.”

Approved by the Supreme Council for National Defence (CSAT), the review has prompted immediate reactions not only from media professional associations, but also from civil society and the political opposition.

Although there is broad consensus against this document, there are different views regarding its aims. Some think the review is just another attempt to discredit the press. Others say that this could serve “as a future basis for legislative initiatives meant to preempt any criticism of the government”⁴². There are also voices warning against more immediate consequences: if the media is officially acknowledged as a security threat, then journalists become legitimate targets for surveillance by the secret services.

Reporters Without Borders joined its Romanian partner organisation *ActiveWatch-MMA* and 18 other NGOs in condemning the document:

“We are outraged by the findings of this CSAT-approved study document. It is astounding that the government of a country that is a European Union member can regard the media as a threat to national security. We thought this kind of language was nowadays used only by dictatorial regimes that exploit national security concerns to legalise censorship and justify jailing lots of journalists. The international importance of such views in a strategy report should not be minimised.

The claims made about the media’s impact on defence strategy are completely unwarranted. If the press get their facts wrong, European governments have many options

⁴¹ The survey was conducted by the National Agency of Public Servants (as part of a project regarding corruption) and was conducted in Bucharest and five other counties between 28 April and 25 May 2010.

⁴² Romanian Academic Society (SAR) press release, June 2010

at their disposal for ensuring that the facts are corrected and they rarely fail to take advantage of them.

We support the appeal by ActiveWatch and the other NGOs to parliament for the report to be quickly amended in order to eliminate any reference to the media as a ‘vulnerability.’ We also urge senators to take the utmost care with this report, on which they are now supposed to take a position.”

The Romanian Parliament was supposed to vote on the report in early September 2010, but this was postponed. Its two Foreign Policy Committees however, already endorsed the document on August 23rd.

The issue was brought to the attention of the European Parliament and the European Commission was asked to consider it. Several European MP’s from Romania raised the same question during a broader debate concerning freedom of expression and freedom of the press throughout the EU. This took place on September 7th, during the first plenary session of the European Parliament.⁴³

“Respect for media pluralism, protection of journalists’ sources, freedom to criticize private and government powers, independent media and independent regulatory bodies are all essential for the full exercise of freedom of expression, and the Commission is fully committed to the defense of fundamental rights” – assured Neelie Kroes, Vice-President of the European Commission. However, no immediate action is to be expected.

Neelie Kroes explained: “The Commission has no general powers to intervene in cases of violations of fundamental rights. However, it would be able to examine respect for freedom of expression and media pluralism in specific cases where a link with EU law could be established. At this stage, and without prejudice to further legal analysis, no such systemic link can be established from the situations in a number of Member States with which I understand certain honorable Members are concerned.

In addition, the question has arisen as to whether Article 7 of the TEU⁴⁴ should be applied to the various Member States in question. As explained in our communication of 15 October 2003 to Parliament and to the Council, Article 7 aims to cover situations which either constitute a serious and persistent breach of values laid down in Article 2 of the TEU or create a clear risk of a serious breach of the latter. In the Commission’s opinion, the situation regarding the media in the various Member States does not fulfill the conditions necessary to trigger the Article 7 procedure.

Member States have constitutional traditions which protect fundamental rights. Europe, therefore, cannot replace Member States when it comes to enforcing fundamental rights. However, the Commission will never shy away from dealing with national

⁴³ Full transcript of the debate is available at: <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+CRE+20100907+ITEMS+DOC+XML+V0//EN&language=EN#creitem33>

⁴⁴ Treaty on European Union, also known as the Treaty of Maastricht

decisions which infringe EU laws and the common values of the EU and will fully exercise its competences and its role of guardian of the Treaties.”

The Government’s fiscal war against the press

A more urgent danger for the Romanian press than being officially labeled as a security threat is a fiscal measure adopted by government, in effect from July 1st 2010⁴⁵. The State is to levy health care and social security taxes on copyright revenues. That is 16.5% in additional taxes.

Although this measure affects many different categories of creative activities, it is widely thought to be mainly targeting the media. Veteran journalist and political columnist Cornel Nistorescu is adamant about it: “All this insanity was not created because of painters, sculptors, or composers. It was aimed at journalists. It was intended to paralyze the press, because the press is posing a serious problem to the current political power.”

It is true that for many years, Romanian media have extensively used copyright contracts as an alternative or in addition to full employment. This was not just a way to buy freelance materials, but also to cut back on taxes for permanent staff. Many journalists had both a full time employment contract, usually for a modest salary, and a copyright agreement with the same company, paid separately (with lower costs for the employer). It was a fiscal loophole exploited by the media, not an advantage granted deliberately by the State.

Sorin Roșca Stănescu thinks that getting the media to be officially acknowledged as a copyright activity was one of the Romanian Press Club’s greatest victories: “We think that journalism is a creative work and that it should be treated as such. Creative, original content is a valuable commodity its creator has to be able to monetize.”

The government insists that the Copyright Law has been abused and transformed in a tool for tax evasion. Instead of sanctioning specific cases of fraud, it was decided to simply overtax all repetitive copyright revenues.

The Romanian Press Club and the Press Employers Association furiously protested against this measure: “Additional taxation on copyright revenues has minimal effects for the State Budget, but is almost unbearable for the media industry. Overtaxing journalists’ incomes will lead to higher production costs, salary cuts and layoffs, in an industry facing the most dire circumstances in over 20 years and already affected by drastic shrinking. We think that the government is deliberately trying to bankrupt the media industry by imposing counterproductive measures, lacking all economical foundation, in order to settle scores with certain media companies.”

Not only was the government unmoved by the desperate plea of the press, but it was even considering a doubling of the newly introduced taxes on copyright revenues.

⁴⁵ Government Decree 58/2010 was, in fact, applicable only starting with August the 2nd.

They were to be raised to 35.5% starting from January 2011, according to a projected law presented on the Finance Ministry's website on September 2nd, later removed without explanations

Another projected law has raised concerns for the future of the press in Romania. Eleven of the governing party's MPs have presented to the Parliament a piece of legislation meant to stop the "informational poisoning" of the Romanian public. According to this project, all media (TV, print and on-line) should be licensed and monitored by a politically appointed Commission. Newspapers unable to prove contested allegations in a period of 10 days would risk getting their licence suspended for up to 6 months. The Culture Committee of the Parliament's lower chamber voted against this initiative on October 6th.

With the media being constantly demonized from the very top of the government, any hope for State help for the press seems utterly absurd. It didn't happen in better times, under less belligerent circumstances.

Cristian Tudor Popescu remembers his past experience as president of the Romanian Press Club: "We struggled to get the government to acknowledge that press means more than a commercial activity, and journalism is more than a paid service. We never succeeded. The idea of journalism as a special profession, a public service, has perished in Romania."

Popescu thinks it is unrealistic to expect the media to fulfill educational tasks unless the State is willing to cover some of the costs of such an endeavor: „I was never in favor of direct subsidies, cash transfers for newsrooms. I don't think that's healthy. Sometimes, newspapers have to die. It's not fair to alter competition in a free market. But I think indirect help would be extremely useful."

Sorin Roșca Stănescu is also against direct subsidies, a concept the whole industry seems to reject. Otherwise, he thinks the French model has great merits. And he insists that a financially bankrupt press is a danger to democracy.

Summary:

- the only State subsidy for the print press is a VAT reduction for newspapers sales (9% instead of 24%)
- historic mistrust between the media and the political establishment
- no Romanian government has ever been interested in having a strong, independent press
- State-granted advertising has long been the instrument of choice for buying influence over the media
- after a spectacular but short-lived boom in the early 1990's, the print press has been in a constant decline

- financial shortages brought about a radical change in the structure of media ownership after 2004
- Starting with 2006, „media tycoons” became an obsessive target for the current president and his party.
- It is no longer just a war of words between the government and the press, recently labeled as a „security threat” and a national „vulnerability”
- Just when all Romanian media enterprises are losing money, additional taxation is introduced.
- a new projected law aiming to fight the „informational poisoning” of the Romanian public threatens the very notion of a free press.

7. Conclusions

It is certainly true that cultural and economical backgrounds shape governments' approach towards the media, as Prof. Robert Picard discovered long ago. The patterns of State intervention in the press have deep historical roots that cannot be neglected. However different these patterns and the philosophy behind them are, in times of deep economic crisis the survival of a free, independent press has to become a concern for any democratic government.

Confronted with the current crisis, France reacted the most promptly, pumping more money into an already very expensive system of State support for the press. Britain was much slower to intervene. The 2010 elections and the change of government didn't speed things up. However, all relevant political parties came up with programmes addressing the media decline. So, at least the State is acknowledging the problem and is willing to find solutions.

In Romania, on the other hand, politicians in power seem quite happy to watch the media industry die. Not only did they not offer any State support for the press, but the government is actually raising taxes. Recently, the media have been officially labelled as a „national security threat”, alongside terrorism and organised crime. Well, not all of it, just that part critical to the government.

So, when speaking of how governments approach the media, the biggest divide is not between libertarian versus interventionist policies, but about whether or not the State cares to have an independent press. It is precisely in times of crisis that this question is truly answered.

Trying to pinpoint Romanian realities using the broad concepts describing western democracies can be problematic. It is safe to label the UK as a liberal free market and France as a statist economy. The Romanian economy is supposed to be completely market-oriented. However, almost all large fortunes have been built on public money, by having the State as a business partner. Over the last two decades, political connections and protections never ceased to be the key ingredients for financial success.

As for the media, all Romanian governments so far asked it to be libertarian in its financing, but socially responsible in its editorial choices. In fact, what they really wished for was a press obedient to political power. So I would say that the State's approach to the press has been neither liberal nor social, but plainly hypocritical. Selective, non-transparent intervention has always been present. It used to be limited to granting advantages to government-friendly media (mainly State sponsored advertising). Recently, State intervention has become both general (indirect) and more obvious. But instead of helping the press, it seems to be aimed against it.

Immediately after the fall of communism, the Romanian media seemed to prove right the most radical libertarian theories. Huge public demand made the press quite

invulnerable to political pressures, even in the absence of advertising. For years, the industry continued to believe that free market competition alone would eventually reward quality and sanction unprofessionalism, bias or bad taste. Unfortunately, this view turned out to be naive.

On the contrary, it seems that circulation is directly proportional to quality only in rare, exceptional circumstances, like those of Romania in the early 1990's. In normal conditions, only massive State intervention (like in France) can prevent tabloids from selling significantly more than broadsheets. Apparently it is not information, but entertainment that people are more willing to pay for.

The quality press has to rely more on advertising to make a profit. In a sound economic environment, this shouldn't pose a problem. But in times of crisis, socially meaningful journalism becomes extremely vulnerable.

When market failure combines with widespread corruption and insufficient democratic reflexes, the outcome can be really dangerous. The economic crisis runs the risk of being used as an opportunity to curtail press freedom. But in such an environment direct subsidies seem like a very bad idea, since they could easily be used only to reward government-friendly media. Only indirect, mandated assistance could escape such suspicions.

Not all State intervention has to be costly to the national budget. Clear regulations regarding State (or EU) sponsored advertising could make a big difference in a country like Romania. Allowing the public broadcaster not to compete in the private advertising market is another measure the Romanian media industry has long asked for.

Governments have at their disposal a wide variety of intervention mechanisms. But in the end, it is all about the political will to address the problem of an endangered press, instead of trying to take advantage of its weakness. And this can really test a society's commitment to democracy.

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