

ALTERNATIVE MODELS FOR INDEPENDENT MEDIA FUNDING

WHO WILL PAY FOR JOURNALISM?

MILAN F. ŽIVKOVIĆ

EXECUTIVE SUMMARY

In the age of the internet, the long-term crisis of commercial media has assumed critical proportions. The decrease in sales and advertising revenues has decimated the ranks of journalists.

The crisis has dealt the hardest blow to written journalism, still the main source of information for economic and political decision makers, as well as for television news. Some countries have seen the employment of journalists drop by more than 50 percent.

European countries have traditionally used two types of media policies to tackle this problem: indirect subsidies and direct subsidies. Indirect subsidies in the form of tax relief and state advertising have proven inefficient. Direct subsidies have served to curb the loss of media outlets, journalists and prospects, but they are mainly aimed at commercial media and at co-funding profit. Stable funding of public broadcasters has proven a good political choice.

Various community or “third sector” non-profit media are developing, fostering investigative journalism and professional ethics, and reinserting a number of important topics into the public sphere. After losing their jobs in commercial media, many unemployed journalists are either joining extant non-profit media initiatives, associations and cooperatives, or starting their own. However, according to the SEE Media Observatory, modest funds mainly from foreign donors who can choose to bow out at any time are limiting their influence and survival.

To rectify this, intermediary platforms are emerging, whose goal it is to connect a number of non-profit media to a series of philanthropic foundations. Despite the genuine participatory potential of crowdfunding, new non-profit media structures require systemic support from public policies.

Examples of support for non-profit media in France, the Netherlands, and Croatia demonstrate that it is possible, within a relatively short period, to develop the media system’s third sector, which is overall better at serving the communication needs of many cultural, local, and interest communities.

In order to multiply these and other similar types of support, and to make the public funding of media structures and public service journalism resistant to austerity policies, media policies should locate new funding sources and democratise the methods of their distribution. In the Netherlands, local radio outlets receive funds collected via a small tax, while French community radio outlets are funded through a special tax on the advertising revenues of commercial media. The Finnish model of charging, as a public fee, a certain percentage of individual income has unburdened citizens who are less well off, cut the cost and increased the overall extent of payment. There is no reason whatsoever not to make funds collected in a similar fashion the basis for the funding of non-profit journalism in South East Europe.

The ascent of the internet as a dominant communication channel has given media organisations the capacity to distribute content instantly and at virtually no cost, to circumvent printing expenses, and to achieve much more besides. Yet it has done away with any possibility of charging for journalistic content. So far, every attempt at finding a convincing business model for monetising digital content has ended in failure, while revenues from internet subscriptions and digital advertising continue to grow. It is of strategic importance to use at least a small portion of the generated profits to fund the production of quality online content. And if content is to serve the interests of the public, only public policy measures will do.

INTRODUCTION

The basic argument for reform of existing media policies comes down to the question: “How should we fund journalism that serves the public interest?” Several new models that may offer some answers are being developed and put into practice. Analysis of these models, of ideas and alternative options for sustainable funding of independent media and journalism, indicates that media systems call for a thorough overhaul.

It is insufficient to rely on relatively stable, sustainable public funding for public service broadcasters and market revenues, together with various forms of public support for commercial media, i.e. the established funding models for traditional media outlets. Therefore, one should give some thought to the creation of new media systems that will enable non-profit “third sector” media to develop. The multitude of non-profit media run by various communities is greater in some countries and smaller in others, but as a rule, is relegated to the cultural, ethnic, political and financial margin. Nevertheless, their development should serve as a foundation for new media policies, removed from both market influence and government control. To this end, non-profit media require purposeful and sufficient public funding.

Above all, the crisis in the media is a crisis of journalism and of its integrity. The public has long since lost faith in the sort of journalism that, instead of serving the public interest, furthers the interests of political and economic elites. It would take much to rebuild that trust, but primarily, it is a matter of finding mechanisms that will make the media accountable to the public. The following analysis will show that the basic goal of a democratic media policy is to provide public and sustainable funding for journalism in its full democratic capacity.

Since the commercial players dominate the media system, the first part of this presentation will serve to review the dimensions, contradictions, and effects of the long-lasting crisis in the media market, and to evaluate, briefly, the remedial attempts made at media policy level to address the crisis.

The second part will consider the alternatives offered by the practice of media policies, by the advocacy of their reform or by the search for philanthropic support. The examples of utilizing the participatory capacity of public broadcasters, of public support for local public radio broadcasters in the Netherlands, or for Croatian non-profit media, speak to the options available to media policies in developing the third media sector. Among the causes of the sporadic use of these options have been the prolonged and widespread austerity measures, whose end is barely in sight. Therefore, it is important to identify additional sources of public funding, e.g. from internet service providers' incomes, taxes on advertising, both online and offline, on consumer electronics and spectrum auctions, as well as from the evolution of public broadcaster license fees. The Finnish example of a public service broadcasting tax demonstrates how variable contributions, based on the economic capacity of individual payers, can replace fixed household license fees. Concurrent to the issue, often painful, of the management of public service broadcasters, a wealth of experience shows that systems, selection processes, criteria and transparency of those committees and councils dealing with public funds allocation are frequently subject to charges of conflict of interest, bias and political outvoting. Founded or not, these charges damage the legitimacy of public media policies, enclosing them further in the confines of austerity and passive government. Hence, it is necessary to consider the proposals for democratisation, and to entrust the public with the prerogative to allocate public funds as it sees fit.

This presentation will conclude by listing the challenges ahead, and by offering several proposals for immediate action.

1 DIMENSIONS OF THE CRISIS AND MEDIA POLICY RESPONSES

In 2014, according to the World Association of Newspapers and News Publishers, daily newspaper sales declined by five percent compared to the

previous year, while the most recent five-year period saw a 20 percent drop in sales. In 2013, advertising revenues fell by 8.2 percent compared to the previous year, and were 17.9 percent lower than they had been five years earlier. Commercial television and radio broadcasters likewise experienced a drop in revenue. The media systems in South East Europe display all of these trends.¹ The increase in digital advertising revenue and the search for models of “monetising” digital content have come nowhere near to compensating for these losses. For every seven dollars lost to the decrease in the sales of advertising space, newspapers barely make a dollar selling digital ads.²

In their current form and extent, the commercial media cannot renovate their business models in a way that would, allowing for profit, leave enough to fund reporting in the public interest, however defined. The decreases in revenue result in drastic personnel cuts. Employment of journalists has been on a downward slope for decades. The number of journalists employed with American newspapers peaked at 56,900 in 1989, and had fallen to 36,700 by 2013.³ A European Commission study detected “dramatic, generalised downsizing in the staffing of newsrooms in the EU. Nearly 6 in 10 journalists experienced a decrease in the number of staff working in their newsroom, and in more than one third of cases cuts have reportedly been severe.”⁴ From 2008 to 2013, Croatian media let go 53 percent of their employees.⁵ Those who remain face the lack of opportunity to specialise in their beats, and a decided lack of time available for investigation and fact checking. How have media policies responded to the crisis?

1.1

INDIRECT SUBSIDIES

Governments have continued handing money to media owners in the usual ways, mostly through tax deductions, through state advertising, and by other forms of indirect support. In most of the EU and elsewhere in the region,

1 WAN-IFRA, *World Press Trends*, 2014; WAN-IFRA, *World Press Trends*, 2015; European Audiovisual Observatory, *Yearbook*, 2014; Lasić et al., *Nacionalni izvještaj o medijima, Radni materijali za raspravu o medijskoj politici Republike Hrvatske 2015 – 2020*, 2015; Petković ed., *Media Integrity Matters: Reclaiming Public Service Values in Media and Journalism*, 2014.

2 Rosenstiel, Jurkowitz and Hong, “The Revenue Gap,” Pew Research Center, 5 March 2012. Available at: <http://www.journalism.org/2012/03/05/revenue-gap/>. All hyperlinks were accessed on 30 April 2016.

3 Pew Research Center, *Newspapers: Total, Minority, and Female Newsroom Workforce*. Available at: <http://www.journalism.org/media-indicators/newspapers-total-and-minority-newsroom-workforce/>.

4 Economisti Associati, *Feasibility study for the preparatory action “ERASMUS for journalists” - Statistical Review*, 2010, p. 26.

5 Croatian Bureau of Statistics, *Strukturne poslovne statistike poduzeća za djelatnosti J5813 i J5814 (izdavanje novina, časopisa i periodičnih publikacija): broj plaćenih zaposlenika*. Available at: <http://www.dzs.hr>.

newspapers enjoy a reduced, or even a zero, value-added tax rate.⁶ The VAT rate has been lowered to eight percent in Serbia, to seven in Montenegro and to five in Macedonia, while in Croatia the rate was reduced twice in the most recent ten years of the media crisis period. There, the VAT rate first decreased in 2007, from 22 to 10 percent, which prompted the Minister of Finance to estimate the tax relief at 46.6 million euro a year. Did the price of newspapers decrease accordingly? It did not. Instead, it went up. The sales and advertising revenues kept dropping, as did the number of journalist employees. This compromised the quality of the product, which further accelerated the decrease in sales and advertising, and so on, and so on. In 2013, newspaper owners responded by calling for another decrease in the VAT rate, this time to five percent.⁷ At that point, many unemployed journalists were already starting independent non-profit media, perhaps, among other things, so they could publicly raise the following question: how much of the tax relief – then estimated at 17.5 million euro a year – would go towards the salaries of their colleagues employed at commercial newspapers?

According to Robert G. Picard, a leading media economics expert, “*subsidies to the daily press tend to fail because they tend to deal only with variable costs rather than the fixed cost issues that present the primary cost problems for daily newspapers.*”⁸ By “fixed costs” Picard means the cost of the journalists’ labour, an “expense” unaffected by fluctuations in sales and advertising. Do business statistics speak in favour of these solutions? Neither of the tax relief measures granted to the Croatian daily newspapers has served in any way to stem the decline in employment. Conversely, both cuts to the VAT rate have boosted profits (to eight and six percent, respectively) despite the downturn in sales.⁹

Doubtless, this is one of the causes of the overwhelming popularity of indirect subsidies among media owners. They get to keep the public funds – to the tune of 525 million euro a year in Germany, 560 million in Italy, 748 million in the UK, and over 800 million in the US and France¹⁰ – while they let the market decide on the sort of service they provide in return.

It bears mentioning that indirect support for media has not been solely a reaction to the crisis. Certain means of support – e.g. discount rates for postal

6 European Commission, *VAT Rates Applied in the Member States of the European Union – Situation at 1st January 2016*. Available at: http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/how_vat_works/rates/vat_rates_en.pdf. Exceptions to the rule include Albania, Bosnia and Herzegovina, Bulgaria, and Slovakia.

7 Lasić et al., *Nacionalni izvještaj o medijima, Radni materijali za raspravu o medijskoj politici Republike Hrvatske 2015 – 2020*, 2015.

8 Picard, “Issues and Challenges in the Provision of Press Subsidies,” in *Press Subsidies in Europe*, 2007, p. 217.

9 Croatian Bureau of Statistics, *Strukturne poslovne statistike poduzeća za djelatnost J5813 (izdavanje novina): promet i bruto poslovni višak*. Available at: <http://www.dzs.hr>.

10 Nielsen and Linnebank, *Public Support for the Media: A Six Country Overview of Direct and Indirect Subsidies*, 2011, p. 8.

distribution or radio frequencies – date back to the very origin of mass media. Incontestably, these reflect society’s deepest concern for journalism and informed democracy, and demonstrate that it has always been public policy, rather than a set of “natural market laws”, that has shaped the media system. The only question is whether these policies have served the interests of the public and the benefit of journalism. Or have media owners managed to subject them, in the words of McChesney and Nichols, to the “*dirty secret lost in the laissez-faire mythology*”¹¹ – repeating the mantra that government is best kept away from the media, while they receive considerable government support?

1.2

DIRECT SUBSIDIES

This reservation, however, did not prevent the Swedish government from supplementing the indirect means of support for the media. Its direct media subsidies, selective by definition, reached 53 million euro in 2013. Similarly, the Norwegian government had no qualms about directly subsidizing the media, under a similar model, in the annual amount of 44 million euro.¹² In Austria, the media received 11 million euro’ worth of subsidies in 2012,¹³ while the French government allocated 615 million euro to certain newspapers and websites.¹⁴ How can this be? Hasn’t it harmed the competition in the marketplace, not to mention pluralism in the media? Hasn’t it turned the media in these countries into mouthpieces of their respective governments?

Quite the opposite. During the decade-long newspaper crisis, these countries saw the least shrinkage in the number of publications. Media systems with no direct media subsidies, such as those in Hungary, Bulgaria, and Croatia, frequently attract criticism for fostering sinister entanglements between media and governments. Meanwhile, countries with a tradition of active media policies, manifested in the direct subsidizing of media, regularly rank highest in media freedom.

Karl Erik Gustaffson, a media economics professor with the Jönköping International Business School,¹⁵ designed the Swedish system of direct subsidies so that active media policy could curb the concentration of media ownership that affected the Western European media systems in the wake of the

11 McChesney and Nichols, *The Death and Life of American Journalism: The Media Revolution that Will Begin the World Again*, 2010, p. 143.

12 Ohlsson, *The Nordic Media Market*, 2015, pp. 26-27.

13 Murschetz and Karmasin, “Austria: Press Subsidies in Search of a New Design,” in *State Aid for Newspapers: Theories, Cases, Actions*, 2013, p. 144.

14 Cardoso, *La gouvernance des aides publiques a` la presse. Rapport remis au Ministre du Budget, des Comptes publics et de la Re`forme de l’Etat et au Ministre de la Culture et de la Communication*, 2010, p. 81.

15 Nordenson, “The Uncle Sam Solution: Can the government help the press? Should it?” *Columbia Journalism Review*, 2007.

1950s and 1960s “*wave of newspaper deaths*”.¹⁶ Traditionally, the direct transfer of funds to Swedish newspapers, barring the highest sellers in individual fields, has aimed to fund the work of newsrooms and to cover distribution costs.¹⁷ In addition, early 2016 saw the introduction of “development support”. Approximately 3.8 million euro a year are available for allocation to newspapers that publish at least 45 issues a year, with an average circulation of at least 1,500 copies. These funds serve to support the development of original content on digital platforms and innovation in “digital business models,” and are sourced from an additional 3 percent tax on advertising.¹⁸ From as early as 2009, the massive and ramose French system of subsidies has been providing an additional fund of 20 million euro a year for developmental support to assist the digital survival of French newspapers.¹⁹ The government secures these funds by levying a one percent tax on advertising in free print publications, brochures, catalogues, direct mailing, etc.²⁰ The Dutch Journalism Fund introduced subsidies in 2002 to support innovation projects, through which journalists and media organisations “*struggle to take advantage of new, digital opportunities*” and “*to adapt to the changing environment*” due to “*readership and advertising income declines*.”²¹ By 2015, 21.2 million euro had been distributed for the digitalisation of newsrooms, website redesign, various market and audience studies, training of journalists and editors, and for new internet media oriented towards youth or cultural, ethnic and other minority communities.²²

Nevertheless, all that has but a poor overall effect. Rasmus Kleis Nielsen of the Reuters Institute at the University of Oxford blames “*policy drift*”, a “*process*

16 Picard, “Issues and Challenges in the Provision of Press Subsidies,” in *Press Subsidies in Europe*, 2007, p. 212.

17 Ots, “Sweden: State Support to Newspapers in Transition,” in *State Aid for Newspapers: Theories, Cases, Actions*, 2013, pp. 307-322.

18 Presstödsnämnden. Available at: <http://www.mprt.se/sv/presstod/presstodsnamnden/>. Presstödsnämndens föreskrifter om presstöd. Available at: http://mprt.se/documents/presst%C3%B6dsn%C3%A4mnden/regler/krfs-2-2014_web.pdf. Presstödsförordning (1990:524). Available at: http://www.riksdagen.se/sv/dokument-lagar/dokument/svensk-forfattningssamling/presstodsforordning-1990524_sfs-1990-524.

19 Fonds Stratégique pour le Développement de la Presse. Available at : <http://www.culturecommunication.gouv.fr/Politiques-ministerielles/Presse/Aides-a-la-presse/Le-fonds-strategique-pour-le-developpement-de-la-presse-aides-directes>; Lardeau and Le Floch, “France: Press Subsidies—Inefficient but Enduring,” in *State Aid for Newspapers: Theories, Cases, Actions*, 2013, pp. 195-214.

20 Munteanu, *Media in Crisis: Should the State Intervene?* 2010.

21 Until 2013, Stimuleringsfonds voor de Journalistiek had been operating under the name Stimuleringsfonds voor de Pers. Before, from 1974 to 2007, it was called Bedrijfsfonds voor de Pers. Available at: <https://www.svdj.nl/dutch-journalism-fund/>.

22 Lichtenberg, “State Aid to the Press in International Perspective: the Dutch Case,” in *Press Subsidies in Europe*, 2007, pp. 107-117; Lichtenberg and d’Haenens, “The Netherlands: Initiatives to Subsidise Press Innovation,” in *State Aid for Newspapers: Theories, Cases, Actions*, 2013, pp. 271-289.

by which the operations and effectiveness of policies change not because of deliberate reform, but because of changing conditions on the ground.”²³

One of the most significant changes has been the unstoppable migration of written journalism from newspapers to the internet. For a time one could sustain the illusion that subsidies would help newspapers recover their ability to fund journalistic work. However, to the main question – how do we fund professional journalism online? – media policy practice has, so far, quite clearly failed to find an answer.

2 NEW FUNDING MODELS FOR NEW MEDIA STRUCTURES

A “*Marshall plan*”²⁴ to preserve journalism, devised by the German media researcher Stephan Weichert and his associates, has propelled a wide-ranging debate on the options for its funding before “*the commercial revenue streams dry up completely.*” “*The notion of rescuing journalism in the digital age is first of all based on the idea of providing journalistic services supported by new forms of public’s and civil society’s commitment—instead of arguing about a possible state aid for newspapers. (...) Journalism is no longer a commodity that has to be sold in the market but a collective property, aka a ‘public good’ that could prosper again on a non-profit basis.*”²⁵ These ideas derive from the assumption that, regardless of whether state support for media was direct or indirect, the very faith in the private, commercial media as the chief financier of public journalism was misplaced. If this is indeed the case, what are the alternatives? How to fund them? What are the characteristics of the “new forms of public’s and civil society’s commitment”, and what, exactly, would supporting them entail?

Three solutions are available: (1) to solve the question of funding sources and distribution through governmental (public) policies; (2) to resort to philanthropic donations from the private sector, or (3) to turn to “civil society” by way of small donations.²⁶

23 Nielsen, “‘Frozen’ media subsidies during a time of media change: A comparative analysis of media policy drift in six Western democracies,” *Global Media and Communication* 10(2), 2014, pp. 121–138.

24 Weichert and Kramp, “Eine Art Marshallplan: Fünf Modelle, wie die Zeitungsbranche gerettet werden kann,” 9 July 2009. Available at: <http://de.ejo-online.eu/redaktion-oekonomie/medienokonomie/eine-art-marshallplan?print=pdf>.

25 Weichert and Kolo, “Germany: Evaluating Alternatives to Finance Quality Journalism,” in *State Aid for Newspapers: Theories, Cases, Actions*, 2013, p. 225

26 *Ibid*, pp. 226–230.

2.1

MEDIA POLICY AND PUBLIC SUBSIDIES FOR NON-PROFIT MEDIA

The SEE Media Observatory's regional overview of good practice examples in media integrity protection identifies a number of "*non-profit centres owned by journalists [...] independent from political and commercial power centres.*"²⁷ Yet, as the media integrity report on Bosnia and Herzegovina attests, most of these online media outlets are "*dependent on the support provided by international donors,*"²⁸ who can withdraw whenever they choose. The reports do single out "*critical voices and public interest advocates,*" who "*mainly come from small media enterprises,*" and are "*to a large extent financed through the state budget,*" via various media policy programmes.²⁹ One such programme is the allocation, initiated in Croatia in 2013, of grants intended to strengthen non-profit media and bolster their professionalisation.³⁰ Around 400,000 euro a year, a modest sum especially when compared to the state support for commercial outlets, were awarded (from lottery revenues) to support the operation of twenty existing non-profit newsrooms, regardless of their technological platforms. Of course, the stipulation was that they operate on a non-profit basis, which meant investing any surplus revenue back into their original activities, i.e. journalism.

From among the examples of good media practices in Croatia, the SEE Media Observatory report singles out the establishment of a new funding line for non-profit media from the Electronic Media Diversity and Pluralism Incentive Fund, a relatively traditional tool of media policy. The fund has at its disposal three percent of the sum collected through the public broadcaster's license fees (around 4.8 million euro in 2014), which it uses to finance radio and television productions of special public interest, primarily at the local level.³¹ Funds of this type exist, for instance, in Slovenia, Ireland, the UK and German federal states, and in 2015, Serbian media policy made provisions for a similar mechanism.³² These support measures typically do not discriminate between commercial and non-profit media outlets, and as a result, there were only five non-profit radio outlets in Croatia in 2013.³³ An entirely different structure is

27 Petković and Hrvatin, "Regional Overview," in *Media Integrity Matters: reclaiming public service values in media and journalism*, 2014, p. 38.

28 Hodžić, "Bosnia and Herzegovina," in *Media Integrity Matters: reclaiming public service values in media and journalism*, 2014, p. 134.

29 Popović, "Croatia," in *Media Integrity Matters: reclaiming public service values in media and journalism*, 2014, p. 223.

30 Ibid, p. 201.

31 Ibid, pp. 201, 218-219.

32 Barlovac, *State-media financial relations in Serbia: a transitional year - who will benefit from reforms?* 2015, pp. 5-15.

33 Lasić et al., *Nacionalni izvještaj o medijima, Radni materijali za raspravu o medijskoj politici Republike Hrvatske 2015 – 2020*, 2015.

in place in France, where FSER (Fond de Soutien à l'Activité Radiophonique) allocates nearly 30 million euro a year to cover around two-thirds of the requirements of one of the largest "third media sectors" in the world, boasting 665 community radio outlets.³⁴ In a provision dating back to 1997, the Dutch policy of "local public radio" (*locale omroepen*) enabled local authorities to introduce their own micro-fees for non-profit radio stations in their territorial communities. Subsequently, the local media taxes were replaced by a national tax (1.30 euro per household), and the funds collected in this way support the operations of 275 radio outlets. In comparison, only 18 such outlets existed in the Netherlands in 1981.³⁵

2.1.1

NEW SOURCES OF MEDIA POLICY FUNDING

The Dutch local public radio, too, struggles to get by with insufficient funds, yet theirs is a convincing example of how important it is to secure alternative sources of funding if media policy is to have any sort of impact on non-profit media.

Stephan Weichert is in favour of establishing a "*public foundation for quality journalism carried by license fees or taxes.*" In his estimation, an additional contribution of two euro on the part of 40 million German households could provide a fund with a billion euro at its disposal each year. In spite of the wholly justified concerns regarding potential political pressures, the public service journalism at various public broadcasters has proven to be, rather like the sources of its funding, "*immune to the fluctuations of the stock exchange.*"³⁶ One should note that a flat household fee would put many on an unequal footing. The Finnish model of transforming public media fees into a media tax has addressed this criticism. The individual tax is set at 0.68 percent of labour income or capital gains.³⁷ Just as most citizens pay income-dependent local taxes, the most frequent source of funding for kindergartens, regardless of whether or not a given household has children, so the understanding is taking root that a license fee is not a direct price of a service ("I don't watch it, so why should I pay?"). That rather, it is an

34 Fonds de soutien à l'expression radiophonique locale (FSER), *Rapport d'activité 2014*. Available at: <http://www.culturecommunication.gouv.fr/Politiques-ministerielles/Audiovisuel/Fonds-de-soutien-a-l-expression-radiophonique>; Coyer and Hintz, "Developing the 'Third sector': Community Media Policies in Europe," in *Media Freedom and Pluralism: Media Policy Challenges in the Enlarged Europe*, 2010, pp. 275-297; European Parliament, *The State of Community Media in the European Union*, 2007.

35 Organisatie van lokale omroepen in Nederland (OLON). Available at: <http://www.olon.nl/pagina/1505727734>; Coyer and Hintz, "Developing the 'Third sector': Community Media Policies in Europe," in *Media Freedom and Pluralism: Media Policy Challenges in the Enlarged Europe*, 2010, p. 296.

36 Weichert and Kolo, "Germany: Evaluating Alternatives to Finance Quality Journalism," in *State Aid for Newspapers: Theories, Cases, Actions*, 2013, p. 227.

37 Yleisradio oy, *Balance sheet book 2015*, 2016. Available at: <https://drive.google.com/file/d/0B99iwmeG19YFb2NlZlozdEpnY3M/view?pref=2&pli=1>.

instrument of financial public solidarity aimed at funding those who keep the public informed – which is no less important than preschool education. In addition to unburdening those citizens who are less well off, Finland has managed to cut the costs of collection, which in some cases reach as high as 10 percent, and there is no payment evasion. Assuming that the public broadcasters' income should at least remain at current levels, the considerable additional funds can go towards financing other media policy measures.

While media revenues are in steep decline, the revenue generated by internet access is growing astronomically. A symbolic portion of the latter would suffice to create a decent fund for the financing of school media and internet journalism. Suggestions of this kind are nothing new, of course. In 2011, the European Parliament discussed a similar model. A feasibility study assumed an optimal approach of levying a two-to-five-euro fee per internet subscription,³⁸ while comparable solutions (*content or cultural flat-rate*) appear in a number of discussions.

In order for the model to lead to “*a proper third way*,” Weichert suggests it should be expanded: “*Search engines like Google should engage the producers of journalistic content with a certain percentage of their advertising*.”³⁹ Among new sources of funds for journalism and non-profit media, McChesney and Nichols list a tax on advertising, radio frequency auctions, and a symbolic tax on TV and other receivers, tablets, smartphones, and other consumer electronics devices. “*The notion is that people who pay for consumer electronics also put some money towards paying for quality noncommercial content to be accessed on that equipment*.”⁴⁰ Even though media policy measures have a long history of funding through additional taxes on advertising (e.g. in Sweden and France), there has not been widespread awareness of the long-proven negative effects of advertising on the economy, on consumers, and especially on the media.⁴¹ Meanwhile, Croatian and Serbian media owners have demanded the abolition of even the value-added tax on advertising.

2.1.2

NEW METHODS OF SUBSIDY DISTRIBUTION

Following public calls for applications, or sometimes without them, the decisions on subsidy allocation are usually up to government-appointed expert

38 European Parliament, *The Content Flat-rate: A Solution to Illegal File-sharing?* 2011.

39 Weichert and Kolo, “Germany: Evaluating Alternatives to Finance Quality Journalism,” in *State Aid for Newspapers: Theories, Cases, Actions*, 2013, p. 228. In 2013, Google agreed in a deal with the French government to contribute 60 million euro for the modernization of newspapers, and to share with French publishers, in an undisclosed amount, the advertising revenue generated by clicks on the ads on its pages. See Guardian, “Google sets up £52m fund to settle French publishing row,” 1 February 2013. Available at: <https://www.theguardian.com/technology/2013/feb/01/google-52m-fund-help-french-publishers>.

40 McChesney and Nichols, *The Death and Life of American Journalism: The Media Revolution that Will Begin the World Again*, 2010, p. 210.

41 Baran and Sweezy, “Theses on Advertising,” *Monthly Review* 65(3), 2013[1964].

commissions. In wealthier systems, this need not be controversial. However, where funds are scarce and needs are greater, accusations of rigging the results often plague the deliberations of such committees. It is therefore not surprising that Dan Hind's alternative model of *public commissioning* was initially tested in a region where the pool of resources for the support of journalism is relatively shallow.⁴² Instead of an expert committee, or a market, deciding whether to give money to a media project, Hind says, the decision should rest with the public. Experience has shown that it is possible to conduct public voting online, at virtually no cost and quite reliably, while results have not varied significantly from the evaluations of a qualified committee. The public debate on the projects applying for funds, which took place in advance of the voting, most probably contributed to the outcome.

McChesney and Nichols argue for a *citizenship news vouchers* model of public fund distribution, which in the course of the public debate on new media policies in Croatia was dubbed "citizen grants for journalism" and was well received.⁴³ Under this simple model, every citizen of a certain age selects, from a list, his or her favourite eligible non-profit media outlet. Then, a public fund awards the outlet a "donation" in a set amount. According to McChesney and Nichols, "*this funding mechanism is the centerpiece of our policy recommendations, and we mean it to apply to public, community and all other nonprofit*" media structures, including the new generation of post-corporate newspapers. Most importantly, the model can secure stable and long-term funding of journalism online.⁴⁴

2.2

CROWDFUNDING NATION

The French economist Julia Cagé suggests with enthusiasm that some variety of *crowdfunding*, somewhat similar to the *citizenship news vouchers*, should form the basis for the reform of both democracy and media. According to this model, taxpayers could claim deductions for small donations to non-profit media organisations (*la société de medias à but non lucratif*). Importantly, Cagé claims, these small contributions to new media structures should translate to voting rights regarding their management, in reverse proportion to the sums donated.⁴⁵ It speaks to the dimensions of the structural crisis of market

42 Hind, "The new news: media reform in Croatia", *Al Jazeera*, 8 August 2013. Available at: <http://www.aljazeera.com/indepth/opinion/2013/08/20138611361669444.html>. For more on the pilot programme of public commissioning of journalistic works, see: <http://www.min-kulture.hr/default.aspx?id=9517>; Hind, *Return of the Public*, 2010; Popović, "Croatia," in *Media Integrity Matters: reclaiming public service values in media and journalism*, 2014, p. 201.

43 Public debate on media policy (7 July 2015). See *Minutes form the fourth meeting of the work group on the public support for the work of journalists and other authors*. Available at: <http://www.min-kulture.hr/default.aspx?id=12953>.

44 McChesney and Nichols, *The Death and Life of American Journalism: The Media Revolution that Will Begin the World Again*, 2010, p. 201-206.

45 Cagé, *Saving the Media: Capitalism, Crowdfunding, and Democracy*, 2016.

revenues that in early 2016, the financially beleaguered *Guardian* began collecting small donations from its loyal readers in amounts from 62 to 760 euro a year, irrespective of the subscription scheme. While differences in population size and disposable income certainly affect the success of such initiatives,⁴⁶ perhaps the example of the German *Tageszeitung*, a kind of crowdfunding before there was crowdfunding, may offer some encouragement. “Taz *does not have an owner in the usual sense of the word*,” explains Rüdiger Rossig, an editor with the outlet. “*The newspaper is a cooperative (Genossenschaft), consisting of citizens who pay from 500 to 100,000 euro. Each member (there are currently over 12,000) gets one vote regardless of how much they have paid. The payments are used to fund projects like the internet edition. Normally there is no profit, but what profit there is, is reinvested in free media.*” Taz subscribers buy up most of the 55,000 copies in circulation. They express their support for independent journalism by selecting one of the available options – from a voluntary donation of five euros to the so-called “political” price of 59.6 euro per month.⁴⁷

The Italian *Il Manifesto* operates in a similar fashion, and the publisher of *Le Monde diplomatique* in Croatia is likewise a media cooperative.

Crowdfunding is of course much closer to the third media sector’s participatory character than reliance on charity funds, while being fundamentally different from the “monetisation” of content. One should not view small internet donations as a mere form of compensation for the decrease in sales, nor as a “new business model” or start-up fund, but as an expression of affinity, of solidarity, or as they correctly put it at *Taz*, a political position. Weichert and Kolo call this alternative funding model “*perhaps the most fundamental and most honest form of the civil society supporting journalistic content.*”⁴⁸ Needless to say, it is not entirely clear how much that “fundamental form” has to do with genuine participation in management, i.e. with the democratisation of media, and to what extent it is simply a monetary “like”. At any rate, if intriguing examples are to become sustainable methods of media funding, the “crowd” have to be much more organised than simply curious.

2.3

PHILANTHROPY

When both the market and the state fail, perhaps it is time for philanthropy to step in.⁴⁹ Indeed, according to the data of Media Impact Funders, a

46 In 2014, the real disposable per capita income of German households was 27,191 euro, or 120 percent above Croatian households’ disposable per capita income, which was 12,417 euro. See Real adjusted gross disposable income of households per capita in PPS. Available at: <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=teco0113&plugin=1>.

47 Bakotin, “Novine novinarima i čitateljima,” *Novosti*, 2 June 2012.

48 Weichert and Kolo, “Germany: Evaluating Alternatives to Finance Quality Journalism,” in *State Aid for Newspapers: Theories, Cases, Actions*, 2013, p. 226.

49 McChesney, *The Political Economy of Media: Enduring Issues, Emerging Dilemmas*, 2008, p. 458.

philanthropy network dedicated to the support of various media projects, in the U.S. from 2009 to 2012 alone, over 2,700 foundations donated more than 2.2 billion dollars to over 7,000 non-profit media organisations. Among the recipients were many individual projects and American public media,⁵⁰ including *ProPublica.org*, a non-profit news website that employs 45 journalists. In a “not exactly trailblazing” way, *ProPublica* started in 2008 by picking up major articles from newspapers across the nation.⁵¹ The site was launched with the support of Marion and Herbert Sandler, bankers who had sold off their mortgage loans moments before the buyer succumbed to the financial collapse. Thus in 2010, perfect timing and tax deductions enabled *ProPublica* to receive the Pulitzer Prize in investigative reporting, and to become the go-to example of a “non-profit media ecosystem”⁵² funded by philanthropic donations.⁵³

Many philanthropic foundations, such as the Open Society Foundations, have a tradition of supporting independent media, be they non-profit or commercial. In their 2016 budget, the OSF have set aside 21.3 million dollars to support “*promising initiatives led by individuals or collectives that strive to improve their journalism under difficult circumstances, such as autocracy, violence, repression, or poverty.*”⁵⁴ However Anker Brink Lund, the author of an important study on the relationship between the crisis in media and civil society traditions, warns that “*media subsidies provided by charitable trusts and other wealthy foundations are no magic bullet, of course. As is the case in market-driven and state subsidized journalism, strings may very well be attached in civil society transactions.*”⁵⁵ Be that as it may, even when “important partners” receive funds “with no strings attached”, the noticeable tendency towards the funding of seminars, worthwhile investigations and start-up initiatives can hardly represent a long-term solution to the problems plaguing journalism.⁵⁶

50 Media Impact Funders, Charts and Stats. Available at: <http://mediainpactfunders.org/media-grants-data/>.

51 McChesney and Nichols, *The Death and Life of American Journalism: The Media Revolution that Will Begin the World Again*, 2010, p. 97.

52 Lewis, “Non-Profit Journalism Entrepreneurialism in the United States,” in *Is There a Better Structure for News Providers? - The Potential in Charitable and Trust Ownership*, 2011, pp. 97-114.

53 Having dedicated 38.3 million in donations for journalism and media innovation, Knight Foundation was the biggest financier of newly launched digital non-profit media in 2014. Google joined it with a donation of two million dollars. For a fairly up-to-date list of non-profit philanthropic initiatives for the promotion of quality journalism, see Weichert and Kramp, *Das Verschwinden der Zeitung? Internationale Trends und medienpolitische Problemfelder*, 2009, pp. 69-103.

54 See “We support independent journalism for a more informed and empowered society.” Available at: <https://www.opensocietyfoundations.org/about/programs/independent-journalism>. See also <https://www.opensocietyfoundations.org/about/expenditures>.

55 Lund, “Can Civil Society Mitigate Consequences of Crises?” in *European Media in Crisis: Values, Risks and Policies*, 2015, p. 214.

56 Pickard, Stearns and Aaron, *Saving the News: Towards a National Journalism Strategy*, 2010, p. 23.

Hence, the appearance of what the Free Press media reform movement terms non-profit matchmakers. These intermediaries attempt to connect journalists and media to the support available from foundations.⁵⁷ The purpose of this is self-evident: if a matchmaking organisation succeeds in convincing an entire philanthropist “network” of a media project’s social benefits, then a certain number of donors can pull out once they shift their regional focus or programming priorities, or quench their curiosity about start-ups. Other donations may replace theirs, perhaps without even so much as a hint of a threat to the sustainability of investigative journalism. Examples of such support structuring include the International Consortium of Investigative Journalists, which made a name for itself in early 2016 by breaking the Panama Papers,⁵⁸ BIRN in South East Europe,⁵⁹ and Journalismfund.eu.⁶⁰ In late 2015, the European Journalism Centre (EJC), not strictly a foundation but a matchmaker between journalists and philanthropists, announced fifteen recipients of grants for development and innovation in reporting. The awards amounted to 270,000 euro in total, and came from the Bill & Melinda Gates Foundation. Under the same programme, EJC devoted 600,000 euro to supporting four major media outlets. Collectively, the funds for 2015 and 2016 amount to nearly 1.8 million dollars, a sum intended primarily to address the structural issues in journalism funding.⁶¹

Continuing the tradition of self-organisation of non-profit media in Croatia, and faced with the (modest) ups and (severe) downs of public support policies, ten newsrooms united in the E-net emancipation network began, in late 2015, to establish just such a fund. It is called Nezavisna – za slobodu medija (Independent – for media freedom).

57 Ibid.

58 Apart from support from large philanthropic foundations, the International Consortium of Investigative Journalists accepts individual donations. Available at: <https://www.icij.org/about>. Boris Postnikov notes that the limits of “uncovering” the Panama Papers constitute “a bad part of the system” rather than “a part of a bad system.” See Postnikov, “Krojači Paname,” 18 April 2016. Available at: <http://www.portalnovosti.com/krojaj-paname>.

59 The Balkan Investigative Reporting Network (BIRN) publishes news, in English, from nine Balkan countries with support from donors and foundations for international development and cooperation of the Swedish, Norwegian, Swiss, and U.S. governments. See <http://www.balkaninsight.com/en/static-page/donors>.

60 Established in 1998 as Fonds Pascal Decroos voor Bijzondere Journalistiek, the fund distributes, annually, over 700,000 euro’ worth of philanthropic support from the Flemish government in Belgium in order to stimulate “in-depth, cross-border journalism in Europe.” See <http://journalismfund.eu/about-us>.

61 See <http://journalismgrants.org/news/2015/ejc-announces-15-development-reporting-grant-winners> and <http://journalismgrants.org/news/2015/ejc-announces-the-winners-of-the-special-funding-round-for-european-media>.

3 COMMERCIAL MEDIA 2.0?

The calamitous state of the commercial media's integrity, economic indicators and social effects demonstrates quite clearly that journalism as a public good is utterly irreducible to the marketplace, in terms both of value arbitration and of resource allocation. Contradiction has always encumbered the link between journalism and the marketplace, and the internet has stretched this link to the point of snapping. According to a U.S. employment website, "newspaper reporter" is the fourth most endangered job behind "mail carrier", "meter reader" and "farmer".⁶² How can we proceed?

For some at least, a number of small donations or a single sizable one may alleviate the problem, but donations are not a systemic solution. Will algorithms and *churnalism* replace professional journalism?⁶³

Indirect subsidies such as various forms of tax relief do little to help journalism, concealing as they often do the very real connection between market "independence" and state policies. The policies of passive regulation have normally left the future of journalism in the hands of the market, discreetly passing on substantial sums to media owners in order to "help them out". We have seen how they responded. While in the period of post-war growth one could expect market entities to fund newsrooms appropriately, there is now a widely held consensus in the fields of media science and journalism practice that the link between professional journalism and the profit motive has been a historical exception rather than the rule.

In the latter half of the 20th century, active media policies have at least attempted to direct their support towards journalism, towards pluralism of political opinion, and particularly towards regulation in the public interest. With better results: quite contrary to the "gospel" of the commercial media,⁶⁴ curbing the impact of the marketplace has not brought submission to the government. According to Karl Erik Gustaffson, the designer of the Nordic model, the opposite has been true. "*The newspapers have become stronger in their criticism of the political parties due to the state subsidies. Earlier, they were more partisan,*

62 Projected growth outlook by 2020: minus 13 percent, See The Most Endangered Jobs of 2015: #4 Newspaper Reporter. Available at: <http://www.careercast.com/slide/most-endangered-jobs-2015-4-newspaper-reporter>.

63 Nick Davies, a reporter for the *Guardian*, used the term in his 2008 book *Flat Earth News*. Collins Dictionary defines it as "a type of journalism that relies on reusing existing material such as press releases and wire service reports instead of original research, especially as a result of an increased demand for news content." See: <http://www.theguardian.com/commentisfree/2008/feb/04/comment.pressandpublishing>.

64 McChesney, *Digital Disconnect*, 2013, p. 63.

more dependent on the money from the parties. Now they can say, 'We don't care. We get our money from the state.'⁶⁵

Still, commercial media systems have met the internet on wobbly legs. In the internet age, "market-based media face levels of competition never before experienced and their markets are more unstable than in the past century," Picard sums up the situation. "And because they operate in a system in which the primary driver is self-interest and heavy commercialization of content, the movement away from serving public functions is clearly evident and is breeding discontent among social observers and citizens."⁶⁶

So, what now? A multitude of internet optimists hoped that, once the integrity of traditional media systems collapsed, they would give way to a "long tail" of hundreds of thousands of small media projects, blogs, and "likes". Their hopes quickly evaporated in a "cloud" controlled by a very small number of new monopolies. Contrary to their predictions, the "new knowledge economy" has thus far managed to breed giants like Google, Apple and Microsoft, and closed the door to small producers and publishers – effectively relegating authors and journalists to the sidewalk of the information superhighway. Public means of support for the digital switchover give rise to the question, to what extent "looking for new business models" under the legitimizing heading of "innovation" actually creates new media structures, and how much it merely serves to improve the prospects of old ones in finding customers. For now, members of the new digital oligopoly are content simply to look on. As long as media content circulates free of charge, it makes no sense spending a euro more on its production than the occasional forced or voluntary donation.⁶⁷

4 CONCLUSIONS

For a long time in South East Europe, media policies depended on state media and public funds. The results were less than satisfying. Next, all hopes were placed in private media and market funding. The results were even worse. The time has come to establish a combined system of public, commercial and third sector media, each accountable to a different public, working to achieve

65 Nordenson, "The Uncle Sam Solution: Can the government help the press? Should it?" *Columbia Journalism Review*, 2007.

66 Picard, "The Challenges of Public Functions and Commercialized Media," in *The Politics of News: The News of Politics*, 2007, p. 212.

67 However, one should note that in 2013 the owner of Amazon acquired the *Washington Post* (see <http://www.poynter.org/2013/washington-post-sold-to-jeff-bezos/220310/>), while in 2014 the owner of eBay launched *Firstlookmedia*, employing established journalists such as Glenn Greenwald (see <http://www.politico.com/magazine/story/2015/02/ken-silverstein-the-intercept-115586> and <http://www.poynter.org/2015/adweek-clarifies-article-on-the-intercepts-business-model/312001/>).

separate goals, and funding journalism from multiple sources. According to practitioners and proponents of new media policies, this would be possible given an evolution of public media and the investment of public funds into independent, non-profit media. After all, journalism was not born of the profit motive. “*Only a nihilist*,” McChesney and Nichols claim, “*would consider it sufficient to rely on profit-seeking commercial interests or philanthropy to educate our youth or defend the nation from attack*.” Just as our forebears understood the need to invest their taxes in the building of the systems of public education, public health, pensions and so on, it is high time that our generation understands its obligation to create a publically, commonly funded media system.⁶⁸

Government officials can do much to assist in its creation. Instead of ignoring problems, they can place these on their agendas. Rather than following the path of least resistance and executing the tasks bestowed upon them by corporate lobbyists, they can take into consideration the interests of the public. Yet, the chances of this will remain slim for as long as the public fails to subject them to powerful and organised pressure, as well as to support them. It took struggle to secure the right to education, to health care and to pensions. Likewise, no government will hand us the right to a public communication infrastructure. No journalist, no media expert, no civil society activist, no political leader, no one concerned for democratic institutions including journalism, can contribute to the struggle by being a passive spectator. Only a joint effort will result in the kind of media that democracies in the region require, and that their citizens deserve.

5 POLICY RECOMMENDATIONS

GENERAL MEDIA POLICY GUIDELINES

1. In the long term, media policies should be directed away from the existing dual system of public and commercial media, and towards a combined media system, in which various non-profit and low-profit “third sector” structures develop.

PUBLIC MEDIA INFRASTRUCTURE

2. Rather than privatising and shutting down the media owned by the state and by local communities, these outlets should be transformed into public media and journalistic cooperatives, thus enabling them to be managed by the journalists in their employ and by the communities that benefit from their operation, regardless of current political leadership.

68 Nichols and McChesney, “The Death and Life of Great American Newspapers: the collapse of journalism threatens democracy itself - that’s why we need a government rescue,” *The Nation*, 18 March 2009. Available at: <http://www.thenation.com/article/death-and-life-great-american-newspapers/>.

PUBLIC SUBSIDY POLICIES

3. Direct media subsidies should support (1) the work of journalists, (2) media content, and (3) its distribution. Direct subsidies should not co-fund the generation of profit. Limits on the intensity of support should be lifted; however, it should not be possible to receive multiple support for the same purpose.
4. It is especially important to develop cooperation between public broadcasters and other public media with third sector media.

NEW FUNDING SOURCES

5. It is necessary to establish a public fund for journalism and media work. Apart from state and local budgets, the fund should be replenished from taxes on all forms of advertising (1–3 percent, with the introduction of five-year write-off for brand advertising), on consumer electronics (1–3 percent), on the revenues from internet subscriptions (around 3 percent), and from radiofrequency usage fees and auctions (5–7 percent).
6. The fixed household license fees currently used to fund the operation of public service broadcasters should be evolved to the stage where an individual tax is levied in the form of a legally set percentage (1–2 percent) of either labour or capital (interest rates, dividends etc.) income. There should be an annual threshold (around 50 euro), beneath which the tax would not apply.
7. Tax regulations should allow for the deduction of small individual donations to non-profit media (up to the annual limit of, for example, 100 euro) from the tax base. Corporations need not be eligible for similar deductions.

MODELS OF FUNDING DISTRIBUTION

8. A system of citizen donations for journalism and media work should be introduced. All citizens, e.g. from the age of thirteen, would allocate their share of public funds for journalism and media work to media outlets of their choice.
9. Remaining funds should be dedicated to the creation of under-represented content, new and small media, media education, to media operating abroad and in foreign languages etc. This should be done either through (1) public commissioning or through (2) expert committee decisions. The committees should be composed either (1) on the basis of parity of interest (with each interested party appointing an equal number of representatives) or (2) independently (through public calls for applications, with strict rules to prevent conflicts of interest).
10. Explanations of all decisions (reviews of accepted and rejected projects, minutes of sessions etc.) should document the work of such committees. Evaluation criteria should be known in advance, and formulated in agreement with support beneficiaries.

TRADITIONAL AND ALTERNATIVE MODELS OF PUBLIC FUNDING
OF MEDIA AND JOURNALISM

		TYPES OF SUBSIDIES / Some examples – in euro (<i>per capita</i>) per year
INDIRECT AID	NON-SELECTIVE (HORIZONTAL)	REDUCED VAT-RATES FOR NEWSPAPERS UK: zero instead of 20 % equivalent to 838 mil. (13) SWEDEN: 6 instead of 25 % equivalent to 220 mil. (22.7)
		SUBSIDIZED PRICES OF PUBLIC TRANSPORT AND COMMUNICATION INFRASTRUCTURE (POST, RAILWAYS, AIRWAYS, TELEPHONE, INTERNET) AND OTHER INDIRECT DISTRIBUTION SUPPORT USA: reduced postal rates equivalent to 252.5 mil. (0.8) FRANCE: aggregate value of 359.8 mil. (5.4) in different distribution subsidies
		FAVOURABLE SPECTRUM FEES BOSNIA AND HERZEGOVINA: collected fees decreased for 312.6 thousand, from 2013 to 2015
		SUBSIDIZED PRICES OF PAPER AND PRINT FRANCE: plan "Imprime" for restructuring of printing plants - 25 mil.
		COMMERCIAL TAX BREAKS FRANCE: 200 mil. (3)
	SELECTIVE (VERTICAL)	SUBSIDIZED INTEREST RATES AND STATE GUARANTEES FOR LOANS ITALY: 77 mil. subsidy for 10-year loans
		STATE ADVERTISING UK: 5 mil. from 11 councils
		DIRECT AID FOR PUBLIC NEWS AGENCIES FRANCE: 117.9 mil. (1.8) for AFP
		REDUCED TRAVEL FARES AND INCOME TAX-BREAKS FOR JOURNALISTS BELGIUM: free train and reduced plane tickets, telecom discounts, car lease and purchase... FRANCE: 30 % income tax break for first 15 thousand earned, terminated in 1996
		FUNDING OF TRAINING FOR JOURNALISTS AND MEDIA RESEARCH NETHERLANDS: 170 thousand for research and seminars, 486 thousand for employment of young journalists
DIRECT AID FOR PRIVATE MEDIA	SELECTIVE DISTRIBUTION SUBSIDIES SWEDEN: 5.9 mil. (0.6) for ca 130 newspapers	
	OPERATING SUBSIDIES FOR THE PRESERVATION OF PLURALISM SWEDEN: 49.8 mil. (5.1) for ca 90 newspapers	
	SUBSIDIZED CONTENT OF SPECIAL PUBLIC INTEREST IRELAND: 13.6 mil. (3) SERBIA: 495.3 thousand (0.07) CROATIA: 3.9 mil. (0.93)	
	SUBSIDIES TO MEDIA WITH LOW AD REVENUES FRANCE: 11.8 mil. (0.2)	
	MODERNISATION SUBSIDIES FOR MODERNISATION AND INNOVATION FRANCE: total of 90.4 mil. (1.37) of various modernisation subsidies	
	DIRECT BUDGETARY TRANSFERS SERBIA: 61.1 MIL. (8.6) 2014	
FOR PUBLIC SERVICE	HOUSEHOLD LICENSE FEES NORWAY: 306.5 per household for 2016; 585 mil. (113.9)	
	INDIVIDUAL PUBLIC SERVICE TAX FINLAND: 0.68 % (50 – 143 euro per annum) for income range 7,500 - 21,029; 507.9 mil. (93)	

TYPES OF SUBSIDIES / Some examples – in euro (per capita) per year	
NEW MODELS OF FUNDING FOR NEW MEDIA STRUCTURES – PUBLIC SUBSIDIES FOR NON-PROFIT MEDIA	SUBSIDIES FROM STATE BUDGET CROATIA: 413.8 thousand (0.1) FRANCE: 28.8 mil. (0.43)
	SUBSIDIES FOR THE PRESERVATION OF PLURALISM CROATIA: 202.8 thousand (0,05) UK: 492.6 thousand (0.01)
	FUNDING OF LOCAL PUBLIC MEDIA NETHERLANDS: 7.7 mil. (0.46)
NEW SOURCES OF FUNDING	LICENSE FEE REFORM CROATIA: a calculation showed that cost and evasion reduction could increase license fee revenue for 123.4 mil. (29.1)
	ADVERTISING TAX AND PROLONGED WRITE-OFF FOR BRAND CAMPAIGNS SERBIA: 1 % ADVERTISING TAX WOULD CREATE A FUND FOR JOURNALISM OF 1.58 MIL. (0.2)
	CONSUMER ELECTRONICS TAX SERBIA: 1 % of the market is equivalent to 1 mil. (0.2)
	ISP-REVENUE TAX (CONTENT FLAT-RATE) MACEDONIA: only 1 euro/internet subscription would create a fund for journalism of 754 thousand (0.4)
	SPECTRUM USE AND AUCTIONS TAX CROATIA: 800-MHz spectrum allocated for 68.7 mil. (18.5)
	CITIZENSHIP NEWS VOUCHERS CROATIA: each of 3,5 mil. citizens above the age of 15 chooses a non-profit medium to receive 13,5 euro from the fund for journalism of 47.6 mil. (11.2)
NEW MODELS OF DISTRIBUTION	PUBLIC COMMISSIONING Non-allocated resources from the fund for journalism may be distributed to investigative journalism and new media, via internet voting by all interested parties
	TAX DEDUCTIONS FOR CROWDFUNDING USA: Over 7.2 mil. raised for more than 800 successful projects through Kickstarter platform, from 2009 to 2016

SOURCES: Most recent annual reports of various funding authorities and the provided bibliography.

BIBLIOGRAPHY

- Baker, E. C., Testimony Before the Subcommittee on Courts and Competition Policy, Committee on the Judiciary, House of Representatives, Congress of the United States, 2009.
- Bakotin, J., “Novine novinarima i citateljima” (interview with Rüdiger Rossig and Ines Pohl), *Novosti*, 2 June 2012. Available at: <http://arhiva.portalnovosti.com/2012/06/novine-novinarima-i-citateljima/>.
- Baran, P. A. and Sweezy, P. M., “Theses on Advertising”, *Monthly Review* 65(3), 2013[1964]. Available at: <http://monthlyreview.org/2013/07/01/theses-on-advertising/>.
- Barlovac, B., *State-media financial relations in Serbia: a transitional year - who will benefit from reforms?*, SEE Media Observatory, Peace Institute, Ljubljana, 2015. Available at: <http://mediaobservatory.net/radar/media-integrity-report-state-media-financial-relations-serbia>.
- Cagé, J., *Saving the Media: Capitalism, Crowdfunding, and Democracy*, Belknap, 2016.
- Cardoso, A., *La gouvernance des aides publiques a` la presse. Rapport remis au Ministre du Budget, des Comptes publics et de la Re`forme de l'Etat et au Ministre de la Culture et de la Communication*, Paris, La documentation française, 2010.
- Coyer, K. and Hintz, A., “Developing the ‘Third sector’: Community Media Policies in Europe,” in *Media Freedom and Pluralism: Media Policy Challenges in the Enlarged Europe*, ed. B. Klimkiewicz, pp. 275-297.
- Curran, J., *Media and Power*, Routledge, 2003.
- Economisti Associati, *Feasibility study for the preparatory action “ERASMUS for journalists” - Statistical Review*, European Commission, Directorate General Information Society and Media, 2010.

- European Audiovisual Observatory, *Yearbook*, Strasbourg, 2014.
- European Parliament, *The State of Community Media in the European Union*, Brussels, 2007. Available at: http://www.europarl.europa.eu/RegData/etudes/etudes/join/2007/408943/IPOL-CULT_ET%282007%29408943_EN.pdf.
- European Parliament, *The Content Flat-rate: A Solution to Illegal File-sharing?* Brussels, 2011. Available at: http://www.europarl.europa.eu/meet-docs/2009_2014/documents/cult/dv/es-studycontentflatrate/esstudycontentflatrateen.pdf.
- Hind, D., *Return of the Public*, Verso, 2010.
- Hodžić, S., "Bosnia and Herzegovina," in *Media Integrity Matters: reclaiming public service values in media and journalism*, ed. B. Petković, Peace Institute, Ljubljana, 2014, pp. 119-192.
- Lardeau, M. and Le Floch, P., "France: Press Subsidies—Inefficient but Enduring," in *State Aid for Newspapers: Theories, Cases, Actions*, ed. P. Murschetz, Springer, 2013, pp. 195-214.
- Lasić, I., Milat, A., Postnikov, B. and Živković, M. F., *Nacionalni izvještaj o medijima, Radni materijali za raspravu o medijskoj politici Republike Hrvatske 2015 – 2020*, Ministry of Culture, Zagreb, 2015. Available at: <http://www.min-kulture.hr/default.aspx?id=12069>.
- Lewis, C., "Non-Profit Journalism Entrepreneurialism in the United States," in *Is There a Better Structure for News Providers? - The Potential in Charitable and Trust Ownership*, eds. D. A. L. Levy and R. Picard, Reuters Institute for the Study of Journalism, University of Oxford, 2011, pp. 97-114.
- Lichtenberg, L., "State Aid to the Press in International Perspective: the Dutch Case," in *Press Subsidies in Europe*, eds. I. Fernández Alonso, M. de Moragas, J. J. Blasco Gil and N. Almiron, Autonomous University of Barcelona, 2007, pp. 107-117.
- Lichtenberg, L. and d'Haenens, L., "The Netherlands: Initiatives to Subsidise Press Innovation," in *State Aid for Newspapers: Theories, Cases, Actions*, ed. P. Murschetz, Springer, 2013, pp. 271-289.
- Lund, A. B., "Can Civil Society Mitigate Consequences of Crises?" in *European Media in Crisis: Values, Risks and Policies*, eds. J. Trappe, J. Steemers and B. Thomas, Routledge, New York, pp. 200-218.
- McChesney, R. W., *The Political Economy of Media: Enduring Issues, Emerging Dilemmas*, Monthly Review Press, 2008.
- McChesney, R. W., *Digital Disconnect*, The New Press, 2013.
- McChesney, R. W. and Nichols, J., *The Death and Life of American Journalism: The Media Revolution that Will Begin the World Again*, Nation Books, 2010.
- Munteanu, M., *Media in Crisis: Should the State Intervene?* Reuters Institute for the Study of Journalism, University of Oxford, 2010.
- Murschetz, P. and Karmasin, M., "Austria: Press Subsidies in Search of a New Design," in *State Aid for Newspapers: Theories, Cases, Actions*, ed. P. Murschetz, Springer, 2013, pp. 133-148.
- Nielsen, R. K., "Frozen' media subsidies during a time of media change: A comparative analysis of media policy drift in six Western democracies," *Global Media and Communication* 10(2), 2014, pp. 121-138.
- Nielsen, R. K. and Linnebank, G., *Public Support for the Media: A Six Country Overview of Direct and Indirect Subsidies*, Reuters Institute for the Study of Journalism, University of Oxford, 2011.
- Nordenson, B., "The Uncle Sam Solution: Can the government help the press? Should it?" *Columbia Journalism Review*, 2007. Available at: http://www.cjr.org/feature/the_uncle_sam_solution.php.

Ohlsson, J., *The Nordic Media Market*, Nordicom, Göteborg, 2015.

Ots, M., "Sweden: State Support to Newspapers in Transition," in *State Aid for Newspapers: Theories, Cases, Actions*, ed. P. Murschetz, Springer, 2013, pp. 307-322.

Petković, B. and Hrvatin, S., "Regional Overview," in *Media Integrity Matters: reclaiming public service values in media and journalism*, ed. B. Petković, Peace Institute, Ljubljana, 2014, pp. 11-50.

Picard, R. G., "Issues and Challenges in the Provision of Press Subsidies," in *Press Subsidies in Europe*, eds. I. Fernández Alonso, M. de Moragas, J. J. Blasco Gil and N. Almiron, Autonomous University of Barcelona, 2007, pp. 211-220.

Picard, R. G., "The Challenges of Public Functions and Commercialized Media," in *The Politics of News: The News of Politics*, eds. D. A. Graber, D. McQuail and P. Norris, Congressional Quarterly Press, Washington, D.C., 2007, pp. 211-229.

All hyperlinks were accessed on 30 April 2016.

AUTHOR

MILAN F. ŽIVKOVIĆ was in charge of media policy at the Ministry of Culture of the Republic of Croatia from 2012 to 2015.

Pickard, V., Stearns, J. and Aaron, C., *Saving the News: Towards a National Journalism Strategy*, Free Press, 2010. Available at: http://www.freepress.net/sites/default/files/fp-legacy/saving_the_news.pdf.

Popović, H., "Croatia," in *Media Integrity Matters: reclaiming public service values in media and journalism*, ed. B. Petković, Peace Institute, Ljubljana, 2014, pp. 193-256.

WAN-IFRA, *World Press Trends*, 2014.

WAN-IFRA, *World Press Trends*, 2015.

Weichert, S. and Kolo, C., "Germany: Evaluating Alternatives to Finance Quality Journalism," in *State Aid for Newspapers: Theories, Cases, Actions*, ed. P. Murschetz, Springer, 2013, pp. 215 – 236.

Weichert, S. and Kramp, L., *Das Verschwinden der Zeitung? Internationale Trends und medienpolitische Problemfelder*, Friedrich Ebert Stiftung, 2009. Available at: <http://library.fes.de/pdf-files/stabsabteilung/06156.pdf>.



This paper has been produced with the financial assistance of the European Union. The contents of the report are the sole responsibility of the Peace Institute and the author, and can under no circumstances be regarded as reflecting the position of the European Union.

The paper has been produced within the project South East European Media Observatory, <http://www.mediaobservatory.net>.

AUTHOR Milan F. Živković EXPERT REVIEW Sandra B. Hrvatin EDITOR Brankica Petković ASSISTANT EDITOR Saša Panić TRANSLATION Dušan Rebolj LANGUAGE EDITOR Amy Kennedy PUBLISHER Peace Institute, Institute for Contemporary Social and Political Studies, Metelkova 6, si-1000 Ljubljana, Slovenia, <<http://www.mirovni-institut.si>>. DESIGN DAK, Ljubljana, June 2016

ALTERNATIVE MODELS FOR INDEPENDENT MEDIA FUNDING WHO WILL PAY FOR JOURNALISM?