Public Aid as a Measure of State Interventionism in the Portuguese and Spanish Press

Raúl Magallón-Rosa*, Guadalupe Aguado-Guadalupe**, José María Sanmartí-Roset***

*Carlos III University of Madrid  ** Carlos III University of Madrid  *** Carlos III University of Madrid

Abstract

The aim of this paper is to analyze communication policies and the relationship between state and press in Portugal and Spain, with special emphasis on these two countries' particular characteristics within the Euro-Mediterranean model. A historical approach has been taken to explain context and measures of the past that have led to the current situations. Moreover, the paradigm shift that digital convergence is bringing about makes it necessary to reflect upon how these countries, each with a very definite journalistic tradition, are facing the future of the press. There is no guarantee that government measures of the past will be able to ensure the competitive vitality that converging international media requires. Finally, the paper also reviews how various policies of state aid and impact assessment contribute to paralysis in decision-making.

Keywords: Portugal – Spain – state – press - Euro-Mediterranean model - digital convergence

1. - Spain and Portugal within the Euro-Mediterranean model1

In the Euro-Mediterranean countries, principally in France, there was marked state regulation in the press during the second half of the 20th century due to the application of their own model of the welfare state. In the cases of France and Italy, the end of the Second World War was a turning point in determining the state’s role in both countries’ press regulation systems. Thus the state has had great importance in the development of the Euro-Mediterranean press. In addition, it should be pointed out that these countries have had a significant influence on the development of the media systems in many countries in Latin America and French-speaking Africa, primarily, although not solely, due to matters of language. Nonetheless, the development of the socio-economic system established in the European Union over the last 40 years makes it impossible to think that the policies encountered in the Euro-Mediterranean countries can be extrapolated literally to other culturally or linguistically similar countries. Among other reasons this is because these countries have not followed parallel political-economic development.

1 This research has been carried out at the Institut Français de Presse (Université Panthéon-Assas- Paris II), the Instituto de Estudos Jornalísticos de la Universidade de Coimbra (Portugal), The Institute of Communication Studies (University of Leeds, United Kingdom), the Department of Communication (University of California, San Diego) and the University of Sydney (Australia).

Copyright © 2013 (Raúl Magallón-Rosa et al.). Licensed under the Creative Commons Attribution Noncommercial No Derivatives (by-nc-nd). Available at http://obs.obercom.pt.
Furthermore, regional political models which are different in each country make it very difficult to establish a regulatory state prototype. Although the policies devoted to the development of the press may be similar, the way they are put into practice makes it necessary to clearly distinguish each region’s different characteristics and features. This means that newspaper development has been very inconsistent, despite the fact that the aforementioned are all countries whose newspaper companies have undergone censorship and control, received aid, and been affected by measures limiting concentration. Undoubtedly, the differences in criteria prevailing in each of these states have had an influence, causing inconsistent business development and the subsequent repercussions on the current position, and weaknesses and strengths of the press.

Conversely, the development of the Portuguese and Spanish press can be explained based on its historical context, marked by transitions to democracy that required different means of establishing plurality of information within the new types of market (Arboledas, 2010). In Portugal and Spain, methods of state control persisted until well into the 1980s, profoundly affecting the development of their business systems (Fernández Obregón, 1998). As with Italy, Spain’s regional peculiarities are decisive for understanding the development of its press, not only from a business point of view, but also, and perhaps most significantly, from that of structural differences represented by the different newspapers and their readership. From this perspective, the Spanish press model is determined by administrative decentralization which has led to a strong regional press and also to national newspapers strengthening their editions in Spain’s autonomous communities.

The Portuguese situation is a very different one. Its market is characterised by a regional press that is conditioned by state incentives and which requires structural reorganisation, insofar as it is an atomised sector with many newspapers of questionable financial and market viability.

The precise objective of this article is to compare the development of those policies aimed at protecting pluralism in information and promoting business expansion, in particular with regard to public aid, which both states carried out once democracy was restored in 1974 in Portugal and 1977 in Spain.

1.1. - Spain: A deregulated system arising from the transition

The Franco period and the later transition to democracy in Spain led to a press model characterised by the appearance as well as the disappearance of a large number of newspapers, due either to administrative measures such as the closing down of Francoist press or that of the National Movement, the sole political party during the Franco regime, or to business actions of a different political stripe. In 1977, a rapid process of press deregulation culminated in the suppression of almost all state aid in 1988, except in those Autonomous Communities having a co-official language. The press has been regulated since then by
common legislation, with the exception of certain sector-related laws, such as the right of reply or the conscience clause. With the appearance of the new State of the Autonomies, and as part of this new model, a powerful regional press has developed, especially in the most culturally defined regions. This sector follows guidelines similar to those of the quality press published in Madrid, but they are organised by the region’s own groups, particularly in Catalonia and the Basque Country.

Giving up the press system that Francoism had imposed and building a new democratic state based on the transition to democracy and the 1978 Constitution involved a very different philosophy to what had worked before the Civil War (1936-39). Begun as a reaction to traditional state interventionism and with a new business policy, this era was characterised by nearly complete deregulation and suppression of aid, by a long list of newspapers emerging after 1975, and by the weight of the regional press in a tremendously decentralised state.

The profound political and institutional evolution that the country underwent after July 1976 also affected the press system and not only its editorial policy and content. Some private newspapers already defending progressive positions, had formed teams of journalists holding democratic views, several of whom would move into the business end during the media remodelling process of the 1970’s and 1980’s.

However, between 1976 and 1988 the Spanish press panorama took a truly sharp turn in nearly all regards, determining the model in existence today. In the 1980’s a technological restructuring was undertaken, the health of many businesses improved, management was modernised, costs were lowered and major growth in advertising took place. The logic of the market and profit took precedence over the idea of public service and the common good, measures distorting free competition were eliminated, new capital entered the sector and media concentration began, rapidly producing groups with diversified business interests. Specific laws were repealed, and after 1989, only ordinary legislation regulated newspaper businesses, with some exceptions such as the right of reply or the conscience clause for journalists. These dynamics led to a formal separation from political powers and made it impossible to revive the powerful party and union press of the past. Sensationalist press and tabloid press did not gain strength either.

The most visible phenomenon in the renewal of the system was the appearance of several new newspapers, some backed by solid business structures, marking the Spanish Transition. At the end of the 1990’s only two of the five biggest selling daily newspapers (ABC and La Vanguardia) were from the Franco period. In Spain the tradition of politically-owned newspapers has been much weaker than in other countries, especially the Nordic countries. Businesses emerging at the end of the 1980’s undertook major policies of

---

2 The 1883 Publishing Law, for example, inspired by the French law of 1881.
3 In the 80’s there was inter-annual growth of between 18% and 37% and after a fall, it stabilised in 1995 at about 5% /7 %.
concentration and technological renovation, to such an extent that today most newspapers are part of multimedia groups with foreign participation and overseas investment.

1.2. Portugal: Nationalisation and re-privatisation of the press

The first great structural change in the Portuguese press after April 25, 1974 was the total or partial transfer of a large number of newspaper businesses into the hands of the state as a consequence of the nationalising of the banks and other basic sectors. This was a result of the fact that banks held a majority share in these newspaper companies’ capital stock, due to loans previously made to them. Nationalising the banks and the insurance companies also meant that the daily newspapers belonging to the most powerful economic groups became state property. Curiously, nationalising the press was never justified from a political perspective but rather was always presented as an indirect consequence of nationalising the banks (Mesquida, 1996: 398).

Once political stability and economic growth were achieved, it was difficult to justify the strong concentration of media in the hands of the state. In light of this fact, the Portuguese government decided to privatise the press that had been previously nationalised, as well as to liberalise the radio sector and open up television to private initiative. This liberalisation did not have the desired effect in regional and local press, in which the government opted to maintain distribution support and incentives.

Portugal’s entry into the European Community (1986) meant a forced change for the mainstream press, still in the hands of the state, which by that time was no longer true in any other country in the Community. The country experienced a period of sustained economic growth, the press benefitted from the expansion of advertising, which in 1987, for example, grew nearly 50 % over the previous year. The media had improved print runs and increased profitability, and thus became more attractive to the private sector and to European multinationals. At the same time, greater political stability and consolidation of what was in effect nearly a two-party system with the PSD and PS, where the dominant political forces shared the main points in their views of the role of the press, facilitated this re-privatisation process. This process had begun in 1986, was postponed in its earlier stage, and finally took place smoothly after 1988. This policy was accepted by Aníbal Cavaco Silva’s government, which, from the beginning of 1988, governed towards a major structural change in the daily press and the renewal of all other media.

2. - Policies defending pluralism

State aid to the press is established in state policy, organised into three main objectives: aid to develop circulation; guarantees of independence and the defence of the plurality of publishing companies; and
multimedia modernisation and diversification in press companies. In the Euro-Mediterranean countries, government action has been to support on the one hand and to control on the other. In both situations, the press-state relationship is quite different from the Anglo-Saxon model, where the principle of no legal interference in the press has prevailed (Sanmartí et al: 2011).

Unlike the Euro-Mediterranean and Anglo-Saxon countries, a group of northern European countries, particularly Norway, Sweden, Finland and Austria, but Denmark, Holland and Belgium as well, have more often resorted to direct oriented subsidies (Humphreys, 2008: 71-84). Sweden also has a high level of press readership (466.7 in 2006) and a significant aid budget for the sector, reaching 61 million euros in 2007 (Fernández and Blasco, 2006: 62-63).

2.1. - Spain, the end of aid

In Spain in 1984 some aid to newspaper companies and news agencies was still regulated, although a significantly lower amount than during the Franco period. The law distinguished between two types of subsidies: on the one hand, direct aid to general-information newspapers specifically to stimulate diffusion of those with lower sales, paper consumption and technological restructuring; and on the other, indirect ones related to taxes, the post, distribution and communication, also for non daily, general-information publications. Between 1983 and 1987 14,200 million pesetas in subsidies was granted (Fernández, 2008).

Economic expansion and the demands of the European Community put an end to this aid, a move that was detrimental to the smallest companies, which needed the protectionist measures in order to survive. Direct aid was done away with by a 1988 law, which partially repealed the law of 1984. Some subsidies persisted, however, for linguistic reasons in different state regions. These subsidies were awarded by the central government but were limited to those Autonomous Regions with a co-official language. However, it does exist a legal subordination of the regional governments’ action to the legal initiatives of the Member States and the Community institutions (Sánchez Taberner and Carvajal, 2002: 153).

Indirect aid was mostly done away with in 1990. Thus, in Spain today the only remaining indirect aid is related to postage, which has minimal repercussions as businesses have their own distributors. Likewise, only a 4% VAT is applied to newspaper sales, depending, however, on each community’s regulations. In any case, the government appears to be willing to negotiate an aid plan within the framework of financial and legal restrictions, although this is a very controversial matter. At times it relates to very specific issues, such as, for example, Saturday newspaper delivery by the postal service.

---

5 Law 29/1984 of 2 August which regulates the concession of aid to newspaper companies and news agencies.
6 In 1988 the 10 main groups controlled 72% of the daily press.
10 Note by the Forum of Journalist Organisations (Foro de Organizaciones de Journalistas) of 25 February 2010.
In January 1997, the Spanish Newspaper Editors Association (Asociación de Editores de Diarios Españoles - AEDE) once again called for state aid, claiming that they were at a disadvantage with regard to other European newspaper companies that had the support of their governments. The request reached a stalemate lasting until December 2007, when it was revived in light of the difficult situation unfolding for the 2008 fiscal year. An approximately 90 percent drop in operating results was expected at that time due to the competition of digital press, decreasing sales and advertising, several disastrous investments, such as television channels, and very conservative policies (Varela, 2008). For others it meant a crisis of the business model as well as of the news and professional models (Díaz Nosty, 2011).

Subsequently, and with a slight improvement in 2010, conversations were held between the central government and newspaper organisations to arbitrate a subsidy plan within the European legal framework and subject to severe budget restrictions. These plans were aimed at promoting newspaper reading, media education and institutional advertising. In turn, the Federation of Spanish Press Associations (Federación de Asociaciones de la Prensa de España- FAPE) in their Seville Declaration of 14 March 2009 called for the granting of subsidies to businesses when the aid served to preserve jobs and prevent professional decapitalisation of the media and loss of news content quality.

As a consequence of the concentration process begun in the 1990’s, news businesses are no longer run by communication professionals, but rather by executives whose first, and often only, business objective is economic profit. Therefore, it is essential that media directors, in addition to being good managers, possess the necessary experience in journalism to have a true feeling for the profession. From this perspective, it is appropriate that dual degrees, such as Journalism and Economics, are being instituted at many universities.

2.2. - Protectionism of the Portuguese press

In Portugal, state aid to the press, and especially to the regional press, has been of a different nature. Noteworthy is payment for carriage (Porte pago), as well as the set of incentives for social communication that were approved after 2001: incentives for business initiative, multimedia development and qualifying human resources, which, in the case of the regional press, were substituted in 2007 by incentives to read regional press.12

The Porte pago was backed by the state’s obligation to provide support, legally justified by the unfavourable socioeconomic environment.13 At the end of the 1990’s, an era began in which new incentives

---

13 Decree Law no. 56/2001 of 19 February, regarding the state incentive system, which specifically states that “as social communication is indispensable in order to exercise fundamental rights in a democratic, pluralistic society, it is a competence of the state to participate in efforts to modernise and professionalise the sector... This effort is of particular urgency in cases of local and regional organs...”.
went into effect. This set up a confrontation between those who held a protectionist view of the state towards the nearly 900 local and regional newspapers registered in the Institute for Social Communication (Instituto de Comunicação Social), and those who defended a liberalisation process with new challenges in innovation and creativity, upon which media survival depended. In 2000, the end of the global Porte pago was announced. The State Secretary for Social Communication, Arons de Carvalho, expressed opposition to the previous system, stating that it "promotes passivity, opportunism and adaptation to receiving a dependence subsidy."

With the change in the Porte pago model carried out between 2004 and 2007, it was established that the new incentive system would be based, among other things, on the creation of a programme supporting professional hiring, with the state proportionally supporting salaries for three years and creating a plan for professional training. Furthermore, it was published in the Government Portal on 16 June 2004 that the social and regional communication reform included significant changes, among them being the creation of incentives to improve labour conditions.

Among the objectives of the 2005 incentives for business initiative and multimedia development was the development of regional and local newspaper and radio businesses, in an effort to professionalise their organisational structures.

Also included along these lines were the measures adopted in 2007 approving a new system of incentives for reading and accessing information for regional general-information news publications. Article 4.1 of this decree established that receiving this aid hinged on the publishing entities or the owners having a certain number of professionals (ranging from one to five) on contract, and additionally specifying that a number of them had to have a journalism license. At the same time, article 4.2 determined that the same worker could not be hired by more than one news publication in an attempt to take advantage of the requirement regarding number of professionals.

As a result of the reduction in postal charges, and within the plan of press incentives, the Council of Ministers approved the creation of a Regional Press Portal (http://www.impressregional.com.pt/) that was launched 5 April 2007. The goal of this initiative was to permit electronic access to the content of regional news publications in Portugal and abroad.

The Regional Press Portal was used to host, at no cost, electronic editions of regional general-interest news publications and specialised news publications specified in article 5 of this decree. This portal was one result of the new system of incentives for reading and accessing information and its aim was to stimulate

---

14 During the Congress of the Christian Press Association (Associação da Impress Cristã) held in 2003 government support for promoting reading and press circulation was called for.
15 Check at www.secs.pt.
technological innovation in the sector and expand the possibility of accessing Portuguese news publications anywhere in the world. Nevertheless, the limited number of newspapers in the portal is striking. This measure, although extraordinarily interesting, would not have the same effectiveness in Spain if it were promoted by the state, due to the country’s administrative decentralisation. However, it could be especially of interest for local and regional press if the respective Autonomous Communities were the ones to provide this digital platform.

The few newspapers present in the Portuguese portal is a reflection of the fact that many publications do not meet the administration’s minimum requirements, further evidence, in many cases, of the lack of implementation of a business-oriented, professional press model.

It seems logical to think that multimedia convergence should be more oriented toward state support of successful initiatives in the digital world that hope to take the leap into a print format, and not only vice versa. The development of these synergies must take certain matters into account, such as the fact that the “digital divide” is not only generational but also cognitive. Thus the Spanish and Portuguese press should also diversify by internationalising its content and not acquiring interests in other economic areas, as the English-speaking press did in its day. (Magallón, Aguado and Sanmartí: 2010).

2.3. - Spain, the administration as top advertiser

In Spain, institutional advertising by government ministries was 70% less in 2010 than in 2007 (in all mediums). For newspapers it went from 70.7 million to 11.8 million euros. Nonetheless, “the different ministries on their own garner first place in the ranking of advertisers in terms of advertising investment” (Cortés, 2009). Regulation of institutional advertising (national and regional) is relatively recent, since its rules were first approved in 2005, arguing that the “the legitimacy of a democratic system depends to an appreciable degree on its citizens not only perceiving, but having proof, that their government works for them, and consequently, informs them objectively.” (Esteba and Rubio, 2009: 197). Moreover, the problem of the regional press appears to lie in its strong ties with local political parties. The state cannot act on behalf of market segmentation, but rather on behalf of the common good. Thus, local, regional and national administrations make an effort to update their webpages, their newsletters and all the applications that the web 2.0 puts at the public’s disposal in order to achieve more direct contact. At the same time, institutional advertising may compensate for certain reverses in commercial advertising, for example the banning of sex and personal adverts.

---

19 A good example of this convergence is Rue89 which has leapt from Internet to paper with the monthly publication of Rue89 Le Mensuel.


2.4. - Portugal: institutional advertising as state assistance

One of the Portuguese communication media’s principal supports is related to institutional advertising, regulated in 1990.\textsuperscript{22} It establishes that a percentage of this official advertising must go to local radio and regional press. In Ministerial Order no. 1/91 (\textit{Portaria Nº 1/91}) placement of this advertising is considered a form of state assistance and 10% of its gross value must be allocated to local radio and regional press. Distribution of institutional advertising campaigns in local radio and regional press, both in print medium and electronic mediums, has been regulated since 2004,\textsuperscript{23} so that what predominates is “creating greater opportunities to access state advertising, without excessive dependence on quantitative criteria related to the economic amount of the campaigns, with the social functions of the organs of social and regional communication prevailing, both in view of its capability to reach geographical areas and audiences where national media has greater difficulties accessing”. Thus, this capability makes local and regional media a privileged means of transmitting institutional messages. Furthermore, it sets a minimum percentage of 25% of state advertising campaigns with a value equal to or greater than 15,000 euros to distribute quarterly among local radio stations and regional press as follows:

- a) 12% for local radio
- b) 12% for regional press in a print medium
- c) 1% for regional press in an electronic medium.

Article 4 of this Decree Law establishes the criteria for the news and advertising action plan:

- a) Volume of circulation and frequency of publications
- b) Geographical proximity of the medium in relation to the recipients of the message
- c) Appropriateness of the advertising medium for the objectives of the news or advertising action
- d) Graphic quality of the publication or radio quality, whenever they are decisive for better message reception.

Prior to this Royal Decree, distribution was regulated by Ministerial Order no. 209/96 (\textit{Portaria nº 209/96}) of 12 June, which set a minimum percentage of 15% of institutional advertising to be distributed among entities of local and regional media, and only with regard to campaigns coordinated by the Institute of Social Communication.

In 2005, the Social Communication Regulations Entity (Entidade Reguladora para a Comunicação Social, the ERC)\textsuperscript{24} started to operate. Among its responsibilities is to ensure that state advertising campaigns and local authorities comply with the constitutional principles of impartiality and neutrality in public administration. It is precisely the search for impartiality that has led to a debate regarding the criteria that

\textsuperscript{22} Decree law 330/90 of 23 October, by which the Advertising Code is regulated.
\textsuperscript{23} Decree law 231/2004 of 13 December.
\textsuperscript{24} Law 53/2005 of 8 November.
should prevail in the distribution of this advertising, and to the creation of a database of institutional advertising in 2011 to provide transparency.

3. - Limits to concentration

The defence of plurality has traditionally been regulated through four areas: universal service, regulation for diversity, regulation for competition and regulation of content (Ostergaard, 1998: 96). The limits guaranteeing plurality have normally been set in relation to market volume, given that in reality the media’s social, economic or political influence is a function of how many people its message reaches. However, these measures force publishers to reconsider their operating rules in the market, since, on one hand, they may limit growth and, on the other, they condition their development compared to the competition, as is the case in France. These limits can vary depending on the size of the country.

3.1. - Spain: business concentration, without regulations

Unlike the French press, the Spanish press has no regulation limiting concentration of shares. With the transition to democracy, a process of coexistence began among newspapers that had already existed during the Franco dictatorship, regional groups that were gaining relevance, and newly created newspapers. Later, in the 1990’s, different proposals emerged for European regulations limiting concentration, which have not been applied. The draft bills emphasised that disparity between specific national regulations on access to media property could be an obstacle to the free circulation of services and goods, as well as to the freedom to set up business in the other countries. Thus, Community Law left the freedom to limit media concentration to the Member States. (Lancelot et al, 2006: 23).

Nevertheless, verifying whether there is possible concentration in the news market should not focus solely on the media, but must also consider other aspects, such as editorial lines and content. This is a key piece in the power to inform. De-concentrating measures would be ineffective if content was homogeneous despite guarantees that media ownership in a certain market was atomised. All this must be taken into consideration without losing sight of circulation, which is an indicator with which to assess a newspaper’s success, influence and reach (Cabello, 1999).

3.2. Portugal: Concentration and limits to circulation

Article 1 of the 1975 Press Law recognised the citizens’ right to be informed through certain guarantees of transparency, including by adopting antitrust measures. Article 7 of this law, dedicated to free enterprise, established that newspaper companies that reconfigure their commercial business would be subject to
Portuguese law, must have their headquarters in Portugal, and their direct or indirect investment of foreign capital could not exceed 10%, with no right to vote, and independently of other sanctions, the capital belonging to foreigners which exceeds a tenth of the total would revert to the state. All shares of newspaper publications belonging to a public limited company must be registered. Article 8, dedicated to free market competition and antitrust legislation, established that special legislation would guarantee that the press carry out a public function that was independent from political and economic power, in an effort to prevent the concentration of newspaper and news businesses.

Nevertheless, in the 1990’s a trend toward news concentration in the Portuguese market began, and it led to a sector that was almost completely concentrated in the hands of five large groups: PT Multimedia/Lusomundo Media, Cofina, Impresa, Media Capital and Impala.

This led to a reaction by the Portuguese government in July 2005 with a draft bill to establish the exact number of media outlets that private institutions could own (Erbon, 2005). The proposal was for each group to have only one free-to-air television channel, two nationwide radio stations, three daily national newspapers or weekly news magazines, and one daily regional newspaper. Among the proposals incorporated into the bill to help clarify the intervention of the Communication Regulations Entity (ERC), it established that the regulating entity would act in the following situations: whenever a company exceeded 50% of circulation or audience market share; when a single institution had media in two or more relevant markets exceeding accepted values; and also when any person or company was deemed to have significant influence. The Minister of Parliamentary Affairs, Augusto Santos Silva, justified the proposal based on the existence of “unconstitutionality by omission” since 1982, so they should take advantage of a period when “there are no indications of worrisome concentration” in order to create a general legal framework (Correia dos Santos, 2006).

These measures had a legal basis in both the text of the Portuguese Constitution and the 1999 Press Law. Article 30 of the Constitution made it clear that the government reserved the right to prevent excessive media concentration, specifying that the state guaranteed the freedom and independence of social communication entities regarding political and economic power, while also specifying support for non-discrimination and prevents its concentration through multiple shareholding or cross-shareholding.

Article 4 of the Press Law, dedicated to public interests of the press, in an effort to guarantee freedom of expression, established that the state would organise a system of non-discriminatory incentives in support of the press, as well as restrict newspaper businesses’ acquisitions of shares in other similar businesses, which would be subject to the High Authority for Communication. The general scheme for the defence and promotion of competition would be applicable, both regarding prohibited practices and the abuse of a

---

position of superiority and business concentration. In response, news publishers claimed that the imposed limits in the new draft bill were an obstacle to internationalising and modernising news businesses, and only strong national economic groups were able to prevent foreign groups from entering Portugal and to produce content protecting the country’s cultural identity.

Nevertheless, these measures followed the same lines as those established by the European Parliament in its Resolution of 16 September 1992. In Portugal the resulting situation is that no national newspaper group is among the top 50 in Europe, and two national, general-information, daily newspapers (Correio da Manhã and Jornal de Notícias) account for 60.7% of the circulation. One weekly news magazine (Expresso) holds 81.2%. In terms of geographic distribution, Lisbon captures between 32% and 43% of the circulation of national general-information weeklies. All national, general-interest, daily newspapers are mainly concentrated in Lisbon, with the exception of Jornal de Notícias, primarily distributed in Porto (61.31%). Non-daily newspapers are mostly distributed in Lisbon, which in many cases represents 100% of their distribution. It is also the case with the free daily newspapers, Jornal Destak, with 76.07% of its distribution in Lisbon, and Metro Portugal, with 87.27%.

Concentration of circulation not only occurs in geographic terms, but also with newspapers and capital. This situation has led to the proposal of a draft bill regarding limits to the concentration of media company ownership. This bill establishes limits to circulation and audience figures. This measure is the result of the changing focus of concern. When there is a concentration in circulation, fears no longer centre on issues of capital, but rather on the true influence of the media, that is, the effect it has on the public. And therefore, this indirectly stems the design of positioning strategies. (Costa, 2009).

Thus, according to the Bill on Limits to Concentration of Media Companies (2006), limits to concentration can be horizontal and diagonal, with both established pursuant to market positioning regarding circulation and audience. It establishes that the horizontal limits are exceeded when the media in the hands of a single company acting in the same relevant market exceeds 50% of audience for TV or radio and 50% of per issue circulation for the press. Diagonal limits do not meet compliance demands when a single owner holds media outlets in two or more relevant markets, so that acceptable audience levels decrease: 1st market (50%), 2nd market (33.3 %) and 3rd market (16.6%).

In view of the reality of the Portuguese market in 2007, the Press Federation (Federação da Imprensa) was created with the objectives of defending freedom of expression, freedom of the press and the right to information, defence of the independence of the press from political power and from any monopoly, as well as promoting reading of the press, among others. The Daily Press Association (Associação da Imprensa...
4. - Aids to digital convergence

The global economic crisis which began in 2008 brought a complementary phenomenon to Spain. Not only did information consumption via internet increase but so did television viewing to a considerable extent. Nevertheless, everything appears to indicate that in countries like Portugal or Spain, Internet will not be established as a profitable daily news medium for several years. From this perspective, setting limits to concentration of Internet expansion does not seem very effective. However, what does seem effective is promoting plurality with on-line publications that wish to make the move to print once they have been viable for at least a year (as in the Nordic countries). There are, therefore, certain communication policies that could be carried out.

Although establishing aid to electronic publications may not be opportune, providing aid to digital media desiring to move to paper could be of interest. In addition, not taxing added value on subscriptions to print publications might be beneficial, but charging VAT on the sale of a single issue, as is done in countries like Finland, could be. Moreover, consideration should be given to a Regional Press Portal in Spain, like the one existing in Portugal, to be launched in the Autonomous Communities, with the condition that local and regional press must comply with a set of prerequisites.

It could be of interest to study direct subsidies to companies according to their number of workers as an incentive to increase staff, thereby creating more competitive interregional or international groups in the global market.

4.1. Incentives for the press in the digital environment

In Spain the Spanish Newspaper Editors Association (AEDE) has called for government support to alleviate the losses and debt that have led to reductions in staff and which may mean that some businesses have to shut down. As Molina clarifies (2009: 13), the financial crisis has made state aid to the press an issue of greater importance.

Over the last few years certain digital media have received state aid through the Ministry of Culture’s programme: “Aid to capital investment to increase the legal offer of cultural content on the Internet and to promote modernisation, innovation and technological adaptation of cultural and creative industries” with a budget of 5.62 million €. There were some digital newspapers in this very broad and diverse area,
alongside other loosely culturally-related activities, such as video games, social networks, and audiovisual production companies. These media shared €318,000, which affected Televeo Broadcasting, Comunicacions dels Ports, Diario de Navarra, Aragón2 and Rioja 2 (Corporación de Medios), Ediciones RDL Rock de Lux, El Norte de Castilla Digital, Línea 20 de Revistas (20 Minutos), Dokumalia Producciones and Scherzo Editorial. Other aid programs for digitalisation have benefitted digital media. In December 2011 a resolution by the Ministry of Industry awarded a €57,000 subsidy and €620,000 in credit to the newspaper 20 Minutos, within the Advance Digital Content subprogram.

In Portugal, since 2004 the need for a change in the model has also been made evident with a new system of incentives targeting technological and multimedia objectives, among others, and which included access for online newspapers to the same incentives that all other newspapers had. In this way, they intended to improve the capacity of regional newspaper businesses to compete and also increase demand for a higher quality and more professional news product.

As of January 2005 the state system of incentives to social media became regulated by Decree Law no. 7/2005, of 6 January. The change was justified by a critical reflection on the existing incentive system that was considered unfair because it did not allow innovation or risk-taking to be rewarded nor did it aim to consistently broaden the horizons of multimedia communication. It was carried out so as to include incentives for business initiative and multimedia development with the goal of favouring development of journalism businesses.

Nonetheless, despite the measures adopted, the press continues to be a sector that has not taken off either in terms of circulation or in advertising. The scant number of newspapers taking part in the services provided by the APCT (Associação Portuguesa de Controlo de Tiragem) and which have audited circulation continues to be striking. This is proof of the market’s lack of maturity, beginning with its absence of transparency, reflected in the data on publications audited in 2010, 25 regional publications, and 22 general information publications of differing periodicities, including 9 are dailies.

Furthermore, the large number of existing newspapers (between 700 and 900 depending on exact dates), along with their territorially concentrated circulation (Lisbon concentrated 40% of daily general information newspaper circulation in 2009, compared to Oporto’s 15% and less than 10% in the rest), and the minimal level of many newspapers’ territorial influence make it quite complicated to consider them in the planning process. This is due to the fact that the combination of newspapers necessary to achieve the scope required for a national advertising campaign makes planning work very difficult. Thus, it is more
profitable, in terms of planning time, efficiency and security, to rely on other media formats such as television.

5. - Conclusions
Historically Spain and Portugal have applied policies of aid to the press although it has never been directed but rather has pursued specific objectives. Whereas in Portugal public policies of aid to the press have, above all, favoured its regional press, in Spain national newspapers have benefited more. Currently, the development of autonomous policies in Spain is fundamental when establishing measures to promote circulation and the convergence of regional and national groups.

In both Spain and in Portugal it is important to adapt institutional advertising to changes in the system in order to energize the digital conversion process of newspapers, maintain communication with citizens and reduce pre-agenda factors, primarily in regional and municipal spheres. One reason for this is that the less dependent newspapers are financially on institutions, the greater ethical and professional independence they will achieve. In both countries the problem of concentration remains, affecting the defence of plurality, despite the aid programme created to guarantee it in Portugal.

In Spain, as well as in Portugal, aid to the press should be conceived of as aid to the reader (as it is in France). Inasmuch as the press makes an essential contribution by informing citizens and spreading schools of thought and opinion, the proposal is to allocate aid to readers and to press circulation, not solely to publishers. Thus, the goal of aid for the distribution of national, general- and political-information daily newspapers would be to consolidate the cooperative distribution system of the press, to preserve the pluralism of these daily newspapers, and to promote the development necessary for the effective exercise of the freedom already proclaimed in the 1789 Declaration of the Rights of Man and of the Citizen.

In a knowledge society, it is essential for countries like Spain and Portugal to create a cooperative system of media education in conjunction with associations of journalists and publishers so as to more fully stimulate this type of education.

Currently, the function of social cohesion is found in international and interregional policies on a country scale, but, given that there is no threat to national or local identities, they could benefit from closer contact to reinforce one another collectively, on an overall institutional level or in terms of daily life, not merely in a symbolic-cultural way. It would be of interest, for instance, to create synergies of publications shared by the Portuguese government and the bordering Autonomous Communities.

In the area of communications policy, Spain and Portugal should advocate aid focussed on implementing editions of their own in Latin America. This would also mean a change in institutional advertising in the
press in favour of subsidies to the internationalisation of daily newspapers in Latin America, which the Ministry of Culture, the Cervantes Institute and the Ministry of Foreign Affairs could promote. Autonomous Communities and regions, in collaboration with news businesses (as occurs in France and Catalonia), need to advocate aid to promote reading among the young with subscriptions to daily newspapers, campaigns in schools to create newspapers, as well as aid for the creation of publications at schools of journalism and new technological centres for social sciences at universities where multimedia projects can be done.

References:


