

Media Capture Central European Style

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With foreign owners leaving the media market, Central and Eastern European oligarchs are buying whatever they can get their hands on. The region is a prime example of how vested interests can create a quasi-monopoly on media and information, increasingly cementing control and influence over opinions. Populist governments and other vested interests are taking over large media holdings. Public service broadcasters are used as mouthpieces of the state, while independent news outlets are struggling to make ends meet and going under. In a [previous article](#) we described the worldwide trend of media capture, and now we zoom in on some of the newer EU member states to see what threats loom for the public spheres of young democracies.

This article is also available in audio as part of the [Green Wave podcast](#).



The first years of democracy

The overwhelming majority of those member states that joined the EU in the new millennium have only regained their freedom in the last three decades. The authoritarian past of these countries meant that civil liberties were relatively unknown to the masses, and journalists did not even think of criticising their governments (apart from some renegades, who were publishing their thoughts in illegal samizdat publications). Since two generations of journalists were raised in (near-)totalitarian systems, and the pre-World-War traditions of journalism were almost forgotten, critical press had to be built from scratch in the 1990s. It took quite some time until a new generation managed to spread new journalistic standards in a profession that was for many years dominated by editors who learned the craft in the old system.

This was a time in which Western donors raised 600 million US dollars of philanthropic support for the region's media, and the newly liberalising markets aroused the interests of foreign investors. Once the violent conflicts between the first local owners were settled, German companies including Springer, Gruner & Jahr, Burda, Handelsblatt, and WAZ, among others, as well as the British Maxwell, the Austrian Styria, the Swiss Ringier and Marquard and the Finnish Sanoma have all, at different points, bought into the new markets. In *The Media in Eastern Europe*, the German scholars Marc Stegherr and Kerstin Liesem wrote that by the early 2000s, nearly 85 per cent of the media in Central and Eastern Europe were owned by foreign investors, three quarters of them German. According to Stegherr and Liesem as well as other journalism scholars, the majority of the investors were solely interested in emerging markets for profit. The media group WAZ was quite straightforward in its preference for investing in countries where antitrust laws were still in a rudimentary stage. These companies had no interest

whatsoever in democratising the societies they operate in (the Polish media researcher [Angelika Wyka-Podkowka](#) went as far as saying that foreign investors were “dulling public awareness” and “dumbing down” for the sake of profit).[1]

But even if the role played by Western companies was far from positive, many journalists I interviewed in the past year (mainly in Hungary, where media capture is the most developed) look back on the times when foreign owners ran the market with nostalgia. [2] In ‘the good old’ 1990s and early 2000s, when readers were still willing to buy their papers at the newsstands, advertisers still saw a value in placing ads in traditional (and not just social) media, and while the businesses were still profitable, most owners did not see the point of letting politicians interfere in the work of journalists. But the economic crisis and the rapid spread of the internet (combined with a lack of appropriate new business models) led many investors to re-evaluate their plans in Central and Eastern Europe. Most decided to sell their local outlets, and the buyers (sometimes directly, sometimes through middlemen) were people with an interest in influencing politics through their newly acquired assets.

These days, according to [research](#) conducted by the Centre for Media Pluralism and Media Freedom at the European University Institute, the political independence of the media in two EU countries (Slovenia and Hungary) is highly at risk. [3] Most of the Eastern member states alongside Italy and Greece also experience strong political control.

In come the oligarchs

In Hungary, the first politically motivated acquisition took place in 2006, when the millionaire Gábor Széles acquired the liberal daily *Magyar Hírlap*. The new owner began to gradually replace the journalists with loyalists of Hungarian Prime Minister Victor Orbán, in the hope of being awarded a future seat in government. Széles’s wish did not come true, despite Orbán winning three consecutive national elections since 2010, but takeovers similar to the one described have become commonplace ever since in Hungary.[4] In the Czech Republic, Martina Vojtěchovská, editor-in-chief of *MediaGuru.cz*, [writes](#) that the trend started with the investor Andrej Babiš (who later became Prime Minister) buying the publisher of two big national dailies *Mladá fronta Dnes* and *Lidové noviny*. Babiš had founded the political party ANO two years prior to the acquisition and the national elections were scheduled to take place only months after the ownership change. In Slovakia, in the meantime, one of the leading newspapers, *SME*, was [bought](#) by the Penta financial group, a company *SME* often reported on (as Penta was at the centre of one of the country’s biggest corruption scandals), and in Romania the exodus of foreign capital allowed a number of controversial businessmen to become media moguls. The political scientist Alina Mungiu-Pippidi and the publisher Cristian Ghinea [mention](#) that this situation has even led to the emergence of a form of “blackmail media”. Dan Diaconescu, the owner of an entertainment channel, was arrested in Romania for blackmailing a mayor in 2010. Prosecutors later claimed that Diaconescu made his fortune by “taking unofficial payments from everyone who wanted to feature favourably on his shows.” Once released on bail Diaconescu announced that he is going to found a new political party, called the ‘Party of the People.’ And Diaconescu was far from the only Romanian media baron weaponising media: the businessman Dan Voiculescu, who constructed his empire on the extensive secret police network he built in Communist times, was jailed in 2014 for money laundering and as a response his media companies started [attacking](#) the judge involved in his case.

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And these are just examples of media where we know who is trying to interfere with the journalists’ reporting. We cannot forget about the region’s many more ‘shady owners’. The Romanian journalist Paul Radu, director of the Organized Crime and Corruption Reporting Project (OCCRP), has [summarised](#) the research of his organisation. Based on the most important outlets of 11 Central and South-Eastern European countries in the EU and its

immediate neighbourhood, the project found that the number of news outlets owned through shell companies is on the rise, which means that often the audiences have no knowledge about who is behind an outlet and whether there is an agenda behind its reporting (according to Radu their coverage indeed reflects the interests of the owners). Moreover, there are often cases in which media are owned by people with criminal records, and in Romania, as well as in Bulgaria, we can see many cases in which former members of the state security establishment are turning into media entrepreneurs.

One of the reasons for this messy situation, according to Mungiu-Pippidi, is the fact that in many of these countries “regulatory bodies either do not exist or are rotten.” Therefore, she recommends better oversight, as well as government subsidies for news (and news only), in a construction where “funding is universal, transparent and follows clear rules, not shady ones like we have in place today.”

The EU plays a rather limited role in shaping the media landscapes of its Eastern today, although the conditions for joining the EU provided strong incentives for aspiring members to create public service broadcasters and set the ground for media pluralism and independence. Mungiu-Pippidi, for example, mentions that in pre-accession Romania, state advertisements were provided to friendly media outlets, which led to serious disruptions of the market. The European Commission’s criticism of the issue led to the introduction of more transparent and much fairer financing mechanisms. These days, the Hungarian government is resorting to the same mechanism to indirectly support loyalist news outlets, but for the time being the EU is not trying to stop this practice.

When the state is the hunter

There is not much hope for the beneficial impacts of progressive regulation and state subsidies in situations in which the state itself poses a threat to media independence. The Slovenian political scientists Marko Milosavljević and Melita Poler argue that the public service media of the Western Balkans is still characterised by a “lack of editorial independence, reflected in politically biased, pro-government news content” as the small markets and weak economies of the region (alongside the growing influence of commercial broadcasters) have made it impossible for these media to gain independence from those in power. Even in some countries where we might have witnessed positive trends in the past, a reversal has been visible.

In the EU’s two illiberal states in the making, Hungary and Poland, one of the first steps of the populist governments has been to take complete control over public service broadcasters. The right-wing Law and Justice (PiS) and Fidesz governments, in Poland and Hungary respectively, have both established partisan media regulators and replaced the management of the public media with loyalists. In Hungary, the maintenance of the transformed public broadcaster (which is labelled as a propaganda outlet by government critics, as its news programmes focus on immigration and EU- and Soros-bashing) costs about 280 million euros per year, all financed from taxpayers’ money. Western European public service broadcasters are not perfect either, but they still provide numerous examples of journalists being critical of those in power without facing consequences, while the license-fee financed model, which is for example practiced in Germany and the United Kingdom, shields the organisations from outside interference. There have also been troubling signs about the future independence of the public broadcaster in Slovakia, where in spring 2018 the Parliament-appointed CEO of the organisation fired journalists who were critical of the management and 12 reporters quit in protest.

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But it is not just public service media that can fall prey to would-be authoritarians; there are many ways to exert control over the private media as well. In Hungary, political outlets previously owned by foreign companies were bought up by the government’s loyalists (according to the calculations of Hungarian journalist Attila Bátorfy, 14

government-affiliated business people own close to 500 media outlets). In cases where the owners did not want to sell up, additional tricks were used. The long-planned merger of the companies Axel Springer and Ringier was only permitted once the two companies sold their regional dailies, together with the country's then biggest political daily, and the government also tried to put pressure on the owner of the country's biggest commercial television station by imposing a new tax that would have deprived it of all its profits. With more and more independent outlets disappearing, the government has a quasi-monopoly on information and biased or fabricated news is provided free of charge to every household.

While the overall outlook of the media market is rather bleak, the Hungarian government makes sure that friendly outlets are rewarded for their help.[5] The easiest way to do this is by increasing the advertising budget of state institutions and putting pressure on commercial advertisers. Selective advertising has been a widespread practice in Hungary, as it allowed governments to subsidise their friends, without formally violating EU competition rules. However, the current extent is unprecedented. In Hungary the state has become the biggest advertiser and at times may account to up to 80 per cent of a friendly news outlet's advertising revenues. Many firms refrain from advertising in critical outlets out of the fear that having their ads printed in the 'wrong' paper would lead to repercussion from the government. The same trend (although to a much smaller extent, as leader of PiS Jarosław Kaczyński is for now less corrupt than Orbán) can be seen in Poland as well, where the liberal daily *Gazeta Wyborcza* saw its advertising revenue drop almost 15 per cent from March 2015 to March 2016, while the government-friendly daily *Rzeczpospolita* has increased its advertising revenues by almost 50 per cent. And who knows how far this model can spread, as Orbán's people have already started investing abroad in outlets supportive of the Slovenian populist Janez Janša.

What is to be done?

By now it is more than obvious that the overall positive trend of media development in the Eastern EU member states has stalled. In the first decade and a half of democracy, foreign owners helped media holdings untie themselves from the state. Requirements set by the EU and the Council of Europe for future EU members led states to establish something that at least resembled a public service broadcaster (with the aim of providing unbiased information, instead of echoing the government's position), while the millions of euros spent by Western governments on training journalists allowed young media workers to learn about best practices from experienced reporters. However, these conditions do not exist anymore. The transformation of the media market has driven away most investors as the tiny economies of the region do not promise them many future profits (except maybe Poland with its 38 million citizens). The EU has proven to be a lame duck when it comes to securing democracy and civil liberties in countries that have already joined the club and former foreign donors have decided to invest in countries with greater needs in Africa and Asia (while the few that remain are harassed by populist governments).

But even in this new, increasingly hostile environment, in which independent newspapers are unable to operate, where access to audiences is made ever harder, and where journalists are confronted with a new reality in which they might face bloody revenge for an investigative story they have been researching for months (as was the case in Slovakia in 2018), there is some light at the end of the tunnel. Many of the journalists learned the craft in the 1990s and 2000s are still determined to do quality work, no matter how their governments and oligarchs are trying to pressure them. Many of today's new independent news sites are founded by journalists whose work in legacy media outlets was stalled by intrusions from those in power and, in order to stay alive, many of them are relying on alternative funding models, such as membership-based financing or crowdfunding.[6] In Slovakia, *Dennik N*, a news site founded by journalists whose newsroom was taken over by a politically exposed investor, has turned into a success story, both financially and in terms of impact. The independent media that still exist are trying to do as much as they can with limited resources and investigative start-ups are mushrooming all over the region, with increased cooperation between journalists of different nationalities, thanks to cross-border initiatives like Vsquare

and OCCRP. Opinion and analysis-based sites like *Merce.hu* and *Krytyka Polityczna*, founded by activists with limited experience in traditional media, have managed to become important reference points for the progressive youth of their respective countries.

Their existence shows that the know-how and the potential for a democratic public sphere is present in the region. However, it needs a functioning strategy and some help from European partners to become a counterbalance to authoritarians, trolls, populists, and other enemies of democracy whose messages are flooding our newsstands, TV sets, smartphones, and computers. At the moment, independent media is just one of many news options, and far from the most obvious one for a large part of the audience, especially in environments where yesterday's reliable news source can turn into tomorrow's propagandist. In this context, EU institutions could do way more to secure media freedom in the new member states, including pointing out deficiencies, holding governments to account, and acknowledging that in the current dire times free media needs subsidies to survive. Staying passive on the matter will only mean that growing numbers of EU citizens make uninformed decisions on the future of their democracies based on shady narratives channelled through captured media, further cementing the power of Orbán and his ilk.

[1] Angelika Wyka-Podkowska's works on foreign ownership in Eastern and Central Europe can be found [here](#) and [here](#).

[2] Details about my research can be found [here](#).

[3] Their Media Pluralism Monitor (MPM) is a tool that has been developed to assess the risks for media pluralism in the member states of the EU, and some candidates. It's findings can be accessed [here](#).

[4] For more on this, see the Heinrich Böll Foundation's special "[Focus on Hungary](#)." The latest article on media freedom in the country can be accessed [here](#).

[5] The journalist Attila Batorfy has written [an exhaustive analysis](#) with graphs and visualisations that show how Lajos Simicska, former Hungarian media mogul was subsidised by the government.

[6] Read more about new revenues [here](#), and an exhaustive analysis can be found [here](#).

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