

Footprint of Financial Crisis in the Media

Open Society institute
Media Program

January 2010

Preface

The Emergency Fund of the Open Society Institute (OSI) was established as an extra-budgetary fund to tackle some of the most pressing social and economic issues arising from the financial crisis as this has affected the traditional OSI target countries. The Fund aims to ensure that previous advances towards Open Society goals are not reversed by the social and economic strains created by the crisis. The countries concerned are: Albania, Armenia, Bosnia and Herzegovina, Bulgaria, Czech Republic, Estonia, Hungary, Kosovo, Kyrgyzstan, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Serbia, Slovakia, Tajikistan, and Ukraine.

This snapshot study, *Footprint of Financial Crisis in the Media*, was commissioned by the Open Society Media Program to stimulate debate within the Emergency Fund and the OSI Network about the effects of the financial crisis on the independent media and accountability journalism as well as on public debate - both fundamental elements of a free and open society. The decision to conduct the study was inspired by the concerns raised by local Soros foundations about the negative impact of the crisis on news delivery and, by extension, on citizens' ability to make informed decisions. There were reasons to suggest that the financial strain caused by the crisis has affected the breadth and depth of public information, the scope of investigative reporting and also the opportunities for an open public debate. All but two (Kosovo and Tajikistan) of the Emergency Fund's target countries took part in the study.

The study was conducted during December 2009, using a methodology that provides a comparative insight into media economics across the region, and into consumers' opinions of media content. Researchers focused on the most important news carriers in their respective countries, up to three outlets per type of media: print; public and commercial broadcasters; and news websites. The quantitative data covers the period from 2006 to 2009 and includes: the main economic indicators of the country, focusing on changes in income, employment and access to modern communication tools; media sector indicators, focusing on the dynamics of advertising revenue; and the performance and output of specific outlets. The qualitative data, gathered by means of focus groups or interviews with consumers as well as with media professionals, covers five main topics: output, editorial independence, ownership, journalists' employment and patterns of new media usage. Depending on the country, access to quantitative data about privately-owned outlets ranged from adequate to poor. In countries with limited quantitative data accessibility, researchers relied mostly on qualitative findings and expert estimates. In addition to 18 country reports, the study includes an overview of the main findings across the region.

Executive summary and conclusions

The crisis and subsequent recession have hit the countries of Central and Eastern Europe, the Balkans and the Commonwealth of Independent States particularly hard, with GDP levels dropping, in some cases, below minus 15 per cent and forcing several countries to seek IMF assistance. Falling incomes forced governments, businesses and households to make spending cuts. In media, a double-digit drop in advertising revenue has led to reductions in staff, output and news sources, with particular cuts in investigative, regional and international reporting. As cash-strapped media increasingly opt for stories with mass appeal, accountability journalism suffers. Media consumers across the board note that the crisis has aggravated several negative trends in media, namely, pro-government slants in public media, apparent political or business interests shaping content, increases in entertainment coverage, use of hidden advertising, reliance on PR products and lack of in-depth reporting on crucial issues, including the crisis itself. The crisis also left hundreds of journalists jobless and forced several highly respected foreign investors to pull out of the market. With advertising expenditures on hold, the trends are likely to persist in 2010 and audiences remain at high risk of receiving increasingly simplified, irrelevant and politicized information.

This study shows that the crisis has had some positive effects, too. It forced outlets to increase efficiency and invest in online presence. It has also increased resourcefulness among audiences with people consuming more sources in order to form their opinion. The crisis, which has largely bypassed online media, has brought new audiences to the internet. The rapid rise of Twitter and Facebook coincided with the crisis and, combined with the drop in consumers' disposable income and the need for traditional media to find new audiences, led to an explosion of online communities of consumers.

The negative trends identified in this study will, if left unattended, diminish opportunities for independent media to provide citizens with balanced in-depth information and thus increase the risk of losing some of the advances made towards democratic journalism. We hope that the findings will be taken into account by the Emergency Fund when it considers support for the crisis-hit region.

We recommend providing training for journalists in business and economy journalism in order to tackle the problem of insufficient or incompetent coverage of crisis-related issues. Targeted support for investigative reporting projects will help to keep dubious governance practices in public view. In communities with limited access to printed media and low internet penetration, a more balanced news delivery can be achieved by means of subsidized subscriptions to quality print media or free distribution of printed copies of online publications. Support for public service content is recommended as a response to the trend towards 'infotainment' in public media. We also recommend support for innovative and flexible media business models to ensure sustainable and diverse news

delivery. These initiatives will help to ensure that cash-strapped media do not compromise their public function and do not leave citizens poorly informed and open to political manipulation.

Region of the deepest recession

For countries in Central and Eastern Europe (CEE) and the Commonwealth of Independent States (CIS), 2009 could have been a year of celebrations. It was the 20th anniversary of the fall of the Berlin Wall and the fifth of the European Union's first wave of expansion, both life-changing events and a cause for celebration. But the global recession forced the region to focus on the present and on ways of reaching the future without losing much of what had been achieved since those remarkable events.

When the pre-crisis boom ended abruptly, the region, which had experienced high, in some cases, double-digit, growth, fell into deep recession. In 2009, GDP in the post-communist region (CEE and CIS) is forecast to nosedive to minus 5 and minus 6.7 per cent respectively,¹ reaching the record levels in several countries, including Lithuania (minus 15 per cent) and Armenia (minus 16 per cent). The IMF and EU propped up the most vulnerable and default-prone countries, lending them billions of Euros with heavy austerity strings attached and promised to stay engaged in the region, fearing contagion. The crisis has led to prime ministers losing their jobs (Hungary) and angry citizens resorting to violent window-smashing (Latvia).

Prominent economist Anders Åslund of the Peterson Institute for International Economics has said that by the end of the crisis, the hardest-hit economies "will have lost a year of rapid growth",² but will have good business development prospects and, hopefully, will be wiser for the wear. When it comes to media, the picture is much less optimistic. Just like other businesses, media had to adjust to a vast drop in revenue, ranging from 30 to 70 per cent, and adopt harsh cost-cutting measures from reducing output to cutting staff numbers. And, as with other businesses, some either did not survive or changed beyond recognition. Unlike other businesses, however, when media are hit, it is not just their turnover, their employees and national GDP that suffer. Their primary function, the delivery of news and analysis to citizens, feels the impact too.

The economy in general may have lost two years of rapid growth, but media have lost many more years, and other things as well. Today, the crisis-hit media of the region, struggling to get back in the black, are loosening their guard, getting lighter and shallower, more isolationist and urban-centred, leaving citizens malnourished, news-wise, and their elected and executive representatives, freer to engage in dubious governing practices. In the following paragraphs, I will illustrate this state of affairs with examples from 18 post-communist countries of the traditional Open Society Institute target region.

¹ International Monetary Fund, *World Economic Outlook, October 2009*; <http://www.imf.org/external/pubs/ft/weo/2009/02/>

² R. Rudusa, 'Canary in Coal Mine', *Diena*, 13 May 2009.

Three-tier media market

In the 20 years since the fall of the Berlin Wall, media markets in these countries have developed at varying speeds. In the forefront are the 'older new' members of the EU, the Czech Republic (CR), Hungary, Slovakia and, to a lesser extent, the Baltic states. Before the crisis, these countries had developed diverse markets of sturdy media with strong self-regulation and, in CR and Estonia, no apparent political influences. Accountability journalism was present in all countries, albeit in some (Latvia) it mostly relied on one strong, independent media outlet.

The second group includes the newer members of the EU, Romania and Bulgaria, as well as the Balkan states, where media development is patchier. For example, Bulgaria has achieved a notable success in introducing media self-regulation, but ownership remains non-transparent and many media retain political affiliations. Political and business interests are present in Romanian media and the countries of former Yugoslavia. Serbia's oversaturated media sector exceeds the commercial potential of the economy and many outlets survive thanks to biased reporting. The unfair competition makes it hard for budding independent journalism to thrive. In Montenegro, many independent outlets survive on grants from foreign donors.

The third group comprises countries where privately owned media and accountability journalism are largely embryonic and the market is dominated by government-controlled outlets. In Kyrgyzstan, media are under constant political pressure and journalists face intimidation and even physical assaults. In Armenia, a substantial proportion of outlets are either government-controlled or sponsored by local oligarchs, and the more independent print media have low circulations and are not available in rural areas. In Moldova, all the main television channels are government-controlled. In most countries, public service broadcasting (PSB) remains underfunded, politicized and lacking in clear understanding of the aims and principles of PSB.

In sum, whilst independent, high-standard journalism was, in varying degrees, present across the region when the crisis hit, most countries also had significant shortcomings in media development, such as non-transparent ownership, political affiliations, lack of code of ethics, and feeble public broadcasting, which weakened their ability to withstand the emerging pressures.

Nose-diving revenues

The fall in GDP growth, which followed the financial crisis of autumn 2008, immediately translated into diminishing advertising revenues for mass media. As the financial tsunami spread across the world in late 2008, businesses held their breath, and their advertising spends, awaiting developments. Some media in the region, particularly quality papers, felt the hit immediately and ended 2008 with figures

lower than the year before (see Table 1). But, as the last column of the table shows, the worst was yet to come.

Table 1. Advertising revenue of HVG and Diena

	2006	2007	2008	2009*
HVG, weekly (Hungary)	100 %	+2%	-4%	-38%
Diena, daily (Latvia)	100%	-2%	-30%	-75%

*Estimate, based on the data of the first 9 months

When the initial shock subsided only to be replaced by a realisation that recession was here to stay, businesses adjusted and cut their marketing and advertising budgets for 2009, putting media on a drastic diet.

In Kyrgyzstan, television and radio get the lion's share of advertising from the mobile network operators and, with their advertising budgets slashed, electronic media experienced a drop in revenue, ranging from 15 to 20 per cent. Elsewhere, the drop is even bigger. In Montenegro, television advertising revenues saw a 30 per cent year-on-year drop compared to the pre-crisis levels (in addition, the Montenegrin government abolished the broadcasting subscription fee paid by all citizens, replacing it with a fixed state budget figure payable to the PSB, thereby reducing a significant source of revenue for private broadcasters).³

In 2009, year-on-year advertising revenue in television fell by 36 per cent in Latvia and 40 in Lithuania. This scale of reduction was common across the region. (See Table 2 for an example.)

Table 2. Advertising revenue of TV3 and Magyar Rádío

	2006	2007	2008	2009
TV3, commercial TV (Estonia)	100%	+11%	+3%	- 36%
Magyar Rádío, public radio (Hungary)	100%	+3%	+55%	-26%

³ Previously, the income from the fee was distributed according to the following criteria: 75 per cent to the public broadcaster, 10 per cent to local public service broadcasting (radio and television), 10 per cent to private broadcasting media and 5 percent to the Broadcasting Agency. The new law, passed in 2009, assigns 1.2 per cent of the state budget to financing PBS, while the private media are left without any public money.

Radio, too, saw falls from 20 to 40 per cent, year on year. In some countries, broadcasters resorted to fundraising campaigns in order to ensure the delivery of popular programs. Radio Vocea Basarabiei in Moldova asked for listeners' donations and so did the Third Program of Polish Radio (known to listeners as 'Trojka'). Trojka asked the audience, specifically, to support its mission programs and managed to raise 600,000 zlotys (€ 150,000).

Already stretched by the falling circulation figures as audiences migrated to the internet, and already seeing the drop in advertising revenue in 2008, newspapers experienced further large-scale reduction of income. Several newspapers in Ukraine and Serbia lost 25 to 35 per cent of their advertising income and Slovakia's leading daily *SME* lost € 1.8 million or nearly 30 per cent (in 2009, compared to 2008). The Armenian daily *Azg*, which used to have regular advertising inserts up to 24 pages long, promoting projects and programs run by the government, reports that it has not had a single client willing to buy an insert for several months. The decreases in revenue are most striking in countries with record-high decline in GDP, for example, in Lithuania (– 15 per cent) and Latvia (– 18 per cent). In both countries, print media put the annual drop in advertising revenues in 2009 at 60 to 70 per cent. As Olga Proskurova, editor-in-chief of the News Media Group in Latvia put it, "the meagre pennies we are getting from advertising can no longer be called 'revenue'."

An additional strain on print media budgets is the falling disposable income among consumers. Unemployment levels have risen across the region, reaching double-digit figures in the hardest-hit countries (see table). Moreover, employees of government and private institutions alike have seen their salaries frozen, or cut by up to 30 per cent, compared to pre-crisis levels, and the number of hours the working population works has decreased, as financial constraints forced employers to employ people part-time. The shrinking income has affected media consumption habits, reducing revenue even further.

Table 3. Unemployment (as percentage) in selected target countries

	2006	2007	2008	2009
Lithuania	5.7	3.9	5.9	13.8
Latvia	6.2	5.9	7.2	18.4
Slovakia	13.3	11.0	9.6	12.5

The crisis has also accelerated the earlier trend of ever bigger audiences relying on the internet as the main source of information, instead of the print media. TNS data from Latvia shows that the crisis

correlates with a 10 per cent annual increase of internet usage among the middle-aged and pre-retirement population.⁴ Across the board, general internet availability figures grew by an average 5 to 9 per cent in 2009, compared to 2008.⁵ In countries with higher internet penetration, the crisis coincided with an explosion of social network sites. Macedonia, a country of two million, has 400,000 profiles on Facebook; in Lithuania, the number of Facebook users grew from 90,000 a year ago to 360,000 today.

Online media were generally spared the dramatic drop in advertising revenue and, in most of the countries, experienced positive growth. In Albania, the growth in advertising revenue in new media exceeded 30 per cent. Even in crisis-hit Hungary, the most popular website Index reported a 9 per cent increase.

Fewer pages, jobs and outlets

The decline in advertising revenue was the final straw for some local and foreign investors in the region. In summer 2009, out of the blue, the Swedish media group Bonnier sold Latvian daily *Diena*, “the most adamantly independent major new daily among the nations of post-Soviet Europe” (William Safire). The new owner is Nedela S.A., a Luxembourg-based company with a non-transparent ownership structure⁶ and an unclear philosophy: features that put *Diena* at odds with the strong principles it had been pursuing for nearly two decades. A dozen leading journalists, including the editor-in-chief and the entire editorial section, resigned in a protest at the lack of transparency and the new owner’s demands to cut the editorial expenses nearly in half, which would have made it impossible to produce a quality newspaper.

The exodus of foreign investors is set to continue in 2010. For example, Bulgaria is at risk of losing the large German investor Westdeutsche Allgemeine Zeitung (WAZ), which has already started negotiating the sale of its two daily newspapers, *Trud* and *24 chasa*. No price has yet been set, but according to sources in the company’s German headquarters, WAZ has resolved to leave.⁷

At the end the year, financial constraints forced the Bulgarian cable TV news channel of Re: TV to stop broadcasting. Although the station was not a very influential player in the media market, it was a

⁴ TNS Latvia, Mediju pētījumi (media research); <http://www.tns.lv/?lang=lv&category=showproduct&id=internets>

⁵ Eurostat, *Internet usage in 2009 - Households and Individuals*; http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-QA-09-046/EN/KS-QA-09-046-EN.PDF

⁶ The initial owner of the company was said to be a young entrepreneur, Aleksandrs Tralmaks (Latvia) who named Luxembourg-based Estonian businessman Kalle Norberg (Estonia) as his source of funding, but later it was announced that the real owners of the business are the Rowland family from the UK, with no previous experience in the media sector. The Rowlands have provided no proof that they are the ultimate beneficial owners.

⁷ M. Dragomir, “Eastern European Media: Survival Year”, *Business Week* (republished from *Transitions Online*), 12 January 2010.

rare outlet providing space for public discussions and debates on issues of public interest, a function generally absent in the mainstream commercial TV channels.

In Slovakia, the social liberal-oriented weekly *Zurnal* closed at the end of 2009, citing financial problems caused by the drop in advertising revenue. It tried to weather the storm by cutting its editorial staff from 36 to 24 journalists and reducing the pages from 92 to 76. However, these cost-saving measures proved to be insufficient.

In order to avoid the fate of *Zurnal* and Re: TV, outlets in all media sectors have had to cut costs. Some started by reducing staff in non-editorial departments such as marketing, administration and advertising. But it was not enough. Salary freezes, abolition of annual bonuses and wage cuts among editorial staff followed, and, eventually, layoffs of journalists.

In Slovakia, the biggest daily *SME* cut its editorial staff to 86 (in 2006, it employed 101 journalists), and froze wages. In Romania, Intact Media Group slashed salaries by 20 per cent and Realitatea-Catavencu, by 10 to 15 per cent. In Poland, Agora, owner of the biggest daily *Gazeta Wyborcza*, a news website, five radio stations, a free paper and several magazines, reduced its staff by 400 people and the daily *Polska. The Times* closed nine of its 18 regional editions. The Armenian daily *Azg* had to freeze wages and its editor-in-chief admitted turning a blind eye to the fact that, in 2009, many employees found a second job to support their income. In Montenegro, the number of journalists made redundant in 2009 reached 10 per cent of all media professionals in employment. All the major outlets in Estonia have had to cut staff and almost all mainstream media employees had a 8–15 per cent pay cut. There is evidence to suggest that at least 500–600 Estonian journalists may have lost their jobs in 2009, with more layoffs in store for 2010. In the early days of the crisis, experienced professionals left for jobs in other fields, but, in 2009, most felt that if they were to be made redundant now, there would be very few opportunities available. Media executives across the board claim that the criteria for firing people were based on experience, qualifications and efficiency, but one editor admitted that “some subjectivity” also played a part in staffing decisions.

Common practice across the region is to use former staff members as freelancers, even if they continue working full time. This, to some extent, eases the budget conditions of the media, but puts journalists at a greater social risk, as freelance relationship can be terminated without notice and compensation and does not have provisions for sick leave or holiday.

Other cost-saving measures in media included reducing the range or regularity of products and the number of sources used. In one striking example, Latvian Public Radio had to give up all of its newspaper subscriptions, with a notable exception of reportedly politically subsidized *Neatkarīga* daily, which is delivered free of charge. The Slovak business daily *Hospodarske noviny* had to postpone the planned launch of a Saturday edition and remains the only daily publication in the

country to publish only five times a week, while Latvian daily *Latvijas avize*, which used to come out six times weekly, decided to go down to five. *Hospodarske noviny* also cancelled the majority of business trips abroad for its journalists, slashing up to 80 per cent off the annual travel budget. The list of cuts goes on: closure of news bureaus abroad and in the regions, fewer news agency subscriptions and limited funds for travelling, including trips to more remote rural areas.

More celebrities, less accountability

Most consumers in the countries surveyed are harshly critical of the ability of their country's journalists to deliver balanced in-depth reporting and help citizens be informed and make decisions based on that information. Most of the flaws of the media predate the crisis: respondents cite apparent political affiliations of some media, non-transparent ownership structures, poor or inefficient self-regulation, government influence over public broadcasting, pirated content and general lack of professionalism and critical thinking among journalists. But precisely because of the existing shortcomings the economic crisis hit media particularly hard. In the words of one respondent in Bosnia and Herzegovina, "the economic crisis [...] provided media with an excuse to throw in the towel." A Romanian blogger was even more critical: in the second half of 2009, media, in his words, became a 'Ministry of Propaganda'.

Almost universally across the region (to a larger extent in more competitive media markets), the financial crisis has exacerbated the following trends:

- tabloidization of news selection and headlines
- the "ratings war" among the broadcast media, with a tendency to turn the main news broadcasts into infotainment shows
- lower quality, lesser frequency and narrower range of topics in investigative reporting
- decreased diversity of sources, with stories often based on one interview
- increasing reliance on PR materials, news agencies and unconfirmed reports on the internet
- blatant hidden advertising of both a commercial and a political nature
- increased attempts to use media as a political tool
- changes in political rhetoric about the role of media in democracy (persistent accusations of producing 'only bad news', frequently addressed to outlets pursuing accountability journalism)
- in coverage of the crisis, a distinct absence of credible expertise and context
- shallower and infrequent coverage of culture and social issues
- cuts in regional and international coverage resulting in capital city-centred and inward-looking reporting

Media consumers, particularly among the educated urban population, are angered by the lack of relevant in-depth information, which acquires additional importance in the times of crisis and uncertainty. A respondent in Estonia was shocked to find the main television news programme devoting 10 minutes of the 25-minute broadcast to golf star Tiger Woods' marital difficulties, while the 2010 state budget was going through parliamentary proceedings. This opinion was echoed by many others across the region, including a respondent in Armenia, who said that, because of the crisis, "the programming balance has changed in favour of 'fluff' and programs that serve the public interest lose out."

Investigative reporting, too, has suffered. In Ukraine, the crisis caused an almost complete extinction of the time-consuming, labour-intensive and expensive genre. In Bulgaria, even completed investigations sometimes do not get published due to the increased political pressures on media. In Kyrgyzstan, where the crisis has intensified widespread problems – disruptions in gas and electricity supply, corruption, violation of human rights – assaults on journalists covering these issues also increased. More than 10 attacks on journalists were registered in 2009, and one journalist was killed.

Consumers and media and advertising professionals alike detect increased levels of hidden advertising in media content. A blogger in Hungary noted that "the frontier between content and advertisements is totally blurred", particularly in new media. According to the Latvian Advertisers Association, in the last six months, bought content in media (articles or broadcasts that appear as genuine journalism, but instead are unmarked advertising) has become a standard service offered by advertising agencies. A highly respected advertising executive even claimed that there are virtually no media in today's Latvia that do not mislead their audiences by presenting advertising as journalism, and it seems that there are "no more constraints, ethical or otherwise" to stop editors from using their journalists to write or produce material paid for by advertisers.

It is important to note that in many cases, the state is a significant advertiser in media (the problem is particularly acute in Bulgaria and Macedonia). By providing uncritical, 'mercenary' coverage, media not only diminish their credibility: they also expose themselves, and their audiences to political manipulation. In effect, governments are using taxpayers' money to buy positive media coverage, and, by extension, public support. For example, in Romania, the leading sports newspaper *Gazeta Sporturilor* discovered that the government's Sports and Youth Department had signed dubious contracts with advertising agencies, which contained a clause on "a certain number of positive news" about an event organized by the Department. Sometimes the no-ethical-constraints approach is a decision of an individual journalist, not an outlet. A liberal Romanian MP claimed that some television talk-show hosts had consultancy contracts with the politicians they interviewed.

Arguably, the most worrying trend is the increased politicization of the media, not just through purchased coverage and dubious deals between individual journalists and politicians, but also because of the greater pressure of politically-affiliated owners on their financially strapped, overstretched, and insecure editorial staff. This trend proved to be particularly dangerous in countries that held elections in 2009 or are planning to hold them in 2010. In Romania, the influential media empires controlled by a handful of local oligarchs, some of whom have a history of corrupt business practices, were seen as promoting the interests of their owners who opposed re-election of the incumbent president in 2009. "Media are [...] serving the interests of their owners," said the head of a Romanian think-tank, a view shared by many others.

In Moldova, the ruling Moldovan Communist Party (PCRM) has established control over the key broadcasting outlets with nationwide coverage, Teleradio-Moldova and TV NIT. During the campaign for 2009 parliamentary elections, the public was subjected to open pro-PCRM propaganda on these channels, which, in rural areas, are the prime source of information for an overwhelming majority of people. In Hungary, too, media are seen as increasingly politicized, focusing on politics instead of policy, and, as one respondent put it, "dealing only with the two *führers* [former prime ministers Viktor Orban and Ferenc Gyurcsany]". The politicization of public broadcasting outlets, already present in most PSB networks across the region, continued in 2009.

Increased tabloidization, increasingly politicized content and superficiality of contents have led to general disillusionment among audiences and alienation from traditional media, particularly among the middle classes and younger citizens. Media consumers say they feel "sufficiently misinformed" (to quote a respondent in Bosnia and Herzegovina), and some admit that they make a conscious effort to avoid all local media or rely on a few trusted bloggers to provide them with necessary information and context.

An explosion of blogging, micro-blogging and social networks has coincided with the crisis and has been named by many media consumers, particularly in the Baltic states, as one of the biggest recent changes in the media landscape. Some traditional outlets in the region have turned this trend to their advantage, expanding their presence on Facebook and Twitter. A positive example cited by several Latvian respondents was the Twitter account of Panorama, the main public TV news program, which has created a new online community of young media consumers.

However, the increase in amount of information on the internet has not translated into a higher quality of content. When it comes to the internet, the aforementioned trends in media are amplified. "Internet is full of nonsense," says Aidis Tomsons, a respected political journalist in Latvia, and the study shows that his opinion is shared by many media professionals and consumers across the region.

Conclusions

The financial crisis has put an unprecedented strain on still largely immature media in CEE and CIS. With both advertisers and consumers trying to cut costs, and governments trying to boost state budgets by increasing taxes and reducing funding for public broadcasting, media have lost from 30 to 60 per cent of their income. The diminishing earnings forced media to adopt radical cost-saving measures, ranging from reduced volume and regularity to salary cuts and layoffs to reduced number of sources and narrowed international and provincial coverage. Some outlets have not survived and others fell into the hands of dubious investors.

The crisis-related constraints and ownership changes have caused an overall drop in the quality of news delivery to citizens across the region. Cash-starved media fight for audiences and advertising by aiming at the lowest common denominator, e.g. entertainment and scandals, avoiding politically sensitive issues and offering content, both commercial and political, that forms part of the total advertising package. These policies leave consumers malnourished and misinformed. The emerging middle class, which had only just developed fragile confidence before the crisis, was left stranded by the crisis and subsequent recession. Now, it is also deprived of balanced and diverse insights into the current situation, which would help it to make informed choices. Younger citizens, meanwhile, are pushed aside; already sceptical of traditional media, they are becoming even more disillusioned and, hence, reliant on the information found on the internet. While there have recently been some positive trends related to internet-based news and information, such as the increasing use of micro-blogging by mainstream media, the internet offer generally still lacks original content and reliability.

In countries where media are more independent (and, therefore, more reliant on advertising revenue), these changes may, at first sight, seem more perceptible than in the countries where the market is still largely dominated by government or politically-affiliated owners. However, with the few independent outlets in these countries feeling the impact of the crisis, the consequences to news delivery may be equally severe there, if not more so.

With advertising markets still largely at a standstill and people's purchasing power well below the pre-crisis levels, 2010 promises to be another hard year. More cost-saving measures will follow, further withdrawal of foreign investors is probable and more bankruptcies seem to be in store. It is likely that, this year, watchdog media in the region will lose more teeth leaving more room for corrupt practices to flourish, hidden from the public eye. And then the secret dream of many politicians and bureaucrats may come true: the dream of unaccountability. If that happens, much more than "one year of rapid growth" will have been lost.

Author

Rita Ruduša is a journalist and editor with over 20 years of experience in print, broadcast and internet media. She was one of the first special correspondents from independent Latvia: based in Moscow in the early 1990s, she reported for the daily newspaper, Diena. Rita Ruduša has also worked for Radio Free Europe/Radio Liberty in Prague and has an extensive news editor's experience in both newspapers and news agencies. Before moving to the UK, she was editor-in-chief of the public policy website, politika.lv, a respected and multilingual source of in-depth policy analysis and a regional leader in e-participation. Rita Ruduša is also one of the very few translators from Czech into Latvian. Her translation of Vaclav Havel's Letters to Olga was published last year in Riga.