

## BETWEEN SCYLLA AND CHARYBDIS? COVID-INDUCED ECONOMIC PRESSURES THREATENING THE MEDIA IN PORTUGAL

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### ABSTRACT

The European Commission Vice-President conveyed a worrying diagnosis of the news media in her 2021 speech at the Media4Europe Summit. According to Věra Jourová, the pandemic further exacerbated the economic crisis of the press sector that had started well before (EuropeMediaLab, 2021). Adding to the considerable income losses in recent decades, the plunging of the advertising revenues of the COVID-19 pandemic worsened the already grim financial situation experienced by the generality of the media sector (Olsen et al., 2020) and threatened to become an ‘extinction event’ (Ahmed, 2020) particularly to the printed press. As a result of the extraordinary scenario, some countries, like Portugal, introduced a temporary aid measure to cushion the economic impact of the pandemic and support professional news journalism in the public interest. Such government intervention in the form of financial support raised some doubts about their effectiveness and state dependency of the press in the long run, and it unveiled the prevailing split in terms of the economic orientation philosophy of the press firms in facing the media industry problems (Holtz-Bacha, 2021, p.44; Murschetz, 2020).

Against this backdrop, this study aims to reveal how the media managers in the Portugal dealt with the problematic decision to whether accept some of the exceptional aid to cope with COVID-induced economic pressures or struggle to survive without some form of public support.

#### *The impact of the COVID in the Portuguese media*

At present, there is still limited knowledge of the specific dangers faced by journalists during the COVID-19 in Portugal. What is known is that the decrease in global revenues from sales of print copies and advertising (ERC, 2020) following the general lockdown in the country from 18 March until 2 May, urged media titles to ask journalists to either accept temporary unemployment or to work from home (Fidalgo, 2021, p.299) something which but accelerated ‘the use of temporary contracts, dismissals or lay-offs’ and worsened the short and medium-term professional expectations (Camponez et al., 2021; Garcia et al., 2021; Miranda et al., 2021). Hence, the COVID-induced constraints sharpened the already critical scenario of the generality of the Portuguese media groups grappling with serious financial problems before the pandemic. By then, the economic pressures already comprised “huge debts, declining print sales and shrinking audiences” (Carvalho, 2020) sided with commercialization and

maximization of the profit in a market with profitability and liquidity constraints that had implications in terms of downsizing of the newsrooms and journalists becoming redundant or abandoning the profession (Fidalgo, 2021, p.341; Lopes, 2016).

Adding to the extant anecdotal evidence on the economic sustainability (ERC, 2020; Fidalgo, 2021) and the working conditions (Camponez et al., 2021; Garcia et al., 2021; Miranda et al., 2021) of the Portuguese media companies, a recent academic study attempted to put the economic dimension into perspective through documenting the threats that journalists in the country were likely to experience to their professional freedom and personal safety (Novais, 2022). While analysing press incidents that took place between the first case of COVID-19, in March 2020, and the end of 2021, the study displayed that half of those threats were economic-related, prevailing over information access, physical and verbal attacks, as well as smear campaigns and online harassment (Novais, 2022, p.8). More concretely, the catalogue of economic threats in the examined sample of 34 reports in the public domain from both national and international monitoring bodies - the Portuguese journalistic trade union (Sindicato dos Jornalistas – SJ), the IPI COVID-19 Press Freedom Tracker (International Press Institute), the Tracker 19 (Reporters Without Borders), and the Corona Watch (Media Freedom Rapid Response) – was quite broad ranging from the repeated requests for emergency financial aid by the trade union to “avoid the collapse of the media sector” along with frequent criticisms aimed at the governmental authorities (SJ, 2020a) up to the denouncements of the unlawful furloughs and dismissals within some media groups (Novais, 2022, pp. 8-10).

In response to the economic impact of the pandemic, the Portuguese governmental authorities came up with just one specific measure for the media sector. True that the government also extended the IVAucher initiative to the press sector to stimulate media products consumption - allowing to accumulate the value added tax (VAT) on transactions to be subsequently converted it into discounts on subsequent purchases in the same sector – which was virtually useless for not including the street corners where newspapers and magazines were usually sold in Portugal (SJ 2020b). But it was not until April 2020 that the Portuguese Minister of Culture, Graça Fonseca, announced the one-off media-specific emergency aid in the form of €15 million of advertising campaigns paid in advance (Vitória and Coutinho, 2020). If such an announcement proved insufficient to assure the ‘sustainability of the media’ and the survival of a ‘free, independent and plural journalism’ in the country (SJ 2020c), matters would get even worse six months later, given that logistical bureaucracies prevented the media outlets to receive their share of the €15 million package. Accordingly, the union blamed both the Portuguese government and Parliament for their “unwillingness to act” and to “strengthen journalism” and ‘ignoring the difficulties of the media sector’, reminding them that a “weaken[ed] press is not to the advantage of the journalists, journalism, and society” (SJ 2021). In clear contrast, acknowledging the

critical function to inform on the pandemic and public health measures to be adopted by the population the regional government of the Azores Islands opted for supporting the minimum wage of the journalists belonging to the private media in the archipelago (SJ 2020b).

*A dilemmatic choice between the risk of being captured versus nailing your own coffin*

The one-off Covid-19 state support providing short-term relief to struggling news media in Portugal also proved to be a divisive matter for illustrating the lingering ideological cutline of the relationship between news media and governments in democratic contexts. The decision-makers had to choose between 'the rock' of accepting the state aid to compensate for their losses and the 'hard place' of increasing the dependency on the state. Whereas most of the media groups in Portugal, such as Impresa, Media Capital, Cofina, Rádio Renascença, Trust in News, Sociedade Vicra Desportiva, Newsplex, accepted it, the proprietors of two news titles - *Observador* and *ECO* – refused it.

In the case of the former, the direct support by the state was an effective intervention in favor of the public interest through engendering economic opportunity and supporting news media platforms and publishers in troubled times without jeopardizing the journalistic independence and freedom. In short, it was considered normal procedure in extraordinary times of "economic pressures" stalking the newsroom (White, 2015). Indeed, paid adds were already a salient feature of the intervention by the state in the domain of mass media in the country on a regular basis, as a recognition of "product and cost characteristics" as well as the "merit" of media goods, without fearing the potential dangers involved (Holtz-Bacha, 2021; Murschetz, 2020). In addition, given that most of them had printed press titles the refusal to accept the emergency aid would mean another 'nail in the coffin' (Newman et al., 2021:13) and confirm the market failure paradigm of their commercial paradigm typically dependent upon revenues from audiences and advertisers (Gabszewicz et al., 2015).

It was quite the opposite in the case of the latter. Besides being digital-based and not so dependent on sales of printed copies, the two press titles ultimately refused the state emergency aid package in pursuit of "total independence from political power" (AC, 2020; Fidalgo, 2021:300). The "lack of transparency" in the criteria of the fund's allocation was the crux of the matter for the *Observador*, while the *ECO* rejected the "direct subsidy model". They avoided the possibility of a sort of "media capture" (Murschetz, 2020; Nielsen, 2017; Stiglitz, 2017) by considering such state subsidy as a subtle instrument with the potential to subvert their freedom and unduly distort their reportage. Beyond the prospect of endangering journalistic freedom and expression, their determination also was based upon the conviction that the dependency on government subsidies of the kind does not foster long-term sustainability or the capacity to adapt to the ever-evolving news ecosystem.

*Keywords: Risks for journalism; economic threats; COVID19; Portuguese press; state funding; press independence; managers'/dilemmatic decision-making*

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