

# The Swedish Newspaper System in the Late 1990s

## *Tradition and Transition*

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The first Swedish newspapers were voices of the nation-state. *Ordinari Post Tijdender* – later *Post- och Inrikes Tidningar* – first appeared in 1645. It was founded at a time when Chancellor Axel Oxenstierna, who ruled the land under Queen Christina's minority, found it necessary to intensify nationalistic propaganda. Sweden had suffered setbacks in the Thirty Years' War, and morale was low. Oxenstierna was anxious to publicize his version of the progress of the war and to explain his policies.

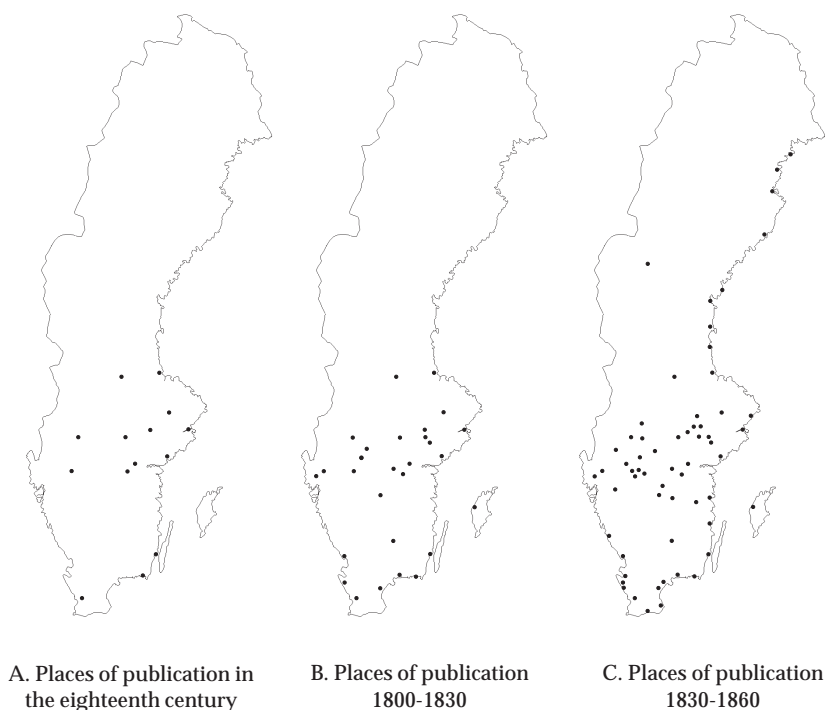
Publication of *Ordinari Post Tijdender* was entrusted to the Postmaster-General in Stockholm. The terms of reference instruct him to gather news from abroad. As for domestic news, postmasters throughout the land were charged to report anything of significance to Stockholm. The terms of reference also made it quite clear that the contents of these reports should be congenial with the interests of the Swedish state.

The spread of printing technology led to the founding of a number of newspapers in Sweden in the early eighteenth century. These papers and their printers were strictly controlled, however. Conditions improved as the ideas of freedom of expression gained currency, but circulations remained small and were essentially confined to the few urban centres.

Civil liberties, and not least freedom of expression, were much discussed in eighteenth-century Sweden as in many other countries of that time. Demands for a free press reached a crescendo when the power of the Crown was weakened and Parliament advanced its position in the early years of the century. Political periodicals like *En ärlig Svensk* [An honest Swede], founded in 1755, reached new groups of readers and inspired and informed the political and literary discourses of its time.

The emergence of provincial newspapers was another important feature of the 1700s. Rural towns, particularly commercial centres, expanded rapidly during the era known as the Age of Liberty, and their growth provided markets for a number of regional periodicals. Notable among these papers is *Norrköpings Weko-Tidningar* (founded 1758; later *Norrköpings Tidningar*), today Sweden's oldest newspaper in continuous publication.

Figure 1. Swedish Press: Places of Publications



## The Freedom of the Press Act

The demands for greater political freedom articulated in Parliament led in 1766 to the enactment of a Freedom of the Press Act, the essential provisions of which still apply. The Act may be seen as the fruit of two parallel developments: the emergence of new political ideas coupled with new market conditions for the periodical press. One of the prime motors behind the new legislation was Anders Chydenius, a Liberal vicar of the Church of Sweden in Östrobothnia (present-day Finland). The essential principle expressed in the Act, which has the status of Constitutional law, is that freedom of the press should be unrestricted. Prior censorship was forbidden, and political expression should be free. Certain key areas were excepted, however: questions of religious doctrine and the Church, the Royal Family, the governing Council, and the Constitution were not to be criticized or called into question. Whereas the Freedom of the Press Act implied substantial liberalization of the political climate, it did not bring about general freedom of expression. The climate of public debate in eighteenth-century England was, for example, much freer than in Sweden.

The Freedom of the Press Act had a powerful impact on the whole of the Swedish press. A number of new papers were founded, and political expression blos-

somed. A literate middle class had emerged during the Age of Liberty; this class now constituted a market for the new periodicals. One of the most well-known and long-lived of the papers was *Dagligt Allehanda*, founded in 1767. Sweden's first daily newspaper (published six days a week), it was published nearly 200 years.

Toward the end of the Age of Liberty (which was to come suddenly in 1772 as a result of a reactionary coup d'état perpetrated by King Gustav III) a number of popular papers grew up alongside the respectable, established press. These gad-flies carried on a salty discourse, liberally spiced with invective and character assassination. Most such papers were short-lived, but they were the first papers to reach broad sectors of the general public. One modern feature was the appearance of advertisements. Unlike many other countries, Sweden had no state monopolies on the placement of advertisements; the advertising market was free.

The period of 'thaw' regarding freedom of the press in Sweden proved to be a brief interlude. Both Gustav III (1771–1792) and Gustav IV Adolf (1792–1809) imposed severe restrictions.

## The Modern Press

Industrialization, which started in the early nineteenth century in Sweden, not only brought many new technologies, it was also to change the face of Swedish society. Urbanization and a new division of labour gave rise to new information needs. Both the general public and urban manufacturers and merchants needed more efficient channels of communication. A market for new media had opened. The classes generated by the conversion from agrarian to industrial society provided a basis for growth of the newspaper branch.

Other factors, too, contributed to the success of media enterprises. Political confrontations and a successive democratization gave rise to an increasingly lively and broader public discourse. The growth of an advertising market made the papers more affordable to readers, as did technological advances – the introduction of the high-speed cylinder press and automated typesetting – and more plentiful supplies of newsprint, which permitted larger circulations.

Three major newspaper establishments may be seen as milestones in the development of the modern Swedish newspaper industry: *Aftonbladet* (1830), *Dagens Nyheter* (1864), and *Stockholms-Tidningen* (1889). Each represented significant new features, and all were patterned after foreign models. Interestingly, the three establishments also coincided with important political and societal changes. Parallel courses of development took place in several Swedish towns, where newspapers were sometimes a driving force.

*Aftonbladet* marks the transition into the modern era of Swedish newspaper publishing. Founded in 1830 by Lars Johan Hierta, *Aftonbladet* is traditionally regarded as the first modern newspaper in Sweden. Hierta, a Liberal Stockholm industrialist, was inspired by developments in the British and French press. He

succeeded in producing a newspaper that combined several innovations (viewed from the Swedish horizon) – in terms of both content and politics. *Aftonbladet* offered readers a wide variety of contents: political commentary, columns, personal notices, news from Parliament and foreign affairs. The paper soon became an important advertising vehicle, as well. Its front page carried official notices taken from *Post- och Inrikes Tidningar*, which had become a government organ for official notices and notifications.

Hierta was a Liberal, a voice of the Opposition who campaigned untiringly against the King and the system of Royal favouritism. Karl IV Johan (1818–1844) tried to silence Hierta by exercising the royal power of suppression, but *Aftonbladet* had become too big a success to be silenced. After only a couple of years the paper had attained a circulation of over 3,000 copies, more than any other paper had achieved up to that time. Soon *Aftonbladet* had a larger circulation than the rest of the Stockholm press combined. The new affluent middle class in pre-industrial Sweden supported the paper in its campaign for freedom of trade and Liberal reforms. Conservative forces were not strong enough to stop the paper.

*Aftonbladet*'s success was an inspiration to others out in the provinces, and several new papers were modelled on the same principle. *Göteborgs Handels- och Sjöfarts Tidning* (1832) was a political voice that largely harmonized with *Aftonbladet*'s, and like the Stockholm paper, it was repeatedly threatened with suppression.

*Dagens Nyheter* (Stockholm) was founded in 1864 by Rudolf Wall. The establishment coincided with the opening of the railroad line between Sweden's two cities, Stockholm and Göteborg as well as with the institution of the bicameral Parliament, which replaced the former Diet of Estates. Wall had ideas about a new kind of newspaper and a new kind of journalism. By this time *Aftonbladet* had become a prisoner of its own tradition, and neither did any other papers in the city show innovative tendencies. Wall succeeded in creating a cheap and readily accessible paper that offered many readers material that interested them. *Dagens Nyheter* cost roughly half the price of its competitors: SEK 0,05 per issue, SEK 10 for a year's subscription. Wall also introduced delivery to subscribers. Unlike its competitors, *Dagens Nyheter* was published in the morning. It was Wall's ambition to publish the same news in the morning as the other papers published some hours later.

*Dagens Nyheter* was not the first paper in Sweden to put these innovations into practice. *Göteborgs-Posten* in Göteborg had introduced the same concept as early as in 1858. But *Dagens Nyheter* was able to develop it on the much larger Stockholm market. The paper quickly won over new readers, attaining after only six months a circulation of 6,000 copies, larger than any of its competitors in the capital.

Rudolf Wall did not have Lars Johan Hierta's political intensity and commitment. He was a publisher in the British tradition; he judged his product with both an entrepreneur's and a newsman's eyes. This is not to say that he was uninterested in influencing public opinion. In the 1890s, after Wall had left the paper, *Dagens Nyheter* was to become the flagship of the Liberal Party.

The expansion of the newspaper branch led to an increase in the papers' periodicity. In the mid-1800s no more than seven newspapers in the whole of Sweden were dailies. By the turn of the century the figure had doubled to fourteen. During the same interval, total circulation increased five-fold, from 100,000 to a half million. Newspapers were still relatively expensive, however. Despite the new pricing policy that *Dagens Nyheter* introduced, most people seem to have continued to consider newspapers dispensable luxuries rather than staples.

Although large, by no means did *Dagens Nyheter* have a mass circulation. The first Swedish newspaper to attract a mass audience was *Stockholms-Tidningen*, founded in 1889. It was founded by Anders Jeurling. Jeurling had a couple of decades' experience in the Swedish press, particularly in the provinces. He was able to exploit a number of technological advances such as the rotary press and automated typesetting. Jeurling's main goals, like Wall's, were that *Stockholms-Tidningen* should be inexpensive and easy to read. The price per copy was SEK 0,02, half of which went to the delivery boy. The style of the paper was simple and accessible. Most of the copy consisted of popularly written news briefs on a wide variety of subjects.

Neither were Jeurling's innovations entirely new; they had already been applied by *Skånska Dagbladet* in Malmö, Sweden's third city, a year earlier. But, as in the case of *Dagens Nyheter*, it was the burgeoning market in Stockholm that made the concept truly profitable. By the turn of the century, *Stockholms-Tidningen* had attained a circulation of 100,000 copies. With it, Sweden had acquired its first mass appeal newspaper with circulation to readers far outside the home region.

## Party Press

Regional and local newspapers continued to be established throughout the country. By 1900 there was scarcely a town that did not have a paper of its own. Often communities were served by two, three or even four newspapers, all more or less viable enterprises. Many provincial newspapers were published as a sideline to book publishing. Entry onto the market did not require much capital; circulations were small, as were the economic risks. Staff often consisted of a single editor/journalist. Most of these papers declared themselves to be "apolitical"; de facto, a good number sympathized more or less strongly with one or another of the parties in Parliament.

In contrast to the newspapers founded in the eighteenth century, the new provincial newspapers of the 1800s were largely local in their orientation. Service to their immediate region was their prime *raison d'être*, although national and world news were accorded considerable space.

Papers founded toward the end of the nineteenth century tended to be partisan. The evolution of the party press, of course, largely reflected developments in the Swedish party system itself. The Social Democratic Party was founded in 1889, and the Conservatives formed their first nationwide party in 1904. But even earlier, there were parties and factions in Parliament which had support among

Swedish newspapers. A Conservative press and a Liberal press gradually emerged.

Social Democratic newspapers differed in many respects from bourgeois newspapers. Most were founded somewhat later, around the turn of the century, and were from the outset part of the political and trade union movements. Even in their first public appearances, leading spokesmen for the party, such as August Palm and Hjalmar Branting, stressed the importance of a strong organization and a vital press. The objective was not to create commercially successful enterprises; indeed, Branting was sceptical of advertising as a source of revenue. The newspapers should come out regularly and provide the commentary and news that members of the working class movement needed and wanted.

Social Democratic newspapers were linked to the party at all levels. The bonds were present in ownership (political and trade union organizations dominated), in the readership (sympathizers almost exclusively) and content (party affairs and themes of especial interest to the working class took priority). It was natural for the Social Democrats to expect their newspapers to reflect their organizational structure. The political boroughs constituted the natural unit for the party's organizational work and agitation. Consequently, the borough, not the local community, was the prime focus of Social Democratic newspapers' news coverage and commentary.

About twenty different Social Democratic newspapers were founded around the turn of the century. Interestingly, not one of them attained a leading position on its market.

The Social Democratic press focused on the political objectives of the party; not infrequently, articles were centrally planned. The same was true of another group of papers with roots in a popular movement, namely, those started by local chapters of the national farmers' union during the first two decades of the twentieth century. These papers were to constitute the core of the Agrarian Party (subsequently Center Party) press. The two groups of papers had many points of resemblance.

Political activity in Sweden came to a head in the years around the turn of century, and party rivalries sharpened. Liberal and Conservative groups were at odds on the two major issues of the day – suffrage and defence. Both sides made use of the media in their agitation. The Conservatives started regular press campaigns and the Conservative Party gave financial support to sympathetic newspapers.

As noted earlier, the Liberal Party acquired a principal outlet for the party's ideas in *Dagens Nyheter*. The Liberals were also well represented in the provincial press. As a group Liberal newspaper editors played a leading role in political life around the turn of the century. They were, for example, quite active in connection with the organization of the first Liberal Party of national scope.

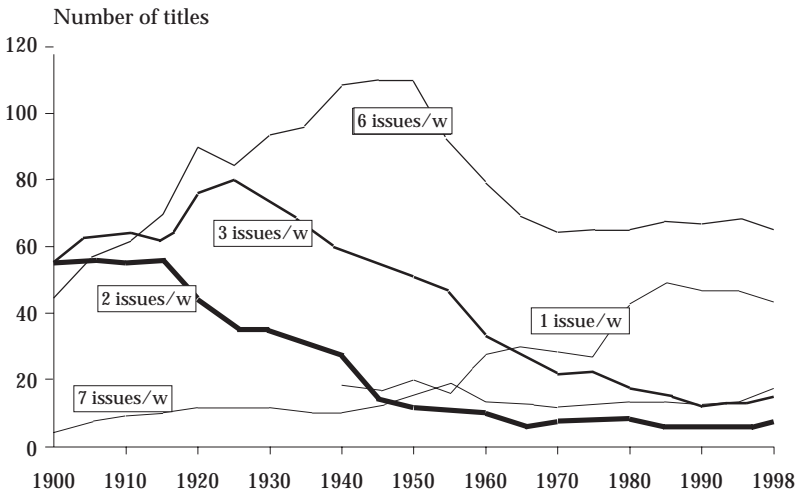
## The Modern Newspaper Market

The period of 'boom' in the newspaper industry continued into the early 1920s. The number of independent newspapers on the Swedish market has never been greater. In 1920, papers published more than three days a week numbered 189; the corresponding figure in 1997 was 107 (Figure 2). Some papers declared themselves "apolitical", but most sympathized with one or another of the parties. The sharp economic downturn at the end of the 1920s put a damper on the newspaper market, as well, and a period of stagnation ensued. Up to that time local newspapers had been able to grow as the market expanded; now papers competed for slices of a more or less static pie.

Thus, the modern Swedish press, reaching readers virtually nationwide, emerged during the first two decades of the century. Links between papers and political parties also meant that newspaper reading spread among most social groupings. For example, trade unions urged their members to read party-affiliated papers, thus establishing regular reading habits among the working class. The relatively broad penetration of newspapers remains characteristic of Sweden to this day.

As for the structure of the market, however, the formative period came after the second world war. The 1950s saw the death of a great number of papers, particularly small provincial papers, many of them Liberal or "apolitical". At the same time, total circulation increased – mainly as a consequence of the establishment of a Swedish 'boulevard press', i.e., street-sale tabloids.

Figure 2. The Number of Newspapers in Sweden, by Frequency of Publication, 1900-1998



Sources: Tollin, *Svenska dagstidningar 1900-1965* (1965) and *Tidningsstatistik AB*. Data from the two sources differ somewhat. No data for weekly newspapers in 1940. Papers appearing 4 and 5 times a week are not included in the figure.

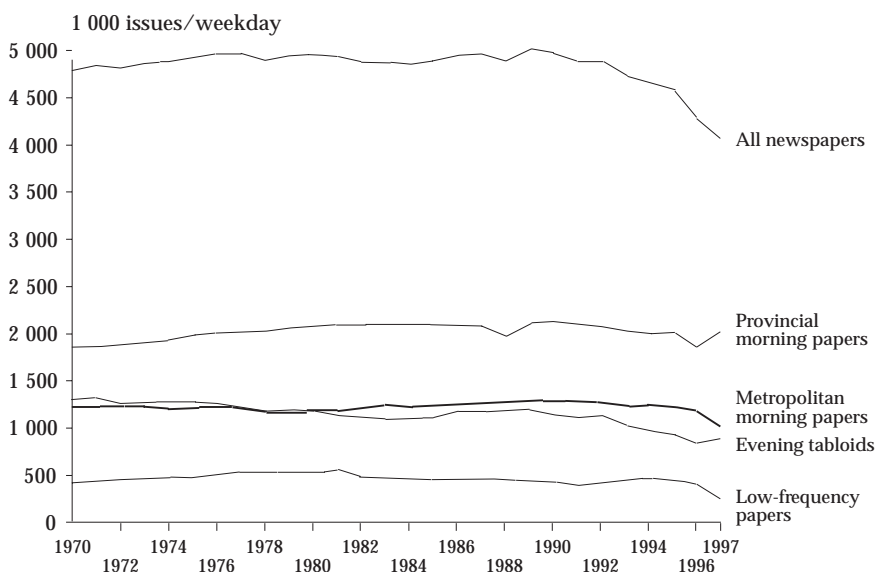
*Expressen*, founded in 1944, came to be the paragon of the Swedish tabloid. *Expressen* was owned by the same company as *Dagens Nyheter* and was printed in the same house. Thus, *Expressen* enjoyed a strong economic base from the start. The paper was patterned mainly after American boulevard papers, and its stated objective was to be a popular newspaper that attracted young readers. Its pages offered a popular style of writing, abundant photos and graphics, and extensive coverage of sports and popular entertainment.

*Expressen* also aimed to attain nationwide distribution and built up a network of branch offices, or "national news desks", toward this end. A lot of effort and money was spent to establish a system for the rapid distribution of the paper nationwide, with extensive reliance on air freight. This pioneering effort was rewarded; after roughly ten years *Expressen* surpassed its rival, *Aftonbladet*, once Sweden's sole nationally distributed boulevard paper. *Expressen* had succeeded in reaching a new, younger readership.

The situation of fewer newspapers, but increased total circulation reflects a far-reaching concentration of the branch in Sweden, as elsewhere (Figure 3). At the same time, the market structure became more distinct.

The Swedish newspaper market is usually classified in terms of three characteristics: (1) periodicity (number of days per week), (2) whether published in a major city or provincial town, and (3) morning or evening distribution. As for periodicity, in 1987 Sweden had 86 'high-frequency' (6-7 d/w), and 31 'medium-frequency' (3-5 d/w). In addition, there were 51 'low-frequency' papers (1-2 d/w).

Figure 3. Trends in Newspaper Circulation 1970-1997 (thousands)



Sources: SOU 1975:79, *MedieSverige 1997*.



(The latter are included in the Swedish definition, even though they deviate from what we generally think of as a newspaper).

Total newspaper circulation in 1997 was 4.2 million issues, and total branch volume was roughly SEK 17 thousand-million.

## Kinds of Newspapers

Four basic categories of Swedish newspapers are generally distinguished (circulation figures from 1998):

1. Metropolitan morning papers. These are high-frequency papers published in Stockholm, Göteborg and Malmö. All appear seven days a week, are sold principally on subscription, and are morning papers. They have some of the largest circulations in Sweden: *Dagens Nyheter* (353,000 copies; Sundays 410,000) in Stockholm, *Göteborgs-Posten* (258,000; Sundays 286,000) in Göteborg, and *Sydsvenska Dagbladet* (125,000; Sundays 146,000) and *Arbetet* (54,000; Sundays 58,000) in Malmö.
2. Metropolitan evening papers. These are the four tabloids published in Stockholm, Göteborg and Malmö: *Aftonbladet* (397,000; Sundays 502,000), *Expressen* (316,000; Sundays 397,000), *Kvällsposten* (55,000; Sundays 86,000) and *GT* (55,000; Sundays 86,000). Although traditionally called "evening papers", their time of publication is normally before noon. Swedish evening tabloids are exclusively single-copy sale papers.
3. The provincial press. This category includes all the high- and medium-frequency papers published outside Sweden's three largest cities. All are morning papers primarily sold on subscription, and most of them appear six days a week. The largest of these papers, (e.g., *Nerikes Allehanda* 68,000 and *Östgöta Correspondenten* 67,000) have circulations of 65–70,000 copies; the smallest, like *Laholms Tidning*, 4,000.
4. Low-frequency papers. This group comprises all low-frequency papers, regardless of place of issue. Most appear once a week and are sold on subscription. Many are published by organizations. Some are published in metropolitan areas, others in smaller towns.

Metropolitan morning papers and the provincial press are by far the dominant categories in Sweden. In economic terms, they account for over one-third and just under one-half of total volume, respectively. Evening papers account for 15 per cent, and low-frequency papers less than 2 per cent.

In Sweden, the typical pattern of newspaper exposure is a local morning paper, in most cases delivered to the household. Evening tabloids are generally complements in the household; only in Stockholm do people commonly read an evening paper only. Metropolitan morning papers, particularly the Stockholm papers, serve as complements in households outside the metropolitan regions.

Only the evening newspapers can claim truly national distribution; the Stockholm papers reach rather small groups outside the region.

Some of the metropolitan morning papers – e.g., business dailies *Dagens Industri* (110,000 copies) and *Finanstidningen* (12,000), and the Christian daily, *Dagen* (17,000) – might be described as 'niche papers'. The latter paper was started by the Pentecostal Church, but has since broadened its focus to all readers of the Christian faith.

Another group of newspapers, generally neglected in newspaper statistics, are the free sheets. This category has a long history in Sweden, but it attained some notoriety in 1995 with the introduction of *Metro*, a gratis paper which initially appeared five days a week (and recently expanded to six), in Stockholm. (*Metro* is co-sponsored by the metropolitan transit authority, which have two pages in each issue, and is distributed in underground stations and at bus and train terminals and at major stops throughout greater Stockholm.)

In 1998, a *Metro* based on the same concept was launched in Göteborg, the second largest city in Sweden. The content profile is fairly traditional. The tabloid-format *Metro* focuses on domestic and foreign news. It devotes less coverage to politics than other papers, however, and has no editorial page. On the other hand, the paper has its own columnists. It also carries more entertainment news. Otherwise, the typical free sheet is a weekly or semi-monthly. Most serve areas that are not very well served by conventional newspapers, typically on the fringes of their areas of distribution. A second group of free sheets are those published in parts of greater Stockholm which Stockholm papers tend to neglect.

## Circulation Trends and Competition

Even if the number of conventional newspapers may have diminished in the postwar period, Swedish newspapers remain attractive to readers. Combined newspaper circulation continued to rise until the early 1990s, but there is considerable variation between the different kinds of newspapers. Since 1990, however, total circulation has declined at a rate of between one and two per cent per annum. Here, too, the variation between kinds of papers is great. The greatest decline is noted for evening papers, whereas the provincial press remains quite stable.

In 1997, low-frequency newspapers had about 9 per cent of total newspaper circulation in Sweden. The provincial press had about 44 per cent, and metropolitan morning and evening papers 27 and 20 per cent, respectively. These figures represent shares of average circulation, i.e., the number of issues per day of publication. If we instead consider shares of total annual circulation, i.e., the number of issues sold during the year, the metropolitan morning press accounts for more than one-third of the copies, whereas low-frequency papers represent only a few per cent.

Despite some uncertainty pertaining to the statistical base, it is still quite clear that newspaper circulation has remained surprisingly stable overall. Still, certain patterns are discernible:

- The combined circulation of the evening press has declined, by more than ten per cent between 1990 and 1995. In 1997, circulation was only 70 per cent of what it was at the start of the 1970s. *Expressen* declined most, but neither did *Aftonbladet* note any increase during the first half of the 1990s. *Aftonbladet*'s circulation was roughly the same in 1998 as it was in 1991.
- Metropolitan morning papers have lost circulation outside their primary markets. In most cases this has been a gradual, long-term trend. The trend for Stockholm papers has accelerated since 1990 in response to a rise in subscription prices for addresses outside greater Stockholm.
- The circulation of the main provincial newspapers has remained relatively stable, whereas combined circulation for the category has declined somewhat due to the closure of some smaller papers, a general decline in the second-largest papers in most areas, and a decline in the number of papers sold outside the primary market.

Although large newspapers have suffered declines in circulation during the 1990s, the long-term trend is clear: Swedish newspapers have become fewer – and larger. In 1997, the ten largest papers had just under half of average net circulation. The six largest papers had just under 40 per cent, and the three largest, about 26 per cent.

Large newspapers increased their share of local markets. In markets where two or more papers compete we find that the gap between first (dominant) and second papers is generally quite wide. Even if the second papers have not experienced any dramatic decline, the tendency is quite clear: Of the fifteen second papers which reached about 20 per cent of the households on their markets in the years around 1970, one-third have either seen their share reduced or have closed. Several of the markets have since become monopoly markets. All in all, we may speak of a successive concentration on local newspaper markets, as well.

Recent attempts to start new newspapers offer a good illustration of the conditions prevailing on the Swedish newspaper market. The partly politically motivated efforts to start *Stockholms-Tidningen* and *Handelstidningen* (Göteborg), both in 1981, failed. Neither paper survived very long. *Dagens Industri* (1976), on the other hand, managed to fill a niche which appealed to a specialized readership throughout Sweden which (1) was willing to pay a relatively high price for the paper and (2) was attractive to advertisers. The paper focused on a single market – business and economics – and was quite cautious in its early years. Having started as a semi-weekly, it took seven years before *Dagens Industri* advanced to five days a week. In recent years the paper has also increased in circulation, having more than tripled its daily circulation – from about 30,000 to over 100,000 copies – in the interval between 1983 and 1998.

*Finanstidningen* (1989) chose a similar strategy, but did not have as broad a news profile. The paper also entered the market considerably later – thirteen years after *Dagens Industri*. Circulation has levelled off at just under 10,000 copies, and the paper remains dependent on government subsidies (see below).

## Economics

Success on the advertising market is the key to economic vigour of the Swedish press, particularly subscribed morning papers. The single-copy sale evening tabloids operate under different market conditions. The strength of the advertising market is one important reason why it has proven especially difficult to start morning papers. It is not enough to attract readers, a paper has to attract advertising, as well. Thus, dependence on the advertising market is a conservative force. Since advertising is contracted on an annual basis, the threshold to entry is high. It takes a considerable amount of capital to see a paper through the entry period, the interval until it can attract a reasonable volume of advertising.

Advertising accounted for an unusually large share of total revenue in the 1980s, and newspapers became more sensitive to the business cycle. Consequently, in the recession of the early 1990s Swedish newspapers raised their circulation-based revenue by raising prices to readers and subscribers. The sharp downturn in advertising also contributed to the shift in the balance between revenue from readers and advertisers. In the case of *Dagens Nyheter*, for example, 80 per cent of total revenue in 1990 came from advertising, and 20 per cent from circulation (subscriptions and single-copy sales). In 1997, the figures were 70 and 30 per cent.

Although the economic problems of Swedish newspapers are a recurrent theme in discussions of the media, the branch as a whole has been quite profitable. Among the papers which dominate their local markets, only a few have not shown a substantial profit, even during the worst recession years. Evening papers are not as sensitive to the advertising market, but advertising increased in the mid-1990s as the papers' national circulation makes them a price-worthy alternative to buying time on television.

Looking to the future, the economic health of the Swedish press will not only be a question of individual papers' success on local advertising markets. Even more important will be newspapers' ability as a medium to compete with other major advertising media such as television and direct advertising. Swedish newspapers have done fairly well for themselves to date. In 1996, newspapers' share of total advertising expenditures in Sweden was higher than any other Nordic country, at over 60 per cent. Television has increased its share of what is often referred to as "the little advertising tart", but the medium has attracted some new advertisers. Thus the "tart" has grown into a pie. Newspapers have largely retained food and convenience goods advertisements, a mainstay of newspaper economy.

## Government Subsidies: From Research to Implementation

The wave of newspaper failures in the 1950s was the first sign that local markets might not be able to support more than one newspaper. The realization was worrying to politicians, who valued newspapers for their vital opinion-forming role.

It was seen as a threat to the party press tradition. As in many other countries, studies were launched to try to understand the mechanisms of market concentration and its consequences, and to devise remedies.

The first government study of the daily press in Sweden was organized in 1963. Numerous papers affiliated with the Social Democratic and the Center parties found themselves in economic difficulties. The government study was instructed to suggest how these problems might be solved.

The study found that the difficulties were not evenly spread over the branch as a whole, but were concentrated to that quarter of the press which faced a stronger competitor on the home market. A majority of the commission proposed that government press subsidies be extended via foundations attached to the political parties, and that the amount of the support should be proportional to the parties' share of the vote in the latest general election. Criticized harshly, the proposal was shelved. However, another proposal of a new commission, presented in 1969, was enacted instead: subsidies to the distribution of all newspapers.

Support to cover distribution costs did not help the weaker papers, however. In 1971, without having commissioned further study, the Social Democratic Government put a Bill before Parliament, suggesting the introduction of direct, selective subsidies to cover the operating costs of second papers. At the same time, a tax of 6 per cent on printed advertising – extended to all forms of advertising the following year – was introduced. By means of the tax, financially successful newspapers contributed to support to weaker competitors. Production subsidies were calculated on the amount of newsprint the papers consumed; some SEK 30 million were disbursed the first year.

In 1972, a new government commission was formed to analyze the newspaper subsidy system. After two years' work it laid down basic principles for government support to newspapers. The goal of the subsidies was to maintain pluralism in public opinion by keeping the economically weaker newspapers alive. Hence, the system was selective, not general. The system is based on automatically functioning rules relating not to the profiles of individual newspapers, but to categories of papers defined in terms of market position, e.g., market penetration. The principles were enacted by Parliament in 1975.

State subsidies to newspapers represented a disruption of free market competition in the branch. As such, they at least indirectly impinged on the principle of freedom of trade, a pillar of Swedish press ideology. The subsidies were defended as a means to preserve and enhance freedom of expression. Nonetheless, such a deviation from traditional market principle naturally aroused considerable controversy. The issue of government support to the press was one of the most hotly debated media policy issues throughout the 1960s and 1970s.

A number of criticisms of selective measures were put forward in the late 1960s and early 1970s. The most serious concern was the fear that economic dependence on state support would make it impossible for recipient newspapers to exercise their 'critical scrutiny' or 'watchdog' function. Opponents of the subsidies argued that selective support contradicted the principle of freedom of the

press inasmuch as support was extended to some, but not to others. It might constitute a so-called positive hindrance for some papers. Fears were also expressed that the balance in the market might be disturbed with the result that all Swedish papers would be thrust into the red.

Total disbursements to newspapers increased sharply in the early years, but they have declined somewhat since the early 1980s. Some kinds of subsidies have lost some of their significance, and others, such as the production subsidy (support to cover operating costs) has not kept pace with cost trends, so that it plays a less crucial role than it once did.

The two principal kinds of subsidies in the late 1990s were production support and distribution support. Payments of the subsidies, which largely follow a set of rules, are entrusted to the Press Subsidies Council, a government body. A second function of the Council is to follow up the effects of the payments and to monitor and report changes in the economic status of Swedish newspapers.

Production support has long been the dominant form of support; in 1997, it constituted more than 85 of total state support to the press. Since the rules do not allow any leeway for interpretation, recipient newspapers cannot be penalized for carrying 'inappropriate' content.

As for the distribution of payments, in 1997 more than half the total amount went to Social Democratic newspapers, and somewhat less than 20 per cent to Center Party affiliates. These two parties were the most eager proponents of the system. Production subsidies are more or less evenly divided between the metropolitan and provincial press. In 1997, 57 newspapers – mainly low-frequency papers – received production support, the greater part of which went to papers in metropolitan areas.

Even if disbursements from the Treasury to the press are considerable, subsidies make only a modest contribution to the economy of the press as a whole. Government subsidies represent less than five per cent of total volume in the branch, and less than one per cent of most larger newspapers' revenue. For the papers entitled to receive support, on the other hand, it means a great deal. Among second papers in metropolitan areas, subsidies represent between 5 and 35 per cent of revenue, and among provincial papers, between 10 and 30 per cent.

Alongside the direct forms of support, there are several indirect measures, i.e., instances in which the press is exempted from certain taxes and fees. One such exemption relates to the tax on advertising, which was introduced to finance the subsidy system; newspapers are charged a lower rate than other advertising media. But the most significant such instance is the lower rate of VAT (6 per cent) which applies to newspapers.

## Newspaper Ownership: From Family-owned Enterprise to Media Empires

Swedish newspapers of the 1950s and 1960s were predominantly locally owned, the exceptions being those papers whose dominant owners were political parties.

Interaction and cooperation between papers was relatively limited, except in the three or four regions where newspaper chains existed, i.e., where several papers had the same owner. During the 1970s and 1980s the situation changed, mainly due to a change in owners' activity on the media market.

In terms of ownership, we note three main categories of newspapers: privately owned, foundation-owned, and institutionally owned. In Sweden, the greater part of the press is privately owned. During the period 1975–1990 foundation ownership has increased somewhat, and new categories of ownership have emerged.

The overall trend may be characterized as an industrialization of the press. Newspapers have come to be described and valued more in economic and commercial terms than as organs of opinion-formation or party platforms, as was once the case. Newspaper companies are required to produce a reasonable return on investment, which was not the case in the 1950s and 1960s.

Even though Sweden may lack a high-visibility newspaper mogul like Australia's Rupert Murdoch, we have seen a quite radical concentration of newspaper ownership, whereas concentration in other media branches has been more moderate. One reason for this is that until recently radio and television were a public service domain and 'off limits' to private investors.

In 1998, the ten largest owner groups controlled just under 70 per cent of total newspaper circulation in Sweden. The Bonnier group is dominant, with over one-quarter of total circulation, more than one-third of total newspaper volume, and more than 40 per cent of the profits in the daily press in 1997. In second place after Bonnier is the Norwegian Schibsted group, followed by the Hjärne family in southwestern Sweden.

Regional chain-making generally allows some measure of rationalization through the coordination of functions: printing, administration and advertising sales. The only group of papers of national extent is the Bonnier group. Traditionally, the Bonnier family's interests were concentrated to the Stockholm region. It was therefore seen as a major change of course, and perhaps a new concept of newspaper publishing, when in 1994 Bonnier bought *Sydsvenska Dagbladet* and *Kvällsposten*, both in Malmö.

Since 1985 the larger owner groups have invested in other media branches and even in other branches of industry. Bonnier, for example, has extensive holdings in book publishing, the popular press, specialized periodicals, film (SF) and television production (Wegelius TV), cinemas, video, electronic information services, commercial local radio and, since 1997, a minority post in TV4. Most of these holdings have international scope, with an emphasis on Fenno-Scandinavia.

There are also examples of owners with holdings in television stepping into the newspaper market. One such case is Jan Stenbeck's MTG (Modern Times Group), owner of a number of television and radio channels which started the free sheet *Metro* in 1995 and bought the business newspaper, *Finanstidningen* in 1997.

## The Dissolution of the Party Press

In 1997 about 130 newspapers, or roughly 75 per cent of the papers in Sweden, declared a political affiliation or partisan sympathies. Together, they represented about 80 per cent of total daily circulation. Non-socialist papers have predominated in terms of circulation in the postwar period. The shares were long relatively constant: 70 per cent non-socialist, and 20 per cent Social-Democratic.

A formal change occurred in 1972, when *Dagens Nyheter* left the Liberal camp and declared itself "independent". This led to an increase in the 'Other' category from 10 to 15 per cent of total circulation, and a corresponding reduction of the non-socialist share to 65 per cent. In 1995, evening tabloid *Expressen* also declared its political independence, with the result that the non-socialist press now represents only 60 per cent of total circulation. Even if *Dagens Nyheter* subsequently returned to the fold, choosing the label, "independent Liberal", the trend in recent decades is in the direction of a press whose political stripes have gradually faded. And even if changes in the political composition of the Swedish press over the past few decades have been minor, the political roles newspapers play are still very strong.

The term 'party press' can mean different things, and, not least, it means different things to different parties. A Conservative paper has had a different relationship to its party than a Social Democratic paper has, and a Liberal paper has a different kind of affiliation than a paper belonging to the socialist Left. Studies of the Social Democratic press have found that it deviated sharply from patterns found in the non-socialist press with respect to such aspects as ownership, content and distribution.

As for financial ties between parties and their newspapers, we see a decisive difference between the Social Democratic press, on the one hand, and Liberal and, to some extent, Conservative papers, on the other. The difference is especially marked with respect to ownership. Whereas the Liberal and Conservative parties could count on the support of newspapers established in the late nineteenth century, the Social Democratic Party had to start papers of its own, mostly in the early years of the twentieth century, which resulted in close ties between party and press.

Most Social Democratic newspapers were owned by cooperative associations, consisting primarily of local party members and union chapters and local political organizations. Most of these associations were subsequently reconstructed as joint stock companies, but they remained rooted in the labour movement and affiliated with its organizations.

A cornerstone of Social Democratic press policy was the maintenance of close ties between the papers and the local party organizations. In contrast to the course taken in Denmark, for example, Swedish Social Democracy refrained from centralizing the party press, which might have been wise from an economic point of view. Calls for greater coordination and centralization were heard increasingly often as the economic situation deteriorated.



Despite rationalizing measures, in the winter of 1991/92 the Social Democratic press once again found itself in a serious economic crisis. Chronic economic difficulties were accentuated by the general recession. This time the owners were unwilling to fill the deficit, and in early 1992 the parent company declared bankruptcy. In time, all the papers were sold to new owners – mostly political and trade union organizations, but with some individuals as sole or co-owners, as well.

The Communist or socialist Left press suffered as a result of market concentration, as well. Despite considerable owner subsidies, *Ny Dag*, the main party paper, was forced to convert to weekly publication. Ultimately, it failed.

When the Agrarian Party (since 1957, the Center Party) arose as a political force in the 1910s, the party faced the task of either directly or indirectly founding papers or taking over existing ones. The largest Center Party paper, *Skånska Dagbladet* in Malmö, was acquired in 1919. Like the Social Democratic Party, the Center Party is an outgrowth of a popular movement, and its papers were mainly the concern of district chapters.

In early years, the central party organization owned no newspapers, but during the 1970s it became more deeply involved, assuming the ownership of a number of local papers. In 1998, Centertidningar AB (a party-owned enterprise) owned eight newspapers, two of which low-frequency papers; the company as a whole was doing quite well.

Most Liberal newspapers were founded in the latter half of the nineteenth century. Early establishments were often the initiatives of book publishers who hired an editor/managing editor to publish the paper. Liberal editors campaigned for universal suffrage, and they were active in Liberal political organizations. Most contemporary Liberal newspapers are still privately owned. In a number of cases, they are still owned by the same family.

With respect to ownership, the Conservative press resembles the Liberal press. Most of the papers are privately owned. Several regional papers have long been in the same family's hands. The Conservative Party's ownership in individual papers has generally been channeled through a foundation, Högers förlagsstiftelse. In the mid-1950s, however, the party quit subsidizing most of its papers, which resulted in the demise of many of them. Later, however, the party-affiliated foundation established itself as a newspaper owner.

The partisanship of news content came to be strongly questioned in the 1970s. This was a consequence of structural changes in the newspaper business, combined with the emergence of an increasingly autonomous corps of journalists. Particularly papers which have a dominant position on their home markets found it difficult to continue to let the party sympathies expressed in leaders colour their news columns.

The 'professionalization' of journalism, a process generally associated with the early 1970s, gave rise to dissatisfaction with newspapers' political affiliations among journalists. Professional journalism practices proved, on the other hand, to be quite compatible with more strictly commercially oriented newspaper publishing, which aimed, not to propagate an idea or ideology, but to reach a broad

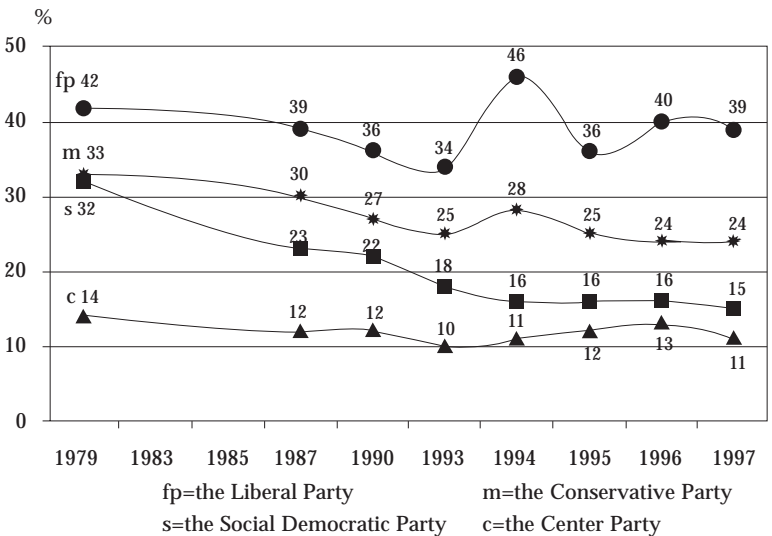
sector of the population. The trend was gradual and largely followed in the wake of a younger generation's entry into the profession. The principles of the increasing volume of news reporting carried on public service radio and television also contributed to the idea of politically independent news. The concept of news journalism that stood independent of party politics had come to predominate by the early 1980s.

The media's manner of presenting party platforms and policies became increasingly uniform: with each election campaign the range between newspapers on the far Left and far Right ends of the spectrum shrank.

If party politics has largely been banished from the news pages, there remains the question of how the papers' editorial opinion relates to the political parties. As noted above, many newspapers have declared their independence over the course of the past two decades. In the case of non-socialist newspapers, this has generally meant that the papers have come to voice non-partisan, but non-socialist opinion. This is particularly true of former affiliates of the Conservative and Liberal parties, whereas Center papers old and new have retained their Center label. It should be noted that in no case has 'independence' meant that a paper has swung over to support the Social Democratic Party.

In 1997, roughly one-third of the population reported reading one or more morning newspapers of a Liberal persuasion regularly. The corresponding share for the Social Democrats was ten per cent. The proportions have remained remarkably stable throughout the 1990s. The Social Democratic press has declined slightly, as has the Conservative press. Generally speaking, one may say that a decline in the number of people who report reading a newspaper of their own

Figure 4. The Share of the Swedish Population who Read a Morning Paper that Corresponds to their Political Outlook 1979-1997 (per cent)



political outlook reflects the changes in the newspaper market. The disappearance of Conservative and Social Democratic newspapers has curtailed these parties' sympathizers' freedom of choice. Where choice exists, however, we still find a relationship between respondents' partisan loyalties and their choice of newspaper.

This is not to say that all Swedish readers choose their papers according to political sympathies, given the chance. Even if this may be true of some strongly committed readers, most people choose their papers on the basis of family tradition or what people in their surroundings read. Political hue is of lesser importance, and its importance is waning. On the other hand, numerous studies have found that newspapers are often perceived to be affiliated with one or another political party. Another finding is that second papers' readers tend to be older than readers of the dominant paper. What readership studies document is more expressions of past party press tradition than of contemporary patterns of choice. Political orientation probably decided many now older readers' choice of paper back in the 1950s and 1960s. Over the years, however, newspaper choice has become more and more a question of family tradition. Studies of newspaper preferences during the 1990s clearly show that political outlook ranks very low. Most important to readers is local news coverage, but also domestic news and reliability of distribution.

## The Swedish Press: Market Economics with Political Resonance

The structural changes the newspaper branch underwent during the 1950s and 1960s are thus an important factor behind the change in relationships between Swedish newspapers and political parties. In the case of the Social Democratic press, which was financially weak at this juncture, contributions from the party were important. Liberal and Conservative papers, on the other hand, came out of the crisis much stronger; they broadened their content earlier and attracted a politically differentiated readership.

Meanwhile, the forms of newspaper ownership changed, as well. Foundation-ownership became common among non-socialist newspapers. Although the Social Democratic group of papers has now been dissolved, local and regional structures within the party continue to participate in newspaper ownership. Local groupings took over most of the papers; in only a few cases are private owners involved.

The Center Party press consists of two main groups. Nearly all the profitable papers are included in Centertidningar AB, the group owned by the party's national organization. Subsidy-dependent papers are owned by the party's local organizations.

Even in the mid-1990s one may speak of different political spheres in the Swedish daily press. Two-thirds of the Center Party sphere is owned by Centertidningar AB, which is wholly owned by the Center Party's national or-

ganization. Five other newspapers are affiliated to the party. All told, the papers in the Center Party sphere represent just under five per cent of total newspaper circulation.

- The Liberal Party sphere is dominated by collaboration within two chains: Liberala Tidningar AB and Liberal Dagspress Invest AB. These chains link the leading Liberal newspapers throughout Sweden, including one major metropolitan paper, *Göteborgs-Posten*. (The Bonnier group may not be classified in any sphere; it constitutes an ownership group of its own, although there are some links to the Liberal sphere.)
- The Conservative Party sphere has been weakened by the 'defection' of several major provincial papers: *Helsingborgs Dagblad*, for example, calls itself 'independent', and *Östgöta-Correspondenten* calls itself 'Liberal' Other-wise, the Conservative sphere is dominated by the privately owned NWT Group, a regional newspaper chain which has bought a couple of Conservative papers in other regions.
- The Social Democratic sphere stands weakened today. The papers owned by various organizations within the labour movement cooperate, but in economic terms the group is very weak and has a declining circulation.

In the late 1990s it seems quite clear that the spheres are not very political, but stand for a tradition of mutual contacts and interaction between papers, which have long cooperated. Contacts with political parties are also part of the picture. The trend toward chain-building is largely economically motivated, but it is, of course, easier to form bonds between papers having a common or similar political tradition.

The political role of the papers is thus not so much a question of the owners' intentions as of a community of values that has developed within that common tradition. Different political views emerge within the spheres, and the newspapers themselves are independent agents of 'ideology production'.

Another sign that the Swedish daily press is increasingly looked upon as an industry, a business, is the increase in collaboration between newspapers of different political affiliation. One factor behind this increase is greater participation of foreign owners. The Conservative Norwegian Schibsted group's purchase of Social Democratic *Aftonbladet* in 1996 is a good example. Schibsted did not regard the paper as an organ of opinion formation, but as an enterprise that had a development potential. In 1998 Schibsted also bought Conservative *Svenska Dagbladet*.

One reason for this change in perception is the fact that newspapers have begun to be incorporated into groupings that have holdings in other media. The Swedish tradition of a party press is largely confined to the daily press. Until the 1980s radio and television were synonymous with public service broadcasting, where the ideals of factuality and impartiality are lodestars. Public service broadcasting continues to dominate the broadcast media in Sweden. The film and music industries have always been commercially oriented, as are privately owned

commercial radio and television. That Swedish newspapers in the 1990s have to an increasing extent become parts of big media conglomerates has also been an important factor behind the decreasing political affiliation of newspapers.

## Newspaper Reading

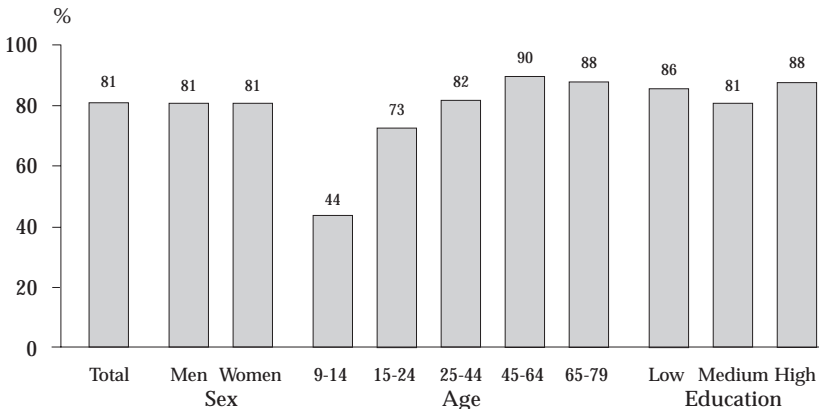
In 1998, 90 per cent of the population were exposed to at least one newspaper during the week. Over 80 per cent reported reading a newspaper the average day. By international comparison, the figures are very high. Factors that contribute to the extensive consumption of newspapers in Sweden include a high standard of living, widespread interest in politics, a relatively high level of education, efficient newspaper distribution, relatively low prices, and good coverage of the local community. As in the rest of Fenno-Scandinavia, but unlike the rest of Europe, women read newspapers to the same extent as men, and people with relatively little formal education read to the same extent as the highly educated.

Just under three-quarters of the population read a morning paper at least five days a week; the corresponding figure for the evening press is 15 per cent. Nearly all readers of evening papers read a morning paper, as well. The traditional morning press represents the core of Swedish newspaper reading.

In terms of exposure the average day, the morning press reaches nearly 80 per cent of the adult population; the evening press reaches somewhat more than 25 per cent. The morning press is more widely distributed weekdays than weekends, since most provincial newspapers do not have Sunday editions.

All in all, the daily press has had about the same reach since the mid-1970s. The morning press has been most stable, but a decline in regular reading of a morning paper has been noted in the past few years. This has not affected daily reach figures, which were 74 per cent the average day, and over 80 per cent weekdays, in both 1979 and 1988.

Figure 5. Newspaper Readers, aged 9-79, the Average Day 1997 (per cent)



About one Swede in five reads both a morning and an evening paper daily. There are regional variations, however. The share who read a morning paper daily is smaller in Stockholm than in the rest of the country, whereas reading of evening papers there is more extensive. The Stockholm region is also the only region in Sweden where a significant share of the population read an evening paper only. The entry of the free sheet, *Metro*, has boosted morning reading, however.

The modal group in all regions are those who read a local morning daily. Many readers outside Sweden's three metropolitan areas read another newspaper, as well. The most common complement is an evening paper, but nearly 20 per cent read another morning paper, typically one of the metropolitan dailies.

Thus, the emphasis rests on the local morning paper. Readers value the following features: local news coverage, morning distribution, national and international news, and a reasonable subscription price. Interesting is readers' focus on news content. One's choice of newspaper in a community is often, as a consequence of newspaper deaths, given. In communities where readers have a choice of papers the decisive factors are the paper one grew up with, what friends and associates read, and content – mainly local news and advertisements.

Regular newspaper reading – five days a week – is common in most demographic groups. Only among people under 30 years of age do frequencies fall below 60 per cent; still, the share who have read a morning paper the average day is relatively large. A slight decline in reading regularity is noted among young people (<30) since the end of the 1980s, but there has been no change in exposure the average day. Reading has also declined among working class households during the 1990s. This suggests the emergence of class-bound differences in newspaper reading habits similar to those which prevail in many other countries. The less widely distributed evening press is most widely read among those aged 25–44. Interest in reading two morning papers increases with education.

In sum, we may say that reading of morning newspapers is most common among people who have fairly stable habits in other respects, as well. They are married, young to middle-aged, and live in small towns or in the countryside. Reading the paper is part of a daily routine. Most reading takes place in the home. Since the end of the 1970s, however, there has been a steady increase in the share who read newspapers at work.

Characteristic of the Swedish press is the fact that the vast majority – about 75 per cent – of households subscribe to a newspaper. For many years the figure remained unchanged, but in the early 1990s a certain decline was noted, particularly in metropolitan regions. Higher prices, combined with an economic slump are surely prime factors behind this development. The lowest share of subscribers (about 40 per cent) is noted among singles who have not developed regular social habits. Reading of morning papers has always been sporadic in this group, but reading of the tabloid press is more common among this group than most others.

Newspaper reading may be described as a series of choices. The foundation is the local morning paper. On top of that highly educated people generally read a

metropolitan morning paper such as *Dagens Nyheter* or *Svenska Dagbladet*, whereas others choose an evening paper.

A distinguishing feature of Swedish society is that reading of a local morning paper is common throughout society. In most other countries reading is limited to the educated classes. The only region where the morning press is relatively weak is the capital, Stockholm; here, on the other hand, reading of the evening press is above average.

## The Daily Press After the Year 2000

After years of relative stability, since the early 1990s the Swedish press faces competition from new quarters. Whereas the traditional morning press has largely remained unaffected, the evening press has experienced difficulties. During the same interval the importance of free sheets has grown. In addition, we have the changes in Swedish broadcasting: a growing number of channels and stations and the introduction of advertising into radio and television.

Over the past couple of decades, Swedish newspapers have sought to develop an editorial identity that would secure their competitive strength vis-à-vis other media. Ideally, newspapers should be the prime channel by which people orient themselves and by which Swedish advertisers reach consumers. The strategy Swedish newspapers have chosen is to stress and develop their local character. So far, the strategy has been quite successful.

Local morning newspapers have become fewer, but the content of those that remain has become richer and broader. The average provincial newspaper has multiplied its textual volume five-fold or more since the 1920s. The standard of reporting, etc., has also improved.

Interestingly, the character of newspaper content has changed rather little. The increases in volume have involved news, advertisements and sports coverage. The most significant change is the increase in emphasis on news coverage of the local community or home market; such news occupies more space and it is played up on the front page. By international comparison, too, traditional newspapers have found success by broadening their content, adopting some attractive features of the evening press such as consumer affairs and entertainment news.

The breadth of the newspaper market and of newspaper content makes newspaper reading a daily habit for virtually everyone in Sweden. But, there are indications of change and symptoms of weaknesses of newspapers as a medium. Rises in subscription prices have met resistance among consumers. A combination of higher prices and an overall downturn in the Swedish economy have made a dent in total circulation.

A survey of the Swedish public in 1997 found that more than every fourth subscriber had considered not renewing his/her subscription for the past year. The higher cost of living was the reported reason. That practically all Swedish newspapers suffered circulation losses between 1996 and 1997 indicates that it is a general phenomenon, and not the problem of individual papers. American newspa-

per publishers, polled in 1996, perceived competition for readers' time and interest to be a more serious challenge to newspapers than competition with other media for advertising revenue. Managing to recruit young readers has been seen as crucial.

Optimistic observers predict that readers will learn to accept higher prices and circulation will remain at roughly present levels. This would mean that newspapers would be less sensitive to business cycles and there would be a better balance between newspapers' two sources of revenue, the readership and advertising. Newspapers can also withstand some decline in subscriptions outside the primary market; such subscriptions are relatively costly, with subscription prices often covering no more than the cost of distribution. One should also bear in mind that the success of a newspaper on the advertising market is primarily a function of the paper's status on its home market.

Naturally, developments on the advertising market will be of crucial importance. The indications are that Swedish press economy will by and large remain robust well into the coming century, even if some papers may be forced off the market. The interesting question, however, is how hard-copy newspapers as we know them today will fare vis-à-vis newspapers in other forms, such as newspapers on the web. Most prognoses indicate that the printed newspaper will continue to be perceived as having such advantages that it will retain its market dominance. Newspapers on paper are portable, convenient and easy to handle. Some improvements in the flexibility of both printing and distribution will probably be necessary if the newspaper is to maintain its current strength, however.

Even if printed newspapers in the long run may be replaced by web papers on Internet, this will not necessarily pose any major problem to newspaper companies. Swedish newspapers have been very active in the development of electronic editions since the mid-1990s. In 1998, the electronic version of the evening paper, *Aftonbladet* was the most frequently used news site in Sweden, reaching far beyond traditional readers of the printed version. Its popularity was actually higher than the sites of the main Internet providers. Other newspapers, too, have been successful in creating local electronic markets. So far, few newspapers make money from their electronic versions, but if and when the advertising market grows in this field, the newspaper companies seem to be advantageously positioned.

Thus, even if hard-copy newspapers become partially eclipsed, newspaper publishers will most likely be able to maintain and even strengthen their positions as sources of news and agents of opinion-formation. There is some margin for further rationalization of production. Moreover, some papers have started publishing electronic editions – yet another step in the metamorphosis of the press from agent of political opinion formation into an information industry.