



# The rise of the oligarchs: the third media ownership transformation in CEE

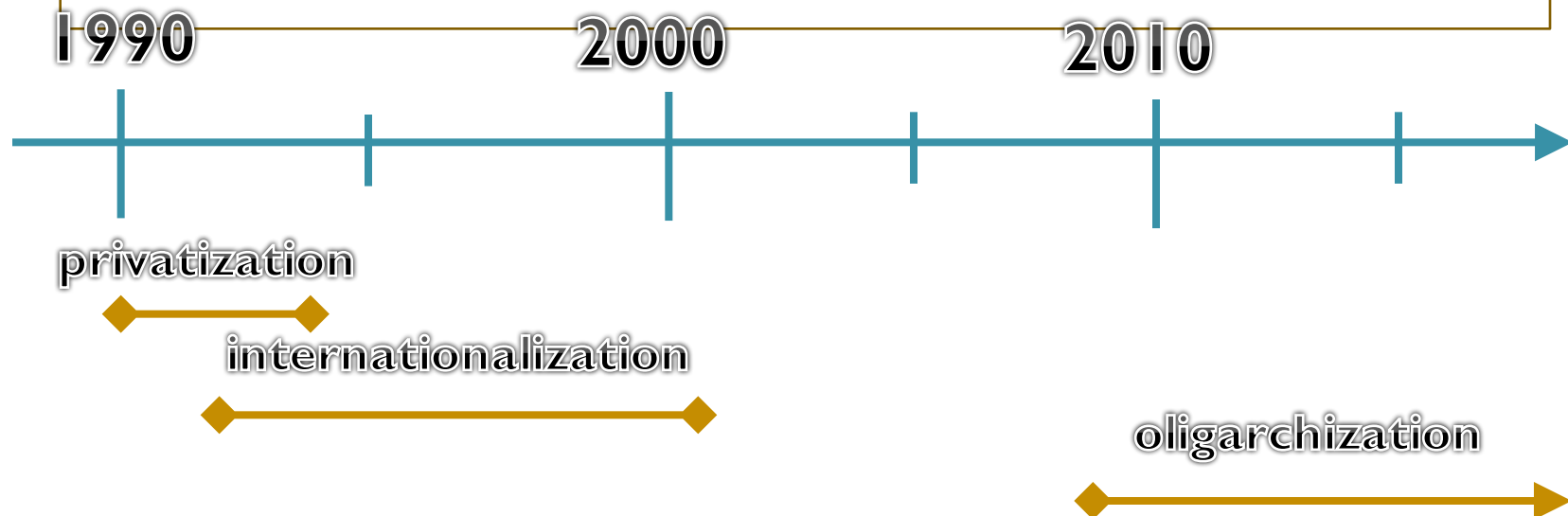
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*European impacts on the development of the media systems in Central- and Eastern Europe, Budapest 20-21 June 2016*

# Evolution of media ownership in CEE in a historical perspective

- 1<sup>st</sup> ownership transformation: **privatization** from the Party-State to editorial teams
- 2<sup>nd</sup> ownership transformation: **internationalization** / globalization
- 3<sup>rd</sup> ownership transformation: exit of Western investors, de-globalization & **oligarchization**





# Similarities & differences in privatization models

- **Czech Republic, Hungary, Estonia:** early / “spontaneous” privatization of print media, early & strong internationalization
- **Latvia, Lithuania:** early / “spontaneous” privatization, late & limited internationalization
- **Poland, Slovenia:** slower and/or more state-controlled privatization, limited internationalization
- **Romania, Bulgaria, Slovakia:** early privatization, delayed (but strong) internationalization

# 2<sup>nd</sup> transformation: internationalization of CEE media markets

Foreign companies attracted to newly opened CEE markets by:

- **Low competition**
- Audiences interested in **novel media content**
- Promise of rapid **growth of advertising revenues**
- Media eager for **Western know-how**, for new technologies
- Workers willing to work for **lower salaries**

Factors influencing the pace and scope of Western media investment:

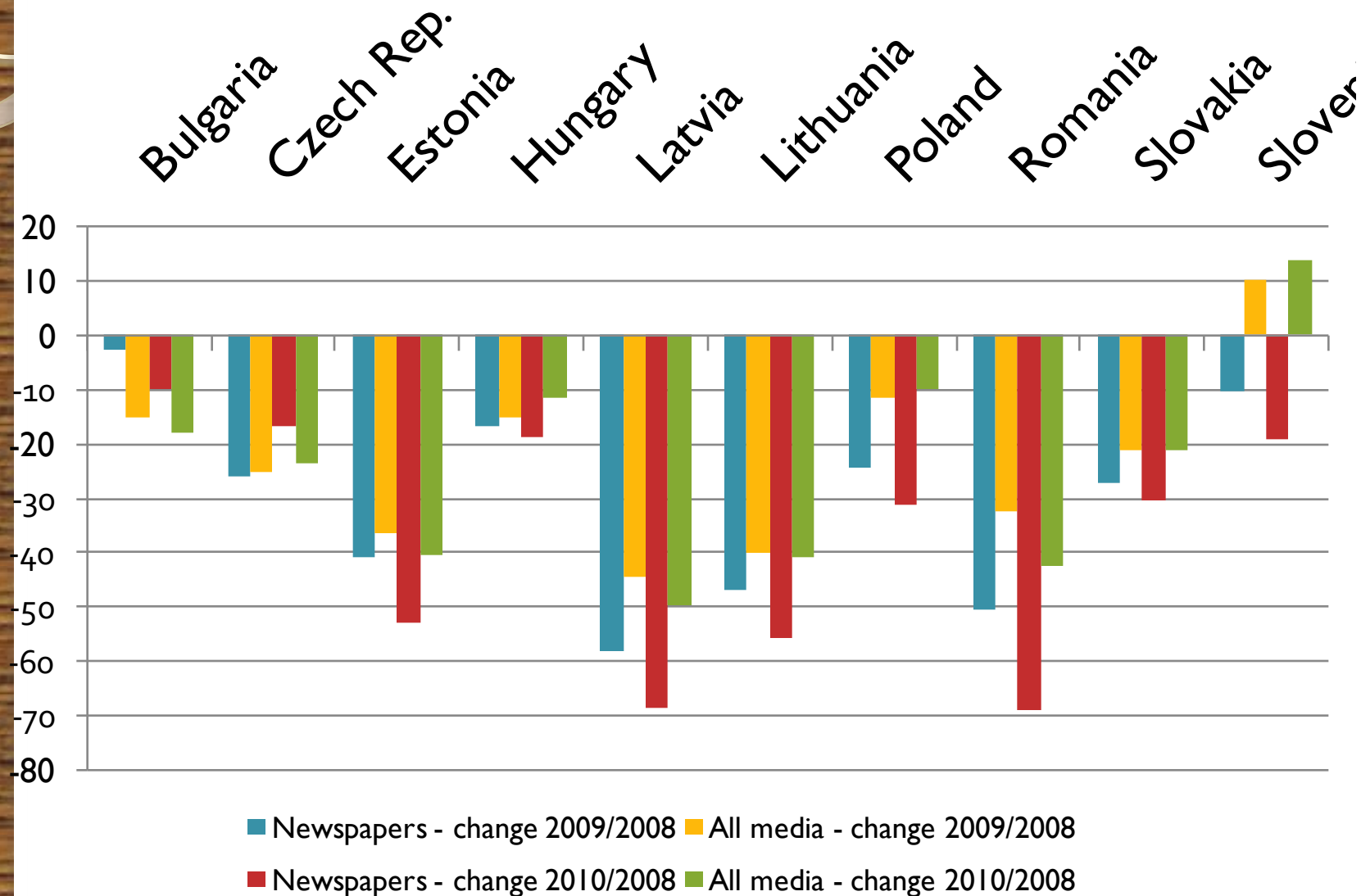
- **Size of the market** (larger media markets attracting bigger players)
- **Political situation** (consolidated democracies = safer place to invest in)
- **Regulatory framework** (more liberalized market ~ less ownership regulation = > more foreign investment)




# Market domination of foreign-owned media companies around 2000

TV & newspapers	TV	newspapers
Hungary Czech Republic Estonia Bulgaria Slovakia	Latvia Lithuania Romania Slovenia	Poland

# Advertising expenditures in CEE media (% of change in 2008-2010)



○ gone since 2006 ● present	<i>Home base</i>	<b>Bulgaria</b>	<b>Czech R.</b>	<b>Estonia</b>	<b>Hungary</b>	<b>Latvia</b>	<b>Lithuania</b>	<b>Poland</b>	<b>Romania</b>	<b>Slovakia</b>	<b>Slovenia</b>
<b><i>Print media (national or regional; news media only)</i></b>											
WAZ	GER	○			●				○		
Verlagsgruppe Passau	GER		○					●		○	
Rheinische Post	GER		○					○		○	
Axel Springer	GER				●			●			
Verlagsgruppe Handelsblatt	GER	○	○							○	
Ringier	SWI		○		●				●	●	
Metro International	SWE		○		○						
Bonnier	SWE	○		●		○	●	●			●
Schibsted	NOR			○			○				
Mecom	GBR						○	○			
Northcliffe International	UK				○					○	
Styria Verlag	AUT										●
<b><i>Television (national)</i></b>											
MTG	SWE	●	●	●	●	●	●				○
CME	USA <sup>c</sup>	●	●						●	●	●
News Corp.	USA	○				○		○			
RTL (Bertelsmann)	GER				●						
ProSiebenSat1/ SBS	GER				●				●		



# Not (just) the crisis: the rise of CEE oligarchs

*“The close intertwining of oligarchs and political power is poisoning the market /.../ Oligarchs in the Balkans are more and more buying [the media] for themselves in order to exert political influence, not in order to win money. We cannot stand up to such market-destroying competition.”*

Bodo Hombach, CEO of the WAZ Media Group

(novinite.com, 2 August 2010)

# Who is an oligarch?

- “a very wealthy and politically well-connected businessperson” (Åslund 2007: 256)
- The term oligarch originally used to describe the super-rich elites in post-Soviet Russia/Ukraine but currently being applied elsewhere in CEE (and beyond)
- Slovakia: “an oligarchic democracy” (fmr Prime Minister Radicova, 2012)
- Hungary: “Oligarchopedia” project ([atlatszo.hu](http://atlatszo.hu))
- Latvia: the “Oligarchs’ Party” (2010)

Country	Name	Main area(s) of business	Media ownership (main outlets)
Bulgaria	Ognyan Donev	Pharmaceutic industry	<i>Trud</i> + 24 <i>Chasa</i>
	Ljubomir Pavlov	Banking	
	Cvetan Vasilev	Banking	New Bulgarian Media Group
Czech Republic	Zdeněk Bakala	Coal mining, coking plants, energy production	<i>Hospodarske noviny</i> ; <i>Ekonom</i> ; <i>Respekt</i> ; several B2B magazines
	Andrej Babiš	Food processing, agriculture	<i>MF DNES</i> , <i>Lidové noviny</i> (national); 5+2 <i>days</i> (free weekly); Radio Impuls (national)
	Daniel Křetínský	Energy business	<i>Blesk</i> , <i>Aha</i> , <i>Sport</i> (national dailies)
Hungary	Gábor Széles	TV sets + electronics production Bus production	<i>Magyar Hírlap</i> ; Echo TV
	Lajos Simicska	constructions	<i>Metropol</i> (free daily), <i>Magyar Nemzet</i> (national daily), HírTV (cable TV), Lánchíd Rádió, Class FM (national radio)
Latvia	Aivars Lembergs	Oil production + distribution	<i>Neatkarīga Rita Avīze</i>
	Andris Šķēle, Ainārs Šlesers	transportation	<i>Diena</i> (national daily); <i>Dienas Bizness</i> (national daily)
Lithuania	Lubys family	chemical industry, hotel management, finances	<i>Lietuvos žinios</i> ; Baltijos TV; RC2
	Darius Mockus	Investments; beverage industry, retail of clothing, real estate	LNK (national TV); Alfa.lt; UPG Baltic
Poland	Zygmunt Solorz-Żak	Pension funds; insurance; banking; energy; telecommunications	TV Polsat (national free TV + 12 other channels); Cyfrowy Polsat
Romania	Dan Voiculescu	trade, media, energy, industry and services	Antena TV; <i>Jurnalul Național</i> ; <i>Gazeta sporturilor</i>
	Cristian Burci	communications	<i>Adevărul</i> ; <i>Click!</i>
Slovakia	Patrik Tkáč & Ivan Jakabovič (J&T)	Banking, real estate, corporate investments, services	TV JOJ ; JOJ Plus; <i>Pravda</i> (Towercom)
	Jaroslav Haščák et al. (PENTA)	investments, private equity, energy, health care	SME, Plus jeden deň (national dailies), Korzár, Új Szó (regional dailies), Plus 7 dní, TREND (national weeklies), MY (regional weeklies)







# Global Billionaire Political Power Index

International Billionaires Ranked By Overall Political Influence



There are 1,645 billionaires in the world. 1,153 of those billionaires live outside of the U.S. Darrell M. West, author of "Billionaires: Reflections on the Upper Crust" ranks the top 15 global billionaires by their political power.

BROOKINGS

# Most influential Czech business/media tycoons

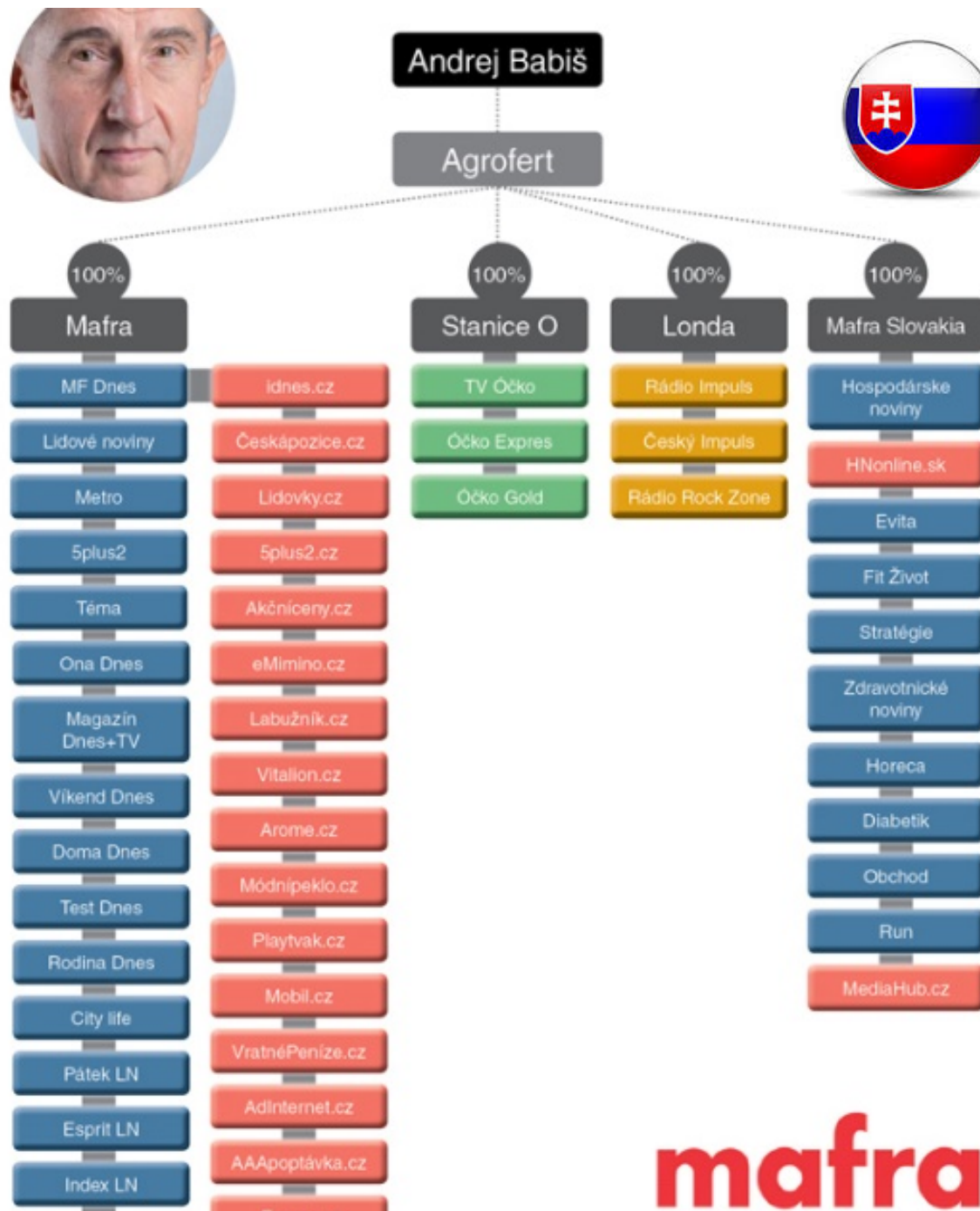
	Main company	Main domain of business	Media outlets control
<b>Andrej Babiš</b> (2 <sup>nd</sup> richest Czech)	Agrofert Holding	Food processing, agriculture	5+2 days (free weekly) <i>Mlada fronta DNES</i> <i>Lidove noviny</i> <i>Radio Impuls</i>
<b>Daniel Křetínský</b>	Energy and Industrial Holding	Energy production + distribution	<i>Blesk</i> (tabloid daily) <i>Aha</i> (tabloid daily) <i>Reflex</i> (weekly), <i>Sport</i>
<b>Zdeněk Bakala</b>	New World Resources (NWR)	Coal mining, coking plants, energy production + distribution	<i>Hospodarske noviny</i> (daily) <i>Ekonom</i> (economic weekly) <i>Respekt</i> (political weekly) <i>Aktualne.cz</i> (news)
<b>Marek Dospiva</b>	PENTA	Investments, real estate	<i>Vltava-Labe-Press</i> (chain of regional dailies)
<b>Petr Kellner</b>	PPF	Investments, banking, telecommunications	O2 (telecommunication company – cable TV, mobile, IPTV) Frm. owner of TV Nova, Euro
<b>Ivan Zach</b>	GES Invest; GES Medical Care	Health care; air handling systems	<i>TV Prima</i> (50%) Local radio network Hey
<b>Ivo Valenta</b>	Synot	Gambling	<i>ParlamentniListy.cz</i> (online daily)
<b>Jaromír Soukup</b>	Medea Group	Media buying, advertising	<i>TV Barrandov</i> <i>Instinkt</i> (weekly), <i>Týden</i> (weekly) <i>New Profit</i> (weekly)



# Re-building the federation? Czecho-Slovak media empires



# Andrej Babiš



From:

[www.hlidacipes.org](http://www.hlidacipes.org)

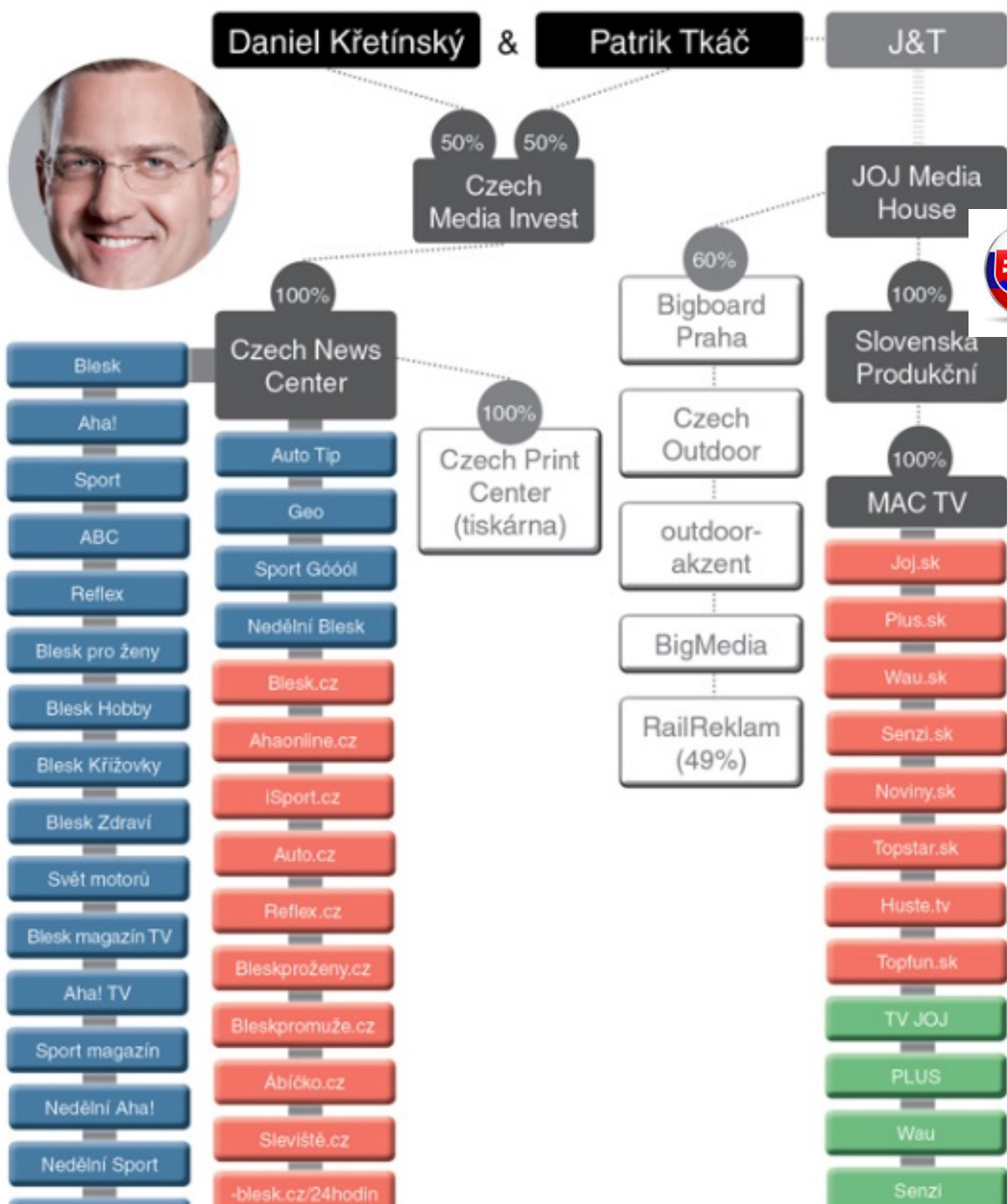
**mafra**

# Daniel Křetínský



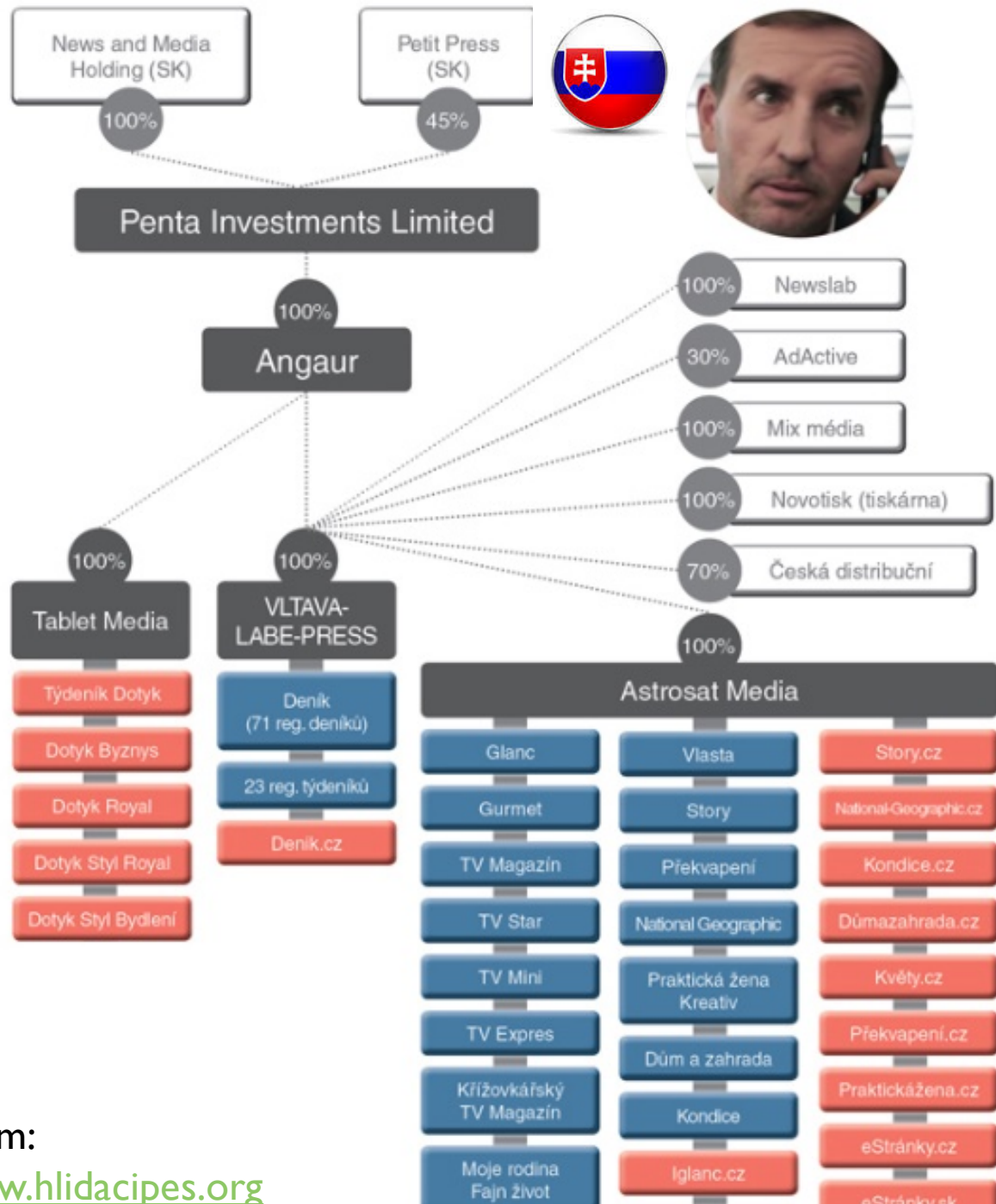
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# Marek Dospiva



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In times of crumbling profitability...

... why would anybody want to invest in the media?

# “Nuclear Briefcase Theory” confirmed



- “I am not going to beat around the bush. The fact that we own media gives us assurance that it will be more difficult for anyone to irrationally attack us.”
  - *Marek Dospiva, co-owner of PENTA group, in an interview by Hospodarske noviny, 21 April 2015*

- 
- If not direct editorial interferences, then self-censorship: “scissors in the heads”

(Axel Schindler, CEO of WAZ, Bulgaria)

*“Most of the time, the interests of the owners are not specifically conveyed to the journalists; there is no formal policy in these papers saying we cannot attack these and those people, and so on. So you are in a position that you don’t know exactly who the good and bad guys are, and you start to do something very vague – not to criticise anybody, because you could be wrong...”*

(Alexej Lazarov, editor of Capital, Bulgaria)



# Commercial versus oligarchic media ownership model in CEE (key features)

	(Western) commercial model	Oligarchic model
<b>Primary objective</b>	Financial profit	Political/business influence
<b>Main means of financing</b>	Advertising/Sales	Owner's other business (Advertising/Sales)
<b>Relationship to politics</b>	Indifferent/Ideological	Promotional/Clientelistic
<b>Level of instrumentalization</b>	Low	High



Radek Boček (zastupitel města Písek) má dnes narozeniny. Gratulujeme!



**Zdechni, kapitalistická zrůdo. Majitel restaurace Řízkárna, kterou likvidují anarchisté, nám vyprávěl. Třeba o lidech z Kliniky. Pak jsme museli odejít, přijela policie**



## Další zprávy

Senátor: Merkelová je hloupá ženská, má špinavý plán. Je jen otázka času, kdy se objeví nový Hitler. Zradili nás tehdy, zradí nás i teď

V Polsku prezidenta Zemana obdivují. ČT si pozvala tamního novináře a moderátorka se nestačila divit

Dienstbier a Pelikán v akci. Dávají děti homosexuálům

Exministr Blažek nezaplatil za možnou pomluvu. Takže platit možná bude přímo ministerstvo

Šibenice na demonstraci: Úředník prý zašantročil papír

Babiš má podporu. Rebélie nehrozí

## Politici voličům

Štěch (ČSSD): Dluhy domácností ohrožují společnost

Hojda (KSČM): Chce náš stát a EU uklidit ČD a.s. do bezvýznamnosti?

Horáček (TOP 09): Silnice mezi Libercem a Jabloncem I/14 v ohrožení

Votava (LEV21): „Dolíček v ohrožení!“

Kupka (ODS): Premiér Sobotka se musí ke kauze Čapi hnízdo jasně vyslovit

Malina (ČSSD): Zemské volby v Německu. Referendum k imigrační politice Angely Merkelové?

## Štítky

ANO Babiš ČSSD ČT EET EU Evropská unie islám Konečná Šárka Konvička Martin migrační krize Německo ODS PV Rusko Semelová Marta Sobotka školství Turecko TZ Udženija Aleksandra uprchlíci V4 Zeman

## Zahraničí



Senátor: Merkelová je hloupá ženská, má špinavý plán. Je jen otázka času, kdy se objeví nový Hitler. Zradili nás tehdy, zradí nás i teď

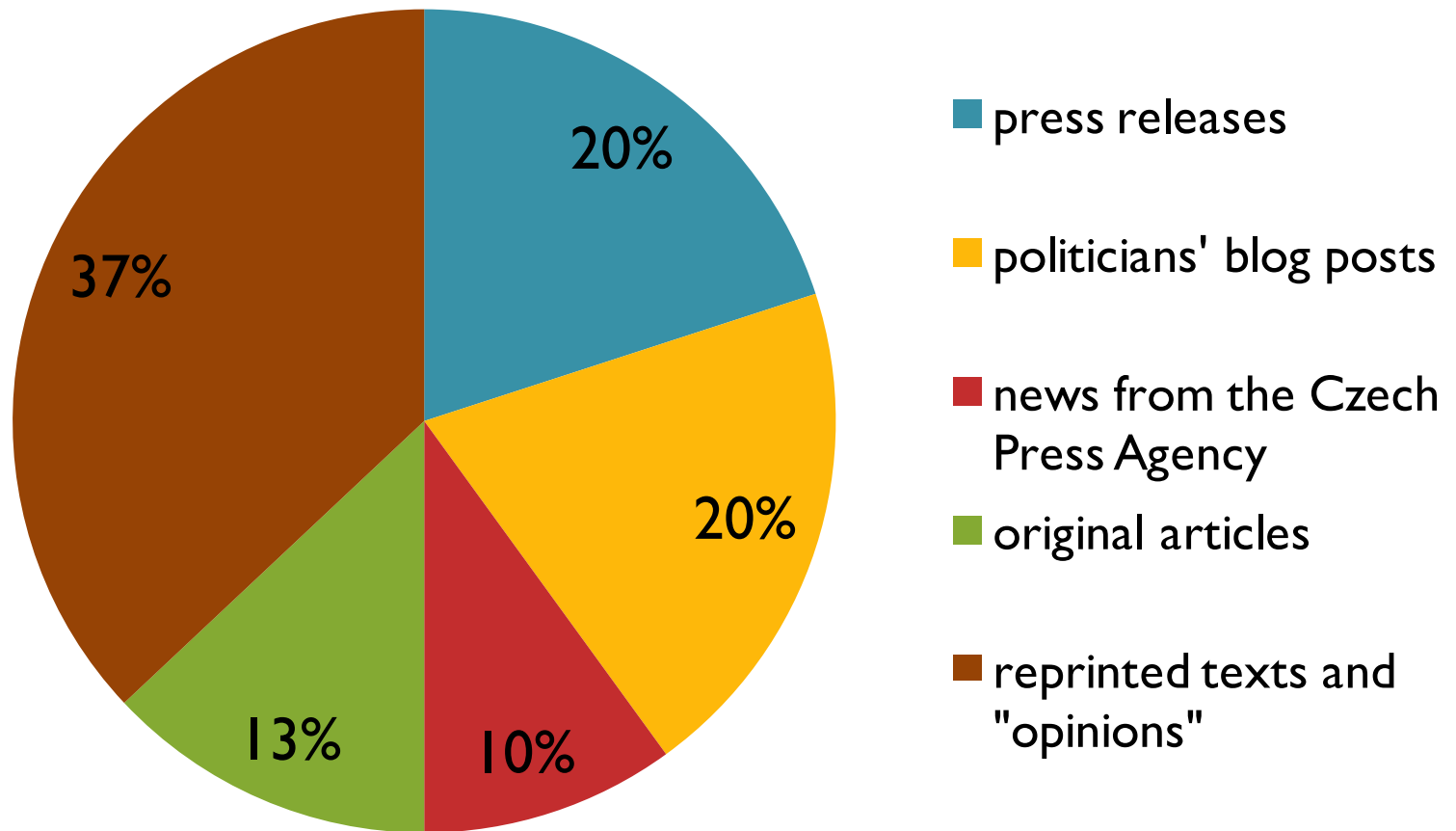
ROZHOVOR „Je jen otázkou času, než se objeví nový“

Žlutá karta pro Angelu Merkelovou. Ale přes palubu ještě neletí, soudí po německých volbách Cyril Svoboda

“The Parliament Letters”: oligarchs in the online sphere



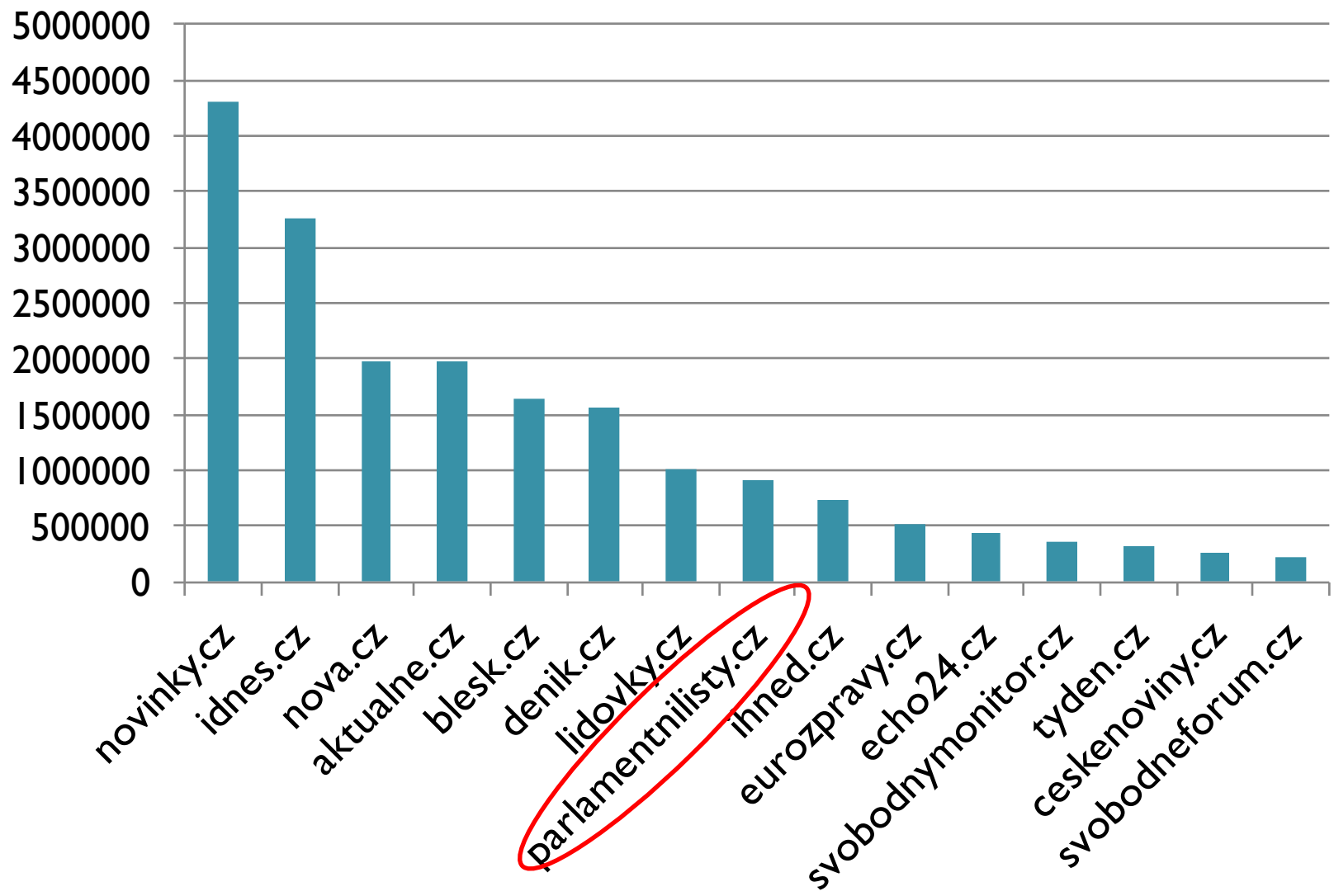
## Content of "The Parliament Letters"



Source: Lidové noviny

About 100 "articles"  
per day published ; 15  
per one staff member

# Readership of online news servers in the Czech Republic, February 2016 (unique visitors)





“Nobody dictates us what we can write about”





# Transformation 4.0 – towards Chinesification?

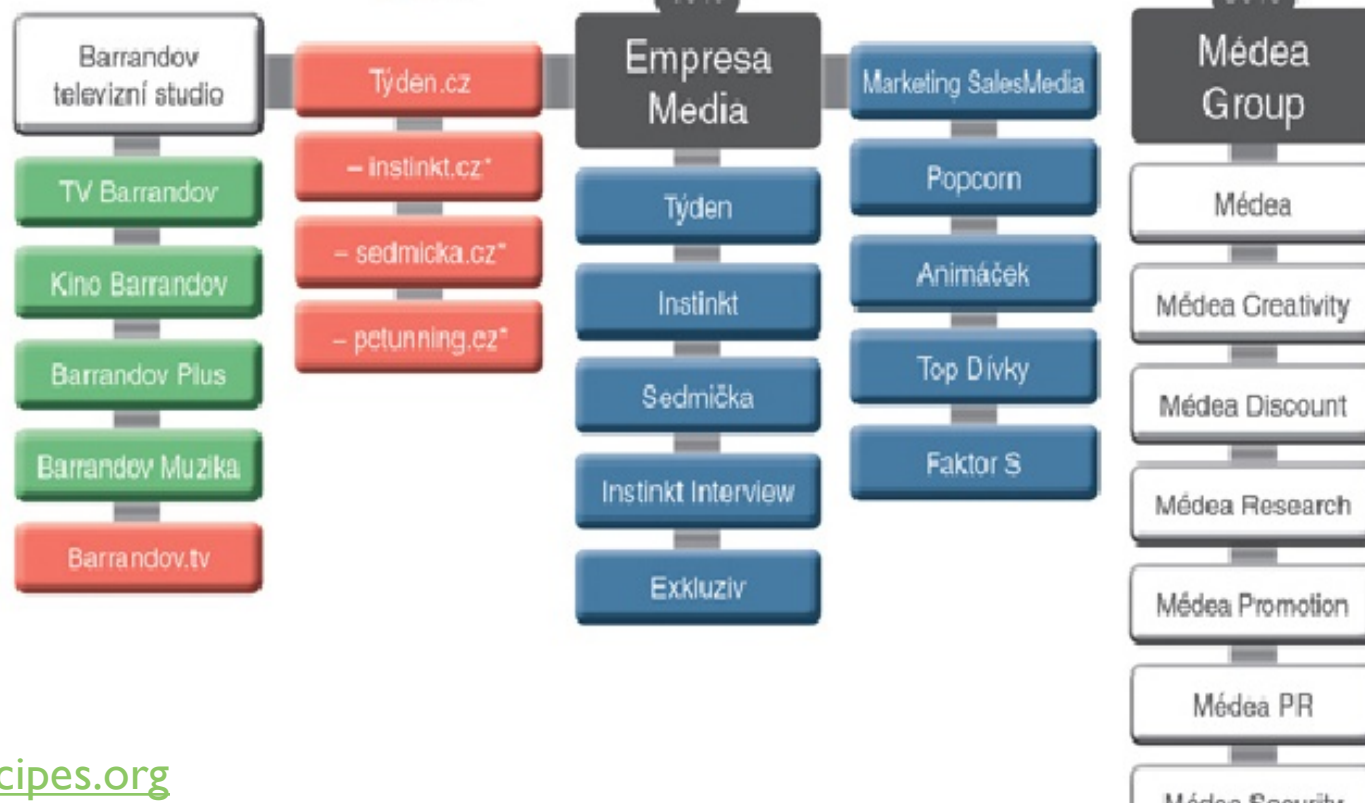


Source: The Economist

Jaromír Soukup

&

CEFC (Čína)



From:

[www.hlidacipes.org](http://www.hlidacipes.org)



# Conclusions: lessons from the 3<sup>rd</sup> ownership transformation (so far)

- Clear signs of **instrumentalization** by the new proprietors
- **(Self-)censorship**: silencing the watchdogs
- Media losing autonomy, credibility & public **trust** - > audiences turning to the Internet - > further fragmentarization & **de-professionalization** of news production
- **Profitability** – a precondition for media autonomy; weakening of economic base increases vulnerability to political-economic pressures
- Oligarchization as a challenge for **regulators** – how to decouple the unhealthy intertwinement of media, business & politics?
- Safeguarding independent and economically stable **public service media** is crucial for keeping up professional standards and providing independent, unbiased information in the digital age



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Rocky Mtn.  
NEWS-Net



INFRASTRUCTURE