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# POLITICAL ECONOMY OF MEDIA: AN INCOME-EXPENSE ANALYSIS OF STATE AIDS TO IRANIAN NEWSPAPERS

ECONOMÍA POLÍTICA DE LOS MEDIOS DE COMUNICACIÓN: ANÁLISIS DE INGRESOS Y GASTOS DE LAS AYUDAS ESTATALES A LOS PERIÓDICOS IRANÍES

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## ABSTRACT

Iranian newspapers have traditionally relied on state aids and public budget to survive. The dependency has still lingered amid a change of policy that has affected the newspapers' financial status. This article invokes the available data on governmental support to examine the political economy of newspapers in Iran during the two decades of 1990s and 2000s. The data were collected from official releases by the Iranian Ministry of Culture and Islamic Guidance as well as several non-confidential internal bulletins of the newspaper organizations. Having applied an income-expense analysis, the paper explains the government's role in newspaper economics and discusses the policy of repurposing the existing subsidies.

## KEYWORDS

Media economics, State aid, Media policy, Iranian newspaper, Print media, Political economy, Communication policy, Business model.

## RESUMEN

Los periódicos iraníes han dependido tradicionalmente de las ayudas estatales y del presupuesto público para sobrevivir. La dependencia aún persiste en medio de un cambio de política que ha afectado la situación financiera de los periódicos. Este artículo invoca los datos disponibles sobre el apoyo gubernamental para examinar la economía política de los periódicos en Irán durante las dos décadas de 1990 y 2000. Los datos se obtuvieron de comunicados oficiales del Ministerio de Cultura y Orientación Islámica de Irán, así como de varios boletines internos no confidenciales de las organizaciones de periódicos. Habiendo aplicado un análisis de ingresos y gastos, el documento explica el papel del gobierno en la economía de los periódicos y discute la política de reutilización de los subsidios existentes.

## PALABRAS CLAVE

Economía de los medios de comunicación; Ayuda estatal; Política de medios; Periódico iraní; Medios de comunicación impresos; Economía política; Política de comunicación; Modelo de negocio.

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## INTRODUCTION

The print newspaper has been one of the oldest sectors of the contemporary media landscape (Boczkowski, 2004; Kumar et al., 2015; Vasundara & Ravi, 2016). It was also the most profitable of all media industries until current century and one of the most profitable of all manufacturing industries (Picard, 2003, p. 109), despite the fact that today the industry faces a dramatic fall in profitability and publishers of print news media witness a decline in their advertising income due to the economic crisis (Björkroth & Grönlund, 2018) as well as emergence and popularity of digital media and accordingly a structural shift of a significant share of advertisers to the internet (Björkroth & Grönlund, 2018; Khajeheian, 2016; Leurdijk et al., 2012; Oliver, 2018; Picard, 2008). Many new sources of news and commentary are available (Khajeheian et al., 2018) and the Internet has enabled the broader dissemination of news and analysis for customers, as well as a source of receiving consumption data and analysis of consumers' behaviors for the media owners (Sharifi et al., 2019; Nemati & Khajeheian, 2018). Still, recent developments have prompted a number of observers to fear that, if newspapers are unable to put themselves on stronger financial footing, and continue to cut back their coverage or shutter their doors, other media outlets will not fill the journalism gap (Varney, 2011). Outstanding newspapers are a symbol of the media power for the host society and the native language (Prat, 2018; Walgrave et al., 2008), thus they are very important part of the media industry and usually governments pay an especial attention to their needs, requests and activities to help them survive and influence the domestic society and abroad (Akhtar & Pratt, 2017; Murschetz, 2013).

Newspaper sector has received remarkable academic attention with many research papers focusing on different aspects of this sector, especially the newspaper economics (Edge, 2019; Murschetz, 2013; Picard, 2008; Sridhar & Sriram, 2015). Iran as a country with a complicated multicultural society and considerable background in the cultural heritage, is already reeling from the inefficiency in the economics of media, newspapers in particular. It is considered as an interesting context to do media research and find out the differences among the various media spheres, including culture, economic structure, different background, the approach to media and press, etc. The study of newspaper sector in Iran can contribute to our understanding of government role in propping up the print media in the country.

This paper intends to shed light on the government aids to newspapers in Iran and open up an opportunity to compare the newspaper economics in other parts of the world which are not limited to the West. In the first section of this article, the authors take a quick look at newspaper history in Iran from an economic perspective, to provide a brief review of the press history in the country. In the follow-up, the modern newspaper economics is explained in detail to explore the core of subject. The main contribution of this paper lies in the income-expenditure approach adopted by the authors to elaborate on the government support for newspapers. Given the current economic situation in the country, it's not difficult to predict a revolutionary change in government's supports and subsidiaries for the newspapers. Hence the

rest of paper is allocated to exploring the likely changes in the country's newspaper industry and emerging business models in the future.

The subject suffers from the lack of research inside the country, too. Authors found eighteen published articles on newspaper industry inside the Iran. Although a great body of research has already been done, few studied the case economically. As Karimi Abarghoui and Yousef Kanani (cited in (Musai & Mehrara, 2011)) argue, the Center for Media Studies and Research -which supports most of the studies about print media in Iran- has mostly concentrated on social and cultural issues and paid the least attention to the economic aspects. Therefore, the paper aims to contribute to the academic body of knowledge both inside and outside Iran.

While in the absence of accurate official data, it has never been an easy task to examine and analyze the newspaper subsidization in Iran; a favorable opportunity for such an analysis took place in July 2014, when the Iranian Ministry of Culture and Islamic Guidance released a package of information on the subsidy grants offered to the print media as of 2005. The release raised eyebrows as such data were traditionally considered as confidential. This article employs these released data to do an income-expense analysis of Iranian newspapers to understand the economics of the newspapers in the country, through a media political economy lens (Evens et al., 2013; Girija, 2019, 2020; Hardy, 2014; Mohsenzadeh & Mostafavi Rad, 2019). To that effect, the authors would compare the incomes of a given newspaper with its expenses and weigh them out to explore which factors have the largest influence on the newspaper's economics. The findings would be applied to understand a recent repurposing of the state aid.

## **AN OVERVIEW OF ECONOMICS OF NEWSPAPER INDUSTRY IN IRAN**

The first modern newspaper in Iran was launched in 1837 by Mirza Saleh Shirazi Kazerooni under the title of "Kaghaz-e-Akhbar" or the Persian equivalent of "Newspaper." It was launched upon the order of the then Prince, Abbas Mirza and included two pages, containing materials about the royal court as well as the monarchical foreign affairs. The newspaper only ran for three years before the industry got interrupted for as many years until the era of the next Monarch in line, Nasser-Din-Shah (National Library Archive) who ordered the establishment of the next generation of newspapers in Iran. Amir Kabir, the remarkable chancellor of the era, grabbed the opportunity by starting up three newspapers. In 1871, he published the official newspaper of the government under the title of 'Iran' with its editor taking the responsibility for relevant publishing issues. The daily is viewed as the first step toward the establishment of the then Ministry of Publications (or Vezerat-e-Enteba'at) that was assigned to supervise and control the publications across the country (Karnama 2012, p. 161). Up until then, newspapers were exclusively administrated and funded by the royal court with no private press available. Naturally, the newspapers were completely dependent on the government's finance.

Motivated by the emerging global issues amid growing public interest, the Iranian journalists published Persian newspapers abroad on subjects such as law,

freedom and justice. These newspapers played a pioneering role in the Iranian Constitutional Revolution that served as a turning point in the contemporary Iranian history. They also helped usher in a considerable change in the Iranian newspaper economics amid the emergence of first privately-owned newspapers to be published abroad which were financed by revolutionary traders. Akhtar (published in Istanbul), Ghanoon (published in London), Hablolmatin (published in Calcutta), Orwatal Wosgha (published in Paris) and Hekmat, Thuraya and Parvaresh (all published in Cairo) are among the most famous ones. These overseas-based newspapers which were not contained by the official red lines the domestic dailies faced, ultimately prompted the government to establish the first press censorship bureau in the country (Karnama, 2012, p. 162)

The next development was the emergence of provincial newspapers that were published under the supervision of governors. As of 1896 to 1904, numerous dailies, weeklies or monthlies were published nationwide many of which privately financed. They were more focused on the market, schools and routine affairs of their local community (Karnama, 2012, p. 162) An interesting point here is the establishment of the first newspaper on women affairs with all-female staff. Titled 'Danesh,' it was the first of its kind in the region. Numerous satirical newspapers were also published at the time. These papers altogether largely influenced the public opinion in the pursuit of the Constitutional Revolution.

The Constitutional Revolution brought newspaper practitioners more freedom so that in addition to the overseas-based newspapers, numerous dailies, weeklies and monthlies emerged at home. These were either publicly-owned or privately-owned (National Library Archive). During the revolutionary era in which the country experienced a lot of political turbulences, the privately owned newspapers played a substantial role in informing the people about the international affairs, thus motivating and boosting the people's pursuit of Constitutionally-secured freedom. The quest ultimately won by ushering out the monarchical era in Iran.

At the beginning of the 20th century, only twelve licensed publications were available in Iran. One of them was a daily with a circulation of up to 1,000 copies. The number of publications at the end of the century however rose to some 1,394 of which 58 were dailies with a circulation of well over 2 million (Qasemi, 2001 cited in Khiabany, 2010, p. 93). Similarly, at the turn of the 20th century, there were no publications of scientific or special interest. In 1999, however 284 similar publications were available on the stands of which 172 were published by the state (Zare, 1999, cited in *ibid*).

The history of Iranian newspapers and publications can be classified into six periods; the first period (1836-1906) saw nearly 69 newspapers in aggregate most of which enjoying governmental support in direct cash. The second period (1906-1921) saw the Constitutional Revolution with 489 newspapers published during a short period of time largely owned privately by proprietors who tend to have a revolutionary mindset. The third period (1921-1941), refers to a political regime

conversion from Qajar to Pahlavi dynasty while for the first time, the republican idea was promoted by newspapers. The fourth period (1941-1953) refers to the World War II and the ensuing occupation of Iran by the invading armies. During the period, the central government's sovereignty was undermined and, at the same time, the number of newspapers published nationwide soared to the surprising number of 2,682 in just 12 years. In the fifth period (1953-1978), newspapers came under the control of the government again and mostly included news and social issues. And, finally, the sixth period (1979-to date) started with the triumph of the Islamic Revolution in Iran (Mohajer, 2009 cited in Rezaei Nabard, 2012).

### A TYPOLOGY OF NEWSPAPERS' SOURCES OF INCOME

In general, media revenue streams, including those of newspapers, consist of advertising, sponsorship, subscriptions, merchandising, market protections (subsidies, trade barriers and regulation) and restricted competition, either by design or default (Lowe, 2015). The governments' objectives to pay subsidies cannot be out of the three main following grounds: Optimum resource allocation, economic stability, and equitable distribution of the resources (Musai & Mehrara, 2011, p. 46). Currently, the government annually allocates a substantial amount of subsidies to the print media, both directly (cash in IRR & foreign exchange) and indirectly (allocation of low-cost paper, etc). The allocated amount is roughly 100 billion IRR per year (Musai, 2005 cited in *ibid*).

When talking about subsidies, it is essential to have a clear definition of the concept. As defined by the Ministry of Culture and Islamic Guidance, Press Subsidy is "the fund allocated in an annual budget to the ministerial department of Newspapers and Print media to pay directly to the authorized press. The pay criteria are the circulation, the period of publishing and the assessed quality" (18th report, 2011:10).

There are some special government departments and bodies dedicated to support the industries in Iran. As for newspapers, the mission has been assigned to 'Edareh Hemayatatz Matbouat' or the office in charge of supporting the print media. The mission of this office is declared as "to absorb governmental supports under the relevant laws to be subsequently distributed among the print media in a fair manner". From the third quarter of 2009, the office has served as the authority to allocate the funds to the print media (18th report, 2011:10).

The governmental aids to newspapers and print media in Iran can be categorized as follows:

- a. Direct funds
- b. Governmental ads
- c. Governmental subscriptions
- d. Non-fund based supports (paper, publishing services, etc.)
- e. Tax exemption
- f. Welfare facilities to journalists
- g. Ad hoc Helps

The categories are explained below using the available statistics.

**A. Direct funds.** The procedure for the allocation of subsidies is partly different for nationwide-circulation newspapers compared to the provincial ones. For nationwide-circulation newspapers, allocations were made four times a year for dailies, weeklies, biweeklies and monthlies, three times a year for bimonthlies and once a year for quarterlies and annuals. The fund quota is separately calculated for any given entity (18<sup>th</sup> report, 2011:11). The quota is determined based on the criteria specified in the following table.

Table 1: A sample blank form for the calculation of subsidy (Source: Newspaper and Press Dept., 2011:12)

Title of newspaper or press	Period of publish	Circulation	Number of pages	Length of papers	Width of papers	Paper type	Support coefficient	Quality coefficient	Total payment
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Table 2 shows the government aids to the print media paid as direct funds.

Table 2: direct funds to print media as of 2007 through the 3<sup>rd</sup> quarter of 2012 (in million IRR)

Year	2007	2008	2009	2010	2011	2012 (3 <sup>rd</sup> quarter)
Fund	260,875,658	185,408,294	171,887,100	163,425,540	164,565,000	59,458,000

Accordingly, an aggregate of IRI 200 billion were paid to newspapers in 2009. Keyhan received the highest amount of the subsidies, namely 26 billion IRR for one year, an aggregate 60 billion IRR for the next three years (2010-2012). Iran, the official

daily of the IRI government received 22 billion IRR. The five newspapers of Keyhan, Vatan-e Emrooz, Resalat, Javan and Asr-e Iranian, billed as conservative were allocated one fourth of the total amount of subsidies. Coupled with “Iran,” the six newspapers received 80 billion IRR. This is compared to 100 other newspapers that collectively received 120 billion IRR. A breakdown is 1.5 billion IRR for Hamshahri, 9 billion IRR for the IRIB-run Jame-Jam, 3 billion IRR for Jomhuri-e Eslami and 10 billion IRR for Ettela’at. While a significant amount of the subsidies was allocated to ‘conservative’ newspapers, those serving the opposition and reformist camp too have partly received such direct funds with Shargh, for instance, getting up to one million USD in the aggregate in 2005 and 2006. Shargh, Mardomasalary and Ebtekar make the three members of a 12-strong group of newspapers that received some 17 percent of the total governmental subsidies.

**B. Governmental ads.** Newspapers can generate revenues in two ways: through advertisement or circulation, with advertisement seen by far the most dominant source of income (Doyle, 2016). This is the case with Iran too and even more conspicuous, considering the limited circulations and the relatively low price of a copy of newspaper here. From among different types of advertising, namely commercial ads and government ones, the latter helps newspapers to fetch a considerable amount of money, thus providing them with a secure source of income. The exact amount of government’s spending on advertisement for any separate newspaper does not exist at least in fact sheets or official data though, a 2012 statistical indicators report provides some information about the total related funds the Iranian government paid to newspapers and print media for any single year as of 2003 through the third quarter of 2012. According to the report, in 2005 and 2007 the total government spending on advertising was 66 billion IRR (nearly 66 million USD) and 86 billion IRR while in 2007 the amount saw a dramatic rise and reached record 129 billion IRR ensued by a major drop to 60 billion IRR. Table 3 shows the total government spending in advertising.

Table 3: Total government spending on ads by given year in billion IRR (Source: 19thpress and news agencies exhibition report, p.66)

Year	2005	2006	2007	2008	2009	2010	2011	2012 (3 <sup>rd</sup> quarter)
<b>Total</b>	66	86	129	107	84	50	60	73

Data show that those incomes were mostly made by the two newspapers of Iran and Keyhan. In a recent system modernization, deputy of press in the Ministry of Culture and Islamic Guidance launched an electronic system for the distribution of government ads among newspapers. In January 2016, the new system was claimed to be a means of fair distribution of those ads based on quality of newspapers.

Note that government spending on advertising in Iran is largely afforded by three official sources: Sabt-e-Asnad or the Properties and Real Estates Organization, Ministry of Justice, and the rest of governmental organizations and offices. According to the report, in 2012, 10 percent of the total governmental ads in Iran were ordered by Properties and Real Estates Organization while 28 percent was ordered by Ministry of Justice and the rest was ordered by other governmental bodies. The figures in the third quarter of 2012 were 7, 6 percent and 78 percent respectively.

In the 2011 national Budget, the price of a single government Ad tripled after eight successive years of remaining intact, helping increase the related income for many nationwide-circulation and provincial newspapers (Karnama, 2012, p. 20).

**C. Governmental subscriptions.** Government organizations largely subscribe to certain newspapers in many countries and Iran is no exception. The subscription serves as a kind of state aid to newspapers as it assures them about the sale of a certain number of their copies and the absorption of certain government ads in the future. Public newspapers are normally shortlisted for advertising, something that private newspapers complain about. It is however an accepted idea that public bodies have a right to select their favored newspapers for government subscription and, naturally, publicly-owned newspapers take pride of place.

**D. Non-fund based supports.** Paper and publishing costs are major items that come to mind when talking about non-fund based supports. The Iranian government helps the publicly-owned newspapers reduce their publishing costs by offering them publishing houses at a discount. As for the paper, the government has been committed to provide subsidized paper for all local, provincial and nationwide-circulation newspapers in a fair manner based on specified quotas. In cases where a newspaper requests to import its needed paper on its own, it shall be exempted of the related tariffs or import taxes (Karnama, 2012, p. 20).

Printing house services make an important component for those newspapers that receive non-fund based supports too. The printing houses are large-scale, state-owned corporations and prove vital for small-scale, press corporations. The state-owned corporations include Kayhan with 13 titles (including 3 dailies in Persian, Arabic, and English), Ettela'at with 8 titles (including 2 dailies catering to national and international readership) and IRIB (Islamic Republic of Iran Broadcasting) with 7 titles (including Jame-Jam daily), all published by the corporation's publishing body, Soroush Press. Other major firms with direct state links are the Iranian News Agency, IRNA (with seven titles, including Iran Daily), Hamshahri (best-selling dailies published by Tehran mayor's office), and Quds (controlled and published by Astan Quds Razavi, an administrative organization which manages the Imam Reza shrine in northeastern city of Mashhad)). These organizations enjoy their own state-

of-the art print media and facilities due to massive financial resources and generous state subsidies (Khiabany, 2010, p. 130-131).

There are other types of benefits too, including substantial discounts for postal parcels, insurance, and certain salary tax exemptions. A 2012 report by the Public Relations and Print Media Affairs of the Ministry of Culture and Islamic Guidance cites the most important governments supports as follows: restructuring of subsidies granted to print media, modification of the subsidy system, improvement of distribution system, grant for the establishment of new branches abroad, expansion of insurance and social security coverage for all newspapers and print media practitioners, tripling of the price of government ads paid to newspapers, distribution of subsidized paper among all nationwide-circulation newspapers, and removal of import taxes and tariffs for paper materials newspapers purchase abroad on their own (Karnama, 2012, p. 15)

An important indirect government support is to grant free of charge coupons to people for the purchase of print media and cultural products. The Iranian government on many occasions including nationwide exhibitions or national ceremonies grants such coupons. Statistics in 2012 show that such coupons in a given year were mostly granted to the age group of 21 to 30, followed by the 31-40 and 41-50. Other age groups also took the benefit though in lesser amounts (Karnama, 2012, p. 137). The share of cultural expenditures as a ratio of total expenditures for the past 30 years has fluctuated between 1 to 6 percent (Khazaei, 2000, cited in Musai & Mehrara, 2011, p. 47). These coupons serve as a tool for leveraging the cultural expenditures in the portfolio of purchase and may be interpreted as an indirect support to the entire cultural industry, including the print media.

**E. Tax exemptions.** There are also other important items in the Iranian newspapers' economics that play a determining role in the survival and life of a newspaper. Tax exemption is one of them. According to the print media law, newspapers are exempted from certain taxes for cultural reasons. This usually makes a considerable economic support from the government to newspapers and other print media variations. The print media law explicitly exempts all newspapers and other print media variations from paying taxes. "Publications and print media, cultural and artworks done under a permit from the Ministry of Culture and Islamic Guidance are exempted from paying taxes" (Direct Tax Law, item139, L). It is comparable with some European countries where newspapers are exempted from direct taxes or value added tax, including in the UK where no VAT is charged on newspapers, effectively providing a form of public subsidy to newspaper readership. Many other European countries apply discounted or preferential VAT rates to the sales of newspapers, books and other products that convey 'knowledge' (Doyle, 2002, p. 120).

**F. Welfare facilities to journalists:** 'Edareh Khabarnegaran' or the press personnel office, as a subsection of the Newspapers and Press Department, is in charge of offering welfare facilities to press personnel and reporters. According to a chart published by the department (2011:40), the most important facilities include press

cards, domestic and international version (with specific advantages), special stocks offered to certain less privileged classes of the society (Saham-eEdalat), coupons and gifts. Also, the office runs a “press support fund” to aid the press personnel with social security, insurance and loans.

Table 3: amount of facilities granted to press personnel (Source: 18th Report, 2011: p68; 19th report, 2012:p76)

Facility	Stocks	Cultural coupon	Government gifts	Supplementary insurance	Mortgage loan
Year 2011	6874	7983	9200	687	N/A
First half of 2012	N/A	N/A	7623	1143	4721

The press support fund was established in 2008 to offer low-interest loans to press personnel. The loans paid to print media staff are shown in Table 4

Table 4: loans paid to press personnel through the press support fund (2011: p72)

Year	2008	2009	2010	2011 (first half)
Total Amount	111	152	142	109

Notable are 4721 mortgage loans allocated to journalists as of 2011 through the first half of 2012. Also supplementary insurance coverage, at 687 as of 2010 through September 2011 reached 1143 in 2011 through the 3<sup>rd</sup> quarter of 2012.

**G. Ad hoc supports.** In many cases, the government helps newspapers and the print media in ad hoc ways upon their requests or as contingency. For example, mostly in the annual print media exhibition, the government offices grant funds to certain newspapers and press, or on some occasions, they grant certain supports in the form of either fund or non-fund. However, no official figures were available about the amount or size of these ad hoc aids and the overall category was mentioned in order to provide a clearer outlook to the economics of newspapers and print media in Iran.

## AN INCOME-EXPENSE ANALYSIS

Figure 1 illustrates incomes and expenditures of newspapers in Iran. Although the households and industry customers play a considerable role in the newspapers' economics, the role of government, directly or indirectly, is dominant. The income side of newspapers in the figure shows that the government is a major provider of income by direct funds, government advertising, government subscriptions, non-fund based

supports and ad hoc help. In the expenditure side, paper and publishing discounts, tax exemptions, social security and insurance facilities are the most important items. The figure shows that the government plays an important role in the other ways too; the government enables and motivates households to demand and purchase print media items by coupons and special subsidies in the demand side. These kinds of indirect supports leverage the demand and increase the incomes of newspapers. The same kind of funding appears in the industry side where many companies and firms have to publish legal announcements in newspapers to get some allowance for changes in ownership and other legal items. Since these advertising incomes are different from commercial ones, they are classified as indirect supports of state; the main cause of difference is that by law, business and industry are required to publish some information in the newspapers so as to be considered as legal. This includes updates on changes to the board of directors, new shareholders, change of address, etc.

The combination of the expenditures of a paper also includes the costs of such activities as editorials, page layout, film and zinc plate preparation, print and distribution. These expenses have relatively fixed prices in the market and could be estimated for each paper in proportion to circulation and scale of production. Of note is the fact that the combination and types of the expenditures are almost the same and could be generalized to all papers which may not present their information (Musai & Mehrara, 2011, p. 50). Based on the typology of expenditures, the government provides the newspapers through four types of supports: 1-paper quota, 2- publishing discounts, 3-tax exemptions, and, 4-welfare facilities for journalists.

In the case of revenues, government supports newspapers through five types of direct and indirect payments including 1) direct funds, 2) government advertisings, 3) tax exemptions, 4) non-fund based support, and, 5) ad hoc support.

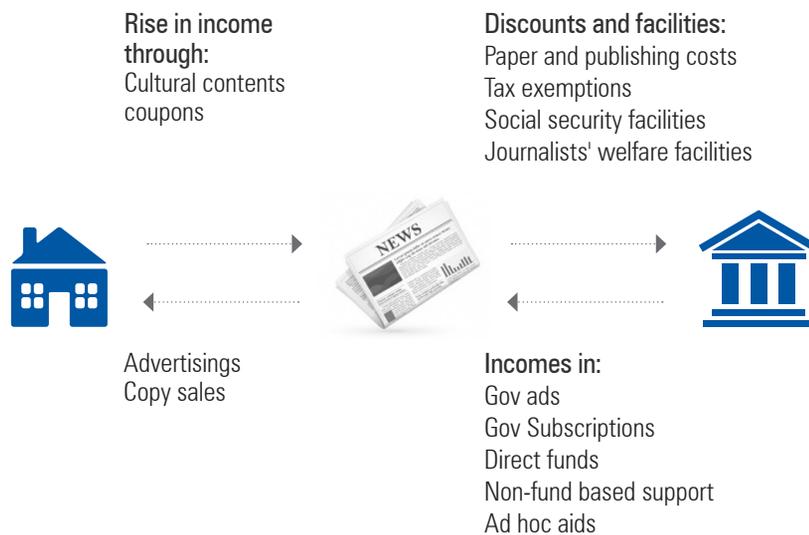
Figure 1 illustrates the government aids through the income-expenditure approach. Accordingly, government-supported newspapers enjoy the above-mentioned aids on an income side. Similarly, the expenditure side includes facilities and discounts for paper and publication costs, tax exemption, social security facilities and specific assistance and support for improving the welfare of journalists such as mortgage loans and authorization in traffic-restricted areas of Tehran. There is also an implicit indirect government help on the household side that is coupons allocated to cultural contents that help encourage people to increase the levels of cultural products in their purchase portfolio and subsequently enhances the newspapers' income.

It is worth noting, such a "cultural protectionism", like any other types of protectionism, would be better described as inefficient and fully corrupted. There are hundreds of officially licensed non-existent newspapers and magazines, only registered by well-connected cronies to receive the so-called cultural subsidies. In such an environment, not surprisingly, providing better offer for customers (i.e. citizens) would not be the most important concerns of media industry incumbents. Here, bargaining with government officials to get further privileges might be a better option.

Regarding Louis Althusser's notion of "the ideological apparatus of state", every

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modern government employs the media to sustain and maintain its authority over citizens. It is completely natural that the government tries to use these effective tools to control the civil society; to gain support of political interest groups or keep them docile. Actually, one should address providing aids and subsidies for the media by the government as some sort of bribing the political opponents. Obviously, the above-mentioned “cultural” supports are politicalized in nature. It is not about so-called culture but politics.



### Supplementary Data

#### Number of Issued Licenses

The number of licenses issued by the Press Supervisory Board is an indicator of demand for newspaper publishing. Based on the statistics, shown in Table 1, the Ministry of Culture and Islamic Guidance licensed 168 new publications, including seven dailies, 27 weeklies, 59 monthlies and two annual publications during 1998-1999 (Khiabany, 2010, p. 129). The figure rose to 333 in the following year. The number of publication licenses granted in March 1998 rose to 1,055 (in aggregate). However, the figures may not present a sufficiently real picture as a number of the permits have never led to publishing. There were 828 publications available on the stands while 227 ones never printed a single copy despite having licenses and 615 ones were completing the procedures of license application. (Resaneh Quarterly, cited in Khiabany, 2010, p. 129). Table 5 shows the total circulation of newspaper and total print media in the given years.

Table 5: Number of licenses issued in 1990-2000 (Source: Bahrapour, 2002: 85 in Khiabani, 2010:131)

	1990-92	1993	1994	1995	1996	1997	1998	1999	2000
<b>Number of Licenses</b>	282	69	70	105	116	281	168	333	62
<b>% of accepted applications</b>	18.9	4.6	4.7	7.1	7.8	18.9	11.4	22.4	4.2

These figures raise a basic question as to the supply and demand balance in the industry: while the rate of return in the newspaper industry is not satisfactory enough to encourage many editors to publish the newspapers they have licensed for, why is there such a great demand for publish permits? Ironically enough, issued permits rose dramatically in the final years of the period under study. The government's plan for restructuring the subsidies starting in 2009 might have been behind the increase. Table 6 shows that in 2011, record 808 permits were issued for the print media corps.

Table 6: Number of licenses issued in 2005-first half of 2012 (Source: 19th Report, 2012:23)

Year	2005	2006	2007	2008	2009	2010	2011	2012 (6 months)
<b>Permits issued</b>	460	424	238	398	265	206	808	104

### Circulation

A study of the circulation figures of the newspapers would help better understand the industry size. Table 7 offers insightful data about the newspapers in particular, and the print media as a whole. Total circulation of newspapers in 2011 reached nearly one billion copies, while at the same time total print media circulation reached 1,333 million copies nationwide. In total, compared with the current population of the country (75 million), the circulation is still low (Khiabany, 2010; Musai & Mehrara, 2011).

Table 7: Total circulation of newspapers and print media from 2005 until the 3rd quarter of 2012 in million copies (Source: 19th press and news agencies exhibition report, pp 67-68)

	2005	2006	2007	2008	2009	2010	2011	2012 (six months)
Newspapers	987	932	960	862	1047	995	904	403
Total Print media	1278	1238	1328	1235	1454	1431	1333	577

Total circulation of newspapers in Iran amounts to 1 million a day, according to some internal organizational memos, indicating that the industry has yet to become a profitable business and instead survives on state aid. The reality speaks for itself how the newspaper economics are affected by state intervention.

### Ownership

Another important trend to get a clear image from the industry in Iran is the size of private sector. Table 8 indicates that in a period of about four years the volume of authorized press doubled, and 'private' titles were the main beneficiary of the trend. Figures show that in 1999 about 40 percent of the Iranian press were owned and controlled by the state (Bahrapour, 2001 cited in Khiabany, 2010). In the Iranian context, the term 'private' implies that persons or non-government organizations own more than fifty percent of the newspaper. It does not necessarily mean to be commercial, nonpolitical or neutral. Recent data released by the Ministry of Culture and Islamic Guidance shows a growing confidence in the private sector and a rising desire for investing in the press market (Khiabany, 2010).

Table 8: Authorized press 1996-2000 (Khiabani, 2010:131)

Year	Total	Privates	Public organizations	NGOs and institutes
1996	662	338	223	101
1997	800	444	239	117
1998	905	523	254	128
1999	1018	610	268	140
2000	1207	724	290	193

### SUBSIDIES RESTRUCTURING IN IRAN

Over the past decade, the Iranian economy has turned to privatization as an approach to restructuring and optimizing the existing economic capabilities. Accordingly, many public-owned industries are being sold to private firms or individuals. One of the most important steps to that effect has been the process of repurposing the

subsidies (Hadafmandi –e- Yaranehha) designed and carried out in order to optimize the structure of subsidies. Under the scheme, many lines of subsidies were converted into cash payments to consumers and producers in an effort to help them afford an increase in prices. While the long-term consequences of the scheme are still unclear, we may discuss its possible effects on the newspaper and print media industry.

There are few available official data in record as to the amount of subsidies, however officials interviewed by the authors said in 2012, government paid nearly 16,215,000 IRR in direct payment to make up for the removal of some other non-fund based supports. Also, 9,360,000 IRR was paid to provincial newspapers in a half year period. It should be noted that even with the cash payments in place, the government still granted 2,055 tons of paper to the nationwide-circulation newspapers and 610 tons to provincial ones as a remedy for the likely problems they may face before they fully adapt to the new subsidy mechanism.

Before 2007, authorized print media received subsidized paper materials as a support. Afterwards, the government, for repurposing reasons, allowed the newspaper managers to choose either to get paper as before or receive aid in cash and spend it as they deem appropriate. This was a major step in having the newspapers manage their own finances and wean their industry from the subsidies in favor of revenue creation.

The business of advertising has undergone radical changes. “The push for control of attention, creativity, measurements, and inventory will reshape the advertising value chain and shift the balance of power” (Khajeheian & Friedrichsen, 2017, p. 344) so that advertising funds are shifted to new formats to exploit new opportunities. The shift will reshape the future of newspapers’ income sources. The restructuring of public aids is a step towards the adaptation of the Iranian newspaper industry to this changing world of modern media. Iranian policy makers expect the newspapers to adapt themselves with the new business models, namely through social media presence, redesigning of their value network and adopting mobile platforms. In a step towards digitalization, the government boosted direct aid to those newspapers and print media that run websites or serve in cyberspace. This would also help the newspapers to benefit from the web platform for better connection with their readership and save considerable amounts of money in terms of paper and publication costs. Other motivations are to provide access to archives and to engage with the readership in an interactive way as stated by the Ministry of the Culture and Islamic Guidance (18th Report, 2001:95). The incentives have already given rise to the desired effects as shown in the growing number of news websites during the recent years. In 2010 and 2011, between 525 to 764 news websites were registered in the country respectively, followed by 405 in the first half of 2012. The growing trend shows a tendency on the part of the Iranian newspapers and print media for moving to the web so as to reduce their expenses on paper, publishing and distribution.

The related effects are still unclear as this process is ongoing. The authors however recommend the researchers in the field of media economics study the

relevant outcomes of the change in state aid policy. That would provide a major advance in the study of the Iranian media economics.

### **Entrepreneurial way ahead: new business models and strategies**

The big question is the effect of restructuring the subsidiaries on the newspapers and printing press in Iran. As Musai (cited in (Musai & Mehrara, 2011)) explained, the system of subsidy payments to the print media had a very low level of positive effects on the Iranian print media, thus change in the system of subsidiary may drive the system to the more productive usage of the resources and better implementation of the business practices. We as the authors in this section try to forecast optimistically the impacts of the process currently underway in Iranian economy on the newspapers. This is a certain trend that any evolutionary activity of government causes many positive and negative effects together, and it is not possible to decisively predict the future results; therefore we analyze the rational expectations about the future of the industry, based upon the observations and discussions with many journalists and members of the editorial boards.

As a very fast-emerging trend, a dramatic increase in acceptance of requests to permit issue is underway. According to 2012 report, while overall previous years the number of requests was considerably more than the issued permits, in 2011 a dramatic change occurred; the number of requests was 146 and the permits issues rose to 878! This technically means almost all requested made in the previous years and the current year were responded. Also in the 3th quarters of the 2012, almost all requests to issue the permit were responded. When we consider the previous trend of huge requests to obtain the print media establishment permit, we see that in the 2011, as the first year of implementation of repurposing subsidiaries process, the requests decreased nearly half of the average (Report 2012:51). Now we can review the question Musai & Mehrara (2011) asked about a contradictory trend in Iranian newspaper industry: “when the investment does not have a reasonable rate of return, why demands for publishing permits is a multiple of the present number of the printed press?” (2011:46). Refer to the 2012 report of Ministry of Culture, in the years 2011 and 2012 in consequence of the process of restructuring the subsidiaries, the applications decreased, while the pace of issue the permit increased dramatically. This caused the request backlog from the previous years (nearly 3000 applications based on (Musai & Mehrara, 2011)). Most of the publish permits issued in previous years were never used due to the difficulties, with many people selling or renting them to other applicants. One of the reasons was getting some margins from quota and subsidiaries which government donates to printed media. Now, with the removal of such indirect subsidiaries which may end up in the black market, the true applicants who really want to publish the newspaper, will be staved off by the black-market practitioners. One of the main reasons is the restructuring of the subsidiaries and moving toward cash funds. This made transactions more transparent and expected to facilitate the industry performance.

Any infrastructural change in industry, is expected to make some pros and cons. Many of old fashion and inefficient companies go bankrupt and get out from the market and many new enterprises enter the market with new business models. This is the dynamics of the market and makes markets more efficient and adaptive towards the changes. In the Iranian newspaper industry, the process of restructuring the subsidiaries is expected to inch closer to new business models and a REMEDIATION of the media corporations. Remediation, in general, implies the renewal of a traditional media to a new one with the help of technology. For example, radio remediated to podcasts with the help of internet to keep the listeners. When we talk about corporation remediation, this means a structural change in the enterprises' activities in the industry, their business models, strategies, concepts and the financing, production, distribution and exhibitions processes.

One of the entrepreneurial activities of Iranian newspapers has been introducing a competitive advantage and using it to expand their readership. That is part of the cultural and political interests, which naturally Iran seeks. Using three types of similarities: 1) the language (Persian is common among Iran, Afghanistan, Tajikistan and for some minorities in parts of Uzbekistan, Iraq, Turkey and Arab states in the Persian Gulf), 2) Religious School (Shia' Islam, practiced by the majority of people in Iran, Iraq, Azerbaijan and neighboring countries), 3) Ideological tendencies. Many media outlets used these three types as the competitive advantage and tried to expand their audiences abroad. The establishment of Iranian multilingual news website is a sign. Table 11 shows that 28 websites in English have been established, with 258 websites both in Persian and English, and 95 others launched and publishing content in three popular languages of the region. Many of these websites were already multilingual before moving to the web, but failed to expand by old business models of printing.

Also new news models are emerging as traditional models break down (Khajeheian, 2016). The newspaper industry is in need of a new business model because the old model lacks the processes and resources to immediately determine how new opportunities, when they arise, may be exploited. "A large number of newspapers are focused on the overlap of the online and print business and have overlooked the opportunities that disruption has created" (Gilbert and Ure, 2005 Cited in Johnson & Gutierrez, 2010:74). Some of the newspapers also used new interactive technologies to update the information Iranian readers eagerly want to know instantly, such as the exchange rate. They established the servers which frequently send the special news on request. Many of them become very popular and have a considerable income both from advertising and subscriptions.

Table 11: The Websites in different Language (Source: 19th Report, P73)

	Persian	English	Arabic	Persian- Arabic	Persian- English	Persian- English- Arabic
Number	1988	28	2	4	258	95

### Media Entrepreneurship Promotion: An Expecting Consequence

It seems that what occurs in Iran is a good experiment for media entrepreneurship and economics researchers and also for media policy makers to see what the real consequences of restructuring the subsidiaries are in an economy. Numerous efforts have already been made during the past two decades to restructure the Iranian economy and turn it into an agile and efficient one. In spite of many economic reforms, the whole structure of the economy remains highly dependent on the crude oil and petroleum revenues. The 20-year national vision document of the country (Iran 2025 vision) envisages Iran a top economy in the Middle East region highlighting the free-market approach which fosters the agile and productive private enterprises. Recent economic decisions called the “scheme of economic evolution” aim for the above-mentioned target. This provides an academic opportunity to investigate and observe how the activities, plans and implementation of scheme enable the economic development according to the intention of the policy makers. Beyond what will result in reality, we mention and explain the expected consequences of the changes, and view them as an economic experiment to see how the restructuring of subsidiaries may result in promotion of media entrepreneurship in a developing country, and analyze the efficiency of government activities and strategies.

Achtenhagen (2008, p. 138-139) describes media entrepreneurs’ role as change agents in society, by fulfilling five functions. Firstly by adopting a mission to create and sustain some kind of artistic, cultural and/or societal value (not just economic value), secondly, by recognizing and relentlessly pursuing new opportunities to serve that mission, thirdly, by engaging in a process of continuous innovation, adaptation, and learning, fourthly by acting proactively without being limited to available resources, and finally by showing a heightened sense of accountability to the constituencies served and for the outcomes created. (Dutta & Crossan, 2005) argue that the entrepreneurship phenomenon heavily impacts media industries as long as they, in their very nature, fall into the culture and creativity-related businesses. The essential characteristics of the entrepreneurial activities such as creation, innovation and novel ways of thinking are critical in building media business success.

Media Entrepreneurship has been defined as “taking the risk to exploit opportunities (through creation/discovery) by the innovative (radical/incremental/imitative) use of resources (through ownership/control) with a view to transform an idea into activities that generate value (creation/delivery) in a media form (content/

platform/user data) and meet the need of specific market segments (businesses or consumers)” (Khajeheian, 2017, p. 102). According to the both definitions, it is expected that by the restructuring of subsidiaries, the business context of the country be prepared for risk taking activities of media firms to identify and exploit the market opportunities. The market in developing countries is characterized by niche markets and profitable segments capable of meeting their needs and making margins for enterprises. Thus, the media enterprises are expected to act in these markets entrepreneurially and open up the niche markets and yield the profit.

The business models and strategies are the tools helping the firms to act creatively and exploit the opportunities (Khajeheian, 2018b). Shifting toward digital platforms has been a trend on global media markets, to meet the increasing need of building immediate and interactive relationship with the audiences (Roshandel Arbatani et al., 2019) as well as the staff inside the organization (Khajeheian, 2018a). Presence in the web space needs new business models to survive the media and guarantee the required profit to continue (Bali & Zarea, 2018; Karimi & Salavatian, 2018; Labafi & Williams, 2018; Nel et al., 2020; Nel et al., 2020; Salamzadeh & Roshandel Arbatani, 2020; Salimi et al., 2012; Su & Zarea, 2020). Thus the new business models should be capable of keeping the newspapers alive in the new platforms. Most of the Iranian newspapers use the advertising model which consists of completely free content for readers combined with ads. However recently - months before the authorship of this paper- two Iranian newspapers with considerable circulation have turned to the paid and subscribed model. Donyaye Eghtesad and Shargh have recently restricted the access to their online content to the paid members. In fact, they are using a kind of freemium (free + Premium), means some free content combined with premium contents which only paid members can access. Unfortunately, in this period of time no one published any report on the subscriptions and people who paid to access the online content. Once published, it will be of great significance to analyze the data on the first Iranian newspapers’ efforts to offer the non-free content on the web. If favorable, this may encourage other newspapers to follow this business model on the web.

## CONCLUSION

This article illustrated a big picture of the Iranian newspaper industry economics with perspective focus the on government-support system. This system has some similarities and differences in comparison with many other cases explained in other research studies. This is not surprising, because Iranian system is a different one, in different region, with a different structure raised from its own historical and cultural background. However, this study showed that the Iranian government has predicted a mechanism to support the newspaper industry to survive and be profitable. But there is something which makes the Iranian case distinguishable to learn: the restructuring subsidiary system in the whole economy of the country. As the government tried to liquidate the subsidiary and pay the money directly to the consumers and producers

and convert the prices of products to the real global prices, a great challenge arises which is at the same time, a very interesting real experiment to see how newspaper and the print media counters the challenge and survive, and how it renews itself to adapt to the new economical situations. As the process has not been completed yet, nothing can be said decisively, but we can predict and forecast the future trends of the industry. It is predicted that many newspapers will get out of the market and many of them will become unable to resist the changes. But this may lead to the emergence of newcomers with new business models and strategies which fit the new economic environment best. The web is the most suitable platform for the news agencies and newspapers to move to and exploit the available potentials to address the new readers and expand their markets. In this context, government may change its role from the direct sponsor, to a back supporter with providing infrastructures, economic resources and international interests which can result in flourishing the media industry.

Online journalism is the continuity of the traditional journalism in newspaper format, as Cole & Harcup explain "Journalism itself is more important than where its products are published [...]. So preoccupied have media owners and managements become with the process of publishing and the variety of opportunities modern technologies allow that debate over how and where to publish has drowned out the more important question of what to publish. The fashionable use of the generic word 'content' instead of news and information has a significance that goes beyond the semantic. Content is simply what occupies the space and to use it to describe the products of journalism is to devalue the spirit and practice of intellectual inquiry and analysis that is the hallmark of good journalism (Cole & Harcup, 2010, p. 6) . Thus, the emerging online journalism is the expansion of the newspaper industry to the new platform of web, which is more adaptive with the economics and preferences of audiences and opens up the opportunities within the transformation, providing the basis for media entrepreneurs.

In conclusion, the results of new evolutions in Iranian economy as a whole, and in newspaper industry specifications, are not clear. This is the first step to shed some light on an such revolutionary process and many cons and pros are ahead of the industry. So as the academics, it seems wise to explain the expected consequences and forecast the possible scenarios for the future of this industry in Iran.

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