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MEDIA FREEDOM IN THE CZECH REPUBLIC

Min J. Kim



Introduction

The media industry in the Czech Republic is currently undergoing a transition that will have major social, economic, and political implications for the recently democratized nation. Before the Velvet Revolution in 1989, the Communist Party of Czechoslovakia owned and controlled Czech media, including print, radio, and television. This control of information had widespread and lasting effects on Czech culture and society's relationship to the media, the legacy of which is visible in the Czech media industry in the twenty-first century. Although it is often assumed that the byproducts of a private media industry are beneficial to society through increased pluralism and the positive economic impact the industry creates, the reality is more complex. Privatization of media in the Czech Republic has had a significant impact on the political structure, economy, and culture of the nation as the process reshaped the foundation of how

citizens access information and, transitively, what media is being produced. However, this transition has not necessarily been ideal. The way that media, in particular mass media¹, is produced and proliferated can often conflict with ideals of democratization (Loveless). The dynamics of this rapid transition have been influenced by the communist legacy of Czechoslovakia, particularly in the relationship between political parties and media conglomerates. Despite the relative success of the Czech socio-political system after the Velvet Revolution through democratization, there is little empirical evidence to support that the media industry will follow this same track to success.

The current media landscape² in the Czech

¹Mass media refers to the institutionalized production and general diffusion of cultural content via technological platforms that reach a wide audience.

²Media landscape refers to a complex ecosystem of interconnected political, commercial, cultural, and social institutions that determine the way information is

Republic is considered one of the best models of success in Central and Eastern Europe, exemplified by its “Free” rating by Freedom House’s *Freedom of the Press 2016* report, one of the best scores for nations in the region. Additionally, the “2016 World Press Freedom Index,” published by Reporters Without Borders to “measure freedom of information” through a series of qualitative and quantitative measures, ranked the Czech Republic as 13th in the world overall. Despite this relative success in the shift to a freer press and media market since the fall of the Communist party, privatization of media has had negative effects on Czech society. Mainly, it has augmented many of the existing undercurrents of exploitation of journalists and conflicts of journalistic and private interests within media institutions. Based on the assumption that media pluralism is the fundamental requirement for a freer media market, these reports rank the immediate situations in respective countries each year. However, the dynamics of the media industry are more complex than those measures can capture.

Péter Bajomi-Lázár, a prominent media scholar at the University of Oxford, lays out conditions that need to be met to achieve media freedom within a nation that is transitioning from an authoritarian regime to a democratic, market-based socio-political system. The seven conditions that he discusses are the institutional, behavioral, attitudinal, professional, entrepreneurial, economic, and external conditions (Bajomi-Lázár, p. 10). In this article I will be focusing on three of these conditions based on the availability of relevant data with respect to the Czech media industry: behavioral, professional, and economic. I contend that the democratization of the Czech media landscape, while maintaining commercial growth, is vital to its long-term prosperity. Through an examination of three of the conditions to achieve a free media industry, I provide proposals that will facilitate this process as the Czech Republic continues to modernize and transition into the digital age of media. I

gathered, produced, and distributed to a society. To identify how to create media freedom within a nation, it is crucial to deconstruct the media landscape and the various ways the various institutions operate and interact.

build on Bajomi-Lázár’s existing framework based on a more robust understanding of how the media industry presently operates to guide the proposed solutions.

Critique of Conditions for Media Freedom in the Czech Republic

In this section, I examine the Czech Republic’s position on three of the conditions for media freedom: behavioral, professional, and economic. These conditions were chosen because they are considered central to the issue of media freedom by media scholars based on how directly they have an impact on the longevity and health of the media (Bajomi-Lázár, p. 15). Through the analysis of these conditions, a theoretical framework can be created for how the problems in the Czech media industry can be addressed.

The Behavioral Condition

The behavioral condition concerns the legacies left by past political actors and major figures in the media industry and their lasting effect on how the industry operates in the present. This condition is based on the assumptions that legislation is not enough by itself to efficiently create a democratic media market and that the perspectives of political actors are influential in the shaping of the media. The impact of this condition is magnified given how relatively new the private Czech media market is and how few major media corporations exist in the market (Bajomi-Lázár, p. 6). In the Czech Republic, the behavioral condition influences the way the media industry intersects with politics, demonstrated by the cross-discipline ownership of some of the largest media corporations in the Czech Republic, the most egregious example coming from Andrej Babiš, the Finance Minister of the Czech Republic and the second richest man in the nation. Babiš is the owner of Agrofert, a holding company for more than 230 companies, including one of the nation’s largest media groups, MAFRA. Babiš’ control over the largest holding company in the Czech Republic, influence in government, and role as the owner of one of the most established media conglomerates pose a clear conflict of interest

(“Does Andrej Babiš...”).

Even though this cross-industry ownership is quite typical in the Czech Republic, politicians are vocal supporters of the democratization of media, causing these issues to be downplayed in the public. For example, Adriana Krnáčová, former head of the Czech Branch of the anti-corruption activist group, Transparency International, became mayor in 2015 and aligned herself with Babiš by running on his political ticket (“Scrub Lady”). This political alliance is extremely contradictory and sends a mixed message to the public. As a message regarding how Czech politicians support the value of a freer media market, media ownership can reinforce these opinions, because the media is unlikely to critique their ownership on their respective platforms. This process simply magnifies the effects of the behavioral condition in its current state. Bajomi-Lázár points out, however, that political attitudes regarding the state of media are quite volatile given the current political climate. As a result, it is important to capitalize on the current attitudes of politicians regarding media—a timely opportunity to create policy restricting the cross-industry ownership and vertical integration that has become so prevalent in the media industry in the Czech Republic today.

The Economic Condition

The economic condition for media freedom, as Bajomi-Lázár explains, characterizes the connection between larger economic factors and the media landscape in a given nation. The politics of a nation are inherently tied with the way the media industry operates. However, it is also observed that thriving economies often produce freer media environments because companies in the market do not rely on the favors of political actors or other illegitimate revenue streams to succeed financially. Given that business models for most media enterprises rely heavily on advertising revenue, the notable shortage of advertising in Central and Eastern Europe is not favorable for a more democratized media market (Bajomi-Lázár, p. 14).

Fortunately, the Czech Republic is one of the stronger economies in the region, which

correlates with its relatively strong position in regard to media freedom. However, this is a short-sighted view of the larger issue: the monopolistic dynamics of the media industry in the Czech Republic may have spurred rapid growth in the years following the privatization of the media after the Velvet Revolution but will not be a sustainable model for long-term growth and democratization. The GDP of the Czech Republic has stagnated in the past decade, currently hovering around \$181 billion and growing only at an average rate of 0.1 percent annually since 2010 (Czech Republic World Bank Profile). This stagnation has given media agencies with vertically integrated practices an immense advantage, primarily exemplified by MÉDEA GROUP, the media conglomerate owned by former Deputy Minister of Education, Youth and Sports, Jaromír Soukup. The company has five branches that handle public relations activity, media research, creative advertising, online media, and sports media management, in addition to its primary media agency services. MÉDEA has been able to maintain consistent growth during this period of inactivity in the Czech economy because it has dominated the market in regard to media/advertisement purchasing. Through its vertically integrated structure, MÉDEA arguably has a self-sufficient business model. Overall, the MÉDEA network had approximately 20.5 percent of the market share in 2013, while its market share in media buying activities (ad purchasing) was 27.1 percent (MÉDEA Market Analysis). MÉDEA’s success is not representative of the larger media market, and while aggregate data regarding the domestic media industry show that the market is growing, the actual distribution of this growth is lopsided. MÉDEA’s monopolistic actions that have allowed it to thrive in this period of economic stagnation have the potential to become extremely detrimental for the long-term trajectory of the media landscape. While smaller boutique media firms in the nation have not thrived, large conglomerates like MÉDEA have been able to entrench their positions in the industry despite the state of the economic condition.

To better understand the economic condition in the Czech Republic, it is vital

to build on Bajomi-Lázár's foundation and examine the economic processes that have created an oligopolistic media environment. MÉDEA is a case study in how market consolidation affects consumers, industry, and the social benefits of media. Consolidation, the course in which numbers of suppliers of media content are reduced by means of any mergers, acquisitions, or other market exits (Harcourt and Picard, p. 4), is widely assumed to undermine various positive economic processes of the media industry like consumer power and the efficient distribution and control of media resources. However, media scholars have called for a deeper examination of how consolidation influences market dynamics in order to accurately address its detrimental effects on the industry and society through policy changes. In MÉDEA's case, consolidation was advantageous in the early stages of the media industry after the Velvet Revolution to quickly reach the quality and scale of content and services of international competitors. Over time, however, MÉDEA's entrenched market position will create an inefficient distribution of labor and resources within the media industry, effectively limiting potential output and harming Czech society as a whole. Policies dedicated to regulating market consolidation must not intervene in market dynamics in a way that stifles the natural growth of the industry to achieve new technologies and paradigms for media creation and distribution (Harcourt and Picard, p. 8).

The Professional Condition

The professional condition for media freedom is based on the idea that journalists must have a level of professional solidarity to withstand the influence of the world of politics and business in their practice (Bajomi-Lázár, p. 12). There are a number of factors that go into the strength of the professional condition as it is derived from the way various political, educational, and commercial institutions are organized within the media industry. During the communist era, Czech journalists did not sufficiently meet this condition because they lacked the collective power to act independently and because they were subjugated to the whim of the party (Bajomi-Lázár, p. 13). There was

little protection from government control at the time, making it impossible to organize as professionals. Since the Velvet Revolution, unions protect workers in the culture and media industries, making it easier to maintain solidarity through the political and economic power of a large group of professionals.

The professional condition of the Czech Republic was tested during the Czech TV crisis in 2001. Journalists were unhappy with the appointment of Jiří Hodač as the new general director at Czech TV, the public television broadcaster, because of his close ties with former Prime Minister Václav Klaus ("Czech Media Mount High Horse..."). The Czech Television Council, the group in charge of the appointment, is a government body that regulates Czech television in the interest of the public. Employees at the company believed that the political influence on the public television network was creating major conflicts of interest, and the memories of state-controlled media haunting the general consciousness of the population reminded people about the importance of media freedom for the democratization of a society. Reporters agitated for the new manager's resignation by participating in sit-ins and broadcasting their own programming that went against the will of Hodač and his political affiliates. These protests led to interruptions in broadcasts with programming organized by Hodač using members of a special team hired to replace the journalists who were protesting. On January 1, 2001, 1,800 of 2,500 public service television journalists in the Czech Republic went on strike, supported by an estimated 100,000 people on the streets, to protest the actions of the Television Council. As a result of this organized effort, the Czech Parliament's lower house, the Chamber of Deputies, passed a new law facilitating the process of the appointment of an independent director of Czech TV and dismantled the Television Council at the request of the journalists. This protest was a key victory for journalists and exemplified the importance of a strong professional condition in order to support media freedom ("Czech Media Mount High Horse").

While unions and other organizational bodies help empower journalists and provide a

level of professional support, this has not been sufficient to create a sense of independence from external influences for journalists in the Czech Republic. A major concern for the nation is the shortage of universities or other professional institutions that offer journalism programs, the Institute of Communication Studies and Journalism at Charles University being an exception. This lack of an education infrastructure for journalistic standards and practices leaves journalists without a proper theoretical and professional foundation for their profession. As a result, individuals who want to go into the media industry are less prepared to maintain any sort of professional or journalistic integrity. They have no standardized frame of reference for the purpose of their work and its importance to the Czech society as a whole, making them extremely susceptible to influence by alternative incentives provided through political or business-based motivations. These issues become particularly problematic as the media industry will rely on future generations of journalists and professionals who do not have a vivid memory of the time when the media was completely state owned. Currently, most Czech journalists and politicians are extremely outspoken in favor of media freedom because no one is associating themselves with the totalitarian methods used by the Communist Party before the Velvet Revolution. However, as the general population becomes less concerned with the oligopolistic nature of the media industry, there is an emerging risk that the labor force in the media industry will become disenfranchised as workers.

Proposals for Change

I offer the following proposals aimed at providing long-term sustainability of the Czech media industry based on optimizing information flow in a pluralistic manner while also supporting the growth of the industry to create a positive economic and cultural impact on Czech society. They are based on the critiques of the conditions of media freedom and are designed to address specific shortcomings within them. The proposals also are meant to work in coordination with each other, to create a multifaceted approach to the

complex issues of the media industry.

Independent Regulatory Bodies for the Media Market

The existing regulatory bodies in the Czech Republic cannot keep up with the ever-changing media landscape, creating external inefficiencies in the media market. The Office for the Protection of Competition, the central body responsible for maintaining competition in the Czech economy through regulatory policies, does not address potential issues specifically in the media industry. The Council for Radio and Television Broadcasting is one of the only media regulatory bodies in the nation and is only concerned with radio and television broadcasting and not with more modern media channels like the Internet. According to the Czech On-demand Audiovisual Media Services Act that was enacted in 2010, the maximum penalty for a broadcasting offense is 2,000,000 Czech koruny, a negligible amount for a media mogul if the penalty were to be enforced at all (“On-demand Audiovisual Media Services Act...”). On a broader scale, the European Commission (EC) instituted a number of efforts on media freedom and pluralism beginning in 2007 to provide EU member states with a set of guidelines to create a positive media market, both domestically and internationally (“Media Freedom and Pluralism”). This effort is mainly concerned with amplifying the social benefits of the media industry and falls short of any real long-term solution because the EC has little regulatory power in EU nations. The EC is also critiqued for placing a high emphasis on developing large media corporations that can compete with U.S. media firms, which inherently conflicts with its other mandates. This emphasis on international competition has caused a trend in European nations that are less strict or clear with ownership policies to give large media moguls the freedom to grow and fend off the influence of U.S. media at the expense of creating a sustainable domestic media market (Harcourt and Picard, p. 5). The Czech Republic is no stranger to this phenomenon; the current ownership across the Czech media industry would likely raise red flags under other regulatory bodies in the EU or even the Securities and Exchange Commission

and Federal Communications Commission in the United States. However, such issues have not been addressed by the Czech government because there are few policies or institutions in place that are meant to regulate media ownership. The institutions that do exist for this purpose are inherently partisan bodies because of how the positions are appointed and their status as government organizations. The lack of independent regulatory bodies dedicated to the media industry creates a wide range of inefficiencies because there are opposing interests in media policy. Harcourt and Picard (pp. 4–5) deconstruct the challenge of creating a “better” media market through policy:

Media firms and media industry structures are addressed through industrial development policy, labor policy, trade policy, competition policy, cultural policy, and media specific policy. These roughly represent 3 different sets of competing policy objectives, and synchronizing the policies to produce a unified outcome with regards to media ownership is nearly impossible because of their incompatible objectives...It is clearly difficult to pursue all sets of objectives with equal strength, and decisions made to pursue one set of policies often conflict with those made in the pursuit of the others. Or they lead to governmental inaction because no consensus on which should take priority can be reached.

There is no objective optimal balance between these various mandates, and as a result, the very institutions and processes that lead to policy have created a “regulatory uncertainty” that hinders companies’ ability to make decisions that maximize their capacity (Harcourt and Picard, p. 5). Creating an artificial economic force through policy is an inefficient approach because it would indiscriminately stifle the growth of the industry. It is crucial that the Czech Republic create independent regulatory bodies that can lead to a higher level of transparency regarding ownership and operations in the public eye. Transparency is important because it effectively

addresses issues of market consolidation and better informs other policymakers on the social impact of current media companies without artificially intervening heavily in market dynamics. Given the current issues in the Czech Republic regarding ownership transitions both in regulatory institutions and media conglomerates, a high level of ownership transparency should be the top priority. This information is fundamental to creating a democratized, pluralistic media landscape.

Robust Legislation Geared toward the Digital Age of Media

Existing policies regarding media regulation in the Czech Republic are extremely outdated and ineffective because of how rapidly the media industry develops. The Ministry of Culture’s statutes that lay out basic frameworks for media regulation hold no weight because it has no means of enforcing any policies (“Transition to Digital Broadcasting”). As it currently stands, the largest companies will be able to bring the technological developments of the digital era to scale at a much faster rate than any smaller competitor, widening the competitive gap between the large media conglomerates and the smaller media companies in a potentially irreversible way. Yet the competitiveness of the smaller companies is essential to the sustainability of the overall media industry and capacity to innovate within the market. With the creation of independent regulatory bodies, the government can create a more flexible and efficient approach to policymaking. This robust approach is necessary as the Czech media market adapts to digital platforms that are changing rapidly. A fundamental aspect of this new approach would be to create much shorter time frames for the renewal of these policies so that current market dynamics will always guide the regulation process. Instead of creating lengthy statutes that inevitably will become outdated and ineffective with the creation of new technologies or unexpected pivots in consumer behavior, the policymaking process can adapt to the volatility of the media market.

A particular focus on the direction of Internet technology is vital to any legislation

that is enacted. Highly developed nations have caught on to the importance of the proliferation of the Internet due to its immense social, economic, political, and cultural impact. For example, France declared in 2009 that Internet is a basic human right and that no citizen can be denied access to it (Lucchi). Many other countries have already begun to regulate high-speed Internet service as a utility, a vital step in aligning the structure of the telecommunications industry to create social benefits. While there are policies in place to protect freedom of speech and press on the Internet, there are few policies regulating the way private-sector providers price and distribute their services in the Czech Republic. This freedom that is afforded to the largest media conglomerates in the nation becomes potentially treacherous because the power of the user data that is created through various media platforms is unprecedented and unexplored. Policymakers and other regulatory bodies are unaware of what indicators should be used to detect an overreach in power because of the inherent lag between what technology is able to achieve and what society perceives that it can achieve. Media companies can leverage the data they collect on their users in any way they wish; given the lack of competition in the media industry in the Czech Republic, the largest companies have a tremendous amount of unregulated power as Czech society adjusts to the digital age of media. The robust approach to media policymaking will give institutions the ability to keep up with these changing dynamics especially as the potential impact of a misuse of data and market power approaches exceptional levels as Czech society rapidly transitions into the digital age.

Government Funding for Independent Media Scholarship

Charles University is the only major institution of higher education in the Czech Republic that offers a formal journalism education on both the undergraduate and graduate levels. This lack of educational infrastructure for journalists presents a major issue in the development of the professional condition: the professional and intellectual unpreparedness allows for widespread free

market exploitation of an entire labor force of journalists and media professionals by the private sector, a reality that is exacerbated by the fact that the industry is already an oligopolistic market environment. As a result, in order for the Czech government to strengthen the professional condition, it needs to focus on developing the institutional infrastructure that can produce well-educated, ethical, and independent journalists. This will support the cultural and social benefits that the media creates without relying on restrictive labor policies to address negative exploitation in a reactive way instead of a proactive way.

An efficient way to approach a solution is to offer grants to major universities in the Czech Republic to build journalism programs and develop the field of media scholarship in the nation. By developing the institutional network dedicated to media and journalism, more citizens can develop the knowledge and skills necessary to succeed professionally in the media industry without relying on the existing media conglomerates. Public funding for independent media research would directly aid in developing independent regulatory bodies for the media industry. Investing in human capital is a sustainable ground-up approach to creating a thriving media market dedicated to promoting responsible journalism and media that create a more effective and efficient flow of information throughout society.

Conclusion

In only 20 years since the democratization of the nation, Czech society has seen the rise of media moguls that have an unprecedented amount of power over the information flow in the market. Companies with ties to past and current politicians or vertically integrated operating structures exist and continue to thrive despite evident conflicts of interest. The free market structure has provided benefits to Czech society through the rapid development of media companies and infrastructure that support the domestic economy and its international competitiveness, thereby avoiding any major concerns in the public eye. However, because of how crucial the media landscape is to the culture, economy, and daily life of Czech society, putting good faith

in a select few media executives whose agendas are unaligned with that of the people is a shortsighted perspective.

The media landscape of the Czech Republic is rapidly developing, and it is crucial for the nation to adapt in order to create a balance between the commercial viability of the media market and the consolidation of media suppliers, while maximizing potential social benefits. These mandates often come at the expense of each other, particularly within the network of institutions that exist within the Czech Republic. The network of institutions and policies that govern the media market has been ineffective in supporting the media industry positively. I propose the creation of independent regulatory bodies as the primary step to creating long-term sustainability because it would provide a nonpartisan, institutional framework that can address specific issues within the media landscape.

Through these institutions, the Czech Republic would also minimize inefficiencies in operations of the existing institutions that are produced from large governing bodies focused on multiple conflicting mandates. These independent institutions would support the second proposal, which is to create a more robust approach to media-based regulation. Shortening the renewal timelines for media policies will allow regulatory bodies to keep up with the changing landscape and to adjust their approaches accordingly. The final proposal, a funding initiative to promote media and journalistic scholarship to directly support the professional condition, would be an investment in developing the human capital needed to effectively create these changes. The combination of these three proposals would create a sustainable foundation for an economically viable, yet socially beneficial, media landscape.

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