

Capturing Them Softly Soft Censorship and State Capture in Hungarian Media



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WAN-IFRA

96 bis, Rue Beaubourg

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URL: www.wan-ifra.org

WAN-IFRA CEO:

Vincent Peyrègne

RESEARCHERS:

Zsófia Lehoczki, Attila Mong, Krisztina Nagy,
Szonja Navratil, Gábor Polyák, Ágnes Urbán,
Erik Uszkiewicz

EDITOR:

Thomas R. Lansner

RESEARCH PARTNERS:

Center for International Media Assistance

National Endowment for Democracy

1025 F Street, N.W., 8th Floor

Washington, DC 20004, USA

URL: <http://cima.ned.org>

Open Society Justice Initiative

224 West 57th Street

New York, New York 10019, USA

URL: <http://www.opensocietyfoundations.org>

RESEARCH PARTNER HUNGARY:

Mérték Media Monitor

Székhely: 1042 Budapest, Árpád út 90-92.,

Hungary

URL: <http://mertek.eu/>

SUPPORTED BY:

Open Society Foundations

URL: <http://www.opensocietyfoundations.org>

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DESIGN AND PREPRESS:

Tereza Cenec, Ivan Cosic, Plain&Hill Serbia

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Note on Report Research and Methodology

“Soft censorship” is a term that covers a variety of actions intended to influence media output, short of legal or extra-legal bans, direct censorship of specific content, or physical attacks on media outlets or media practitioners. The concept of soft censorship as indirect government censorship was elaborated in a 2005 paper by the Open Society Justice Initiative, which described three main forms: abuse of public funds and monopolies; abuse of regulatory and inspection powers, and; extra-legal pressures.¹

A 2009 report by the Center for International Media Assistance detailed soft censorship in several countries.²

This report focuses primarily on financial aspects of official soft censorship: pressures to influence news coverage and shape the broad media landscape or the output of specific media outlets or individual journalists through biased, and/or nontransparent allocation or withholding of state/government media subsidies, advertising, and similar financial instruments.

Soft censorship can cause pervasive self-censorship that restricts reporting while maintaining the appearance of media freedom. Beyond the scope of this report are myriad forms of unofficial indirect censorship that can also be posited, including those rising from cultural, religious or other social norms and traditions, or simple adherence to the societal narratives that influence institutional and individual reporting, and

which might be promoted or imposed by a variety of non-state actors.

The report on the existence and extent of soft censorship in Hungary is part of the Soft Censorship Global Review, an annual report produced by the World Association of Newspapers and News Publishers (WAN-IFRA) in cooperation with the Center for International Media Assistance (CIMA), with the support from the Open Society Foundations. It was prepared by the Mérték Media Monitor based on the methodology developed by WAN-IFRA. The findings are based on extensive desk research performed from May through July 2013 and in-depth interviews conducted in July 2013.

The interviewees remain unnamed; the respondents asked confidentiality because certain questions related to their present or previous employment and because their frank discussion of contentious issues could expose them to professional difficulties in Hungary’s increasingly fraught media and political environment.

As noted in the text, the dearth of public information and opacity regarding both state media spending and media ownership structures in Hungary has led us to include highly credible anecdotal accounts of the operation of soft censorship in Hungary. We hope that other researchers and media freedom advocates will use this report as a starting point to further explore and expose the expanding and insidious threat soft censorship poses to Hungary’s media.

1 The Growing Threat of Soft Censorship Worldwide. Open Society Justice Initiative, December 2005. <http://www.opensocietyfoundations.org/reports/growing-threat-soft-censorship>

2 A 2009 report by the Center for International Media Assistance, on which this report builds, defined soft censorship very similarly: “Soft, or indirect, censorship can be defined as the practice of influencing news coverage by applying financial pressure on media companies that are deemed critical of a government or its policies and rewarding media outlets and individual journalists who are seen as friendly to the government.” Soft Censorship: How Governments Around the Globe Use Money to Manipulate the Media. Center for International Media Assistance, January 2009.

Soft Censorship and State Capture in Hungarian Media

Hungary's independent media today faces creeping strangulation. State capture of Hungarian media is unfolding slowly but surely, principally through the "soft censorship" of financial incentives and influence that affect media outlets' editorial content and economic viability. The process has accelerated under the current government, which uses state advertising to bolster friendly media outlets, mainly those owned by leading businesspeople very close to the ruling party.

Most governmental media assistance funds and other support are allocated on similarly biased bases at both national and local levels. Media outlets critical of government policies or supportive of opposition parties' policies are denied almost all state advertising and other support, threatening their economic viability and seriously distorting the commercial media market.

Public-service media are also being subverted and transformed into government mouthpieces. State media capture is part of the larger context of an emerging "elite" of business and political interests that is increasingly opaque and by many accounts corrupt. The withering of free, independent, and pluralistic media denies Hungarians information they require to make knowledgeable decisions on their country's politics and policies, and the situation bodes ill for Hungary's democracy.

As recommended below, transparent procurement for all state advertising and the establishment of an independent body to administer and monitor all state funding to media could begin to reverse this troubling trend. Hungary must also ensure that its laws and practices conform to European laws and regulations designed to safeguard the integrity of public-service media.

Country profile



Hungary Country Data	2012
Population	9.94 million
Adult literacy rate	99%
Gross national income (GNI) per capita	US\$ 12,380
Urban/rural population	70 / 30%
Mobile subscription penetration (SIM cards)	124%
Internet access (households)	72%
Corruption perceptions score	55/100

Source: UN, World Bank, ITU, Transparency International

Key Findings

- State capture is slowly but surely enveloping Hungarian media, principally through the “soft censorship” of financial incentives and influence that affect media outlets’ editorial content and economic viability.
- Allocation of state advertising spending is opaque and unfair; it is based on the political leanings of particular media outlets, and this distorts market competition significantly.
- Biased advertising spending influences editorial policies in an indirect way, creating a newsroom atmosphere in which editors accept and journalists practice self-censorship.
- Market competition among media agencies is clearly distorted by the biased award of state contracts.
- Legal regulations and financial practices of Hungary’s current public-media financing permit improper state influence over public media and fail to comply with European Commission requirements regarding state support for public-service media.
- Only a transparent and steady funding framework that provides a reliable source of income for media organizations is capable of enhancing media independence and pluralism.

Key Recommendations

- Public procurement for all state advertising should be simplified and based on clear performance criteria wholly transparent to the public, subject to clear audit and reporting rules, and supervised by an independent body.

- All state media assistance should be allocated and administered by an independent body and subject to clear audit and reporting rules.

- The state's roles of supporter of content production and advertiser must be clearly separated and subject to transparent review by an independent body; editorial integrity should be explicitly guaranteed.

- A media outlet should be awarded public funds only if its professional and ethical codes and its complaints procedures are public and are subject to review by an independent self-regulatory body or similar industry-wide umbrella initiative.

- Hungary must comply with European Commission requirements regarding state support to public-service media and should fully adopt guidelines suggested by the European Commission's Freiberga Report.

Part One: Overview and Interviews

Effects of State Advertising on Market Competition

The respondents unanimously agreed that unfair and opaque allocation of state advertising funds significantly distorts market competition. They believe that the situation has deteriorated during the past two to three years, which Transparency International characterizes as a slowly developing state-capture scenario.¹

Private-interest groups and businesses close to the government are the main beneficiaries of state advertising funds, and the importance of state advertising increased considerably since 2010 as its share in overall advertising spending rose. State entities are spending more money on advertising in absolute figures, and their share expanded due to the contraction of the commercial advertising market during the financial and economic crisis. One media agency executive put the state share at around 10 to 15 percent in the overall advertising market, saying that this level was well below its 10 percent level before the crisis in a total advertising market, then about twice its 2013 value.

Interviewees explained that market competition is distorted principally in two aspects. First is by the state's biased use of media advertising agencies close to the ruling party. Second, these agencies place most state advertising in right-wing media or media outlets directly or indirectly owned by businesspeople close to the current government.

A key point made by most of our respondents is that this system not only finances loyal media and influences content; in addition, traditional financial corruption also seems to play an important role. As one media agency executive put it, the whole trail of state advertising spending is constructed to create a closed track in which money is channeled into companies (media advertising agencies, media houses, and outlets) owned by powerful individuals close to the government.

Another respondent explained the reasons: channeling state funds through the media market is an easy, cheap, and cost-effective way of corruption as opposed to, for example, the infrastructure industry, in which, "at the end of the day, you will have to construct a bridge, a highway or a building. In advertising, you only need to place a billboard or an ad in a newspaper. The media market simply offers a more profitable way of corruption."

Several interviewees said that this system is an integral part of political financing. It benefits politicians, political activists, and the broad base of the parties. One interviewee stated that this was one of the most important reasons why state advertising and the state's role in media increased during the last few years.

Selection of Media Sales Agencies

Market competition among media advertising agencies is distorted. Although in most instances there is a legally defined public-procurement process, tenders are often on an invitation-only basis, and the outcomes indicate clear bias toward particular “friendly” agencies. Transparency International regularly criticizes the public-procurement legislation, describing it as deliberately overcomplicated and overregulated in order to facilitate corruption.²

There are reportedly three media advertising agencies that regularly win government advertising campaign tenders, effectively excluding other companies from this business. “This is absolutely a closed track, open only to the government’s favorite media agencies,” commented a media agency executive. He added that the media agencies now most favored with state contracts are believed to be indirectly owned by businesspeople close to the current government, and they were, until recently, small players in the market. “Two of them, IMG and Bell and Partners, were not even on the map [of important agencies]; they were struggling to survive,” said one executive, who underlined that with the exception of the third company, Vivaki, which has a number of private customers, the favored agencies work almost exclusively for the government.

In January 2013, for example, the Budapest Business Journal reported that Bell and Partners was awarded a 400 million HUF (1.8 million USD) contract as the sole bidder in a “negotiated tender” with the state-owned Hungarian Development Bank.³

Media advertising agencies that handled government campaigns during the previous government lost this segment of their business entirely and were forced to downsize and lay off personnel. “They are treated as pariahs now,” said one executive. According to unconfirmed industry reports, IMG twice sought to join the professional association of the media agencies, the Association of Hungarian Communications Agencies (MAKSZ), but was rejected when it failed to win approval of at least two-thirds of the current members. This refusal to accept IMG’s membership signaled the advertising market’s opinion of its business practices, one interviewee argued.

Media agencies play a key role in the non-transparent and unfair allocation of government advertising spending. Their business decisions are obscure, and statistics indicates that they favor right-wing media outlets. Several respondents mentioned that some private advertisers seem to follow the state advertisers. Retail chains, including Lidl, Spar, and Aldi, have recently shifted their business to IMG. Large retailers are motivated to be on friendly terms with the current government, whose stated policy is to limit super- and hypermarket licenses. The retailers’ media agency switch had no apparent relation to the actual advertising market; it seemed intended to nurture friendly relations with the current government.

The interviewees believe that the trend for private advertisers to follow state advertisers in their choice of media agencies is most notable in sectors whose operations de-

Distribution of Media Spending

pend on state investments or state licenses, including telecoms, banks, and retail chains.

As one media agency executive observed, an analysis of government advertising campaigns demonstrates a pattern that cannot be rationalized on the basis of effectiveness in reaching target audiences. "In these campaigns, it is striking for me how much radio and outdoor spending is overrepresented, knowing the fact that all but one nationally significant radio stations and all important players in the outdoor market are owned by businessmen close to the government," he said.

He also noted that another major characteristic of state advertising campaigns is the high share of advertisements placed in print media owned by government-friendly businesses, most notably Metropol, which is distributed for free.

Another interviewee also mentioned the dominance of radio and outdoor advertising in state campaigns. He underlined that large amounts of state advertising pour into music radio stations that have suspiciously high operating budgets, suggesting that funds beyond actual costs may be used to corruptly channel money to third parties through subcontractors.

Online spending is underrepresented in these campaigns. This may be because major online companies are not owned by businesspeople close to the government and because online advertising is based on more-transparent rules.

There have recently been attempts to increase the market share of these owners in

the online segment as well as in television. Two of the biggest online players, origo.hu and index.hu, were on several occasions rumored to be in buy-out talks with right-wing businessmen. In the television market, industry sources believe that the second-biggest commercial station, TV2, will be soon acquired—probably through an intermediary company with veiled ownership—by government-friendly businesspeople.

Several respondents mentioned that the advertising tax proposed by the government in early 2013 was clearly aimed at influencing negotiations on TV2's possible buyout, since such a tax would reduce all television stations' market values and make TV2 cheaper to acquire. In a broader sense, it would also further degrade overall media market conditions and facilitate media-sector expansion of business magnates close to the government.

One interviewee emphasized that the threat of a special advertising tax "fits well in the line of all the other special taxes levied on the banking and the telecom industries. It is a carrot and stick approach; the role of the threat is to increase the feeling of dependence of these industries and to put the main private companies under pressures so that they become subservient. In the case of the media industry, the aim is to create an atmosphere in which self-censorship increases," he said.

A media advertising agency executive who dealt with state advertising campaigns under previous governments said that there have always been favored media outlets, but media agencies then had much greater

room for maneuvering. “Now, we have no choice. The expectations are clear, and sometimes we are explicitly told which newspapers to include and which to avoid in media plans.”

An interviewee working for a media agency said that in several cases, private advertisers hoping to be on friendly terms with the government asked media agencies for “balanced” advertising spending, meaning they should include right-wing media outlets in their media plans—even when it was not commercially justified.

Similarly, media outlets that consistently criticize the government, particularly certain newspapers, are almost totally shunned by state advertisers and face in-

creasing difficulties in gaining placements from private companies that fear retaliation if they advertise in media outlets viewed as unfriendly to the government. Klubrádió is an obvious example among newspapers close to the Socialist Party that are excluded from state and private campaigns.

A media executive mentioned another instance in which a private multinational cable TV channel was reportedly offered a potentially lucrative but plainly corrupt quid pro quo: use an outdoor advertising company owned by government-friendly business group for its own campaigns in exchange for a promise of a higher share of state advertising spending in media plans.

Effects of State Advertising on Content Quality

Interviewees agreed that state advertising in Hungary affects the quality of media content indirectly. Biased advertising spending influences editorial content by creating a newsroom atmosphere in which journalists apply self-censorship. However, many people fear speaking out against abuses, and documented cases of individual abuse or direct pressure on journalists or media outlets are rare. Cases are unreported by the press, and the government lacks any motivation to facilitate a fair environment for state advertising spending. One interviewee said that this “clearly reflects the general status of the society and the advertising market.” “There is a long tradition of corruption in the media market,” he added. “Content is for sale in exchange not only for state advertising but also for private advertising money.”

The financial straits of many struggling media companies compound this trend. Journalists are keenly aware that state advertising spending can easily transform their companies from unprofitable to profitable enterprises. “The crisis made the media industry much more vulnerable, much more dependent on state advertising than before,” one interviewee observed. “The general trend in Hungarian newsrooms is to avoid conflicts as much as possible with both private advisers and with the government. This is the kind of expectation editors-in-chief show to their staff because

this is the expectation they get from their owners and management,” another respondent commented. “It is very difficult in these circumstances for individual journalists or editors with higher levels of integrity and professionalism to go against the general environment in the newsrooms. Many quit their jobs. Some change careers, or find work at small non-profit outlets like atlatszo.hu.”

Another interviewee also emphasized the impact of the general, indirect, and soft pressures on newsrooms. “Media owners and the management try to put pressure on the editorial team, saying, ‘You can of course do whatever you want, investigate the topic if you want, but we will have less state [and likely, less private] advertising, so you will have to sack one or two journalists next year,’” he said.

Several interviewees mentioned what they believed was a notable attempt by a media outlet to seek favor with the government: TV2, the second-biggest commercial station, hired a right-wing journalist as a special advisor to its CEO after the elections, seemingly in hopes of winning a higher share of state advertising in exchange for friendlier presentation of government policies in its news coverage.

Recommendation and Remedies

“The best solutions would be to employ [presumably incorruptible] Scandinavians in all key positions,” one respondent suggested sarcastically, emphasizing the importance of Hungary’s historical, sociological, and cultural context of state intervention and corruption in media issues addressed during the interviews. Other interviewees highlighted the need to strengthen civil society. As one noted, “People should reject these corrupt and abusive media practices. As long as they still read and buy these newspapers, as long as they do not realize that the taxpayers’ money is wasted, nothing will happen.”

All respondents agreed that the government was unwilling to ameliorate a situation that it had helped create and which benefited it and its financial backers immensely. They also concurred—unsurprisingly—that the array of beneficiaries of corrupt and abusive state advertising allocations and other state funding (state entities, media agencies, media owners, and even whole editorial teams) would strongly resist any reforms.

In this context, rapid improvement in Hungary’s media landscape is improbable. Interviewees proposed small but significant steps toward strengthening transparency. First, a public procurement process based on clear performance criteria that would be simple and wholly transparent to the public should be established. One interviewee suggested it was also essential to appoint a highly credible individual, someone with unblemished personal integrity, to oversee the system.

Several interviewees pointed to the joint position paper that four Hungarian NGOs (the Hungarian Europe Society, Hungarian Civil Liberties Union, Eötvös Károly Public Policy Institute, and the Mérték Media Monitor), offered⁴ in response to the European Commission’s Freiberga Report, “A free and pluralistic media to sustain European democracy.”⁵ In their report, the Hungarian groups endorsed the notion that “media corporations ought to have access to public funds only under the condition that the media outlet in question regulates its professional and ethical conduct and its complaints procedures in a publicly available document, monitored or created by a self-regulatory body or other industry-wide umbrella initiative. Such a solution would incentivize the spread of self-regulatory mechanisms and offers the possibility of flexible adaptation to the particularities of various media outlets and to potential changes in their respective media landscapes.”

The report also argues that “it must be ensured that the organization charged with allocating public funds have the requisite competence to assess whether the self-regulation framework in question satisfies basic content-related and quality requirements. In determining the scheme for distributing public funds, it is important to consider that only a steady funding framework that provides a reliable source of income for media organizations is capable of enhancing and developing media pluralism. In designing the system, it is advisable to distinguish between public and privately-owned media corporations, and within the

latter category also between for-profits and non-profits.”

The signatories added, “The Hungarian experience has shown that concentrating all the available public funds available for supporting the entire media market in a single organization is not a good solution ... At the same time, proper legal safeguards must be in place to ensure the independence of decision-makers, and adequate institutional preconditions must be provided to ensure that professional considerations prevail. The current system in place in Hungary makes no distinction between support for nonprofit media institutions and for-profit media companies that pursue public-service objectives. One consequence is a tangled system of subsidies which, in its present form, fails to promote media pluralism.”

The report also stated that “apart from public subsidies for content production, the Hungarian media market is currently also substantially influenced by the state’s role as a procurer of advertisements. As far as the state’s engagement in media financing is concerned, therefore, its role as a supporter of content production and its position as an advertiser must be clearly separated and subject to transparent review. In the context of media pluralism, the problem of publicly funded advertising has thus far elicited scant attention, it was primarily addressed in the context of competition. In light of the prevailing Hungarian conditions, we find it important that a proper regulatory framework clearly illuminate the role of the state in the advertising market.”⁶

The EC’s Freiberga Report suggested that

any public ownership of media should be subject to strict rules prohibiting governmental interference and guaranteeing internal pluralism and be under the supervision of an independent body representing all stakeholders. Hungary clearly does not meet such proposed guidelines. Public-service media enjoy only nominal independence; actual decision-making power rests with the Media Service Support and Asset Management Fund (MTVA), which is closely controlled by the government-dominated Media Authority.⁷

The Hungarian NGOs’ paper reiterated that media corporations should have access to public funds only if the media outlets in question regulate their own professional and ethical conduct and its complaints procedures accord with a publicly available code monitored or created by a self-regulatory body or other industry-wide umbrella initiatives. This would incentivize the spread of self-regulatory mechanisms and encourage flexible adaptation to the specific needs of various media outlets and to potential changes in their positions in the media landscapes.

Any organization charged with allocating public funds must have the requisite competence to assess whether a self-regulation framework satisfies basic content-related and quality requirements. In determining how public funds for media will be spent, it is important to consider only a steady-funding framework that provides a reliable source of income for media organizations and is capable of enhancing media pluralism and diversity.

Conclusion

The Hungarian media market is substantially influenced by the state's role as a leading advertiser. It is crucial that a proper legal framework clearly illuminate and regulate the role of the state in the advertising market. As suggested by interviewees and in this report's recommendations, only transparency and adherence to a transparent procurement process can address the corruption that has taken root in this area.

There is no distinction today between support for nonprofit media institutions and for-profit media companies that putatively pursue public-service objectives. It is crucial to analyze and understand the varied capacities and needs of national and local and public and privately owned media corporations, and within the latter category, also

between for-profits and nonprofits. Today's tangled system of subsidies fails to promote media pluralism. The state's role as supporter of content production and its position as an advertiser must be clearly separated and subject to transparent review.

The Hungarian experience demonstrates that concentrating all public funds for supporting the media market in a single governmental organization invites malfeasance. Proper legal safeguards must be in place to ensure the independence of media funding decision makers, and adequate institutional capacities must be provided to ensure that professional—not political or partisan—considerations prevail.

Part Two:

Background and Supporting Materials

Existence of Rules and Practices Governing State Advertising and State Subsidies to Media

General framework

Since the Hungarian media system partially funds its operations with public funds, the general framework for the use of public funds applies to this area. Hungarian law

does not contain specialized rules and procedures regarding state spending.

The most important applicable rules are listed and described in Annex A.

Freedom of information

An essential safeguard for transparency in the management of public funds is freedom of information that allows easy access to public records. Public data were made accessible to everyone in 1992, but this accessibility has been clawed back over the past few years. Conditions for access to public information were modified by 2011 legislation (Act CXII of 2011 on the Right of Informational Self-Determination and on Freedom of Information). The previous system governing freedom of information, which had worked well, was severely curtailed with an amendment in 2013 (Act XCI of 2013).

Public-interest data⁸ are nominally publicly available and may be accessed by anyone. The law specifies the data-request procedure in detail, mindful of the interests of the person submitting the data request. A data request may be submitted in any form, including electronically, and the data manager is bound by strict deadlines.⁹

The person requesting the data is not liable for any costs related to accessing the data with the potential exception of the costs related to producing copies of the data. In

cases of failures to satisfy data requests, the law provides for judicial remedies. In practice, the greatest impediment to the freedom of information is that such legal actions can become excessively drawn out. Data requests that concern mostly financial interests are in the overwhelming majority of cases refused, and the claimant has to go to court. The court disposition typically takes about two years.

In addition to providing for the possibility of data requests, the law also obligates those handling public information to make certain types of data publicly available on the Internet.¹⁰

Current regulations offer some well-specified exceptions to the public availability of public data. These exceptions are state secrets, personal data, data connected to decision-making processes, and business secrets. "Business secrets" could be taken to pertain to information on state subsidies for media outlets.

As of 2003, however, enterprises that use public funds or public assets may not invoke the business secrets exception in the range of their activities connected to public funds

or public assets (Act XXIV of 2003). Data related to their use of public funds and public assets must be published. This provision has resulted in the publication of data related to government advertising spending and the budget of the public-service media, but in most cases, this has happened only after protracted legal actions.

In May 2011, the Hungarian Parliament sought to severely restrict freedom of information, arguing that it wished to reduce “abusive data request” practices. According to the bill, which was debated and adopted in a single day, “the fulfillment of a request to access public data may not result in data

access of similar depth and scope as that provided to oversight bodies with oversight privileges regulated by separate laws.” The president of the republic was among those who found this curtailment of the freedom of information vague and disproportionate. He refused to promulgate the act and sent it back to parliament. Parliament then used a different formulation that was just as broad and even more vague than the previous bill; this version was promulgated by the president (Act XCI of 2013).¹¹ The effect of the new regulation will depend—to an even greater degree than previously—on the intent and practice of those applying it.

General media subsidies

Subsidies of the Media Service Support and Asset Management Fund (Médiaszolgáltatás-támogató és Vagyonkezelő Alap—MTVA)

The Media Service Support and Asset Management Fund is the trustee of the public media institutions and an important source of public funding to audiovisual services and products (films, documentaries, etc.). Subsidies to public media are discussed below.

Subsidies for public-service broadcasting items, communal media providers, motion

pictures intended for cinematic release, and contemporary musical compositions must be awarded by public tender through the Media Council. Apart the general objectives of state subsidies, there are no detailed rules concerning the funds. The law specifies neither an amount nor a percentage of total funding each target area should receive.¹²

Cultural subsidies—National Cultural Fund (Nemzeti Kulturális Alap—NKA)

The NKA’s responsibility is to support cultural objectives, and media are not expressly mentioned as targets of support. In

practice, however, both the public media and other media players receive support for producing content and to support their op-

erations. Funds are awarded through public tenders, and payments are made from the minister's discretionary fund.

The NKA's primary source is a 90 percent

share of the gaming tax on the five-number lottery operated by the Szerencsejáték Zrt company, but it is also entitled to other resources, including budgetary subsidies.

European Union resources in the media market: National Development Agency (Nemzeti Fejlesztési Ügynökség)

One way in which European Union funds disbursed by the National Development Agency (Nemzeti Fejlesztési Ügynökség) enter the media market is in the form of purchases of media coverage on the use of European Union funds in Hungary. Such procedures are conducted pursuant to Act CVIII of 2011 on public procurement. An example is the 2011 framework agreement between the National Development Agency and the IMG Médiaügynökség (IMG

Media Agency), which envisioned media purchases with a net value of 1 billion HUF (4.4 million USD).¹³

There is no legal bar to the National Development Agency providing media corporations with subsidies for content production. There were specific instances of such support before 2010, but no examples were evident in more-recent data available.

Reductions in fees and fee discounts for media services

The Media Council¹⁴ sets the basic media service fee that media providers are obliged to pay. Only the principles pertaining to the calculation of the basic fee have been laid down in law. The specific fee structure or any discount scheme is no longer transparent, because contrary to the previous practice, the council has failed since 2010 to publish the formula that serves as the basis for the fee calculation.

The possibility of reducing previously established fees was enshrined in the transitional provisions of the Media Act 2010, but those rules have since been removed from the law. For the time being, the law does not rule out the possibility of lowering fees but does not provide a legal framework for doing so.

Based on the transitional provisions, the Media Council significantly lowered the

fees applicable to national radio stations and national television channels in 2011. The exact magnitude of the fee reduction is unknown, since the National Media and Infocommunications Authority (NMHH) has not released any pertinent information despite a public-data request to that ef-

fect. All judicial forums that have to date reviewed the request have ruled that information about these fees is public data and must be released. The government continues to withhold the data, however, and legal proceedings are not yet concluded.

Value Added Tax

Value Added Tax (VAT) legislation mandates the most favorable (currently five percent) VAT rate for newspapers published at

least four times a week and other journals and magazines that are published at least once a year (Act CXXVII of 2007 Section 82).

Rules to regulate provision and implementation of local/regional/national government advertising in media outlets

The 2010 media law contains special rules regarding government advertisements in audiovisual media services. The law distinguishes between three different categories of nonbusiness-related advertisements: public-service announcements, community facility advertisements (advertisements that promote a social objective), and political advertisements.¹⁵

In theory, government messages may be published in any of the three forms of advertisements. Following the logic of the regulation, nonpolitical messages are published as public-service announcements or potentially as community facility advertisements, while governmental messages that aim at political persuasion are published as political advertisements.

The strictest rules apply to political ads. Political advertisements may be published only during election campaigns or in connection within a pending referendum. The March 2013 amendment of the Fundamental Law of Hungary significantly restricted campaigning in audiovisual media. The

Fundamental Law mandates that political advertisements in media services may be broadcast free of charge only. Political advertisements produced by and in the interest of organizations that nominate national lists in the general elections for the Hungarian Parliament or in European parliamentary elections are permitted to advertise only during the campaign period leading to Hungarian Parliament or European Parliament elections. These political advertisements can be disseminated exclusively through public-service media services under conditions that apply equally to all qualifying organizations.

In practice, the distinction between public-service announcements and political advertisements is ambiguous. Advertisements published in electronic media frequently contain no public-service information; rather, they communicate political slogans (e.g. "Hungary performs better!") aimed at raising the government's popularity. The Media Council has in the past investigated such practices, but it has not done so under the current government.¹⁶

State Media Funding and Subsidies and State Advertising in the Media

Economic background

Hungarian media has suffered severely in the economic crisis since 2008. Advertising revenue in print media was 37.3 billion HUF (ca. 165 million USD) in 2012, a 46 percent decline over a four-year period. In television, 2012 ad revenue was 48.7 billion HUF (216 million USD), down 38 percent since

2008. Radio market data are not comparable because of methodological changes, but the trend for the traditional media market is clearly negative over the last four years. Online media have grown 67 percent since 2008, however, to 33.6 billion HUF (ca. 149 million USD).

Print media

The print media market is dominated by three big international investors, Axel Springer, Ringier, and Sanoma.

The political newspaper market is heavily influenced by the two largest parties, Fidesz and MSZP. The national newspaper market includes four political newspapers owned mainly by Hungarian investors (Magyar Nemzet and Magyar Hírlap are right-wing, Népszava is left-wing). The biggest, Népszabadság, is owned by Ringier and the Free Press Foundation (Szabad Szajtó Alapítvány), which is controlled by the Hungarian Socialist Party Magyar Szocialista Párt, MSZP).

The regional newspaper market can be described as one of chain ownership, with Hungary's 18 counties shared among four publishers. It achieves economies of scale, but the continuous decline in circulation

questions the long-term sustainability of the current model. Regional newspapers are partly owned by international professional investors; Axel Springer and German-owned WAZ Media Group affiliates own a majority of the titles. Inform Média has been owned by an Austrian investor, and Lapcom was bought from the Daily Mail by a Hungarian investor with offshore interests at the beginning of 2013. There are reports of a possible sale of at least some of the Axel Springer portfolio because of the proposed merger of Ringier and Axel Springer.

The market of weekly magazines is more balanced. There are several left-wing, right-wing, and liberal titles owned mainly by Hungarian investors. The biggest international media companies do not publish any political magazines; they focus on entertainment and thematic magazines.

Television broadcasting

There are about 100 Hungarian-language television channels in the country, but the market is dominated by two national commercial channels. They avoid critical political coverage, especially in the case of TV2, since its management (appointed in October 2010) is linked to Fidesz. Market-leader RTL Klub seems to be more independent in its news coverage. As discussed elsewhere, news reporting on public television is influ-

enced by the ruling parties.

There are four news channels available in Hungarian: Hír TV is right-wing, Echo TV is far right, and ATV is left-wing. They have a strong impact on public issues, especially Hír TV and ATV. A Hungarian edition of Euronews was launched in May 2013; audience data were unavailable when this report was written.

Radio broadcasting

The radio market was also dominated by two national commercial channels, but the MSZP-related Neo FM went into bankruptcy in November 2012 because of a poorly calculated business model compounded by advertisers' turn to the Fidesz-related competitor, Class FM. Three talk-radio stations have significant roles (Klub Rádió, Info

Rádió, and Lánchíd Rádió), although the Media Council has repeatedly threatened left-wing Klub Radio with the withdrawal of its frequencies.¹⁷ The public radio stations are competitive, but as is the case with public television, their news services echo governmental views.

Online media

Online content market is varied, although its impact is limited by Internet penetration of only 63 percent (age 15–69, 2012 Q2).¹⁸ The market leader online portal, index.hu, is part of Central European Media and Publishing, which is owned by a banker with close ties to the right-wing. Its main com-

petitor, origo.hu, is owned by the former state monopoly Magyar Telekom, now a subsidiary of Deutsche Telekom. There are many independent news sources, and social networking sites are increasingly effective tools of news distribution.

State advertising in the commercial media

Based on the data of Kantar Media,¹⁹ between 2006 and 2012, the share of state advertising (including governmental institutions, state-owned companies, etc.) in the overall advertising market did not change significantly; it was 3.1 percent in 2006 and 2.8 percent in 2012. The highest share of state-sector advertising in this period was 4.3 percent in 2008, and the lowest was 2.4 percent in 2010 and 2011.

Changes in the distribution of state advertising have been significant, however, as illustrated by the national commercial radio market. Until 2009, Sláger Rádió and Danubius Rádió broadcast on national frequencies. Both were music stations and similarly popular among listeners. Both were owned by foreign investors, and neither received special state preference: the two stations

together had about 58 percent share in the radio sector's state advertisement revenues in 2008 (31 percent and 27 percent respectively). After a scandalous frequency tendering,²⁰ Sláger and Danubius lost their frequencies. Two new stations, owned by Hungarian investors, replaced them. was close to the Socialist Party, and Class FM was linked to business interests close to Fidesz.

After the 2010 election, the state advertisers clearly preferred Class FM: in 2012, it received 58 percent of the state radio advertisements, while Neo FM received next to no state advertising. The two stations' audience shares were practically the same, but Neo FM closed in November 2012 for financial reasons.²¹

Table 1: Sum and share of state advertising spending in the national commercial radio market

	2008			2012		
	ad revenue ('000 HUF)	share from the sectors' state ad %	audience share %	ad revenue ('000 HUF)	share from the sectors' state ad %	audience share %
Sláger	1,034,880	31.29	—	—	—	—
Danubius	907,974	27.45	—	—	—	—
Neo FM	—	—	—	8,280	0.33	15.9*
Class FM	—	—	—	1,438,632	57.71	19.2

Source: Kantar Media, NMHH

*Neo FM's closure on November 9, 2012 negatively affected its annual audience share percentage.

The other illustrative example is the Budapest talk radio market. Info Radio and Klub Radio are both regional radio stations focusing on news and public affairs. Info Radio is considered more right-wing, but it is not evidently part of the Fidesz-related media empire owned by so-called “oligarchs.” Klub Radio is clearly a left-wing station, and in the last year, it became the symbol of the fight for media freedom.²² The two stations have similar coverage (Budapest and its re-

gion), although Klub Radio had some other local frequencies. In 2008, Klub Radio had a 6.6 percent share of the radio sector’s state revenues, while Info Radio had 5.2 percent. In 2012, in a different political climate, the share of Info Radio remained almost the same (5.9 percent), while state advertising on Klub Radio was practically zero. This is despite that in 2012, Klub Radio was much more popular among radio listeners than was Info Radio.

Table 2: Sum and share of state advertising spending at two regional (Budapest) talk radios

	2008			2012		
	ad revenue ('000 HUF)	share from the sectors' state ad %	audience share %	ad revenue ('000 HUF)	share from the sectors' state ad %	audience share %
InfoRadio	171,820	5.19	—	146,247	5.87	0.6
Klub Radio	218,046	6.59	—	2,319	0.09	3.6

Source: Kantar Media, NMHH

The newspaper market also demonstrates biased advertising spending by state institutions. In 2008, the two biggest national newspapers, the left-wing Népszabadság and the right-wing Magyar Nemzet, received 12.7 percent and 7.4 percent share respectively of overall newspaper state advertising revenues. By 2012, circulation had plummet-

ed (part of the general decline in the “political” newspaper market), but Népszabadság remains market leader, and Magyar Nemzet is second. Despite this, Magyar Nemzet gained 22 percent of all state newspaper ad revenues, while Népszabadság gleaned just 3 percent.

Table 3: Sum and share of state advertising spending at the two biggest political newspapers

	2008			2012		
	ad revenue (‘000 HUF)	share from the sectors’ state ad %	circulation (2008 H2)	ad revenue (‘000 HUF)	share from the sectors’ state ad %	circulation (2012 H2)
Magyar Nemzet	368,175	7.39	56,546	873,783	22.35	40,232
Népszabadság	631,066	12.67	105,459	91,878	2.35	54,883

Source: Kantar Media, Matesz

As these cases reveal, state advertisement spending that was relatively balanced and justifiable in terms of media outlets’ audience shares grew far more biased by 2012. State advertisers plainly prefer the right-wing media companies, especially if they were close to Fidesz’s business interests. The denial of state advertising to left-wing media companies has been especially damaging in the context of declining commercial revenues in traditional media sectors since 2008. State advertisers’ migration to the politically preferred media, regardless of their audience reach, has bolstered many media outlets most friendly to the government, and it has even assured the survival of some.

The strategy of commercial advertisers is not so well documented. There are private

accounts of pressure on commercial advertisers to advertise in favored media. Former managers of Neo FM have said that the lack of state advertising convinced commercial advertisers to avoid their radio station.²³ Companies in sectors with extensive state regulation, such as finance, telecommunications, retail, and power supply, are particularly vulnerable. Commercial companies typically avoid any confrontation with the government and for the most part now refrain from advertising in opposition media. The migration of commercial advertisements from one media outlet to another can help legitimize, however disingenuously, similar choices by state advertisers. However, hard evidence of pressure on commercial enterprises to advertise in right-wing media outlets is difficult to obtain.

Concentration of state spending

An analysis of state advertisement spending was performed based on the Kantar Media database. The basic assumption was that market distortion caused by state advertising was more significant in 2012 than it was in

2008,²⁴ that concentration of state ad spending was higher in 2012, and in the Fidesz era, the government-friendly media received a higher share of state money.²⁵

Table 4 includes the first three media brands in each sector in which state money was allocated, and the shares are also calculated.

Table 4: Principal preferred media brands and their shares in state advertisement spending in the main media sectors (2008 and 2012)

The main conclusions from this analysis are:

- The concentration of state ad spending has increased significantly between 2008 and 2012 in each sector:
 - » the average share of the leading beneficiary of state spending increased from 26.6 percent (2008) to 48.9 percent (2012)
 - » the average overall share of the top three beneficiaries of state spending increased from 58.9 percent (2008) to 74.4 percent (2012)
- There was a clearly right-wing media outlet in the top list in 2008 (Magyar Nemzet), while no left-wing media out-

let was among the most preferred media brands in 2012.

- In 2008, the most preferred media brands were mainly independent media owned by foreign investors (Sláger Rádió, RTL Klub, and origo.hu), all of which had large audience shares.

In 2012, the most preferred media brands were owned by businesspeople related to the Fidesz government (Metropol, Heti Válasz, Class FM, and Publimont), or, in the case of TV2, a management that favored Fidesz.

The data prove that the market-distorting impact of state advertising spending strengthened in 2012 as a higher share of

	2008						
	#1	#1 (%)	#2	#2 (%)	#3	#3 (%)	Top3 %
Newspaper	Metropol	12,8	Népszabadság	12,7	Magyar Nemzet	7,4	32,8
Magazine	HVG	8,5	Nők Lapja	7,8	Szabad Föld	7,5	23,7
Rádió	Sláger	31,3	Danubius	27,4	Kossuth	10,2	69,0
Television	RTL Klub	41,6	TV2	27,4	M1	17,1	86,2
Internet	Origo	34,6	CEMP	23,1	Sanoma	20,4	78,1
Outdoor	Europlakát	31,1	Epamedia	19,1	Hunaro plakát	13,4	63,5
Average		26.6					58.9

	2012						
	#1	#1 (%)	#2	#2 (%)	#3	#3 (%)	Top3 %
Newspaper	Metropol	49,0	Magyar Nemzet	22,3	Magyar Hírlap	5,5	76,8
Magazine	Heti Válasz	20,8	Nők Lapja	9,2	Kiskegyed	7,0	37,0
Rádió	Class FM	57,7	Music FM	16,1	Kossuth	8,7	82,5
Television	TV2	50,6	M1	20,7	RTL Klub	17,6	88,9
Internet	CEMP	58,2	Origo-Adnetwork	14,1	Sanoma	8,0	80,3
Outdoor	Publimont	57,1	Euro AWK	12,6	Publimont City Light	10,8	80,5
Average		48.9					74.4
Source: calculation based on Kantar Média database							

state money was allocated to media supporters of the government. These media brands were not purely loyal to the Fidesz, but they were mostly owned by so-called “oligarchs”,

the main media owners of the Fidesz-related business group.

Case Study: State spending in the digital switchover campaign

State advertising on of the digital switchover campaign has been highly influenced by political favoritism. The public information campaign promoting Hungary’s digital switchover can be considered a politically neutral topic. It is targeting the roughly 14 percent of Hungarian households that still receive television channels via analog, terrestrial broadcasting. Most are rural households with low economic and social status.²⁶

The digital switchover had been planned for several years. The most intense stage of the campaign launched in early 2013. The Inter Media Group (IMG) media agency had won the public-procurement tender from

the media authority to inform people about the digital switchover.²⁷ IMG is well known for its political linkages as part of the business interests of leading Fidesz supporter Lajos Simicska.²⁸ In March 2013, the official switchover date was announced;²⁹ the analog network was to be switched off in two steps, on July 31 and October 31, 2013.

Kantar Media data was used to analyze state advertising placement in the switchover campaign. The data reflect published advertising prices and usually not discounted real costs, but the share of advertising awarded to various media outlets indicates clear political preferences in the campaign’s spending.

Table 5: Digital switchover campaign spending in 2013 (January-May)

As the table shows, most of the campaign spending went to media owned by Lajos Simicska, Zsolt Nyerges, and Károly Fonyó (please see the background in part 2, section 3, under “Media enterprises under political control”). Publimont and Publimont City Light have about a 29 percent share of revenues. Second is TV2, the commercial broadcaster currently owned by Germany-based ProSiebenSat1, whose CEO has a good relationship with Fidesz.³⁰ TV2 may be sold soon, and there are reports that Infocenter.hu (related to Zsolt Nyerges and Lajos Simicska) may be its buyer.³¹ Károly Fonyó owns Metropol newspapers, which received the third-highest share of the campaign’s revenues.

The switchover campaign advertising is quite concentrated; the top ten media outlets received 81.66 percent of the spending (although undisclosed discounting makes precise spending per outlet impossible to calculate). Yet it is evident that spending on the campaign is highly imbalanced: TV2 has been awarded roughly triple the ad-

vertising that was awarded to the market leader and more-independent RTL Klub. The Fidesz-friendly political newspaper Magyar Nemzet has a 3.56 percent share, while the market-leader left-wing newspaper, Népszabadság, has been excluded from the campaign. Even more interesting is that Blikk, the most popular tabloid newspaper that reaches many readers in rural areas, received no advertisements.

Regional newspapers are not included in the top-ten list because of their low campaign share despite the fact that regional media can better reach analog households in rural areas—the principal target group of the switchover campaign. Nineteen regional dailies published switchover advertisements, with a total share in the spending of 3.59 percent (almost the same as Magyar Nemzet alone). The combined circulation of the nineteen newspapers in 2013 Q1 was approximately 524,000 copies; Magyar Nemzet’s circulation was 39,000 in the same period.³²

	Media brand	Type	Spending (‘000 HUF)	Share of all campaign spending (%)
1	Publimont	outdoor	164,832	24.84
2	TV2 /MTM-SBS/	television	109,119	16.44
3	<i>Metropol</i>	newspaper	51,848	7.81
4	Class FM	radio	45,338	6.83
5	RTL-KLUB	television	36,939	5.57
6	CEMP Sales House	Internet	34,130	5.14
7	EURO AWK	outdoor	30,067	4.53
8	Publimont City Light	outdoor	25,563	3.85
9	<i>Magyar Nemzet</i>	newspaper	23,600	3.56
10	EPAMEDIA BB	outdoor	20,441	3.08
	Other		121,665	18.34
	Total		663,542	100.00

Source: Kantar Media

State-owned Media and Public Media and its Funding and Influence on the Market

Rules limiting state media ownership

Current regulations restrict and prohibit state ownership only in the context of linear media services (so-called “push” services such as regular television programming, Internet, and mobile telephony);³³ this does not extend to other content provider services, “pull services” (e.g., on-demand services, print and online press products). The law bans those who exercise public authority and other specified officials from owning linear media services. However, the regulatory framework drawn from the extensive rules on conflicts of interest does not extend to media ownership by enterprises and business elites who are closely aligned to specific political groups or parties.

The state’s influence in many media enterprises may be demonstrably powerful, but it is indirect, and it might shift according to the party in power. There are several media enterprises operating in the Hungarian media market that are formally in private ownership but are nevertheless obviously associated with a clearly identifiable political-interest group (please see in section 3 below, “Media enterprises under political control”). Characteristics common to these media outlets are the significant role of state advertising in their budgets and their active promotion of the ruling party’s agenda.³⁴

Media enterprises under political control

Several enterprising Hungarian journalists have sought to shed light on the opaque networks of interests that own media that strongly support the current government and benefit greatly from its largesse.³⁵ The right-wing media empire covers mainly print media and radio broadcasting, but they have interests also in television broadcasting and the online sector. The role of outdoor advertising, which reaches many people who do not typically consume other media, is changing. Outdoor advertising was a commercial marketing tool for a long time, but it is now being used for political messages to influence public opinion.

The main figures in the Fidesz-related

media empire are Károly Fonyó, Zsolt Nyerges, and Lajos Simicska. This trio is often described in independent media as the “oligarchs.” They have extensive interests in different industries, including construction, infrastructure development, and logistics. This analysis focuses on Hungary’s media landscape and how these businesspeople support the current government. But their expansive economic and financial interests are worth noting; it adds context to their media activities, which help assure that the ruling party remains in power and continues to be friendly to their varied business endeavors.

Mr. Simicska, widely viewed as Hungary’s

most important business tycoon, was selected by a media industry magazine³⁶ as the country's third-most influential media personality in 2013. The high school peer of current prime minister Viktor Orbán, the ex-treasurer of Fidesz played an important role during the first Orbán-government between 1998 and 2002 as the head of the tax authority and a special advisor to the president of the state-owned Hungarian Development Bank (Magyar Fejlesztési Bank, MFB). He is now the main owner of Közgép, a huge infrastructure company that is a favorite for government contracts³⁷ and has interests in various other companies, some held opaquely through intermediaries.

Number fifteen on the list of the most-influential media personalities is Zsolt Nyerges, an ex-lawyer who worked with Simicska during the first Orbán-government. Strongly aligned to them is Károly Fonyó, number eight on the media personalities list, who is also seen as close to the right-wing Fidesz. He is the CEO of an outdoor advertising company, Mahir Cityposter, which is among the business interests of Lajos Simicska, and part owner of another outdoor company, Euro AWK, a regular beneficiary of government advertising. He also acquired the biggest free distribution daily newspaper, Metropol, in 2011.³⁸

Also important is Gábor Széles, a businessperson ranking seventh among the richest people in Hungary. Széles backs Fidesz and has organized several marches in support of the government.³⁹ He owns a right-wing daily newspaper, Magyar Hírlap, and a cable TV channel, Echo TV. A

free newspaper, the weekly Helyi Téma, is owned by Tamás Vitézy, a pro-government businessperson and relative of Prime Minister Orbán; it is delivered directly to households by the state-owned Hungarian Post.⁴⁰

The business group with infrastructure and media companies owned by Zsolt Nyerges and Lajos Simicska is a rare example among crisis-stricken Hungarian companies; it is hugely profitable due mainly to government contracts.⁴¹ The most valuable among their media interests⁴² are the biggest players of the Hungarian outdoor advertising sector, Euro Publicity, Mahir Cityposter, and Publimont. According to an investigative article by the industry magazine, Kreatív Online,⁴³ Publimont alone got 70 percent of all state outdoor advertising spending in 2011, but its commercial market share was only 24 percent (Mahir Cityposter and Euro Publicity data were not available). The article also reported that these media companies do not offer the most efficient way for advertising on the market.

Additionally, the TV production company Hung-Ister Zrt., owned by Nyerges and Simicska, is the most important subcontractor of the state lottery company.⁴⁴ They also own two radio stations (Lánchíd Rádió and Class FM), a television news station (Hír TV), and two newspapers, the weekly *Heti Válasz* and the daily *Magyar Nemzet*—all of which have become disproportionate beneficiaries of state advertising contracts.

The constellation of right-wing media outlets is visualized in Annex B: "Fidesz's Media Empire."

Print media

- Magyar Nemzet is the second-biggest political newspaper (average circulation about 40,000). Its publisher is owned by Gábor Liskay and Pro-Aurum Co., a company that is linked to Lajos Simicska.⁴⁵
- Metropol is the only free daily and the most-circulated newspaper in Hungary (about 352,000 copies). The publisher is owned by Károly Fonyó.
- Heti Válasz is a political weekly (average circulation about 16,000). It is published by Infocenter.hu Media Co. and Mahir, two companies belonging to Zsolt Nyerges and Lajos Simicska.⁴⁶

Radio broadcasting

- Class FM is the only national commercial station since the broadcasting license of its main competitor, Neo FM, was suspended in 2012.⁴⁷ The broadcaster (Advenio Co.) is owned by Zsolt Nyerges.
- Music FM is a regional station in Budapest, and the broadcaster (Prodo Voice Studio Co.) is also linked to Zsolt Nyerges.⁴⁸
- Lánchíd Rádió, a talk radio station in Budapest and in several regions of the country, was a big winner in the frequency tendering in the last years.⁴⁹ Lánchíd Rádió is owned by Infocenter.hu and Gábor Liskay.

Television broadcasting

- Hír TV is a news channel available in about 80 percent of TV-owning households. It is owned by and Gábor Liskay and Pro-Aurum Co., as is the daily newspaper Magyar Nemzet.

Outdoor⁵⁰

- Publimont, owned by Lajos Simicska and Zsolt Nyerges, is the main beneficiary of governmental campaigns.
 - Euro-AWK is co-owned by Károly Fonyó.
 - Mahir Cityposter, Euro Publicity, and A Plakat are also linked to Lajos Simicska and Zsolt Nyerges.
- Other government-friendly investors in the Hungarian media include Tamás Vitézy, mentioned earlier. Central European Media & Publishing, owned by banker Zoltán

Spéder, runs the market-leader news portal Index.hu, the Info Rádió talk radio station in Budapest, and Napi Gazdaság, a daily business newspaper. Gábor Széles owns news media outlets that are editorially on the far right: a political newspaper, Magyar Hírlap, and Echo TV, which covers news and public affairs. TV2, the second-most popular television channel, is owned by ProSiebenSat1, but its top management is seen as very close to the Fidesz party.

Favoritism is also seen in selection of media agencies through which advertising budgets of public institutions and state-owned companies are spent. Inter Media Group Ltd. (IMG), Bell and Partners Ltd., and Vivaki Hungary Ltd. are the usual winners of the tenders, even those chosen by the public-procurement process. These agencies have close links to the current government, and their media planning decisions are not transparent.

Public-service media

The legal regulations and financial practices of Hungary's current public-media financing scheme make it subject to improper state influence and fail to comply with European Commission requirements regarding state support for public-service media.⁵¹ Public-service media are not transparent in finance, their supervisory responsibilities are unclear, their decision-making processes are incoherent, and political influence on them is extremely strong. Annual reporting requirements for financial resources assigned to public-service tasks are not regulated by law. Annual reports regarding financial aspects of public-service media made public under the previous (1996) media law are no longer published.

In 2011, the formerly separate public-service broadcasters (Magyar Televízió, Duna Televízió, and Magyar Rádió) and the Hungarian News Agency were integrated into one organization, Media Support and Asset Management Fund (Médiaszolgáltatás-támogató és Vagyonkezelő Alap, MTVA).⁵²

The assets and production capacities of the previously autonomous public-media institutions were transferred to the MTVA, as were the vast majority of their employees. The rules concerning the delineation of competencies and responsibilities between the media institutions that succeeded the previously autonomous organizations and the MTVA remain unclear. Furthermore, the organizations tasked with controlling public-service activity and providing social oversight have no influence over the operations of the public media since they play no role in controlling the activity of the real decision-making body, MTVA.

The license fee system that formerly funded public media was abolished in 2002, and it is now heavily financed by the central budget. State support of the MTVA was 58.7 billion HUF (260 million USD) in 2011,⁵³ 64.8 billion HUF (287 million USD) in 2012,⁵⁴ and 68.6 billion HUF (304 million USD) in 2013.⁵⁵ Commercial revenues are also allowed; the net sales revenue was 4.8 bil-

lion HUF (21 million USD) in 2011. Financial statements for 2012 were not available.

The White Report database calculates that the total size of Hungary's commercial media market in 2011 is 260.7 billion HUF (1.156 billion USD).⁵⁶ Against this estimate, state support of MTVA was equal to 22.5 percent of the entire commercial media market, including all the sectors.

MTVA runs four television channels (MTV, M2, Duna TV, and Duna World), but they are relatively marginal players in audience share, holding only 13.7 percent as of 2013 Q1. Commercial channels had 77.8 percent,

with the remainder spread across other channels and DVD/video viewing.⁵⁷

In the radio market, the role of public-service broadcasting is more significant. Audience share of the three main public radio channels totaled 27.1 percent: Kossuth talk station, 19.8 percent; the broadcaster of pop music, Petöfi, 6.4 percent; and just under 1 percent for Bartók, a classical music station.⁵⁸ The editorial integrity of the news programs of Kossuth dramatically deteriorated since 2010, and its main news programs are now considered government mouthpieces.

The national news agency

The new media law has also revised the function and financial system of the national news agency, Magyar Távirati Iroda (MTI), by the repeal of the January 1, 2011, Act No. CXXVII of 1996 on the National News Agency and the integration of MTI into public service media.

This occurred in parallel with the centralization process of the public-service media. News offices of the various service providers were shrunk to a minimum. MTI's responsibilities were expanded to not only produce news reports; it also had the exclusive right to produce news programs for other public-media service providers. MTI was also authorized to operate an integrated news portal of public-media service providers and to offer other online press products of the public-media service providers as well as their on-demand media services

accessible via the Internet.⁵⁹ Ensuring the breadth and balance of media coverage is left entirely up to the MTI as the central news source from which individual public-media service providers obtain content.

Funds for the national news agency have been provided by the MTVA, the owner of the assets and payer of the staff of the three public-service media organizations and of MTI since January 2011. MTI's fees were abolished, and it became a nonprofit, private, limited company albeit still budget-funded, with its news services free to all media providers.

Precise financial data of this sole news agency in Hungary are not known, since funds for news production are provided by the MTVA. It is known that MTVA budget estimates have risen year by year. More de-

tailed information of the distribution of the budget and actual costs of news production are unknown to the public; the written

annual reports of the national news agency have not been accessible since 2009.

Examples of abuses of state advertising and state ownership: public media turned into a propaganda machine

Since 2010, a number of well-documented cases have demonstrated that self-censorship practices have become prevalent in public media and that these institutions abuse public funds to create politically biased content to support the political goals of the current government. *Atlatszo.hu*, the investigative journalism and anticorruption watchdog, reported several prominent cases since 2010.⁶⁰ Examples include:

- Refusal to broadcast an interview with a civil rights activist: On December 10, 2010, amid controversies surrounding the approval of the new media law, Balazs Denes, the head of Társaság a Szabadságjogokért (the Hungarian Civil Liberties Union, TASZ), reported during a conference that his recording of an interview regarding International Human Rights Day that morning at Kossuth, a channel of the Hungarian Public Radio, was abruptly ended by a reporter who said that “in the present situation” it was out of the question that Denes could mention the media law among human-rights issues. The reporter first warned him that if he continued, “everybody would be soon sacked from the radio.” The recording was halted. Hungarian Radio never investigated the affair.⁶¹
- The manipulation of news about Member of the European Parliament (MEP) Daniel Cohn-Bendit: In 2010–2011, a German green-liberal, MEP Daniel Cohn-Bendit, became the target of the public-service stations’ (Kossuth Radio, M1, M2) smear campaign due to his vocal criticism of the Hungarian government. The news programs—using almost Stalinesque propaganda methods—aired reports about pedophilia allegations from the 1960s (transcript⁶² and video⁶³), and during a press conference in April 2011, a reporter confronted the MEP with the revived accusations. The news coverage aired during the prime-time broadcast was edited to indicate that Mr. Cohn-Bendit had avoided answering the question. However, an independent video⁶⁴ confirmed that the politician had responded to the accusations. The report was made by a young reporter, Dániel Papp, who was soon named as editor-in-chief at MTVA.⁶⁵
- Blurring the photograph of a former chief justice: In December 2011, the face of Zoltán Lomnici, the former president of the country’s supreme court, was digitally removed from a news report

with a technique normally used to protect the identity of people facing criminal charges. According to press reports, removing Mr. Lomnici from the report had been politically motivated. Television insiders also suggested that personal differences between Mr. Lomnici and senior management at one of Hungary's public television stations were to blame. After a swift investigation, the public broadcaster announced it had issued reprimands to three unnamed employees. Several public-service journalists and union activists went on a hunger strike in front of the company's headquarters in December 2011 to protest manipulative news coverage, alleging there was a standing order not to show Mr. Lomnici in the news. Soon after the incident but officially unrelated to it, a director at the Hungarian press agency, Gábor Élő, was dismissed⁶⁶ but was soon nominated as the editor-in-chief of the online portal of a pro-government daily newspaper,⁶⁷ Magyar Nemzet. The editor-in-chief of MTVA's news production, Dániel Papp, the same person who played a key role in the Cohn-Bendit controversy, was transferred to another position at the same level.⁶⁸ These changes indicated that the dismissal served only as window dressing. The politically loyal editors remained at the institutions or got well-paid jobs in a right-wing media company.

- Misrepresentation of an opposition rally: On January 3, 2012, during an important antigovernment rally,⁶⁹ a reporter of the public-service TV M1 main evening news

program (Híradó) chose an empty spot cordoned off by the police as the background for his live coverage, which implied that the demonstration had been only sparsely attended. The incident became an instant Internet hit, with the reporter as the target of derisive memes.⁷⁰

- Apologetic interview with the president: One of the most notable political scandals of 2012 was the plagiarism case of the Hungarian president, Pál Schmitt. An independent website, HVG.hu, the online edition of the most important Hungarian print weekly, HVG, revealed that Mr. Schmitt's doctoral thesis had been copied from other sources. The president denied the allegations until the university decided to strip him of his doctorate in May. Following the announcement, he gave a memorably apologetic interview to the public TV. During the interview, the reporter discarded journalistic standards and used questions and comments simply to support the president's arguments. The interview was remarkable, as the full transcript reveals,⁷¹ and it was notable enough to rate an article in the Economist's blog.⁷² A few days later, the president announced his resignation.
- The press agency using unverified sources to discredit an MP: In May 2012, the Hungarian press agency MTI published a news piece in which, as the article put it, "the real face" of József Ángyán, a Fidesz MP, would be shown.⁷³ Mr. Ángyán is known for his outspoken criticism of the government and his own party. The MTI article based its allegations on a blog

created a couple of hours earlier that had only a single post bearing the title “Whose mercenary is Mr. Ángyán really?” The blog post was full of unverified and false allegations against Mr. Ángyán, and the head of the press agency finally had to apologize.⁷⁴ The author of the blog post remains unknown.

- Prominent writer censored on the public radio Kossuth: In January 2013, Peter Esterházy, a famous and prominent writer, claimed that the public radio censored

his monthly arts review to exclude comments encouraging listeners to attend the final productions at the National Theater managed by Róbert Alföldi, who was about to step down after his contract was not renewed. Conservatives often criticized provocative performances the National Theater offered under Alföldi’s leadership. The public-service broadcaster apologized to Esterházy but denied that the omission was censorship.

Private media under pressure: new business elites, state subsidies, and advertising

Due to the hidden nature of soft censorship and the indirect way it operates in Hungary, properly documented cases of outright denial of state advertising or direct pressure on content are absent. However, besides the anecdotal evidence mentioned in in-depth interviews, there are some cases that imply such practices. These include:

- A right-wing journalist employed as special advisor by TV2: In an unusual move, the second-biggest terrestrial commercial television station, German-owned TV2, employed a journalist from pro-government cable news channel Hír TV as special news policy advisor to TV2's CEO in 2011. Press reports suggested that TV2 believed the journalist's presence at the station would aid its ability to gain state advertising and program sponsorship.⁷⁵
- TV2 as the preferred station of the prime minister: Since his election, the prime minister has favored TV2 for his commercial television interviews. Since May 2010, Viktor Orbán has given eight extended interviews to TV2 but none to its main competitor, RTL Klub. Of the interviews given to TV2, especially interesting are the two (since Orbán became prime minister) broadcast by the station's most-important celebrity magazine, *Frizbi*. These interviews were unusually intimate; the program host, Peter Hajdú, used first-name terms with the prime minister, which is rare in mainstream Hungarian journalism.⁷⁶ No tough or confrontational questions were raised. The latest interview during the 2012 Christmas holidays⁷⁷ ended with an intimate question about the prime minister and his family's Christmas after he received the TV crew in his home.⁷⁸
- Heti Válasz journalist in row with editor-in-chief over censored article: An online row broke out in 2012 between András Stumpf, a prominent editorialist of the right-wing weekly *Heti Válasz*, and his editor-in-chief, Gábor Borókai, after his article discussing the plagiarism case of the president was removed from the weekly's website. The editorialist argued that his article went through all the necessary editing phases before online publication, while the editor-in-chief maintained that a tacit agreement said that all articles on dignitaries should have his final approval, which he clearly would not offer.⁷⁹
- Weeklies fight over state funding: In 2012, the liberal weekly *Magyar Narancs* revealed that since 2007, two pro-government weeklies, *Heti Válasz* and *Demokrata*, had received considerable advertising money from Fidesz-ruled Budapest district municipalities for public-relations articles that were disguised as editorial content.⁸⁰ *Magyar Narancs* complained that under socialist-led governments, advertising

spending was more evenly distributed, but since the latest right-wing victory, pro-government weeklies were getting a much bigger share.⁸¹ In a similar dispute the same year, the editor-in-chief of *Heti Válasz* criticized leftist *Klubrádió* for being the favorite of socialist-liberal governments,⁸² and the editor-in-chief of the liberal weekly, *168 óra*, hit back, lambasting *Heti Válasz* for receiving government funds.⁸³

- Socialist Party protesting Közgép advertisement: In 2012, the Socialist party protested an advertisement placed by the infrastructure company owned by the

ex-treasurer of Fidesz, Lajos Simicska, in the leftist daily *Népszava*, whose editor-in-chief had to explain in an article why the daily had accepted the contract.⁸⁴ “We did not jump out of the money’s way,” he said.⁸⁵

- Journalists get direct funding from parliamentary party groups: Based on freedom-of-information requests, an online newspaper, *444.hu*, revealed in 2013 that several journalists’ companies were under contract with parliamentary groups of parties to work on web pages or provide consultancy services to them.⁸⁶

Local media under tight control

The local media landscape has been little analyzed in Hungary. It is considered the long tail of the media market. In international comparison, even the national market is small, and the economic force of local markets is not significant. Local media products and services are typically free to audiences and financed via advertisement revenues and/or municipal support.

Based on the White Report database, local media market revenues in 2011 were 21 percent of the total market and valued at HUF 54.2 billion (USD 240 million).⁸⁷ This includes the regional newspaper publishers owned by international investors. The Hungarian regional newspaper market is built on chain ownership, with four publishers offering a total of eighteen titles. Excluding these international investors, overall revenue in 2011

for the 334 Hungarian-owned local media companies included in this data was only HUF 20.8 billion (USD 92 million), a 9 percent share of the overall media market.

The ownership structure of these local companies is varied. In some cases, local media companies are operated by the municipality itself, and financial results are not available since they are part of the municipal budget. When municipalities have founded separate companies to run media outlets, financial results are available. Independent owners can also enter the local media market, but it is in their interest to be loyal to the local political power or at least to avoid conflicts, since critical journalism may discourage both official and commercial advertising.

The anticorruption investigative journalism site, *Atlatszo.hu*, published a series of arti-

cles describing abuse of public funding for local media in some of Hungary's biggest provincial cities. These articles show that in most cases, local municipalities in these towns own local media empires ranging from TV stations and print publications to online portals that regularly receive significant public funding and advertising. Local politicians reward loyal media and journalists with lucrative contracts and often interfere with content in direct or indirect ways. Some examples from various municipalities are:

- Debrecen:⁸⁸ The Fidesz-majority city municipal government provides regular and significant funding (ranging from 80 to 120 million HUF, ca. 355 to 532 thousand USD) to local, independently owned media companies and also to its own outlets. According to *Atlatszo.hu*'s evaluation, municipal-owned media serves as propaganda tools for the local government and the long-time mayor, Fidesz MP Lajos Kósa. Independently owned outlets are also loyal or apolitical on key issues and appear to tailor editorial content to be eligible for public funding.
- Miskolc:⁸⁹ The local, Fidesz-ruled municipality owns an important media company whose media outlets include a freely distributed weekly, an online portal, and radio and television stations. Its yearly revenues from direct funding from the city, advertising by city companies, and private advertising are approximately HUF 200–300 million (USD 887 thousand to 1.3 million). The company's large share of municipal advertising distorts the local market and has weakened privately owned competitors. Journalists whose articles the ruling party does not like are denied access to information or have occasionally been sued.⁹⁰
- Pécs:⁹¹ The Fidesz-ruled city's municipal media companies with a budget of HUF 140 million (USD 620 thousand) have a portfolio consisting of an online portal, a freely distributed weekly, and a television station. Its editor-in-chief previously worked for pro-government media outlets and was also employed as the campaign manager of the current mayor. The main competitor to the municipal media company is an outlet that was owned by a company indirectly linked to the ex-treasurer of the Socialist Party, László Puch.
- Szombathely:⁹² According to press reports, the Fidesz-majority city council broke a contract with the company publishing the local municipality's newspaper after it ran an advertisement paid for by the Socialist Party that harshly denounced Prime Minister Orbán and leading businessman and Fidesz supporter Lajos Simicska, who, the advertisement charged, "steal everything."

APPENDIX A

General Regulatory Framework

- Act CXCV of 2011 on the state budget (abbreviated as áht in Hungarian), has as its objective the establishment of the conditions for a transparent functioning of the state budget. This law delineates the state's financial management system, the rules pertaining to the central budget's planning and implementation, and the operations of the various budgetary subsystems.
- Act CLXXXI of 2007 on the transparency of publicly funded subsidies, which extends to subsidies allocated by budgetary subsystems, European Union funds, and other funds financed based on international agreements. It also lays down the fundamental rules of tenders and the order applicable to awarding subsidies.
- Act LXVI on the State Audit Office (Állami Számvevőszék, ÁSZ): The State Audit Office is parliament's principal financial and economic controlling body. It is responsible for overseeing the management and use of public funds as well as the handling, protection, and exploitation of national assets. Pursuant to general rules, the ÁSZ is authorized to review the financial management of the Media Authority, the Media Support and Asset Management Fund (Médiaszolgáltatás-támogató és Vagyonkezelő Alap, MTVA) and other state bodies that provide essential funding for the media market.
- Pursuant to law, the State Audit Office is parliament's chief financial and economic comptroller body. It is subordinated to parliament in the discharge of its responsibilities but is independent of all other organizations in performing its auditing activity. It performs general-competence audits concerning the responsible management of public funds and state and municipal assets.⁹³ The State Audit Office's current president previously served as a member of parliament for the larger governing party. A review of the government's advertising expenditures and media subsidies is not on the current auditing agenda, nor has it appeared on any previous auditing agendas during the current government term.
- Government Decree No. 355/2011(XII.30): While the State Audit Office is subordinated to parliament in the discharge of its responsibilities, there is also a Government Control Office (Kormányzati Ellenőrzési Hivatal, KEHI) established by Government Decree No. 355/2011. (XII.30), which functions as a body under the government. The president of the control office serves at the pleasure of the prime minister.⁹⁴
- The Criminal Code: The specialized rules and procedures regarding state spending on advertising are not available to us. The Criminal Code contains certain types of offenses involving the use of public funds. The new Criminal Code, which came into effect in July 2013, lists all the potential abuses under the heading "Budgetary Fraud."
- Act CVIII of 2011 on public procurement: As typical forms of state communication, public-procurement notices must be published in compliance with the provisions of Act CVIII of 2011 on public procurement. The law provides that the notices shall be sent electronically to the Procurement Authority (Közbeszerzési Hatóság), and they must adhere to the prescribed layout. Pursuant to the related regulation by decree, 92/2011 (XII.30) decree of the Ministry of National Development (NFM), the notices must be published in the Official Journal of the European Union or, if the value of the procurement is below the union threshold, then in the Public Procurement Bulletin. The law does not make provisions regarding any other mode of publication.

APPENDIX B

Fidesz's Media Empire⁹⁵



Endnotes

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- 2 www.transparency.hu/Governments__amendments_come_and_go_-_public_procurement_fraud_stays_the_same?bind_info=index&bind_id=0
- 3 www.bbj.hu/business/bell-and-partners-wins-tender-to-provide-mfb-with-communications-and-pr-services_64617
- 4 Joint Position Paper to the High Level Group on Media Freedom and Pluralism Created by the European Commission on the Hungarian Media Law and its Application, mertek.eu/en/article/opinion-on-the-report-of-the-high-level-group-on-media-freedom-and-pluralism-a-free-and
- 5 “A free and pluralistic media to sustain European democracy.” The High Level Group on Media Freedom and Pluralism, January 2013. ec.europa.eu/digital-agenda/en/high-level-group-media-freedom-and-pluralism
- 6 mertek.eu/sites/default/files/files/opinion_hungary.pdf
- 7 See part 2, section 3: “Public-Service Media.”
- 8 According to the effective statute, “public-interest data” designates any type of data and information—regardless of the method or format in which they were recorded—that is handled by and/or refers to the activities of any body or person that discharges state or municipal government functions or other public duties provided for by the relevant legislation, including data generated in the performance of their respective public duties, regardless of how these data are handled or of the way in which they were collected. This includes in particular data “regarding powers and competencies, organizational structures, professional activities and the evaluation of such activities covering various aspects thereof, such as efficiency, the types of data held and the regulations governing operations, as well as data relating to financial management and to contracts concluded.”
- 9 Fifteen plus fifteen days.
- 10 The data should be accessible by anyone without requirement of personal identification and completely devoid of restriction. It should be available for printing and for copying in all its details without any loss or distortion of data. Its downloading, printing, copying, and network transmission should also be free of charge. The data to be published are specified by the so-called publication lists. The general publication list applicable to all bodies that handle public data is contained in the act on freedom of information, and it includes organizational and personnel data as well as data regarding the respective organizations’ activities, operations, and financial management.

- 11 Access to data concerning the comprehensive and substantive review—extending to individual invoices—of the financial management of bodies with public-service functions is governed by other legislation.
- 12 atlatszo.hu/2012/10/04/mertek-mediaelemzes-mecenasok-kertek/
- 13 Exchange rate: 225.5 HUF/USD
- 14 The Media Council is part of the National Media and Infocommunications Authority (NMHH) but is vested with autonomous discretionary powers within that authority. NMHH is a convergent communications authority responsible for both telecommunications and media. The NMHH's president is appointed by the prime minister, and the president of the republic serves as chairperson of the Media Council.
- 15 Public-service announcements mean any announcements released free of charge, made by an organization or person fulfilling state or local governmental responsibilities that convey certain, specific information of public concern intended to attract the attention of the viewers or listeners, which does not qualify as political advertisement (Media Act 2010 Section 203 Nr 27). Community-facility advertisements shall mean any communication or message made in the public interest, other than political advertisement, without any commercial interest and hence not for advertising purposes, published in return for payment or free of charge, aimed at influencing the viewer or the listener of the media service to achieve a goal of public interest (Media Act 2010 Section 203 Nr 64). Political advertisement shall mean any program published for a fee or free of charge, the purpose of which is to enhance or advocate support for a political party or political movement, or the government, or which promotes the name, objectives, activities, slogan, or emblem of such entities, which is displayed and/or published in a manner similar to that of an advertisement (Media Act 2010 Section 203 Nr 55).
- 16 See mertek.hvg.hu/2013/06/03/cinkelt-cimke/
- 17 A summary on the Klubrádió case is found at: www.mertek.eu/en/article/summary-of-the-case-of-klub-radio
- 18 nrc.hu/kutatas/internet_penetracio
- 19 Kantar Media research company uses so-called "list prices" (gross advertising expenditure) in its database. It is based on the public price a media outlet offers to media agencies for a thirty-second advertising spot, a full page or half page ad space, or a banner. Kantar Media monitors rate-card pricing for media operators and also the ads sold (seconds, pages, sites), so it provides monthly data on ad expenditures by advertising category, advertising company, and brand. It gives reliable data about the shares (e.g., the way the advertiser spends the campaign budget in different media), but the exact sums

may not reflect actual spending. The advertisers do not pay the list price; the media companies give significant discounts to attract advertisers. Kantar media monitors the big- and middle-size media operators, but local media outlets are not included in the database.

- 20 www.bloomberg.com/news/2012-04-04/hungary-sued-for-political-interference-in-radio-frequency-bids.html
- 21 mertek.eu/en/article/bankruptcy-of-neo-fm
- 22 See more about the Klub Radio case: mertek.eu/en/article/summary-of-the-case-of-klub-radio and mertek.eu/en/article/on-lex-klub-radio-the-legislative-machinery-will-not-rest
- 23 m.origo.hu/itthon/20120620-a-neo-fm-mediaszolgalatasi-dijtartotasa-mediatanacs.html
- 24 The year 2008 was used chosen as closest to 2012 in the governmental cycle. There were parliamentary elections in 2006 and 2010.
- 25 Indoor and cinema advertising are not included in the calculation because of the small share of state spending in these sectors.
- 26 nmhh.hu/dokumentum/151795/dig_atallas_2012_tavasz_webre_vegleges.pdf
- 27 kozbeszerzes.hu/data/hirdetmeny/portal_20781_2012.pdf
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- 30 atlatszo.hu/2013/05/23/fidesz-tv-a-2010-es-kormanyvaltas-hatasa-a-teves-es-radios-piacra/
- 31 hvg.hu/gazdasag/20130517_Nyerges_Tv2_Infoncenter_vasarlas
- 32 Circulation data are based on matesz.hu database (Hungarian Audit Bureau of Circulation). Circulation of one regional newspaper (Nógrád Megyei Hírlap) is not available, so it is not included in the calculation. Fejér Megyei Hírlap has a special local version for Dunaújváros, a middle-sized Hungarian town. Both newspapers are included in the calculation.
- 33 Directive 2007/65/EC of the European Parliament and of the Council of 11 December 2007 amending Council Directive 89/552/EC on the coordination of certain provisions laid down by law, regulation, or administrative action in member states concerning the pursuit of television broadcasting activities defines the notion of “audiovisual media services” by making a distinction between linear services, which are traditional television services; the Internet and mobile telephone services, which “push” content to viewers;

and nonlinear services, i.e., on-demand television, by which viewers “pull” content from a network (“video-on-demand,” for example). Please see: europa.eu/legislation_summaries/audiovisual_and_media/l24101a_en.htm

- 34 Article 43 Mttv. (3) The following organizations shall not be entitled to provide media services: a) political parties or undertakings established by political parties; b) state and public administration bodies, unless provided otherwise by legislation applicable in the event of an extraordinary or emergency situation; c) undertakings in which the Hungarian state has a qualifying holding; d) undertakings in which any of those listed under Paragraphs (1) to (2) hold a direct or indirect ownership stake, or have acquired the right to influence its decisions pursuant to a separate agreement or by other means; or a person, an organization otherwise subject to acquisition restrictions. (4) An undertaking shall not be entitled to provide local linear media service in a reception area of which at least twenty percent falls within the limits of local government jurisdiction, if any local government representative or employee, the Mayor, Deputy Mayor, the Mayor of Budapest, the Deputy Mayor of Budapest, or any close relative thereof holds an office in the Board of Directors, management or the Supervisory Board of such an entity, or in the Board of Trustees of a Foundation or a Public Foundation. (5) Having regard to Point d) of Paragraph (3), any business entity in which a close relative of a lord mayor, deputy lord mayor, mayor or deputy mayor, the chairman or deputy chairman of the county assembly, or any local or county government representative has a direct or indirect ownership interest, or have acquired the right to influence their decisions on the basis of an agreement or in any other way, it shall have no entitlement to provide linear media services if at least twenty per cent of the area covered by the media service in question falls within the territory of the community affected.
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- 50 www.kreativ.hu/media/cikk/kozteruleti_penzosztas_az_orban_korszakban
- 51 Communication from the Commission on the application of State aid rules to public-service broadcasting 2009/C 257/01
- 52 Act of CLXXXV of 2010 on the Media Services and Mass Media mediatanacs.hu/dokumentum/1454/act_clxxx_on_media_services_and_mass_media.pdf
- 53 Act 2010 CLXIX on the 2011 Central Budget of the Hungarian Republic www.complex.hu/jr/gen/hjegy_doc.cgi?docid=A1000169.TV
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- 92 magyarnarancs.hu/kismagyarorszag/simicska-miatt-sztornoztak-a-lapot-82755
- 93 With its determinations and suggestions based on the experience gathered in the context of its audits, the State Audit Office helps parliament and parliamentary committees as well as the work of the audited organizations. Based on its determinations, the State Audit Office may initiate proceedings with competent institutions against the audited organizations and responsible persons. The State Audit Office reviews the financial management of institutions that dispose funds from the central budget and the financial management of municipal governments, among other organizations. During an audit, the auditor is entitled to access all documents and may make copies of them even if they contain information the law has designated as secrets. The State Audit Office sends the audit's determinations to the body under review, initiates criminal or other proceedings when indicated, and requests the suspension of state subsidies for the organization under review.
- 94 Pursuant to the law, the Government Control Office performs, independently of the government, impartial fact-finding, auditing, or advisory activities that also draw conclusions and put forth suggestions, primarily in the context of reviewing the use of public funds, managing and conserving national assets, and efficiently, economically, and successfully discharging public responsibilities. The scope of its auditing jurisdiction does not extend to parliament and certain other bodies, some of which are controlled by parliament, while others are autonomous constitutional bodies. During an audit, the Control Office is entitled to access all documents of the body under review and may perform unannounced, on-the-spot investigations. Based on its audit, the Control Office obliges the audited body to implement necessary measures, and it may also initiate criminal proceedings if it determines abuses have taken place. The Control Office may assess a fine if it encounters a failure to cooperate.
- 95 <http://image.kreativ.hu/original/140767.png>

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