

OWNERSHIP AND CONTROL OF THE HUNGARIAN PRESS

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Abstract

This article analyses the economic structure of the Hungarian press. We describe the circulation figures of national, political daily newspapers, their editorial profiles and market positions, how they were privatised, and how their editorial content is controlled. We also look at the ownership and control of the regional and weekly press. The analysis reveals that despite the unprofitability of most national newspapers, the market is relatively stable. While control of editorial content is mainly a function of ownership and market forces, journalists at some publications have secured a degree of independence.

East Central European nations have widely embraced liberal-pluralist economic and political models. Here, press freedom is equated with private ownership by individuals, and the market is seen as the surest safeguard against state interference. But in practice, the press throughout the region is still heavily saturated with politics.

Thus, our economic analysis is followed by a case study that examines recent efforts by the Hungarian government to use public money to establish a right-centrist newspaper.

The discourse surrounding that event is used to explore notions of cultural democracy where the active participation of journalists and citizens in the production of a news reading culture is central.

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“Concentration” is a neutral, technical term in economics and other sciences; it can be good or bad, depending on the object of the study in question. This is not the case in media theory, where scholars widely assume that media concentration restricts the presentation of different viewpoints and is thus inherently antithetical to democracy. Based on the premise that concentration is *ipso facto* undesirable, most media scholars pay little attention to its forms or their intersection with various modes of control.

Media economists take a different approach toward questions of concentration. They regard the media as commodities available in a market, and they see concentration (of both buyers and sellers) as one important element in the structure of that market, together with product differentiation, barriers to entry, cost structures, and vertical integration. According to the traditional industrial organisational model, market structure exerts influence on the business conduct of market players, and their conduct, in turn, determines market performance.

The interpretation of an economic analysis of the media, particularly its prescriptive significance, always rests on a normative theory of society. For instance, over the past ten years, countless observers have stated that the problem with the Hungarian press is that there are too many newspapers. One version of this charge has it that newspapers are losing money because of “Hungary’s overcrowded national newspaper market, in which 14 titles serve a population of only 10 million” (IAC 1994). According to this line of reasoning, the prolonged involvement of political agents in the structure of the media market has unnecessarily delayed a healthy shakeout. The unspoken standard of judgement is a liberal-pluralist theory of society, where press freedom is a right vested in individuals or aggregates of individuals, and the market is its surest safeguard.

This liberal model has been adopted throughout East Central Europe for reasons best explained by Slavko Splichal (1994, 135-6): After decades of state-controlled media, “it is largely believed that freedom of ownership and particularly private ownership are the guarantors of democracy and a free press. Privatisation is seen as the only instrument that can reduce and possibly abolish state intervention in the media” (Splichal 1994, 135-6). In practice, the disentanglement of state property and its conversion into private property has been intensely political (Sparks 1998, 137). In Hungary, the government has changed hands three times over the course of the 1990s, and each administration has intervened in the media market. The latest example of interference occurred in the fall of 1998, when the Orbán government proposed using public money to establish and support a right-centrist publication that would compete with what it sees as a predominantly leftist press.

The purpose of this article is to examine patterns of ownership and control of the Hungarian press in order to specify and locate concentrations of authority. We intend to raise the possibility of alternative media practices based on notions of cultural democracy where the active participation of journalists and readers in the production of newspaper culture is central. Our own points of view differ on the fundamental question of the role of the government in allocating cultural resources or ensuring competition in the market place. However, we both believe that because intervention already takes place behind the facade of a privatised press, the issue deserves full and open debate among the citizenry, and that public discussions ought to be informed by a clear understanding of the current press market and the forms of media control.

To that end, this paper first analyses the economic structure of the Hungarian press. We describe the circulation figures of newspapers, refer to the means by which they were privatised, their editorial profiles, and forms of control of their editorial content.

This economic analysis is followed by a case study that investigates the government's recent proposals to launch a right-centrist newspaper in order to bring "balance" to the Hungarian media landscape. The discourse surrounding that event is analysed against the principles of democratic communication first developed by Raymond Williams and then inflected by Slavko Splichal to apply to post-communist East Central Europe. By way of background, we begin with some basic principles of media economics and a review of Williams's and Splichal's notions of cultural democracy.

Media Markets

The market structure of the media is shaped by the particular nature of media products. Their main characteristics are as follows:

- The core of media products rests in their creative content, not in their material carrier (in many cases, for example, radio and television broadcasting, media products are immaterial).
- The prototype or first copy costs of media products are very high but their marginal costs are low or even zero.
- Media products are novel.
- Media products are made for mass consumption.

In addition, many media products have a dual market, i.e. they are sold both to the audience and to advertisers. In any case, the nature of media products means that production is inherently risky. For example, both novelty and creativity imply risk, because one can never be sure that consumers will spend their money and time on a particular new, unfamiliar item.

High first copy costs and low marginal costs drive producers to attain high market shares, i.e. to spread high product development costs among as many "copies" as possible (economies of scale). The high risk nature of the product drives the producer to market many different products in order to spread the risk among the future hits and flops (economies of scope). Economies of scale and economies of scope, two familiar factors behind concentrated markets, are both common in media industries. It is not surprising, then, that Picard (1989) found that no industry belonged to the realm of perfect competition in his examination of American media.

The media scene has changed a great deal in the past decade in developed market economies. We have entered the multichannel television age, and cable's monopoly has been challenged by new technologies. Indeed, television has segmented into different industries. Meanwhile, local radio stations have multiplied in medium-sized as well as large markets. New media industries such as electronic publishing, web-casting, and interactive television have appeared. While all these changes are important, one might argue that even the digital revolution has not changed the basic rules of media economics. As Goodwin (1998) recently concluded, media markets remain concentrated and large corporations still dominate those markets.

In a moment, we will examine the market structure of the Hungarian press in the 1990s and the types of control exerted over it. But first, we want to question the assumption that economic liberalism is the *sine qua non* of democracy, particularly under conditions of corporate capitalism. Splichal argues that "contemporary corporate capitalism (re)produces *economic inequalities* to the degree that they prevent a large part of citizens from participation in, and control of, 'democratic' decisions" (Splichal 1994, 94). At issue here is the narrow concept of democracy within liberal-pluralist social

theory. If democratic control over social institutions and practices, including mass communication, is to mean more than the passive selection of personal choices by individual consumers or clients, then we need to consider models that emanate from alternative social theories.

Democratic Communication

Raymond Williams argued that in order to move beyond the abuse of communication for either political control or commercial gain, we must start with a vision of society centred around the essential values: "that men should grow in capacity and power to direct their own lives -- by creating democratic institutions, by bringing new sources of energy to human work, and by extending the expression and exchange of experience on which understanding depends" (1966, 134). Articulated within this social framework, Williams's vision of democratic communication went far beyond liberal principles of free expression as the absence of governmental restraint. He imagined transformed social relations and diverse new institutions in which companies of artists, writers, musicians, filmmakers, theatrical groups, and others would have access to publicly funded but independent facilities for the production and distribution of culture (1966, 128-9; 162-171).

Williams was writing in another time and place; much of his press criticism centred on the corporate capitalist ownership of British newspapers. In his assessment of the democratic potential of post-socialist media, Splichal employs Williams's taxonomy of authoritarian, paternal, commercial, and democratic media systems. He breaks down each of these systems into its specific concerns for audiences and for the media, showing how a democratic system would overcome the limitations of previous forms by enhancing the ability of audiences to participate in communicative processes, and by promoting and subsidising media diversity. Applying Williams's project of a long revolution to the immediate problems at hand, Splichal argues that a democratic system should at least find a place among the existing paternal and commercial systems in East Central Europe. He writes,

What is now needed is to create a new kind of public service media that would be based on public funding, not controlled by the state or dominated by commercial interests, and characterized by high concerns for production and recipients as users who are defined and define themselves in terms of social and collective needs, in contrast to consumers who are defined in terms of privatised individual desires (Splichal 1994, 138-9).

This notion of democratic communication will serve as the theoretical backdrop to our examination of current and proposed modes of control and ownership of the Hungarian press. We begin with a look at developments over the past decade.

National Daily Newspapers

Oddly enough, a national circulation newspaper is defined in Hungary's Broadcasting Act as one that sells more than a thousand copies in at least ten out of the nation's nineteen counties, or forty thousand copies in the capital city, Budapest. Of the five political dailies that are generally considered national newspapers, *Népszabadság*, *Népszava*, *Magyar Hírlap*, *Magyar Nemzet*, and *Napi Magyarország*, only the first two meet this legal definition. Two popular tabloids, whose focus is far from

politics, complete the market of general interest daily newspapers. All five of the political dailies are published by different companies. One of the two tabloids, *Mai Nap*, is owned by the publisher of *Magyar Hírlap*, while the other tabloid, *Blikk*, is owned by a company that also publishes a national sports daily. Their current readership and circulation figures are presented in Table 1.

Table 1: Readership and Circulation of General Interest National Dailies in 1998

Newspaper	Readership (in thousand)	Circulation (in thousand)
<i>Népszabadság</i>	831	225
<i>Mai Nap</i>	396	79
<i>Blikk</i>	348	85
<i>Népszava</i>	244	80
<i>Magyar Nemzet</i>	155	41
<i>Magyar Hírlap</i>	153	41
<i>Napi Magyaró</i>	45	30

Sources of all data on newspaper industry: Szonda Ipsos newspaper market surveys, Audit Bureau of Circulation (MATESZ) reports and estimates.

At the beginning of the transition period in 1989-1990, political dailies had much higher readerships and circulation. The supply of other media products was lower, and the communist regime, quite willing to finance its own propaganda needs, set low prices for political dailies. Parallel to prevailing trends in the world newspaper industry, Hungarian readership declined sharply over the course of the 1990s, as Table 1 shows.

Table 2: Circulation of National Political Dailies, 1989-1998 (in thousand copies)

Newspaper	1989	1991	1993	1996	1997	1998
	January	January	March	January	Annual average	
<i>Népszabadság</i>	460	327	316	264	224	225
<i>Népszava</i>	222	181	135	87	85	80
<i>Magyar Hírlap</i>	107	78	75	54	43	41
<i>Magyar Nemzet</i>	132	121	70	50	40	41
<i>Új/Napi Magyarország</i>	-	52	45	40	30	30
Totals:	921	759	641	495	422	417

Sources: Szonda IPSOS, MATESZ.

Presently, four out of the five national political dailies are economically weak. Their readership and circulation are relatively small, and their geographical distribution is not well-defined. They conform neither to the British model of national newspapers that are widely read beyond London, nor to the French model, where national titles draw a mass audience in Paris but tend to be read only by opinion leaders outside the capital. The majority of the Hungarian political dailies have mixed if not weak advertising records, and there is a real threat that emerging competition by commercial radio and television will squeeze them out of the market. This raises the question as to why these titles appear at all. To get the answer, we need to consider the market positions of the various newspapers, as well as patterns of privatisation and ownership.

Market Profiles

In developed media markets, national newspaper markets tend to be stratified and concentrated. The two main types of general interest newspapers are political and tabloids. Generally, people belonging to the higher socio-economic strata are over-represented among the readers of political dailies, while people in the lower socio-economic strata are over-represented among readers of tabloids. This tendency holds true in Hungary as well. But the relevant question is, how do the political dailies position themselves in the market? In Hungary, the market leader, *Népszabadság*, has a great advantage: It stands far above the competition, and all other newspapers are forced to differentiate themselves from it, and, of course, from each other. According to readership surveys, *Népszabadság* is just left of the political centre, and the socio-economic status of its readers is close to the average among people who read newspapers at all. The costliest part of newspaper production is the actual gathering of information, and this is *Népszabadság's* strength: If you really want to know what's happening in Hungary you have to read *Népszabadság* whether you like it or not.

Magyar Hírlap appeals to the relatively young, educated, and well-to-do. Its business section is above average both in quantity and quality, and its political stance is liberal. With an upscale readership, *Magyar Hírlap* is second only to *Népszabadság* in advertising revenue. *Magyar Nemzet* has a relatively older, less well-to-do audience that includes such occupational categories as teachers and public servants. It provides a great deal of political opinion that is moderately (or not so moderately) right-of-centre, as well as a strong cultural section. *Népszava* used to have a mainly blue-collar audience and, accordingly, a leftist-unionist editorial line. The newspaper has been trying to redefine itself for years and has improved in quality but it has not been able to build the reputation needed to attract a new audience. *Napi Magyarország* is nothing more than a mouthpiece of the incumbent government. It has a small, rather mixed readership, and gives editorial space to right-wing public figures and self-proclaimed moralists. It is evident that for the time being, these four dailies are unable to compete with *Népszabadság*.

Privatisation and Ownership

The five national dailies in question took different roads to privatisation. *Magyar Hírlap*, the semi-official daily of the communist government, led the way in spring 1990. The journalists themselves negotiated with would-be investors and persuaded them to buy into the paper. Some months later, the editorial staff of the onetime official party paper, *Népszabadság*, succeeded in finding a new owner in a similar way. The exceptional circumstances that made this extraordinary mode of privatisation possible has been described elsewhere (Jakab and Gálik, 1991), so we will not go into details. This unusual privatisation method was used only in 1990, as legal loopholes were eliminated soon after the new, democratically-elected government took office. *Magyar Nemzet*, the remaining political daily published by a state-owned company, was sold a year later, and *Népszava*, the daily of the trade union movement, only in 1992. In both cases, the owners themselves, rather than the editorial staff, took command in negotiating the terms of the deal.

The fifth national title and the only new entrant, *Napi Magyarország*, has an interesting past. Its predecessor, *Új Magyarország*, was founded by the supporters of the new centre-right government in the beginning of 1991. State-owned companies were "asked" by the State Privatisation Agency to buy interest in a newly-established

publishing house that would produce the daily. *Új Magyarország* changed owners several times and was never profitable. Officially, it ceased publication at the end of 1997, but it would be more accurate to say that it simply changed its name, as *Napi Magyarország* rose from its ashes. *Napi Magyarország* is in private hands and is regarded as the favourite paper of the centre-right government elected into office in 1998. Its late entry into a well-established market probably means that *Napi Magyarország*, like its predecessor, is doomed to the role of eternal loser.

To quickly mention the owners and economic status of the national political dailies, *Népszabadság* is owned by Bertelsmann, the German media giant. *Magyar Hírlap* belongs to the Swiss Jürg Marquard Group, which also publishes a number of consumer magazines in Hungary. *Népszava* is part of a Hungarian publishing company that is also strong in the consumer magazine market. *Magyar Nemzet*, purchased by the French Hersant group in 1990, was de facto denationalised in 1993 and is published by a state-owned bank. *Napi Magyarország* is published by friends of the incumbent government. Of the five newspapers, only *Népszabadság* is profitable. *Magyar Hírlap* operated in the black until 1998, although the profit margin was moderate and had declined over the years. The other three titles have been deeply in the red. *Népszava* is cross-financed by revenues from the profitable magazine titles of the publisher, and the two other titles survive only through massive direct and/or indirect state subsidies.

The willingness of publishers to operate at a loss in order to influence readers is not unknown, even in highly developed media markets. Referring to the press in the U.S., U.K., and Italy, Dunnett (1988, 31) writes,

Many of the most famous papers have been run at a loss for years with little prospects of a turn-around and have been owned by groups who do not throw money away elsewhere. The reason they will sustain losses for long periods of time is the influence that those papers exert makes them valuable. Their economic pay-off can be considerable.

This phenomenon is well-known in Hungary, but what is striking here is the direct involvement of the state in newspaper publishing. As just one example, we mentioned state support for *Új Magyarország* by the first democratically-elected government. The Socialist-Liberal coalition that came to power in 1994 had promised to privatise state interests in newspaper publishing. However, once in office, they decided otherwise, using techniques similar to those applied by their predecessors. Postabank Rt, a bank with a majority state interest, bought the ailing *Magyar Nemzet* together with a number of other periodicals and put them into its so-called press portfolio. As we will see, little changed with the election of the new centre-right government in 1998, as it followed the established patterns of using taxpayer money to support publications that are total failures if one applies business criteria.

Control of Editorial Content

During the one-party “soft” dictatorship, the Hungarian version of communism, editorial content was strictly controlled by the appointees of the political regime and the high ranking party apparatchiks themselves. Following the liberation of newspapers from party dominance, editorial content faced new forms of control by private owners as well as market forces. To understand the control exercised by owners, we must return to the period when one-party rule collapsed and the media market first emerged. Although the privatisation of both *Népszabadság* and *Magyar Hírlap* was

regarded as scandalous by the new government, it did present a new model of editorial control for Hungarian journalists. In both cases, the new owners accepted charters the journalists themselves had devised. These charters stipulated that the editorial policy of the newspaper would be determined by the editors and the journalists' association, without interference by shareholders, and that the editor-in-chief would be elected with the consent of the journalists. In addition, the editorial staff of *Népszabadság* asserted that the newspaper should be independent of political parties, movements, and organisations. These strong safeguards over the control of editorial policy have weakened a bit over time for various reasons, mainly connected to changes in the ownership structures of the publishing companies, but they have survived the fever of privatisation.

The editorial staffs of the other three titles were never in a position to set the terms for their new owners. When Hersant bought *Magyar Nemzet*, its journalists lost the autonomy they had achieved during the transition period. Many simply left, while others remained, accepting the new right-of-centre editorial line. Oddly enough, this editorial line did not change even when the paper was denationalised by the Socialist-Liberal coalition government: Following a tradition invented during the era of one-party rule, the Socialists kept the paper alive through subsidies in order to have a manageable "internal opposition." The Socialists apparently didn't mind the idea of financing opposition opinions through public funds, while the journalists at *Magyar Nemzet* were quite happy to have their jobs. Journalists working for *Népszava* had never adopted any kind of charter, so when the paper was sold in 1992 they could either remain and accept the left-of-centre editorial policy set by the owner or change jobs. Those who decided to join the new entrant, *Új Magyarország*, knew full-well that they would be required to support the centre-right government.

Control by the market is a far shorter and less interesting story: It became apparent very quickly after the collapse of the communist regime that the structure of the publishing industry that had been maintained by the state-party apparatus could not be supported by market forces. Despite this fact, all of the national political dailies have survived. Why? Because the structure has not been supported only by market forces; quite the opposite.

Weekly Newspapers and Political Magazines

Five general interest newspapers are published weekly, including four Sunday newspapers with circulation figures between 100,000 and 120,000. Two of these are the Sunday editions of the two daily tabloids, *Mai Nap* and *Blikk*. The other two are political newspapers. *Vasárnap Reggel* was launched last September by the market leader of the regional dailies. It has successfully broken the monopoly of *Vasárnapi Hírek*, the other non-tabloid Sunday title. While the Sunday tabloids shun politics, the two political newspapers must maintain a centrist position in order to attract mass audiences. The fifth weekly, *Szabad Föld*, is a traditional title targeted to rural audiences. Its circulation, 360,000 copies per week, far exceeds the other weeklies.

Quite a few political and religious weeklies are published by organised political interest groups (mainly parties) and churches. These titles have relatively low circulations but devoted audiences. While they form part of the weekly market, their primary function is to serve the political/ideological needs of their audiences; thus, applying strict business standards to these publications makes little sense. By their

nature, their audiences are limited and segmented, and editorial control is strictly subordinated to the publisher.

With a loyal, up-market readership and a circulation of about 110,000, *HVG* is the market leader among general interest news magazines. This publication has been in the market for two decades. It represents a special case within the Hungarian press in that it has been owned by the editorial staff and other employees of the publishing company since 1990. The editorial staff nominates and elects the editor-in-chief, and although the CEO of the publishing company, a former journalist himself, has veto power in the election process, it has never been exercised. The employees' ownership structure has proved to be very successful by business standards, which in turn has shielded editors from external threats to their journalistic freedom.

Challengers tried unsuccessfully to break the quasi-monopoly of *HVG* a couple of times in the 1990s. Such efforts were bound to fail: The publication is costly to produce, market demand for such products is low, and readers are evidently content with their choices. The other weekly political magazine, the leftist *168 óra*, is far less prestigious than *HVG*. Its publisher is partly owned by the editorial staff, ensuring a degree of journalistic independence. The finances of the publishing company are far from clear, but it is generally believed that the magazine is unprofitable.

Regional Markets

All of Hungary's 19 regional dailies belonged to the same party-owned publisher before the political transition. The papers were privatised in 1990, with German and Austrian investors taking the lead. The only regional newspaper that could not be sold to a private investor was the daily of Pest county, where Budapest is located; nobody believed that it constituted a regional market in the shadow of the capital city with its national newspapers. While there were some changes of ownership during the 1990s, the one-county, one-daily structure of the market remained remarkably stable. There are only five counties with two titles, and in one case, both newspapers are owned by the same publisher. Table 2 shows the relevant data of the regional market in 1998.

As far as the dynamics of the regional newspaper market is concerned, there were twenty or so entries motivated by business or political interests over the course of the 1990s. These attempts to enter the market led to the same results: the newcomers either failed and pulled out, or they merged with the incumbent publishing company. The last episode in this saga took place in the beginning of 1999 when Axel Springer bought two competing dailies, kept one of the two titles as a mutant of the incumbent paper, and suspended publication of the other one, thus channelling the entire readership into one newspaper.

Market events in the 1990s have shown that publishers of regional newspapers cannot differentiate audiences within the relevant market, that is, within the county. The newspapers must address a broad segment of the public if they are to survive, which means that the regional dailies are general interest, middle-of-the-road publications. Their editorial staffs do not have the formal autonomy enjoyed by journalists at *Népszabadság* or *HVG*, but even if they did, market forces would restrict their editorial content. In addition, the monopoly position of regional dailies favours publishers in disputes with journalists, who could not find work in another daily within the region.

As we have seen, the Hungarian press is shaped by patterns of ownership as well as market forces. As properties in a capitalist economy, most publications are expected

to turn a profit for shareholders. At the same time, we have noted that despite the unprofitability of most of the national newspapers, the market is relatively stable. We have also noted that in a small number of cases, journalists are able to exercise some degree of editorial independence. Moreover, the publications where this independence has been secured — *Népszabadság* and *HVG* — are the market leaders in their categories. Let us now turn to our case study, which will provide an opportunity to take a closer look at the part played by political forces in shaping the Hungarian press landscape.

Table 3: Readership and Circulation of Regional Dailies in 1998 (in thousand)

Daily	Readership	Circulation	Publishing Co.
<i>Kisalföld</i>	287	84	Associated Newspapers
<i>Napló</i>	206	54	WAZ
<i>Petőfi Népe</i>	201	47	Axel Springer
<i>Zalai Hírlap</i>	197	64	WAZ
<i>Kelet-Magyarország</i>	194	56	Funk
<i>Fejér Megyei Hírlap</i>	188	52	WAZ
<i>Vas Népe</i>	186	62	WAZ
<i>Hajdú-Bihari Napló</i>	183	53	Funk
<i>Új Dunántúli Napló</i>	181	53	Axel Springer
<i>Somogyi Hírlap</i>	143	40	Axel Springer
<i>Délmagyarország</i>	141	45	Bertelsmann
<i>Békés Megyei Hírlap</i>	132	32	Axel Springer
<i>Észak-Magyarország</i>	117	44	Funk
<i>Új Néplap</i>	110	29	Axel Springer
<i>24 Óra</i>	106	24	Axel Springer
<i>Déli Hírlap</i>	104	25	Bertelsmann
<i>Heves Megyei Hírlap</i>	80	20	Axel Springer
<i>Délvilág</i>	77	25	Bertelsmann
<i>Tolnai Népszerűség</i>	77	23	Axel Springer
<i>Nógrád Megyei Hírlap</i>	63	17	Axel Springer
<i>Jász kun Krónika</i>	56	16	Agriapress *
<i>Heves Megyei Nap</i>	48	22	Agriapress *
<i>Békés Megyei Nap</i>	38	11	Agriapress *
Totals:	3115	898	-

* These titles were sold to Axel Springer in 1999

Paths of Re-nationalisation

“Positive Discrimination”

In October 1998, Postabank, mentioned above as a state-owned enterprise with extensive media holdings, suspended publication of the daily newspaper *Kurír* and withdrew funding from the weekly, *Magyar Narancs*. Ostensibly, the reason was economic; neither newspaper was profitable, and Postabank, in deep financial trouble, claimed it wanted to get rid of losing publications. But the political nature of the actions was evident: both newspapers were critical of the new government, a conservative coalition led by the Federation of Young Democrats-Hungarian Civic Party (Fidesz-MPP). *Kurír*, a liberal tabloid with a readership that surpassed *Magyar Nemzet*'s, stood close to the former governing Socialist-Liberal coalition. *Magyar Narancs* was launched by Fidesz in its early days as an oppositional movement, but as Fidesz softened its critical edge and adopted a position of political pragmatism and mature respectability,

the newspaper became increasingly critical. By the time its funding was cut, *Magyar Narancs* had become a leading voice of opposition to the party and its leader, Prime Minister Victor Orbán. Meanwhile, Postabank continued to publish the pro-government loss-making daily, *Magyar Nemzet*.

Over the next couple of months, the contours of the government's plan came into focus: The state-owned Hungarian Development Bank (MFB) would take over Postabank's press portfolio and create a media group centred around *Magyar Nemzet*. At the same time, the government (acting through the MFB) would buy several additional newspapers, including *Magyar Hírlap*, the oppositional daily, and *Napi Magyarorszá*g, the struggling title that serves as the administration's unofficial mouthpiece. *Magyar Nemzet*, *Magyar Hírlap*, and *Napi Magyarorszá*g would then be merged into a strong, sympathetic right-centre daily. The plan suffered a setback when the Swiss owner of *Magyar Hírlap*, Jürg Marquard, refused to sell the newspaper. But while opposition leaders compared the government's press policies to those of Lenin and Goebbels (BBC 1998a), the government remained unapologetic, insisting on the need to exercise "positive discrimination" in order to achieve ideological balance in the Hungarian media.

"A National Treasure"

We mentioned above that *Magyar Nemzet*, originally sold to Hersant, was later denationalised. That transaction was more than satisfactory from Hersant's perspective: The newspaper was losing money and deeply in debt. But it made little sense from the standpoint of liberal economics and flew in the face of Hungary's commitment to privatising industry. Why, then, did the state denationalise *Magyar Nemzet*? The answer has to do with the pursuit of national cultural goals that sometimes take precedence over sheer financial considerations. The move was justified by the general director of the State Holding Company as the rescue of a precious national asset. A brief look at the cultural significance of *Magyar Nemzet* provides further insight into motivations for state involvement in the media.

Magyar Nemzet was founded by the journalist Sándor Pethő in 1938 as a civic, nationalist newspaper with the slogan, "*Magyar Nemzet* struggles to that end, that Hungary should remain a Hungarian country." Attila Kristóf, president of the newspaper's editorial committee, notes that this was clearly an anti-Nazi statement. "But later," he adds, "it became simultaneously a sharp weapon against Bolshevism. Pethő's conception was a state as founded by St. István. This is our newspaper's earliest tradition" (quoted in Szakonyi, 1998).

Kristóf's words are evocative of the myths of suffering, redemption, and unjust treatment that George Schopflin (1997, 29-31) has identified as characteristic of Central and Eastern Europe. They remind his listeners not only of a small, beleaguered nation's heroic but futile efforts to fend off first the Wehrmacht and then the Red Army, but of a long history of shining moments punctured by brutal invasions. More directly, Kristóf's comments link *Magyar Nemzet* to the central figure in Hungary's foundational myth, King (St.) István. Crowned in the year 1000 and beatified after his death, István established the social and ecclesiastical infrastructure of Hungary as a feudal state, formally recognised when the Pope sent him a crown. Marking the 900th anniversary of his death, 1938 was celebrated with great pageantry as the Year of St. István. This appeal to Hungary's glorious past took on a special poignancy that year, as Hungary tried desperately to maintain her sovereignty while riding on the coattails of Germany

as a means of avenging Trianon, “the diabolical cause of every Hungarian difficulty” (Lázár 1968, 195).

Magyar Nemzet’s historical status as the voice of Hungarian national independence helps explain why it was slated to serve as the cornerstone in a restructured press. We now turn our attention to the government’s justifications for its proposals and the responses of editors and publishers whose newspapers would be affected.

A Public Service Press?

Critics claim that the Prime Minister’s pronouncements and actions regarding the press cannot be separated from his imperious, peremptory style of governance. Over the course of his first year in office, Orbán has initiated a series of reforms aimed at strengthening the prime minister’s office and streamlining the political process. The head of the prime minister’s office now holds ministerial rank and is responsible for duties that were formerly delegated to other members of the cabinet. This position is held by István Stumpf, who is spearheading Fidesz’s proposed reforms, including electoral changes that would sharply reduce the size of Parliament, thereby likely decreasing the number of parties that could garner the 5 percent threshold of votes needed for parliamentary representation. In February 1999 the government reduced the frequency of plenary sessions of Parliament from once a week to every three weeks, breaking with tradition and drawing heavy criticism from opposition parties. Observers claim that the Orbán government intends to deprive the opposition of opportunities for sustained criticism, turning Parliament into a “law-making factory” (HVG 1999).

In terms of the press, Orbán and his spokesmen have had no compunctions about admitting their intention to create a state-owned media group centred around Postabank’s press holdings, with the aim of privatising them in a couple of years. In an October interview, Orbán stated that “in the past four years, unbalanced conditions have arisen in the sphere of information ... which damaged freedom of the press. We can repair this damage by giving space to those who were not given opportunities in the media in the previous period” (quoted in Lipovecz, 1998: 11). Later, he confirmed that the government was seeking to buy *Magyar Hírlap* and *Napi Magyarország*, with the intention of merging *Magyar Hírlap* with Postabank’s *Magyar Nemzet*.

But Stumpf has served as the government’s main point man, laying out its positions in a series of press conferences and interviews. Echoing and amplifying Orbán’s earlier articulation of the party line, Stumpf’s argument is as follows: Socialist-liberal attitudes “have gained dominance historically and over the past eight years,” mainly manifested in the media, where “certain newspapers and certain ideas have acquired a competitive advantage.” The Constitution states that there should be opportunities for the appearance of every opinion, and the government can only prevent certain views from monopolising public opinion by financially supporting conservative newspapers, a permissible form of positive discrimination (*Népszabadság* 1998; BBC 1998c). Stumpf pointed to the subsidisation of the press in Austria, Sweden, and Norway as evidence that positive discrimination in support of disadvantaged newspapers is an accepted European practice.

The government’s position was also advanced by István Elek, a close adviser to the Prime Minister. He, too, argued that the conservative press has been unable to secure a firm financial footing because of the legacy of four decades of socialism. Adding his own twist to proposed solutions, Elek maintained that the public service nature of certain newspapers should be recognised. More broadly, Elek claimed that the media

in the former communist nations are especially vulnerable to global economic forces, and he urged leaders to resist the trend toward a press dominated solely by market considerations:

In my opinion, today, in the age of globalization, all governments should assume a much greater role in ensuring that the media should genuinely convey — and help to maintain and strengthen — certain community values and interests. There is an even greater need for this in geographic areas in which civil society is recovering from 40 years of the destruction of the individual and the community. It is unacceptable that business profits should be the sole criterion establishing which thoughts or ideas may be conveyed to the public (BBC 1999).

Stumpf was asked whether the government endorses Elek's proposals for public service newspapers. He answered affirmatively, adding that he hopes the opposition is also interested in the establishment of a conservative press that would put them under competitive pressure (BBC 1998c). We do not know how the opposition would react to responsible proposals for public service newspapers, but in response to Orbán's announcement of the planned purchases and merger, Socialist PM Ildikó Lendvai said that such actions would represent "not only intervention in the structure of the press, but, perhaps, also an indirect form of subsidizing various political trends and parties" (BBC 1998a).

Spokesmen for the newspapers that would be affected by the government's merger schemes criticised the proposals on both philosophical and economic grounds. Given the various newspapers' distinct orientations, any form of consolidation would limit the diversity of information and ideas available for public consideration and would represent a withdrawal of products from identifiable market niches. As Marquard put it, "Magyar Hírlap has a particular profile on the Hungarian media scene and it would be unfortunate for this to cease, since an independent press is part and parcel of democracy. ... I find it difficult to imagine Hírlap merged with another newspaper since it is in our interest — from the viewpoint of the readers and advertisers too — to preserve the particular profiles of our newspapers" (BBC 1998b).

László Karcagi, *Népszabadság's* assistant editor-in-chief, pointed to the incompatibility of *Napi Magyarország's* and *Magyar Hírlap's* readers, predicting that one, if not both, of the newspapers would fail if they were merged. "From a business standpoint," he said, "it would be a very bad ploy to marry fire with water — the outcome would be gas, that is, nothing" (Szakonyi, 1998). Karcagi agrees with the Socialist MP, Lendvai, that the basic flaw in the government's proposals is its intention of singling out the loyal press for support through public funds.

However, journalists' opinions vary on the question of whether the state has a responsibility to intervene, depending in part on their own newspapers' economic circumstances. Karcagi is troubled by the government's desire to artificially create a rival to *Népszabadság*, while *Magyar Nemzet's* Kristóf contends that public expenditures are essential for the preservation of cultural diversity. The continued existence of *Magyar Nemzet*, he argues,

is in the national interest. But for this to happen, further development is necessary, which takes money. Our paper's deficit is relatively small; it would be possible to save it with a little expenditure. If we want to prevent the disappearance of Magyar Nemzet as a national treasure, then we must save it (Szakonyi 1998).

As an international businessman, Marquard takes a more distanced view of the Hungarian government's position. He does express sympathy for Orbán's charge that the ideological playing field is not level: "I understand what the Prime Minister is thinking about when he talks about balance. For years it's been my opinion that there's no balance in the Hungarian press. Mr. Prime Minister didn't say that every single newspaper should be balanced, but that the press as a whole should be in balance." Marquard then shrugs off responsibility for the problem, stating that because he doesn't rule over the entire Hungarian press, it is not his affair (Szilágyi 1998).

Marquard is correct; as an individual owner of newspapers, he is not in a position to transform the whole system. If there are fundamental flaws in the structure of the Hungarian media, then elected officials are responsible for initiating public discussions about the nature of the problems and the wisdom of potential solutions. What we have seen, instead, appear to be peremptory moves that would short-circuit public debate. Indeed, the most striking feature of this discourse has been the absence of concern for the rights of readers and journalists to be involved in the production of newspaper culture. The government acts paternalistically, ploughing ahead on behalf of the people, while editors and publishers look out for the economic interests of their own publications. If they happen to be targeted as a competitor that needs to be whittled down to size, they appeal to the market as the fairest arbiter. If they happen to be on the winning side in this particular round, they find merit in the government's arguments. Still, the situation has reopened debates about who controls the press and how it should be supported. Let us now explore some of the issues that have been raised.

Democratic Possibilities

To the extent that there is competition among the media, a market system may provide a measure of journalistic independence. For instance, "it may make good commercial sense for the owners of particular newspapers to give editorial space to opinions radically different from their own" in order to attract certain readerships or fill a particular niche (Sparks 1998, 41). *Népszabadság* is a good example in that the editors' bargaining position with Bertelsmann for guarantees of journalistic autonomy was strengthened by the newspaper's profitability. But while market forces can insulate a strong, healthy newspaper such as *Népszabadság*, they work against the survival of smaller publications, particularly those on the margins that dare to advance unpopular views. In addition, the trend toward greater concentration of ownership threatens market competition. A "healthy" shakeout is bound to take place if the media are actually "liberated" from politics. For these reasons, there may be merit in the government's unwillingness to abandon the press to global economic forces.

From the standpoint of Williams's sweeping vision of democratic communication, then, the Hungarian government's conception of its duties appears to be modest, but not entirely misguided. As articulated by Orbán, Stumpf, and Elek, it is the responsibility of the government to ensure that all opinions can be expressed, to prevent the monopolisation of information and ideas, to facilitate the achievement of ideological balance among the nation's newspapers, and to guard the security of (some) publications that could not otherwise survive in the free-market environment of corporate capitalism by extending the notion of public service media to the press. Applying Splichal's (1994, 139) categories of media systems, the government seems to be advocating a hybrid paternal-democratic overlay to the existing commercial founda-

tion — paternal, in that the government on behalf of the people determines how these principles get put into practice, and democratic in that the principles do demand public support for ideologically diverse media.

We realise that this last statement is a stretch. It takes a generous readings of the government's position to equate the support of the conservative press with the endorsement of diversity broadly understood. But the point is this: By insisting that it is unacceptable to leave the allocation of informational resources to the market, the government provides a wedge for considering more democratic reconfigurations along the lines suggested by Williams. Let us consider some examples of how the government's concerns and proposed solutions might be suggestive of alternative models:

Example one. Problem: Uneven playing field. Government's solution: Create balance.

Together with Marquard, we sympathise with the Prime Minister's call for greater balance, *if* by balance he means diversity (which we suspect he doesn't). Marquard makes an important point when he notes that Orbán isn't calling for balance within a single story or an individual newspaper, but the entire press palette. But "balance" is still an unfortunate metaphor, with its implications of two sides (only) of equally weighted material (as if such were possible). The social interests that deserve representation in the press are not limited to the political right and left, and complex public issues cannot be reduced to dichotomies. We suspect that Orbán's choice of the term balance is not unrelated to his ideal of a streamlined political apparatus, that is to say, one that bypasses the muck of public debate and dissension.

A more democratic solution is to find ways to enhance media diversity. *Népszabadság's* editor argues that political parties should establish their own journals if they want a platform. As we saw above, the party press is relatively insignificant in Hungary, and this is part of the reason why political parties have expected the national press and public broadcasters to represent their interests (Kováts and Whiting 1995, 116). The reinvigoration of the party press, if it were possible, which we doubt, would be one step, though it does nothing to expand the notion of public life beyond the narrow realm of party politics. The ideals of a civil society where power is distributed among a range of associations, interest groups, and social movements is suggestive of a more expansive concept of media diversity.

Example two. Problem: Monopoly of leftist opinion. Government's solution: Subsidise the conservative press.

The standard accusation levelled against Hungarian journalists by the leaders of the new political parties prior to the 1990 elections was that they had served the old system (Kováts and Whiting 1995, 113). This charge of lingering communist sympathy is still used to deflect attention from a more fundamental problem. From the perspective of Williams's concept of democracy, the problem is not that the old *leftist* elite is in control, but that the old leftist *elite* is in control. Sparks describes how the ideals of civil society that informed opposition to communism were swept away throughout East Central Europe as governments were formed following the 1989 revolutions. He writes, "When yesterday's persecuted oppositionist became today's minister, the drive to empower the mass of population disappeared almost immediately" (Sparks 1998, 118).

The Hungarian government's conception of the media as tools of centralised authority is revealed by the word choice of the Prime Minister's adviser, Elek, when he criticises profits as the criterion for determining which ideas should be *conveyed* to the public. More democratically, the problem would be posed in terms of the

concentration of media power among economic *or* political elites, and solutions would involve the decentralisation of control in the interests of broad-based participation in the formation of public opinion.

Example three. Problem: Market forces threaten national cultural heritage. Government's solution: Subsidise titles whose ideologies are compatible with the ruling party.

The repeated calls to save *Magyar Nemzet* as a national treasure conjure up images of St. István's crown, sequestered in its darkened room in the National Museum and guarded over by reverential caretakers. The argument that Hungary's traditions and culture must be preserved is irrefutable. But there are alarming overtones when government spokesmen single out "certain community values and interests" as worthy of protection. The assumed existence of a common, unified national heritage easily slips into distrust and suspicion of not only political opponents, but Jews, Roma, and national minorities.

Williams's comments on the role of solidarity within the development of a common culture are relevant here. He argues that too often in the past, solidarity has been a defensive attitude that depended on the presence of an enemy, the natural mentality of a long siege. He insists that "it is necessary to make room for, not only variation, but even dissidence, within the common loyalty" (Williams 1983, 334). In a material sense, this would mean the support of not only loyal newspapers, but their struggling competitors. In other words, *Magyar Nemzet* surely is worth preserving, but then so is *Beszélő*, a publication which has an equally honourable history and which has practically had to resort to bake sales to stay afloat since Postabank stopped funding it in the summer of 1998.

A more democratic version of the "national treasure" argument would involve devising and applying non-partisan principles for determining which publications are worthy of subsidies. Splichal (1994, 141) provides examples of a number of "selective measures to support the plurality of the media" that might be appropriate in Hungary, such as special funds for endangered newspapers and subsidies for the low circulation press funded through a levy paid on advertising revenues of profitable newspapers. (It is interesting to note that a proposal for the latter was recently advanced by the conservative Smallholders Party, Fidesz's coalition partner. The problem with this particular scheme in the Hungarian context is that only one national political newspaper, *Népszabadság*, is profitable.)

The public might participate in the designation of newspapers as public treasures worthy of support through a procedure similar to that which is now used to involve citizens in the allocation of resources to foundations and churches. Each year, Hungarians can earmark one percent of their taxes to any legally-constituted, non-partisan foundation, and/or an additional one percent to any of the officially-recognised churches in Hungary.

More fundamentally, however, citizens need to think carefully about the whole idea of public service newspapers, taking into account basic differences in the accessibility of and audiences for broadcast and print media. In Hungary, only about half of the adult population reads a newspaper, and only about a sixth read a national political daily, while virtually everyone watches television and listens to the radio.

Plus ça change

In assessing the early period of political pluralism in Hungary, Kováts and Whiting explain that the first democratically-elected government used an old excuse to avoid opening up the system in more democratic ways: Complete democracy is not yet possible,

because the nation is in transition, and in the meantime, some of the old restrictions must be maintained. "In particular," the argument went, "the media have to be controlled because they are not yet ready to act responsibly, as democracy requires" (Kováts and Whiting 1995, 118). The ruling party thus acted as if it had a mandate from the people to control the media on their behalf.

What is remarkable is how little has changed over the ensuing decade. The press has remained highly politicised, confirming Splichal's (1994, 84) contention that privatisation dominated by the state contradicts the proclaimed quest for a democratic society: "Although the 'public interest' is the keyword that governments use to justify their efforts toward privatization, it is not a guarantee of an extension of citizens' rights and freedoms." Positive movements toward a democratic press will demand that politicians abandon their cynical views of the public as not yet ready for democracy, and instead, see citizens — with Williams — as learning, creating, communicating beings.

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