STRUCTURAL CHANGES AND ORGANISATIONS IN THE PRINT MEDIA MARKETS OF POST-COMMUNIST EAST CENTRAL EUROPE

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Abstract

Introduction

Following the demise of the communist regimes new rules and forces were introduced and new conditions emerged in the print media markets of East Central Europe. It is usually envisaged that the print media transformed from a communist type to a market-driven pluralistic system. Three main processes can be distinguished in the post-communist transformation of the print media: democratisation, marketisation and commercialisation. Democratisation refers to the changing political functions of the media with a general aim towards pluralistic and free media. Marketisation means the establishment of market forces and institutions in the sector. Commercialisation relates to the process where the commercial and commodity roles of the media came into prominence.

The transformation of the print media can be examined from different perspectives. This article focuses on two aspects: structural developments in the market segments and ownership changes, especially those related to the issue of national versus foreign media interests. The general context is how changes in market structures and features in media ownership have reflected and in turn influenced post-communist transformation of the sector. The two aspects are connected, as foreign investors, who played a significant role in post-communist print media in East-Central Europe, influenced structural changes with their capital and market strength. The article focuses on three countries in the region, the Czech Republic, Hungary and Poland, attempting to provide a comparative analysis.

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Market Structure

The structural features and developments of any given media market are important to examine from two perspectives. First, market structure influence how the media perform in their important social roles in a democratic society. This aspect is particularly important in post-communist East Central Europe, where the democratic functions of the media are still in their infancy. Structures of media markets in the first stage of the post-communist era were especially important, because they determined the diversity and the extent of pluralism in the sector for a long term.

Second, features of market structure has economic implications, as structure affects how the market is conducted and how it performs. Monopoly situations, for example, could negatively influence market performance, efficiency and fairness. Structures of media markets are examined in different ways in the literature.[1] Here four main features of market structure are distinguished. These are: sellers and buyers/supply and demand, market concentration, conditions to market entry and vertical integration.

Sellers and Buyers/ Supply and Demand

Sellers and Supply. Compared to the communist era supply in the print media markets of the three East Central European countries has expanded during the last decade. The process involved three interconnected elements: the increase of the number of titles, the growth of the number of companies and the emergence of new market segments. An immediate effect of the democratisation and marketisation of the sectors was an increase in the number of titles. In Hungary while in 1989 some 1800 publications were registered in total, by 1991 the number rose to 3200 (Giorgi et al 1995). According to Seregélyesi during the first part of the 1990s more than a thousand new periodicals, which included everything from newspapers to local newsletters, were launched in the country annually (Seregélyesi 1998). In Poland the number of press titles increased from around 2500 in the mid 1980s to 3300 in 1989 and to 4448 in 1994 (Sawicz 1990 and *Rocznik Statystycny* 1997).

There was, however, a considerable turnover in titles, the extent of which varied in the different market segments. Many of the new titles disappeared after short existence, while new ones appeared every year. The number of periodicals increased at the fastest rate during the first years of the post-communist period, and by the mid 1990s the growth slowed down. This was due to a number of factors including the consolidation of post-communist systems and conditions, and saturation of the markets. Changes in supply also implied that East Central European print media markets became segmented, where distinguishable features of the "products" evolved as important means of competition.

Similarly to the press increase in titles and segmentation of markets also occurred in the book sectors of East Central Europe. Table 1 shows the number of book titles published in the three countries during the period. The increase in titles corresponded to the growth in the number of companies. In the book sector, for example, in the centralised communist system there were 25-40 publishing houses in each of the three countries. By the mid 1990s Hungary and the Czech Republic could boost with more than 2,000 book publishing companies and Poland with more than 4,000. However, many of these companies published only a couple of books or were inactive, and only a few dozens of the firms were responsible for the majority of book production.

Table 1: Number of Book Titles Published in the Czech Republic, Hungary and Poland

Year	*Czech Republic*	*Hungary*	*Poland*
1989		7600	10242
1990		8322	10688
1993	6743	7629	11064
1995	8994	9314	12000
1997	11519	9343	21000*

* estimate

Sources: Kowalski, 1998; Plonka, 1997; Rocznik Statystyczny, 1997.

The increase in the number of titles and companies was especially notable in print media segments which had been underdeveloped or non-existing during the communist years. These segments included, for example, tabloid newspapers, hobby magazines, women and fashion magazines and alike. It was not, however, only segments with commercial media products which developed. As part of the democratisation process print media started to play more social and community roles, which could be seen in the emergence of local and community newspapers, titles for NGOs, press for ethnic minorities and so on. The emergence of new commercial market segments occurred at the expense of areas that were favoured and dominating under the communist regime. The national daily newspaper market is a good example for this. The number of national dailies more than doubled since 1989 in the three countries, overall circulation however decreased, while in other areas, such as popular magazines, circulation figures expanded.

Table 2: Circulation of National Press in Poland and Hungary 1989-1996 (in thousands)

	Hungary	*Poland*
1989	1302	2054
1991	1319	1407
1993	1065	1720
1996	982	1220

Sources: Kowalski, 1998; Plonka, 1997; Rocznik Statystyczny, 1997

Buyers and Demand. Post-communist media audiences became more fragmented, which was a parallel development with the increase in choice in the markets. An important change on the demand side, which then affected market structure, was the altering consumption patterns. Media consumption altered as a result of different processes related to post-communist transformation. The most important of these were changes on the supply side, cultural and social changes and economic hardship for many. Change in media consumption patterns included the shift in the use of different media forms compared to previous levels and in relation to each other. The general trend was more competition between different media and the increase in the use of electronic media — especially television — at the expense of print media. For example, in 1995 Hungarians spent 3.5 hours a day watching television, which was a considerable rise from circa two hours ten years earlier (Vitányi 1997, 25). Similar increase occurred in Poland, where the average viewing time was 4 hours and 4 minutes a day in 1996 (Jakubowicz 1996a). Television became more popular as a result of substantial increase in choice, the spread of new channels and the commercialisation of content.

The readership of newspapers and books on the other hand decreased during the post-communist era. Venczel found that in Hungary the percentage of population who does not read neither daily newspapers nor weeklies increased from 10 to 21 percent between 1990 and 1998, while the group which read both types of publications decreased from 62 percent to 41 percent (Venczel 1998). The number of books published in the three East Central European countries also dropped throughout the period (see Table 3). Figures for book copies more than halved, however the reasons for this considerable drop were multifold, and not only related to the changing media consumption patterns. Although interrelated the decline in book and newspaper readership was not solely the outcome of the increase in time spent watching television. In neither of the three countries did the introduction of new national commercial television channels, for example, corresponded directly with a drop in readership of various print media.

Table 3: Book Copies in the Czech Republic, Hungary and Poland (in million)

	Czech Republic	*Hungary*	*Poland*
1989		108	190
1991		99	131
1993	45	72	107
1995	40	67	115
1997	37*	49	96*

* estimate

Sources: Kowalski, 1998; Plonka, 1997; Rocznik Statystyczny, 1997.

Changing media consumption patterns also involved a general trend towards an increase in the consumption of more entertainment oriented, commercial media products, which many times were also international in character. The popularity of tabloid newspapers, which were non-existent ten years ago, is a good example for this trend. Although tabloids still do not dominate the national dailies markets of East Central Europe — as they do in most Western countries —, their overall readership has been increasing proportionately compared to that of quality papers. In Hungary, for example, the readership of tabloid titles grew from practically zero to 665 thousands by 1998, while the readership of quality papers decreased throughout the period totalling 1103 thousands in that year (Cseh et al 1998).

Market Concentration

Trends and implications of concentration in media markets received substantial interests in the research community. High market concentration is considered to be a sort of demonic feature, which could threaten democratic functions of the media, could negatively impact pluralism and diversity in the sector, and could cause undesirable economic effects.[2] Market concentration can occur as a result of different processes, but generally it means an increase "in the presence of one or handful of media companies in any market as a result of various possible processes: acquisitions, mergers, deals with other companies, or disappearance of competitors" (Sánchez-Taberno 1993).

Concentration in post-communist media markets has to be examined with special attention because of its possible effect on the developing democratic functions of the media. During the communist era media markets were highly concentrated, but this

concentration evolved as a result of political control and not of market forces. Among the three East Central European countries Poland had the most concentrated print media sector. During the 1980s the giant RWS Prasa-Ksiazka-Ruch controlled 86 percent of dailies and 76 percent of weeklies markets (Kowalski 1988; Giorgi et al 1995). In Hungary four large publishing houses dominated the press market: *Hirlapkiadó* — the largest of the four controlling more than half of the dailies' and the entire regional press market —, *Pallas, Ifjúsági* and *Népszava*. Together they published all dailies, 96 percent of the weeklies, and 77.9 percent of the monthlies (Jakab and Gálik 1991). In Czechoslovakia the largest publishing house was *Rudé Právo*, which controlled — among others — half of the national dailies market and most of the regional press. Other publishing houses included *Mladá Fronta, Práce* and *Melantrich*. The effects of concentration were further enhanced by the specialisation of firms, which meant the scope of competition was indeed limited.

As a result of the post-communist changes the extent and the ways print media markets were consolidated altered and concentration assumed a market character. With privatisation and marketisation concentration rates decreased substantially within one or two years. The increase in the number of companies and titles also contributed to the decline in previous concentration levels. As the post-communist years proceeded further ownership changes, acquisitions and mergers occurred, and concentration rates fluctuated to different degrees in the various market segments.

If one wishes to calculate concentration figures for post-communist print media markets, s/he immediately faces two problems. First, the problem with defining the precise market to base the calculation on. Second, the problem of acquiring data from/about post-communist media companies. Depending how narrowly or widely the market is defined, and how figures are calculated, different concentration rates can be tallied. Similarly to developed markets concentration in East Central European print media varies in the different market segments depending on the characteristics of the given market. The daily newspaper sector tends to be more concentrated, while magazine and book publishing operate in a more competitive environment.

A somewhat simplistic calculation for the national dailies sector in the three East Central European countries is provided in Table 4. This calculation is simplistic, because it assumes that all national dailies compete for the same audience and it is calculated on the basis of circulation figures, rather than revenues or a mixture of economic indicators.[3] In Table 4 the first set of concentration figures shows the audience share of the two largest and the four largest titles compared to circulation of the entire sector. The second set of figures is the market shares of the two largest groups. According to the common approach in media economics – which views a market highly concentrated if the share of the four largest groups is higher than 50 percent (Albarran and Dimmick 1996) – the concentration figures in the East Central European national daily newspaper markets can be considered as high. Based on calculation of estimated circulation figures concentration levels fluctuated 5-8 percent during the decade of post-communism. In the Czech Republic and Hungary, the shares of the two largest titles seem to have moved between 32 and 40 percent and in Poland between 40 and 45 percent, with a slight increase towards the end of the 1990s.

Table 4: Market Concentration in the National Daily Newspaper Markets in the Czech Republic, Hungary and Poland, 1996 (in per cent of the two largest and the four largest titles compared to circulation of the entire sector)

	Per cent of circulation compared to the entire sector		
	Two largest titles	*Four largest titles*	*Largest two groups*
Czech Republic	38	62	41
Hungary	37.4	55.2	54.5
Poland	42	61.5	42

Similarly to the newspaper markets, concentration ratios in the book sectors decreased substantially in the first years of the post-communist era then fluctuated during the 1990s. Table 5 shows the concentration figures calculated on the basis of title output in the book markets of the three countries in 1994.[4] The rates show low concentration in these markets. Calculations based on other indicators show a somewhat different picture. Based on the number of published book copies the four largest book publishers controlled 34.3 percent, the eight largest groups 40.6 percent of the Hungarian book market in 1992. On the basis of revenue the four largest book publishers had a 46.7 percent market share in Poland in 1995, while the eight largest groups a 54.3 percent share, which then suggests a moderately concentrated market. Regardless of the method of the calculation it is evident that the book markets are less consolidated than the daily newspaper markets, and are probably among the sectors with the lowest concentration rates.

Table 5: Market Concentration in the Book Markets in the Czech Republic, Hungary and Poland, 1994 (in per cent, based on title output)

	Market share of:	
	4 largest publishers C4	*8 largest publishers C8*
Czech Republic	17.2	23.8
Hungary	15.8	21.1
Poland	12.3	17.3

Conditions to Entry

The reasons for the numerous entries into the print media markets both in terms of new companies and newly launched titles were multifold, including the abolishment of political and economic controls of the previous regime, or the introduction of market forces. The high number of entries suggests that the entry costs were relatively low particularly during the first years of the new era. Then market entries were also helped by the fact that communist market characteristics, such as low prices and relatively low production costs did not disappear overnight (Gálik 1995). The costs of market entry varied during the period depending on the way the firm entered the market, the characteristics of the given market segment, and also the stage of the post-communist transformation. During the 1990s entry costs increased in most print media sectors as market conditions consolidated and market institutions and practices were accustomed.

There were differences in the modes and the costs of market entries between the various print media forms. Newspapers tended to have higher entry costs. Book and periodical market segments were characterised by lower entry costs, which was reflected in the high number of entries. Companies entered the print media markets by two main ways, either by acquiring already existing titles and/or companies, or launching new ones. Through the privatisation processes — either spontaneous or planned — buying existing entities was more widespread during the first stage of the post-communist period. The privatisation in the newspapers and magazines sectors proceeded rapidly in the three East Central European countries, while in book publishing the pace of privatisation was slower. In the latter case partly because of the lack of interests from domestic and foreign investors and partly because of the lack of overall policy and cultural worries of the first post-communist governments privatisation really began only after 1992-1993. A general problem with the privatisation of print media companies and/or titles was the valuation problem. Without market traditions and practices it was difficult to price a title or publishing company meaningfully.[5]

Besides particular characteristics of individual media segments the size of the market can also raise barriers. An economy of scale is widely recognised as another possible barrier to entry (Wirth and Bloch 1995, 21). Among the three East Central European countries Poland has the largest market with more abundant potentials. With only relatively smaller markets to supply the Hungarian and Czech media are more limited for production as well as for consumption. However, comparing the performance of print media industries during the post-communist period the size of the market seems to be secondary factor in achieving stabilisation, efficiency and overall profitability of the sectors. Determining factors included the speed of post-communist changes, the particular characteristics and legacies of the communist media systems, the general economic conditions of the 1980s and 1990s, and media traditions.

Vertical Integration

Vertical integration was a new feature of post-communist media industries as prior to 1989 this type of industrial consolidation was limited. In the communist media systems intra- and inter industrial structures and ownership patterns were carefully planned and controlled, and used as command mechanisms over the media. Gálik points out that vertical integration in the print media industries was not permitted, as separated industrial sectors could be controlled more easily (Gálik 1995).

During the post-communist era vertical integration occurred as a gradual process becoming more apparent by the mid 1990s, rather than an overnight phenomenon with the introduction of market forces. The extent and level of vertical integration in post-communist media are arguably lower than in the West, mainly due to the communist legacies and the more volatile nature of the markets. Nevertheless, there are several examples of publishing companies that acquired interests in printing plants and/or distribution networks. Foreign companies with greater financial power were in many cases leading vertical integration of their market segments.

As a result of the elements discussed above, structural characteristics of the print media changed considerably in post-communist markets. Four main categories of market structure are distinguished in media economics research: monopoly, oligopoly, monopolistic competition and perfect competition (Picard 1989). In a monopoly a single firm dominates, in an oligopoly a few sellers are present and there is some competition

between their products. In monopolistic competition there are many sellers but their products are differentiated, thus competition between them is limited, and in a perfect competition there are many sellers and their products are not differentiated (Picard 1989; Gomery 1993; Litman 1988).

Print media in East Central Europe operated in structures determined by politics and ideological aims during the communist era. Although not driven by market forces their structures corresponded to monopoly situations. As a result of the system change print media markets moved on the market power continuum of different structures. National daily newspapers markets, for example, moved from a centralised monopolistic towards oligopolistic structure. In the magazine and book markets the near monopolistic structures of the communist system were usually replaced by monopolistic competition.

Ownership

Interrelated with market structural changes ownership of print media sectors in the three East Central European countries altered regularly during the post-communist years. While one of the most important feature of ownership changes was the elimination of the previous dominant role of the state, governments did not withdraw completely. Besides intervening through media and cultural policies, some degree of direct or latent state ownership could be still found in many print media sectors. Private ownership, however, became the dominating force featured by an important distin-ction: local versus foreign proprietorship.

Local Media Companies

Although homegrown firms in the print media markets vary enormously, they share some common characteristics. They were all affected by the many times sombre general economic conditions of the post-communist era. As companies operating in a mainly market-driven system they were also all exposed to normal business pressures, such as in resources, in development strategies, or in leadership. In general, expansion strategies of local media companies were relatively restricted during the first couple of years of the transformation. Till the mid- 1990s home-grown media companies in East Central Europe were rarely diversified, their scope of operation was either inherited from the communist era, or determined and constrained by lack of capital and/or lack of vision to expand in other areas. From the second part of the decade diversification and expansion began to play a more important role as post-communist conditions and institutions consolidated and macroeconomic performance improved.

Differences between local media firms in their organisations, financial strengths, or strategies, however, are more apparent than their common features. One defining feature was the particular characteristics of the given market segment they were operating in. It was also significant whether the company or the given title existed before the system change. In the case of firms with some sort of "communist past" the skills of the leadership in restructuring and adaptation to market conditions were decisive in the success or the failure of the company. A further determining feature was the motivation of the firm. Motivations were usually mixed, however, two main groups of companies can be distinguished on the basis of their primary aim. One group of firms was chiefly concerned with commercial aims, and they considered their activities mainly as normal business operations. Companies in the other group

were driven by some sort of social aim, either political or cultural. These firms also operated in the realm of the market, but many times they sought and received support for their activities directly or indirectly, the source of which could be the state, private or social organisations.

Given the relatively short time span of the post-communism era and the sombre economic conditions for most of the period it is not a surprise that powerful local media moguls did not mushroom in East Central Europe. Nevertheless, some did emerge in each country. In Hungary, for example, Miklós Fenyö built up one of the largest local media empire by the mid-1990s, owning a national daily, several magazines and other media interests.[6] Another example is one of the most important local media investor in Poland, Wojciech Fibak, who later tended to cooperate with foreign investors in forms of joint ventures. Besides individual entrepreneurs some local companies from other industrial sectors also acquired substantial media interests. Banks, for example, were active in most media sectors of East Central Europe especially in the first part of the 1990s.[7] Many of these banks, however, were state-owned, thus raising issues about the independence of their media interests. There were investors from other sectors as well including a variety of industries. In the Czech Republic, for example, Chemapol, a petrochemical giant acquired several media interests.

Foreign Media Companies

Foreign ownership and capital inflow became important, and in many cases dominating, factors in the print media sectors of post-communist East Central Europe. The national daily newspaper markets were among the first targets of foreign media investors. In Poland Bajka notes that by 1994 56 percent of the national dailies were owned by foreign companies (Bajka 1994). Kettle estimates that in the Czech press market foreign ownership reached more than 50 percent by 1994 (Kettle 1997). The market shares and identities of foreign owners, however, were subject to changes during the 1990s as a result of further structural and ownership changes and some political interventions on the part of the post-communist governments. In the Hungarian national dailies' market foreign ownership peaked at 70 percent in 1991, it decreased to under 50 percent in 1993, and then increased again to circa 55 percent by 1996.

The regional press markets experienced less ownership changes but higher rates of foreign interests, and in cases foreign owners obtained monopoly positions. In Hungary three foreign media companies, Axel Springer, WAZ and Funk Verlag, dominated this sector altogether controlling circa 70 percent of the market. In Poland by 1994 foreign investors controlling 65 percent of the total circulation (Bajka 1994) owned 50 percent of the regional press market. Here the German Passauer Neue Presse and the Norwegian Orkla group emerged as the largest companies by the second part of the 1990s. Passauer Neue Presse also built up a regional press "empire" in the Czech Republic, where by 1996 it acquired 36 regional titles. The Bavarian group together with Rheinische Presse largely contributed to the dominating foreign ownership share in the Czech regional press, which is estimated to have reached 80-85 percent by the mid 1990s.

Among the print media sectors it was probably the book markets which attracted the least foreign capital. This was due to several factors including a late start with the privatisation, the many times dominating cultural and political considerations in the privatisation decisions favouring the workers' co-operatives, and that the book

industries were particularly badly hit by communist legacies and post-communist economic conditions. Eventually foreign investors did appear in East Central European book markets, but they did not become so dominating as in the other print media sectors. In Hungary it could be estimated that 30-40 percent of the book titles were produced by foreign owned companies in the second part of the 1990s. The four largest investors in the book markets, all of which appeared in the three countries as well in others in the region, were the Bertelsmann group with its Book Clubs network, the Dutch professional publisher Wolters Kluwer, the Canadian Harlequin and the Danish Egmont group publishing mainly children and juvenile books based on popular Hollywood stories and characters with a contract from Walt Disney.

Foreign investors were motivated by various factors, which changed to an extent in the course of the last decade, in their decisions to enter post-communist print media markets. At a general level Estrin identifies three categories of motivations for foreign investments: markets (sales), market share (strategic motives) and cost reductions (Estrin et al 1997). Given the nature of products the second type, aiming for market share — either in a national or regional market —, was probably the most frequent in the case of post-communist print media markets. However, motivations were usually mixed and have to be understood in the context of the companies' global structure, performance and strategy (Estrin 1997).

Foreign companies could choose different forms of entry; one of the basic investment decision was whether a company entered the market through 100 percent ownership or some kind of joint venture. Although their importance vary in various sectors, joint ventures were widespread in post-communist print media markets. In the case of a local-foreign joint venture it is usually perceived that the local partner brings either market share or brand names or both to the partnership, and the foreign partner brings either finances, or technology, or know-how, or management skills, or the combination of those (Estrin et al 1997, 217). In the field of print media numerous examples can be found for this type of set-up. For instance, the Hungarian national daily *Népszabadság* have been published by a share-holding company, where the two most important share holders were the group of journalists and the foreign investor, Bertelsmann. The Polish daily *Gazeta Wyborcza* has been published in a similar way, where journalists kept an important share, while the foreign partner contributed with investments. A further feature of this pattern is that in many cases the foreign partner sought to increase its shares when opportunity arose, aiming for 100 percent ownership after a trial period.

Motivations, forms of entry and operations of the foreign investors depended on the background of the company. Two main groups of foreign investors can be distinguished from this respect. One group of investors were already powerful multinational media companies, who were present in several other media markets, had experience in entering uncharted territories, and had enormous organisational and financial backings from the given headquarters. Companies, such as Bertelsmann, Wolters Kluwer, Axel Springer, Reader's Digest, were in this group. In the other group foreign investors came from a somewhat more "modest" background, many of them had had interests only in one market before, they were smaller, and their financial resources were more limited. Given that the developed media markets of the Western world are matured and saturated, and they faced more powerful competition there, the move to the East provided an opportunity for expansion. Investing in post-communist media

markets in cases also meant that they became multinational media companies making a strong presence in a regional market. An interesting feature of this group that it is dominated by firms from nearby countries, such as Germany, Switzerland, and Austria. Companies in this group included the Swiss Ringier group, Jűrg Marquard's Ost Presse Holding, or the German Passauer Neue Presse.

Although most foreign companies came with the intention to stay in the post-communist print media markets, several of them left for various reasons. The most obvious reason was if the investment failed to perform the expected financial returns. For instance, after about three years in the Hungarian press market Murdoch sold News International's shares in the daily *Mai Nap* and weekly *Reform*, because these interests did not pocketed the multinational company. Even in cases where the foreign investor entered to post-communist market with a long-term strategy and did not expect profits overnight, things could turn to departure. For example, Bertelsmann sold its interests in its Hungarian Book Club after six years in operation. Although the company reached 20-30 percent market share in the Hungarian book market according to sold copies by the mid 1990s, the German multinational company did not find this interest profitable and strategically important enough to stay. Other reasons for pullout also occurred. For example, the French Hersant group had to leave the East Central European markets, because it faced serious financial difficulties in its main markets and interests.

Foreign investments in East Central European print media had both positive and negative effects. Positive impacts included, that foreign ownership contributed to move away the previously overpoliticised local print media from direct influence of the state. The import of Western managerial and professional practices in the operation of local firms and capital inflow can be also regarded as beneficial. The latter, for example, involved the improvement of technological level in production, which in many cases during the communist era was far behind of the standards in developed markets. Foreign investors also introduced new type of products — such as new sorts of magazines, tabloids, business papers —, which meant the increase in market choice.

The negative aspects of foreign investments attracted more attention in the literature. In the general discussion on foreign media ownership it is argued that the domination of foreign companies could hamper democratic and community functions of the media, since — the argument goes — these companies are less concerned with national and cultural developments. Foreign media ownership is many times seen as threats to indigenous media industries. They are usually more powerful, thus they could contribute to the concentration of markets and could hamper the development of local media firms. In East Central Europe market segments with high concentration rates, such as regional press, certain parts of the magazine markets, were indeed dominated by foreign companies, where local firms had little chance to compete.

Internationalisation of Post-Communist Media

The effects and implications of foreign ownership in East Central European print media have to be viewed as part of the general internationalisation of post-communist media. Jakubowicz observers that post-communist media became increasingly internationalised at five levels: those of reception, media content, funding, regulation and organisation, including foreign media ownership (Jakubowicz 1996b). He further argues that the capacity of the former communist media "both to be conquered and to engage

in partnership is largely determined by the size of their markets and progress in their political and economic transformation" (Jakubowicz 1996b, 22). East Central European countries are usually seen to have become recipients of the globalisation process. The general view in the literature is quite pessimistic about the internationa-lisation of post-communist media. Fabris, for example, argues that "westification" of East Central European media has fully progressed and there is a good chance that Eastern Europe will become a "supplemental engine for the Western European media industry" (Fabris 1995).

In general, foreign ownership and the media internationalisation process have invoked opposing views. Sreberny-Mohammadi (1994) argues that the opinions on media globalisation are positioned between two "extremes." One of the happy post-modernist who sees that many kinds of media and cultural products circulate internationally, which people and national cultures adopted creatively into their own lives. The other of the melancholy political economist "who sees the all-pervasive reach of the multinationals and wonders how long distinctive cultures can outlast the onslaught of the western cultural industries" (Sreberny-Mohammadi 1994, 134).

Supporters of the cultural and/or media imperialism thesis argue on a similar line of the latter view, maintaining that the cultural and media industries and markets of the world are dominated by forces of Western capitalist system, which spread an Americanised/westernised media culture, which erode the cultural integrity and national values of smaller and less affluent nations. Supporters of the thesis perceive the effects of globalisation in a hypodermic model, meaning that Western — or American — values are injected into the hearts and minds of the people of less powerful nations (Sreberny-Mohammadi 1994, 130). In this view these people are more or less helpless against the crushing economic and cultural forces of worldwide capitalist system, which drain their indigenous culture.

During the decade of post-communist transformation East Central European print media were heavily influenced by international factors, which in cases worked against the development of national media and culture, which indeed should raise debates in relevant academic and political circles. However, it is questionable that we see the complete colonisation of East Central European media. Print media cultures and industries of the three countries were not crushed or degraded totally by international factors, rather they were integrated into the also changing global media world adopting both its positive and negative features.

Conclusion

Elements of market structures and characteristics of companies and their owners in the print media sectors of East Central Europe changed constantly throughout the post-communist period as a result of the system change itself and also as consequences of normal market developments. Both in the market structural changes and in ownership international elements played an important role. Foreign influence had both positive and negative impacts. The effects of the internationalisation process could be viewed somewhere between the two opposing opinions presented by Sreberny-Mohammadi. The print media sectors were not crushed by international elements, but neither their negative influences, such as the sombre effects on national media and cultural productions, should be passed unnoticed by policy makers.

Notes:

1. There are different versions and adaptations of the Industrial Organisation Model, which provides a framework for the analysis of media market structures and their effects on the conduct and performance of a given media market. In these, while the focus remains the same, market structures are examined with somewhat different characteristics. See, for example, Gomery 1993; Litman 1988; Picard 1989; Ramstad 1997; Wirth and Bloch 1995.

2. For accounts of media concentration and its consequences in developed media markets see, for example, Gomery 1993; Picard 1989; Albarran and Dimmick 1996; Sánchez-Taberno 1992.

3. Media economists prefer to calculate concentration rates on the basis of revenues (Albarran and Dimmick 1996; Iosifides 1997), which indeed could provide a more precise picture of the market power of individual firms. However, because of the lack of statistical data and the secrecy of companies about their revenues in East Central Europe such concentration rates are difficult to calculate.

4. Although calculation based on the number of published book copies or on the revenues of the publishing houses arguably would provide a better picture on market concentration, in the lack of available data it was not possible to carry out.

5. In book publishing, for example, because of the peculiarities of the communist copyright law favouring the author over the publishing firm, publishing houses did not own their backlist, which was a major blow in the course of their privatisation, because the only asset they could include were their material assets, such as buildings.

6. Unfortunately Fenyö died in sad circumstances last year. He was shot dead in broad daylight in Budapest.

7. Postabank in Hungary, for example, built up one of the largest local media "empire" in the country, which included several dailies, magazines and periodicals. However, as the Bank got into financial and political troubles during 1998, its "empire" was dismantled.

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