

Television across Europe:  
regulation, policy and independence  
Hungary

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## List of Abbreviations

KSH Central Statistical Office, *Központi Statisztikai Hivatal*

ORTT National Radio and Television Board, *Országos Rádió és Televízió Testület*

## 1. EXECUTIVE SUMMARY

In the early 1990s, Hungary had only two national television channels. Today, most of the population can access over 40 different Hungarian-language channels. At the national level, there are two public service television broadcasters with a total of three channels, and two commercial television channels, both established in 1997 and broadcasting terrestrially. There are also 38 cable channels, most of them offering specialised programmes. In 2003, the main public service channel, Hungarian Television's MTV, had an average audience share of 15.3 per cent, while the two commercial national channels, RTL Klub and TV2, had 29.3 per cent and 29.8 per cent respectively.

Hungary was quite late in passing broadcasting regulation. The Radio and Television Act entered into force in early 1996, as compared with 1991 in Czechoslovakia and 1992 in Poland. This delay was due to the 1989 constitutional stipulation that a qualified, two-thirds majority, is needed to enact broadcasting laws. Hence, the 1996 Radio and Television Act was the outcome of prolonged political debates. This delay also held back the launch of private broadcasting. The first national private commercial radio stations went on air in early 1998, shortly after the two national commercial television channels.

The 1996 Radio and Television Act was intended to end the political disputes of the early and mid 1990s over who controlled the media, what societal values the media – especially public service television and radio – should cultivate, and how intense State interference into the media should be. These disputes and the subsequent media policy measures were often referred to as Hungary's "media war".

While some surveys do indicate a broad pattern of improvement in media freedom during the late 1990s and the early 2000s, the impact of the Radio and Television Act has been paradoxical. It succeeded in removing political disputes over influence on the media from Parliament for a certain period of time, but it did this by displacing these disputes directly into the governing bodies of the public service broadcasters. These bodies are not always robust enough to withstand such internal pressure. The outcome has been described as "the institutionalisation of political intervention in the public media."

The Radio and Television Act established the National Radio and Television Board (ORTT) as the major authority for the licensing, supervision and funding of broadcasting. The ORTT has various offices, including the Monitoring and Analysing Service, the Complaints Committee, and the Broadcasting Fund. By law, the ORTT is required to function as the protector of media freedom. Hence it is independent, though accountable to the Parliament, which approves its budget and receives its annual report. It is audited by the National Audit Office.

In practice, however, the ORTT's independence is flawed. The discretion of the ORTT gives scope for political pressure, as demonstrated by the rejection of the

highest bidder when allocating national commercial television licences under the left/liberal coalition Government of 1994–1998.

The same is true of the radio licensing process. For example, under the right/conservative coalition Government of 1998–2002, the ORTT licensed Pannon Radio, a Budapest-based local radio station associated with extreme-right factions. This station later caused controversy with the overt racism of some of its output. During the same period, the Board declined to renew the licence of Tilos Rádió (Forbidden Radio), Budapest's oldest multicultural community station, associated with liberal thinking.

The operation of the ORTT's Complaints Committee has been criticised for being overcomplicated and for not publicising all of its decisions. As for the Broadcasting Fund, its purpose is to "subsidise public service broadcasting, public programme broadcasters, non-profit broadcasters, to preserve and promote culture, to ensure the diversity of programmes." In addition to this, the State subsidises newspapers in less transparent ways. For example, Government organisations, State-owned banks and companies, and public foundations spend a huge amount on advertising. These sums, allocated at the Government's discretion, raise obvious questions about political influence over key outlets.

As the viewing figures indicate, public service broadcasting faces a crisis. The rapid changes in the leadership of Hungarian Television, the main public service broadcaster, and its besetting financial problems indicate that the whole system calls for reform. Analysts agree that every Government has made significant efforts to control Hungarian Television's political output. Analysis suggests that public service broadcaster's news and current affairs programmes have frequently been biased during the past 15 years. This is no surprise, given that whenever a new Government took office, the senior news staff of public service television was removed, and new editors were appointed.

Hungarian Television has made a loss every year since the appearance of the two national commercial channels – despite increasingly desperate attempts to imitate the formats pioneered by those channels, at the cost of reducing other strands such as education and documentaries. Hungarian Television has sold most of its real estate to the National Privatisation Agency, and currently rents the buildings it once owned. The abolition of the television licence fee in 2002, by a questionable procedure, showed that the Government challenges overtly the independence of public service television.

The nomination of the trustees to the boards of the public service media has also provoked controversy. The number of trustees should be drastically cut in order to clarify responsibility. In addition, the corporate nomination mechanism should be abolished, and replaced by a system of joint delegation by the Prime Minister and the President of the Republic.

Without exception, the new broadcasters target the mainstream and commercially viable audiences. The two major commercial television channels broadcast the same kind of programmes – such as feature films, quiz shows, soap operas and talk shows – during the same periods of the day. Even the commercial breaks during feature films are coordinated. These channels have respected the legal requirement of impartiality in their information output by depoliticising their news services. They focus on scandals and catastrophes, whereas the public service broadcasters cover foreign policy and culture more extensively. This is a particularly important issue because, since the rise of national commercial television in 1997, the evening news bulletins on commercial television have become the primary source of information for most people.

Even those national television channels offering mixed programming fail to broadcast programmes dedicated to minorities on a regular basis during prime time hours. Hungarian channels scarcely ever broadcast investigative reports and can hardly be labelled as watchdogs of democracy.

The current institutional framework requires fundamental reform, as it is unable to preserve media pluralism and independence, let alone to promote those values. The parliamentary parties should start by improving the funding of the public service media, in the first place by re-establishing the licence fee.

## 2. CONTEXT

### 2.1 Background

Hungary is a consolidating post-communist democracy that became a member of the North Atlantic Treaty Organisation (NATO) in 1997 and of the European Union (EU) in 2004. The economy has largely been privatised and foreign investors have made it to Hungary. Since 1990, four right/conservative and left/liberal coalition Governments have held office. Despite recurring political tensions and growing social inequalities, and one major Government crisis in August 2004 leading to the resignation of the Prime Minister, all Governments have fulfilled their four-year office terms, although none of them was re-elected for a second term.

According to the latest national population census, conducted in 2001, Hungary has a population of 9,900,000. Hungary's biggest ethnic minority are the Roma; according to the same census, 190,000 people identified themselves as such,<sup>1</sup> yet their estimated

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<sup>1</sup> Data from the Central Statistical Office (KSH), available (in Hungarian) at [http://www.nepszamlalas.hu/hun/kotetek/04/04\\_modsz.pdf](http://www.nepszamlalas.hu/hun/kotetek/04/04_modsz.pdf) (accessed 5 June 2005).

numbers amount to 500–600,000 people. In 2003, the per capita GDP was HUF 1,833,599<sup>2</sup> and the average gross income was HUF 1,646,244.<sup>3</sup>

According Central Statistical Office (KSH) data, in 2003, 96.2 per cent of all households had a colour television set. There were 1.37 colour television sets, 0.54 VCRs and 0.09 DVD players in one household on average.<sup>4</sup> According to the Szonda Ipsos research institute, in December 2003, 56 per cent of all households had access to cable television.<sup>5</sup> An estimated ten per cent of all households have a satellite dish.<sup>6</sup>

According to research conducted by ITTK and TÁRKI in 2003, 31 per cent of all households have at least one personal computer, and 12 per cent have Internet access.<sup>7</sup> Half of these have access to the Internet via analogue telephone modem, the other half through broadband cable. Some 25 per cent of the population uses the Internet more or less frequently.<sup>8</sup>

Before describing the present status of television broadcasting in Hungary, the recent past of the country's media landscape needs to be briefly recalled. Contemporary media policy, and hence the current status of television broadcasting, are to a great extent determined by Hungary being a young democracy where the media have only recently stepped on the way leading from what has been termed a "totalitarian" or "authoritarian" model, toward the "libertarian" or "socially responsible" model.<sup>9</sup> The transformation of the media has been a slow and unfinished process. Both the political

<sup>2</sup> The exchange rate as of January 2005 was €1 = HUF 245. However, as the exchange rate has fluctuated so widely over recent years, all amounts in this report are provided in Hungarian Forints (HUF) only.

<sup>3</sup> KSH, *Magyar statisztika zsebkönyv 2003*, (*A statistical manual of Hungary 2003*), KSH, Budapest, 2004.

<sup>4</sup> Data from the Central Statistical Office (KSH), available at <https://mail.datanet.hu/Session/84458-Z2UMJsBfk6i4qfj7GEol/MessagePart/INBOX/9949-02-B/haztart7.pdf> (accessed 23 July 2004). According to data of the research centre AGB Hungary, the number of television sets per household could be higher. The number of DVD players has been increasing exponentially in recent years.

<sup>5</sup> Szonda Ipsos, "Telekommunikációs szokások", ("The uses of telecommunications"), available at [http://www.nhh.hu/menu3/m3\\_1/szonda\\_netre.pdf](http://www.nhh.hu/menu3/m3_1/szonda_netre.pdf) (accessed 4 June 2005).

<sup>6</sup> For more on the country profile, see also: Péter Bajomi-Lázár and Zuzana Simek, "The Status of the Media in the Czech Republic, Slovakia and Hungary", in Donald Johnston (ed.), *Encyclopaedia of International Media and Communications*, Academic Press, San Diego, USA, 2003, pp. 381–390.

<sup>7</sup> In recent years, in an effort to accelerate the spread of information technology, the Hungarian State granted tax allowances to those buying personal computers.

<sup>8</sup> Tibor Dessewffy *et al.*, "A magyar társadalom és az internet, 2003", ("Hungarian society and the Internet 2003"), research by ITTK and TÁRKI as part of the World Internet Project at the University of California, 2003, available at <http://www.tarki.hu/adatbank-h/kutjel/pdf/a581.pdf> (accessed 4 June 2005).

<sup>9</sup> T. Peterson Siebert and W. Schramm, *Four theories of the press*, University of Illinois Press, Urbana, 1956.



and the business elites have exerted certain pressure on the media, and the journalists have frequently been perplexed by the challenges of a quickly transforming political system, wondering what their professional role in a new democracy would be.

Controversies over the proper function of the media in a plural and open society have divided both politicians and journalists to such an extent that, ever since the political transformation in 1989–1990, the media landscape in Hungary has primarily been described as the major front of a “culture war”. The metaphor of “culture war”, or “media war”, has been widely used in both the daily press and the academic literature to identify a political conflict over who controls the media, what societal values the media – especially public service television and radio – should cultivate, and how intense State interference into the media should be. The concept of war, as well as other terms that have been used to describe the phenomenon and have been borrowed from the military terminology, such as “conquest”, “camps” and “weapons”, have been chosen in order to indicate the intensity of the conflict.<sup>10</sup>

Hungary’s media war has not resulted in any physical violence, unlike the conflicts between the political elites and journalists in some other parts of the world.<sup>11</sup> However, the use of the term is particularly warranted by the fact that, according to comparative quantitative data provided by the annual press freedom surveys of the NGO Freedom House, media freedom was more frequently challenged in Hungary than in any of the other post-communist countries in East Central

<sup>10</sup> See, for example: Miklós Sükösd, “Médiaháború Magyarországon, 1990–1992”, (“Hungary’s media war, 1990–1992”), in *Mozgó Világ*, 10/1992; András Szekfű, “A befolyásolás eszközei a médiatörvény életbe lépése után, avagy a kritika fegyverei és a fegyverek kritikája”, (“The instruments of influence. The weapons of critique and the critique of weapons”), in Tamás Terestyéni (ed.) *Médiakritika (Media criticism)*, MTA-ELTE Kommunikációelméleti Kutatócsoport/Osiris, Budapest, 1997; Miklós Haraszti, “A II. médiaháború”, (“Media War II”), in Ákos Csermely *et al.* (eds) *A média jövője*, (The future of the media), Média Hungária, Budapest, 1999; Gábor Gellért Kis, “Médiaháború – más eszközökkel”, (“Media war – with a new weaponry”), in *Élet és Irodalom*, 7 January 2000; Domokos György Varga, *Elsőből lesznek az elsőek I–II. Médiaharcok/Médiaarcok*, (The first ones become... the first. Media wars and media faces), LKD, Budapest, 2001. The term ‘war’ has been used in other post-communist countries as well to describe the political elites’ attempts to control the media. See, for example: Ivan Nicholchev, “Polarization and Diversification in the Bulgarian Press”, in Patrick O’Neil, (ed.) *Post-Communism and the Media in Eastern Europe*, Frank Cass, London, 1997; Beata Ociepká, “A lengyel média átalakulása”, (“Transformation of the media in Poland”), in *Médiakutató*, Spring 2001.

<sup>11</sup> One violent incident, however, needs to be mentioned. On 27 December 1999, a hand grenade was thrown into the courtyard of *Élet és Irodalom*, a political-cultural weekly publicising several investigative reports, but it caused no injuries.

Europe that became members of the EU on 1 May 2004.<sup>12</sup> While highlighting permanent political pressure on the media, the same surveys reveal that – on the whole and with fluctuations – the status of media freedom improved in Hungary throughout the 1990s and early 2000s.<sup>13</sup>

A common understanding of the Hungarian media war is that it is a conflict between the various groups of the political elites, explicitly or implicitly associated with the different factions of the journalistic community and advocating different concepts of culture, including freedom of expression. Some stress the media's role in maintaining national and Christian traditions as well as 'high culture' and hence argue for State control over the broadcasters, while others promote media diversity and largely dismiss State intervention. Referring to the deep cultural cleavages dividing the various actors of the media war, some also define it as "a part of the class struggle"<sup>14</sup> or a "struggle of tribal conflicts".<sup>15</sup> Political interference with media freedom has taken many forms, including the appointment of loyal media personnel and the removal of critically-minded journalists, the withdrawal of State subsidies, and the licensing of certain broadcasters or the denial of licensing for others.

Transgressions of media freedom are, of course, not only a Hungarian phenomena, but are characteristic of all countries that once belonged to the "Soviet bloc". Academic researchers put forward two major theories in an effort to explain the persistence of

<sup>12</sup> The average score granted to Hungary in the period 1994–2002 was 30.0, compared with 20.7 for the Czech Republic, 21.8 for Estonia and for Lithuania, 23.2 for Latvia, 23.6 for Poland, 28.2 for Slovenia (the higher the score, the poorer the status of media freedom in the respective countries). The only country in the region with an average grade worse than Hungary's was Slovakia with 38.5 points; however, in recent years, Slovakia displayed a significant improvement compared to Hungary. See: Freedom House, Annual Survey of Press Freedom – Rankings 1994–2002, available on the Freedom House website at <http://www.freedomhouse.org/research/ratings.XLS> (accessed 27 April 2005). At the same time, it needs to be noted that the data provided by Freedom House are treated with caution by many who think that the methodology of the organisation is ambiguous. OSI roundtable comment, Budapest, 18 January 2005. *Explanatory note: OSI held roundtable meetings in each country monitored to invite critique of its country reports in draft form. Experts present generally included representatives of the Government and of broadcasters, media practitioners, academics and NGOs. This final report takes into consideration their written and oral comments. In this final report, the comments of the participants of the roundtable meeting are not attributed to any specific person, but referred to as "OSI roundtable comment".*

<sup>13</sup> While Hungary was given 38 points for 1994, it received only 23 points for 2001. It needs to be noted that during the 1990s, the prestige of the press and media with the Hungarian population decreased significantly. See, for example: Tibor Závecz, "Főszerepből karakterszerep. A média presztízse a magyar lakosság körében 1988 és 1998 között", ("The prestige of the media with the Hungarian population 1988–1998") in Erika Sárközy (ed.) *Rendszerváltás és kommunikáció*, (*Political transformation and communication*), Osiris, Budapest, 1999, pp. 87–101.

<sup>14</sup> Guy Lázár, "Sajtó és hatalom", ("Press and power"), in *Népszabadság*, 28 May, 1992.

<sup>15</sup> Attila Ágh, "Kultúrharc és médiaháború", ("Kulturkampf and media war"), in *Mozgó Világ*, 9/1992., p. 51.

political pressure on the media in the post-communist democracies after the formal declaration of press freedom; these two theories supplement rather than mutually exclude each other. The first one is best described as the *behavioural theory*, and argues that democratic political culture, including the respect for media freedom, takes time to consolidate, i.e., democratic re-socialisation does not happen overnight. Advocates of this theory suggest that, despite the political transformation, the behaviour of most politicians in the post-communist era is determined by a legacy of non-democratic political culture.<sup>16</sup> For example, media experts Richard A. Hall and Patrick O’Neil note that,

because of the legacy of the Leninist political culture, post-Communist governments will attempt to subordinate the media to their wishes; they are not accustomed to the tolerance and freewheeling debate characteristic of a democracy.<sup>17</sup>

A similar argument has been put forward by press freedom advisor Barbara Trionfi, who suggests that,

[many] of the current leaders of the post-communist countries were part of the old party states and maintain the same attitudes toward the media, asking journalists to perform ideological and educational tasks.<sup>18</sup>

While the behavioural theory may reveal the reasons why political pressure persisted in practically all of the post-communist democracies, it needs to be noted that it is unable to explain why the media encounter political pressure of a very similar nature in countries with long-standing democratic traditions such as Italy.<sup>19</sup> Therefore, the second explanation that researchers put forward, best labelled as the *institutional theory*, seems more convincing. Advocates of this theory argue that the establishment and consolidation of the institutions safeguarding media freedom is a time-consuming

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<sup>16</sup> Of course, the question can be asked whether, beside the political elites, the journalism community had also preserved old attitudes, i.e., whether journalists were servile enough to ease political interference with media freedom (OSI roundtable comment). This, however, does not seem to be the case, as the Hungarian journalism community played a very active part in the political transformation of 1989–90, acting as true watchdogs at the time. See, for example: János Horvát, “A negyedik hatalmi ág?”, (“The fourth estate?”), in *Jel-Kép*, 2/1997; and Miklós Sükösd, “Media and Democratic Transition in Hungary”, in *Oxford International Review*, Winter, 1997/98.

<sup>17</sup> Richard A. Hall and Patrick O’Neil, “Institutions, Transitions, and the Media: A Comparison of Hungary and Romania”, in Patrick O’Neil, (ed.) *Communicating Democracy: The Media and Political Transitions*, Lynne Rienner Publishers, Boulder and London, 1998, p. 143.

<sup>18</sup> Barbara Trionfi, “Freedom of the media in Central and Eastern Europe”, in Péter Bajomi-Lázár and István Hegedűs (eds), *Media and Politics*. Új Mandátum Publishing House, Budapest, 2001, p. 95.

<sup>19</sup> Italy scored 27.5 points on average in the Freedom House annual press freedom surveys in the period 1994–2002.

process, i.e. democratic re-institutionalisation does not take place overnight.<sup>20</sup> They suggest that political intervention in the media in the post-communist period is made possible by the slow deconstruction of the old and undemocratic media institutions, as well as by the delayed construction of new and democratic laws, funding mechanisms and regulatory bodies that safeguard media freedom. Furthermore, it is argued that some of the new institutional provisions are unfit to promote and protect the freedom of the media. For example, media expert Andrew K. Milton argues that,

institutional legacies, left by incomplete legal reform, in which the role and valuation of the news media as an institution are carried over from the state socialist period, constrain the complete democratic re-institutionalisation of the news media. In consequence, their performance has fallen short of rhetorical expectations.<sup>21</sup>

A similar explanation was put forward by political scientist Miklós Sükösd, who argued in the context of Hungary in the early 1990s that

the reason for the media war is [...] the lack of the regulation of broadcasting in Hungary. [...] There are some obsolete laws on the media that do not regulate several questions. [...] In my view, [the future Broadcasting Act] will provide guarantees that will diminish the intensity of the media war.<sup>22</sup>

The institutional theory seems particularly appropriate to explain the case of Hungary, which was quite late in passing broadcasting regulation. The Radio and Television Act was passed in late 1995 and only entered into force in early 1996 (compared with 1991 in what was then Czechoslovakia and 1992 in Poland). Belated broadcasting regulation might also explain Hungary's poor performance in the Freedom House annual press freedom surveys, as compared with the other post-communist democracies of East Central Europe. The institutional theory might also explain the puzzle of countries like Italy, as Italian broadcasting regulation was passed late compared with other established Western European democracies.<sup>23</sup>

Democratic media regulation is a precondition for media privatisation, i.e., the licensing of private commercial radio and television. The rise of private broadcasters

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<sup>20</sup> Political scientists disagree on whether changes in political culture generate institutional changes, or institutional changes accelerate changes in political culture. Others, however, ignore this 'chicken or egg' problem and argue that both factors are equally important. See, for example: Juan J. Linz and Alfred Stepan, *Problems of Democratic Transition and Consolidation*, The John Hopkins University Press, Baltimore, 1996.

<sup>21</sup> Andrew K Milton, "News Media Reform in Eastern Europe: A Cross-National Comparison", in O'Neil, Patrick (ed.) *Post-Communism and the Media in Eastern Europe*. London: Frank Cass, 1997, p. 8.

<sup>22</sup> Miklós Sükösd, "Politika és média a mai Magyarországon", ("Politics and media in contemporary Hungary"), in Ferenc Mészáros, (ed.), *Kultúra és társadalom egy új korszakban, (Culture and society in a new era)*, Pesti Szalon Könyvkiadó & Savaria University Press, Budapest and Szombathely, 1993, pp. 44–46.

<sup>23</sup> The regulation of broadcasting, including the commercial media, was passed as late as 1990 in Italy.

improves media diversity and, at least in theory, removes pressure from the public service media, whose political importance and potential societal impact is smaller in a plural media environment than in a monopolistic position. In a plural media landscape, information can no longer be monopolised, and hardly any news can be kept secret. In Hungary, however, media privatisation was frozen for many years by the so-called “frequency moratorium”, a decree issued by the country’s last communist Government on 30 July 1989<sup>24</sup>, with the aim to prevent the emerging political parties from obtaining radio and television frequencies and thus some competitive advantage in the Miltonic “marketplace of ideas”. The underlying idea was that the first freely elected Parliament would pass a broadcasting act that would allow for privatisation and free competition on an equal basis for all. However, the democratically elected post-communist coalition Governments and their oppositions were unable to reach agreement despite several attempts to pass the law.<sup>25</sup>

The direct reason for the late re-institutionalisation of broadcasting in Hungary is that the Hungarian Constitution requires a qualified, two-thirds, majority for broadcasting regulation to be passed – a rule that may be unique in the world. Such a majority was not reached, however.<sup>26</sup> As a result of delayed broadcasting regulation, the privatisation of the broadcast media started late (by contrast, the print press was privatised as early as 1989–1991). In Hungary, the first national private commercial television channels began broadcasting as late as 1997. The first national private commercial radio stations went on air in early 1998.

While the national private commercial media were launched late, local broadcasters began operation quite early in Hungary: the first cable television channels, the loudspeakers of the then communist-controlled local municipalities, were launched in 1986.<sup>27</sup> The first terrestrial national FM radio station, then owned by the State, started broadcasting in the same year. After the political transformation, local radio and television frequencies were licensed to private owners, and their numbers increased significantly in the mid 1990s.<sup>28</sup> However, these broadcasters focused on local news or

<sup>24</sup> Decree No. 1008/10/89/VII. 3.

<sup>25</sup> See, for example: Anzelm Bárány, *Média, nyomda- és könyvszakmai privatizáció 1988–1998*, (*Privatisation of the media, printing and book industries 1988–1998*), GJW-CONSULTATIO, Budapest, 1998, p. 114, (hereafter, Bárány, *Privatisation of the media*); For the early and mid-1990s, see also: Emőke Lengyel, “The art of careful power balancing: Hungary”, in *The Development of the Audiovisual Landscape in Central Europe since 1989*, foreword by Collette Flesch, John Libbey Media, Luton, UK, 1996, pp. 81–85.

<sup>26</sup> Constitution of 1949 as amended in 1989, art. 61(4).

<sup>27</sup> Municipal television channels have been privatised since then; at the same time, however, they continue to be the loudspeakers of the local councils. See, for example: Judit Nagy, “A televíziózás és a helyi, regionális társadalom”, (“Television and local, regional society”), in Gabriella Cseh *et al.* (eds), *Magyarország médiakönyve 1998*, (*Annual of the Hungarian media 1998*), ENAMIKÉ, Budapest, 1998, pp. 89–101.

<sup>28</sup> Emma Szigethy, “A rádiózás története”, (“A history of radio”), in *Valóság*, 1/2004. pp. 76–79.

apolitical entertainment, and did not challenge the *de facto* monopoly of public service television and radio in news and current affairs reporting. Also, with the rising private import of satellite dishes, foreign satellite television channels became accessible for many from the late 1980s onwards, enriching the choice for those who could speak foreign languages.

In sum, because of the delay in broadcasting regulation and media privatisation, public service television and radio continued to be the major news sources for the population in the first years of post-communist democracy in Hungary. The potentially great societal impact of the public service broadcasters increased their political importance, and the lack of institutions safeguarding media freedom facilitated the attempts of political elites to interfere with their editorial freedom.

Challenges to media freedom in post-communist Hungary can, to a great extent, be explained by the shortcomings of the current institutional framework.

## 2.2 Structure of the television sector

Hungary has two public service television broadcasters with a total of three channels. *Magyar Televízió*, Hungarian Television, includes the channels: MTV (established in 1957) and a second channel presently called m2 (1973). *Duna Televízió*, Danube Television (hereafter, Duna TV), has one channel, which started in 1992. MTV provides mixed programming, m2 focuses on classical culture and rebroadcasts the programmes of MTV, while Duna Televízió offers mixed programming designed for the Hungarians living in neighbouring countries as well as for the Hungarian Diaspora elsewhere.<sup>29</sup> MTV is broadcast terrestrially, while m2 and Duna Television are transmitted via satellite.

There are two national commercial television channels that broadcast terrestrially: RTL Klub (established in 1997) and TV2 (1997). In addition to this, there are 38 Hungarian-speaking cable channels, most of which offer specialised programmes (see section 5.4), and dozens of channels in the foreign languages (such as Music Television, Discovery Channel, CNN International, BBC World, Europe 5, RAIUNO). The cable television scene fluctuates a great deal: new channels keep entering the market, while old ones disappear. Of the three national terrestrial television channels, MTV can reach 96 per cent, while RTL Klub and TV2 86 per cent of the entire population. Duna TV and m2, the two public service television channels broadcasting via satellite, are available in an estimated 65 per cent of all households, most of which are located in urban areas. In addition, there are over 80 local television

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<sup>29</sup> The major Hungarian national minorities live in Romania, Slovakia, Serbia and the Ukraine. In addition to Hungarian-speaking television channels located in Hungary and in an effort to provide Hungarian programming for the Hungarian minority in Transylvania, the Hungarian State will also provide financial support to a Hungarian-speaking commercial television channel, to be established in 2005 in the city of Marosvásárhely, Romania. See: *HVG*, 24 July 2004; *Népszabadság*, 29 November 2004.

channels broadcasting either terrestrially or via cable, most of which are run on a not-for-profit basis and are financially supported by the local municipalities.<sup>30</sup>

The public service broadcaster *Magyar Rádió*, Hungarian Radio, established in 1925, today has three channels, all available on the FM waveband: Kossuth Rádió (news and classical culture), Petőfi Rádió (entertainment) and Bartók Rádió (classical music). Hungarian Radio also has nine regional channels. There are two national private commercial radio stations, namely Danubius Rádió (re-established in 1998) and Sláger Rádió (Hit Radio, 1998). In addition to these, there are 141 local radio stations, many of which are currently undergoing a process of networking; these are owned by 108 owners, mainly Hungarian.<sup>31</sup> Most of the local radio stations broadcast popular music, news and commercial advertisements; some of those in Budapest, the capital city, provide news and current affairs programming 24 hours a day (see section 5.4).<sup>32</sup>

The Hungarian television industry has undergone major changes in the past 20 years. The major trends can be summarised as follows:

- *Growth in broadcasting time*: the total daily broadcasting time of the national terrestrial television channels was 22–23 hours a day in the late 1980s; today, it is more than a hundred hours.<sup>33</sup>
- *Growth in the number of broadcasters*: whereas in the early 1990s, there were only two national television channels, today the majority of the population (those

<sup>30</sup> ORTT, *Beszámoló az Országos Rádió és Televízió Testület 2003. évi tevékenységéről*, (Report on the operation of the National Radio and Television Board in 2003), report submitted to the Hungarian Parliament, Budapest, 2004, p. 281, (hereafter, ORTT, 2003 Report); János Horvát, *Televíziós ismeretek*, (Television studies), Média Hungária, Budapest, 2000, pp. 11–16; Ibolya Jakus, “Országos televíziók piaca”, (“The market of national television channels”), in Mihály Enyedi Nagy, et al. (eds.) *Magyarország médiakönyve 2000/2001*, (Annual of the Hungarian media 2000/2001), ENAMIKÉ, Budapest, 2000/2001; Mihály Gálik, *Médiagazdaságtan*, (Media economics), Aula, Budapest, 2003, pp. 429–432; Csilla Vörös, “A kábeltelevíziók és közönségük”, (“Cable television channels and their audiences”), in Mihály Enyedi Nagy et al. (eds) *Magyarország médiakönyve 2003*, (Annual of the Hungarian media 2003), ENAMIKÉ, Budapest: 2003, pp. 287–291 (hereafter, Vörös, *Cable television channels and their audiences*); Ágnes Urbán, “A magyarországi televíziós piac stabilizálódása”, (“Stabilization of the television market in Hungary”), in *Médiakutató*, spring 2004, pp. 74–75.

<sup>31</sup> See also the webpage of the National Radio and Television Board (ORTT), available at [www.ortt.hu](http://www.ortt.hu).

<sup>32</sup> Mihály Gálik, “Evolving the Media Market. The Case of Hungary”, in David. L. Paletz and Karol Jakubowicz (eds), *Business As Usual. Continuity and Change in Central and Eastern European Media*, Hampton Press, Inc., Cresskill, New Jersey, 2003, pp. 199–201; Péter Bajomi-Lázár, “A magyarországi helyi rádiók működése, támogatásuk lehetséges irányai és hatása”, (“Local radio stations in Hungary”), in *Médiakutató*, autumn 2004, pp. 49–51 (hereafter, Bajomi-Lázár, *Local radio stations*).

<sup>33</sup> Tamás Terestyéni, “A magyarországi tévécsatornák országos műsorkínálata 2003-ban”, (“The programmes of the national television channels in 2003”), in *Jel-Kép*, 1/2004, p. 28, (hereafter, Terestyéni, *National television programmes*).

having cable access or a satellite dish) can access over 40 different Hungarian-speaking channels.

- *Growth in television watching time.* Hungarians have more than doubled the time spent watching television: while in 1986 they watched television for 101 minutes a day on average,<sup>34</sup> and in 2004 spent an average of four hours and 31 minutes a day (i.e. more than half of their spare time) in front of the small screen.<sup>35</sup>
- *Commercialisation:* with the rise of purely commercial television channels, both the entire market and the programming of public service television have undergone a process of commercialisation since the second half of the 1990s. (See section 4.5.)
- *Americanisation:* a growing portion of broadcasts and programme licences have come from the USA; however, because of the overall growth in broadcasting time, the quantity of European and Hungarian programmes is higher today than on the eve of the political transformation.
- *Specialisation:* while the national terrestrial television channels continue to offer mixed programming or general entertainment for mainstream audiences, many of the cable broadcasters have specialised to serve niche target groups.
- *Audience fragmentation:* along with the growth in the number of broadcasters, the audiences began to “specialise” in particular television channels, even though the overwhelming majority of the population continues to watch the national commercial television channels.
- *Transformation of the ownership structure.* as a result of media privatisation, the major actors of the market are now owned by non-Hungarian multinational companies.
- *Technological development:* broadcasting and production technology improved considerably since the political transformation, which is attested, especially, by the technological improvement and growth of the cable system; however, the switchover to digital has not yet begun. (See section 7.)
- *Modernisation of programme production:* recent years have seen a significant change in the visual and programming output of television production, marked

<sup>34</sup> Mária Vásárhelyi, “Médiahasználat, tájékozódási szokások, médiumok presztízse”, (The uses and social prestige of the media”), in Tamás Terestyéni (ed.) *Magyarországi médiumok a közvélemény tükrében*, (*The Hungarian media in the mirror of public opinion*), ORTT, Budapest, 2002, p. 9.

<sup>35</sup> Data from AGB Hungary, available at [http://cs.agbnmr.com/Uploads/Hungary/stat\\_atv\\_negyedev.es.pdf](http://cs.agbnmr.com/Uploads/Hungary/stat_atv_negyedev.es.pdf) (accessed 9 June 2005).



with the adoption of new production technologies and a generation change among editors and anchors.<sup>36</sup>

Media economist Ágnes Urbán notes that the Hungarian television market has been transformed at a spectacular pace: changes that had taken decades to occur in Western Europe were implemented in the course of a few years in Hungary. At the same time, she argues that this segment of the broadcasting market has stabilised by now, in the sense that the most likely scenario for the forthcoming years is the persistence of the current situation, one in which the two national commercial broadcasters dominate both the advertising and the audience markets, and no new entrants are expected to change the *status quo*.<sup>37</sup>

### 2.3 Market shares of the main players

In 2003 MTV, m2 and Duna TV had a minor audience share, while RTL Klub and TV2 lead the market (see Table 1). In 2002, Hungarian-speaking cable television channels had an audience share of 18.7 per cent, but they have been improving their position in recent years.<sup>38</sup>

**Table 1. Audience share of the leading television channels (2003)**

	Audience share (per cent)	
	Prime time hours	0–24 hours
RTL Klub	35.1	29.3
TV2	28.8	29.8
MTV	17.6	15.3
Viasat3	1.2	1.7

Source: AGB Hungary, TV2, RTL Klub<sup>39</sup>

Regarding radio, in the last three months of 2003, Kossuth Rádió, Petőfi Rádió and Bartók Rádió had audience shares of 20.6, 11.1 and 1.2 per cent, respectively. The national commercial radio stations Danubius and Sláger had shares of 28.1 and 27.8

<sup>36</sup> Except for public service television, which continues to employ the same editors and anchors as before the rise of commercial television. See: *HVG*, 3 April 2004.

<sup>37</sup> Ágnes Urbán, “A magyarországi televíziós piac stabilizálódása”, (“Stabilisation of the television market in Hungary”), in *Médiakutató*, Spring 2004, pp. 73–81, (hereafter, Urbán, *Stabilisation of the television market*).

<sup>38</sup> ORTT, *2003 Report*, p. 161; Ágnes Urbán, “A magyarországi televíziós piac stabilizálódása”, (“Stabilization of the television market in Hungary”), in *Médiakutató*, Spring 2004, pp. 74–75; Vörös, *Cable television channels and their audiences*, pp. 287–291.

<sup>39</sup> ORTT, *2003 Report*, p. 161.

per cent in the same period.<sup>40</sup> In recent years, local radio stations have slightly improved their position.<sup>41</sup>

The public service media are more popular among the elderly, whereas most of the younger audiences watch and listen to commercial outlets. Although Hungarian Radio, and especially Hungarian Television, have to a great extent commercialised their programmes since the rise of national commercial broadcasters in 1997 and 1998, they have hardly improved their audience share among the younger, and commercially more viable, audiences.

### 3. GENERAL BROADCASTING REGULATION AND STRUCTURE

#### 3.1 Regulatory authorities for the television sector

After several attempts, Parliament passed the Law on Radio and Television (hereafter, the Broadcasting Act 1996) on 21 December 1995, with a 90 per cent majority.<sup>42</sup> The law was signed by the President of the Republic, Árpád Göncz, on 12 January 1996 and entered into force on 1 February 1996. Although the Broadcasting Act 1996 was partly incompatible with European audiovisual regulations, it was not amended until 2002 (see Section 6), even though negotiations on the details of Hungary's accession to the European Union (EU) began as early as April 1998.<sup>43</sup>

In Hungary, a two-thirds Parliamentary majority is needed for any change to broadcasting law. As a result, any effort to reach consensus fell victim to political conflicts between the right/conservative coalition Government (1998–2002), headed by Prime Minister Viktor Orbán, and the left/liberal opposition, as a result of which the negotiations were suspended in 1999.<sup>44</sup> The opposition obstructed the modification of the Broadcasting Act because the Government majority, along with MIÉP, a right/conservative party in opposition, obstructed the nomination of the members proposed by the left/liberal parties to the boards of trustees of the public service broadcasters, as a result of which the boards comprised the nominees of the Government

<sup>40</sup> Data by Szonda Ipsos, ORTT, *2003 Report*, p. 165.

<sup>41</sup> Bajomi-Lázár, *Local radio stations*, pp. 57–58.

<sup>42</sup> 1996. I. Law on Radio and Television, (hereafter, Broadcasting Act 1996).

<sup>43</sup> 2002. XX. Law modifying the Law on Radio and Television 1996, (hereafter, Broadcasting Act).

<sup>44</sup> Krisztina Kertész, “Jogharmonizáció az audiovizuális szektorban”, (“The harmonisation of Hungarian broadcasting regulation with European standards”), in *Médiakutató*, winter 2003. p. 88. (hereafter, Kertész, *Harmonisation of Hungarian broadcasting regulation*). For more on this period, see: Péter Bajomi-Lázár, “Press Freedom in Hungary, 1998–2001”, in Miklós Sükösd and Péter Bajomi-Lázár (eds), *Reinventing Media. Media Policy Reform in East Central Europe*, Central European University Press, Budapest, 2003, pp. 85–114.

coalition only (see section 4.4.2). Because of the delay in the harmonisation of domestic law with European regulation, Hungarian filmmakers were for years excluded from the financial support distributed by the EU's Media Programmes.<sup>45</sup>

The Broadcasting Act 1996, comprising no fewer than 162 paragraphs, was the outcome of a long series of political debates, as a result of which the Hungarian media are arguably over-regulated. The Act established the ORTT as the major authority in charge of managing the licensing, supervision and funding of broadcasting, as well as its various offices, including the Monitoring and Analysing Service, the Complaints Committee, and the Broadcasting Fund (see section 3.1.).

In addition to the Broadcasting Act 1996, the Civil Code and the Penal Code also have some provisions regarding the media. These provisions meet general European standards; for example, classified information and business secrets are protected by law.

At the same time, however, a ruling of the Constitutional Court must be recalled as politically relevant.<sup>46</sup> On 24 June 1994, it ruled that a Penal Code provision sanctioning offences against "authority and public officials" was unconstitutional and, in harmony with the decisions of the U.S. Supreme Court<sup>47</sup> and the European Court of Human Rights,<sup>48</sup> declared that those holding public offices may be more heavily criticised than private individuals.<sup>49</sup>

### 3.1.1 The National Radio and Television Board

The Hungarian broadcast media are regulated and supervised by the National Radio and Television Board (*Országos Rádió és Televízió Testület* – ORTT).<sup>50</sup> According to the Broadcasting Act 1996, the ORTT is responsible for,

safeguard[ing] and promot[ing] the freedom of speech by encouraging the market entry of broadcasters, removing the existing information monopolies and forestalling the emergence of new ones, and protecting the independence of broadcasters. It shall monitor the observance of the

<sup>45</sup> Krisztina Kertész, "A média szabályozása az Európai Unióban és Magyarországon. A jogharmonizáció folyamata az audiovizuális szektorban", ("Media regulation in the European Union and in Hungary. Legal harmonization in the audiovisual sector"), in *Médiakutató*, spring 2001, pp. 103–105; Kertész, *Harmonisation of Hungarian broadcasting regulation*. p. 88.

<sup>46</sup> Constitutional Court ruling 1992/30.

<sup>47</sup> *New York Times v. Sullivan* 24, 376 U.S. 254 (1964).

<sup>48</sup> *Lingens v. Austria*, 8 July 1986, Series A. No. 103; *Castells v. Spain*, 23 April 1992, Series A. No. 236.

<sup>49</sup> Constitutional Court ruling 1994/36.

<sup>50</sup> In recent years, the authority has made several attempts to expand its powers to the Internet as well; these efforts, however, have been a failure.

constitutional principles of the freedom of the press<sup>51</sup> and provide relevant information to parliament.<sup>52</sup>

According to law, the ORTT is independent, subject only to the Broadcasting Act, and works under the supervision of Parliament. Its budget is approved by Parliament and its finances are inspected by the National Audit Office.

Members of the ORTT are elected for four years by Parliament and cannot be recalled. The ORTT has at least five members. The Chair of the Board is jointly appointed by the President of the Republic and the Prime Minister. The other members are nominated by the parliamentary factions of the political parties, with each faction nominating one member; if there is only one party in Government or in opposition, that party nominates two members to the ORTT. Unlike the boards of trustees of the public service broadcasters (see section 4.4.1), only the parliamentary parties nominate members to the ORTT, while NGOs do not. Board members are required to have a university or college degree, as well as at least five years of professional experience. They are honoured as a State secretary and can be re-elected after their term of office expires – which involves the risk that they will seek to meet the expectations of the political parties (re)nominating them, rather than the letter and the spirit of the Broadcasting Act 2002.<sup>53</sup> There is no limit on the number of terms that members can serve consecutively. The terms of the members are staggered so as not to coincide with the parliamentary cycle, but if the parliamentary party nominating them loses its mandate at the next elections, they lose their office.

ORTT members are subject to conflict of interest criteria which exclude those in a political position, civil servants, and the officers of the political parties, as well as the employers and employees of the public service and commercial broadcasting companies, and their close relatives. ORTT members are not allowed to engage in political activities or to issue political statements.

The operation of the ORTT is regulated by the Rules of Procedure, established by the ORTT itself, and published in the Hungarian Official Gazette (*Magyar Közlöny*). The ORTT is responsible for:<sup>54</sup>

- administering the invitations for broadcast licences and for satellite channels, and reviewing the applications;
- performing supervisory and controlling functions specified in the Broadcasting Act;

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<sup>51</sup> Despite the terminology, the Broadcasting Act does not cover the print press.

<sup>52</sup> Broadcasting Act 1996, art 31(1).

<sup>53</sup> OSI roundtable comment.

<sup>54</sup> Broadcasting Act 1996, art 41(1). In Hungary, the frequency plans needed for the invitation of broadcasting bids are prepared by a different body, the National Telecommunications Authority (formerly the Telecommunications Superintendence) upon the request of the National Radio and Television Board.

- sending out a Complaints Committee to investigate appeals (see section 3.1.3);
- operating a programme monitoring and analysing service (see section 3.1.2);
- commenting on draft legislation concerning frequency management and telecommunications;
- delegating members onto the National Telecommunications and Informatics Board;
- performing the duties related to broadcasting contracts;
- having a public register of broadcasting contracts, broadcasting services and programme distributors;
- inspecting compliance with broadcasting contracts on a regular basis;
- formulating statements and recommendations on the conceptual issues of the development of the Hungarian broadcasting system;
- initiating procedures related to consumer protection and free trading;
- providing information required for planning and controlling the central Government budget;
- fixing and publishing the fees of broadcasting through programme distribution and satellite transmission;
- performing other obligations specified in the Broadcasting Act.

In order to achieve transparency, the ORTT provides an annual report about its operation to Parliament. The report is published in the periodical *Művelődési Közlöny* (Culture Gazette), and is also available on the ORTT website.<sup>55</sup>

Resolutions of the ORTT are passed, with a few exceptions, by a simple majority. The voting rules are as follows:

- if the Chair can vote, the degree of the Chair's vote shall be deducted from the total of votes, and 50 per cent of the votes thus arrived at are equally distributed among the members nominated by the Government groups, while the other 50 per cent are equally distributed among the members nominated by the opposition groups;
- if the Chair cannot vote, 50 per cent of the votes are equally distributed among the members nominated by the Government groups, while the other 50 per cent is equally distributed among the members nominated by the opposition groups.

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<sup>55</sup> The ORTT annual reports are available in Hungarian at <http://www.ortt.hu/ogyb.htm> (accessed 18 August 2005).

In practical terms, the above rule means that whenever a resolution is to be passed, the ORTT votes in the first round with the Chair absent. If no resolution is made (i.e. no simple majority is achieved), a second round is held, with the Chair voting as well.

### 3.1.2 The Monitoring and Analysing Service

The Monitoring and Analysing Service, (*Műsorfigyelő és -elemző Szolgálat*) established by ORTT, monitors how broadcasters comply with the programme requirements laid down in the Broadcasting Act (see sections 3.1.3, 3.3. and 5.2.) The Service presents reports on its findings to the Board, on a weekly, monthly and yearly basis.

Although the Broadcasting Act does not lay down the duties of the Service in detail, since its establishment it has been monitoring three major areas on a regular basis:

- news and current affairs programmes;
- commercial advertisements and sponsored programmes;
- sexual and violent content potentially harmful to minors.

The reports of the Service are available on the Board's website.<sup>56</sup> The Service uses quantitative methods when monitoring news and current affairs programmes, especially as regards the representation of politicians and the political parties. Qualitative analyses are conducted only if the Board requests the Service to examine a special programme or broadcaster that has repeatedly broken the Broadcasting Act.

### 3.1.3 The Complaints Committee

In the first place, and on the basis of complaints received, the Board's Complaints Committee monitors compliance with the requirement for balanced information, as laid down in the Broadcasting Act:<sup>57</sup>

- Information on domestic and foreign events of public interest, facts and controversial issues shall be multi-faceted, objective, topical and balanced.
- The totality of items of broadcasting, or any homogenous group of these by content or genre shall not reflect the views of any single party or political grouping.
- Persons who regularly appear in political and news programmes as moderators, speakers or correspondents – regardless of the type of their employment contract

<sup>56</sup> The reports of the Monitoring and Analysing Service are available in Hungarian at <http://www.ortt.hu/tanulmanyok.htm> and <http://www.ortt.hu/elemzesek.htm> (accessed 18 August 2005).

<sup>57</sup> Broadcasting Act, art. 4.

- shall not give any opinion about or attach an evaluative explanation to a political piece of news, except for news explanations.
- Any opinion or evaluative explanation related to a piece of news shall be broadcast as distinct from the news, and with the indication of this nature and the author.

The Board appoints the members of the Committee for a period of five years. According to the Broadcasting Act, the members of the Committee are independent and only subject to the Broadcasting Act. They have to meet the same conflict of interest criteria, and are supposed to have five years of professional experience. In recent years, the Committee has had 20 members on average.

The Committee deals with complaints in three-member commissions with at least one member having a legal qualification. The Rules of Procedure of the Committee have been set down by the Board. The commissions have to operate with attention paid to the equality of parties, openness and impartiality. The opinions of the Committee are discussed by the Board at least every six months.

If the Committee states that a broadcaster has violated the requirement of balanced information, the broadcaster must publicise the decision without adding any commentary, or providing an opportunity for the individual or organisation making the complaint to express their viewpoint. Complaints proved grounded must also be published in the periodical *Művelődési Közlöny*, but the Broadcasting Act does not oblige the Committee to also publicise its reasoning. The description of *some* cases can also be downloaded from the website of the Committee.<sup>58</sup> If the requirement of balanced information is violated gravely or repeatedly, the Committee cannot impose any direct sanction on the broadcaster but may request the board to impose a fine. The broadcaster may appeal against the Board's decision in court.

In recent years, the number of complaints has varied. In 2003, 539 complaints were addressed to the Committee (compared to 721 in 2002), of which the Committee dealt with 389 (compared to 425 in 2002), the remainder being either incorrectly presented or duplicating other complaints. The decline in the number of complaints by 2003 is explained by 2002 being an election year, when many protested against the allegedly unfair coverage of the parliamentary and municipal election campaigns held in that year. Of the 389 complaints discussed by the Committee in 2003, only 80 concerned the requirement of balanced information. Of these, as of February 2004 the Commission had acknowledged 24 complaints, but the broadcasters were only obliged to publicise ten decisions, the others were still awaiting a second round of trial in the Board or the courts.

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<sup>58</sup> Details of some complaints are available on the website of the National Radio and Television Board (ORTT) at <http://www.ortt.hu/panasziroda.html> (accessed 27 April 2005).

Of the 539 complaints, 389 were submitted by private individuals, 36 by the political parties, and the rest by companies, municipalities and NGOs.<sup>59</sup>

Regarding complaints on issues other than the alleged violations of the requirement for balanced information, the Committee may form and publicise an opinion; however, in such cases it cannot *oblige* the broadcaster to publicise its opinion. Complaints of this kind relate to the delayed beginning of certain programmes in the commercial media, as well as the content of reality shows, talks shows, and infotainment magazines.

The operation of the Complaints Committee has been criticised on several accounts. First, it is argued that the procedure for submitting complaints is overcomplicated, as a result of which many of the complaints are submitted by political organisations rather than private individuals, and many of them are rejected without investigation as procedurally incorrect. Second, the Committee does not publicise all of its decisions, which greatly reduces its efficiency – especially as this is the only sanction it can impose upon broadcasters. Third, the decisions of the Committee can be challenged in court and procedures may last for years.<sup>60</sup>

It needs to be noted that the requirement of impartial information, which in Hungary is applied not only to the public service, but to all broadcasters, including local ones, is increasingly contestable. It is unclear why, for example, a feminist, anarchist or environmentalist radio station or, possibly, television channel, should provide impartial information. This issue also needs to be reconsidered in the light of the digitalisation of broadcasting, which will allow for a higher number of radio stations and television channels to operate in the future (see section 7). In such an environment, the broadcasting market might offer nearly as many channels as the political print press even in such small markets as that of Hungary, in which case the strict regulation imposed upon broadcasters, as opposed to the more liberal regulation of the print press, may not be justified.

In present-day Hungary, violations of the Broadcasting Act's provision on impartial information are a major reason for ORTT to threaten broadcasters with sanctions and an excuse for the political parties to exert pressure on editors through their nominees on the Board. The removal of the requirement for the local broadcasters to provide impartial information might improve their editorial independence.

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<sup>59</sup> ORTT, *2003 Report*, pp. 72–76; Béla Obsina, “Az ORTT Panaszbizottsága tevékenységének mérlege” (“A balance of the activities of the National Radio and Television Board's complaints Committee”), in Mihály Enyedi Nagy, Gábor Polyák and Ildikó Sarkady (eds), *Magyarország médiakönyve 2003, (Annual of the Hungarian media 2003)* ENAMIKÉ, Budapest, 2003, pp. 169–173.

<sup>60</sup> OSI roundtable comment.



### 3.1.4 The Broadcasting Fund

The ORTT manages a Broadcasting Fund that is to “subsidise public service broadcasting, public programme broadcasters, non-profit broadcasters, to preserve and promote culture, to ensure the diversity of programmes.”<sup>61</sup>

The sources of the Fund include broadcast fee revenues, tender fees, penalties for non-performance of contracts and damages, fines, flat rate or supplementary grants from the State budget, and voluntary contributions. Until summer 2002, licence fees were also channelled through the Fund to the public service broadcasters. However, since the *de facto* abolition of the television licence fee (see section 4.3), the sources of the Fund have significantly decreased.

The revenues of the Fund are mainly spent on the operation of the public service media, technological development, including the establishment and development of cable systems, and the production of public service and non-profit programmes. In 2003, the Fund also invited applications for programmes specially dedicated to people with disabilities, the national and ethnic minorities, as well as programmes covering Hungary’s accession to the EU.<sup>62</sup>

Grants are awarded on an application basis. Applications are evaluated by *ad hoc* committees whose members are designated by ORTT. The members of the committees must meet well-defined conflict of interest criteria. The committees decide by a simple majority vote and make recommendations to the Board who takes the final decision.

In addition to the funding of the three public service broadcasters, from its establishment in 1997 until early 2004 the Fund had supported broadcasting in the following ways:<sup>63</sup>

- HUF 5.6 billion granted to cable companies;
- HUF 8.4 billion granted to the television and film industries;
- HUF 1.4 billion granted to the radio industry;
- HUF 1.1 billion granted to transmission and related costs.

In short, the Fund redistributes a part of the revenues generated in the broadcasting market: it channels some of the income of commercial broadcasters to support the production of programmes that the market would otherwise not cater for. As such, the

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<sup>61</sup> Broadcasting Act, art. 77 (1).

<sup>62</sup> ORTT, *2003 Report*, p. 8.

<sup>63</sup> Data published on the website of the Board in June 2004, available at <http://alap.ortt.hu> (accessed 1 July 2005).

redistribution principles of the Fund are a sign that public service programmes, as opposed to commercial ones, had a primacy for legislators.<sup>64</sup>

In addition to the Broadcasting Fund, the State may also subsidise media outlets and newspapers in less transparent ways. Government organisations, State-owned banks and companies, public foundations, for example, spend a huge amount on advertising. As media economist Mihály Gálík notes,

[it] is not easy to estimate these sums, but most experts agree that eight to ten percent of the aggregate advertising spending (approximately EUR 500 million in 2002) might be labelled as “driven by non-market forces” [...] If this estimate is correct, the grey zone of media subsidies has greater weight than the official, by and large transparent, State subsidies.<sup>65</sup>

*Ad hoc* (i.e., “grey”) subsidies serve the purpose of channelling taxpayers’ money to media outlets loyal to the Government of the day: most of these subsidies have been allocated with political considerations in mind. This practice has been especially frequent with the right/conservative Governments who argue that the left/liberal press and media have a competitive advantage inherited from the communist era, as a result of which the “positive discrimination” of the right/conservative press and media is warranted.<sup>66</sup> The allocation of non-transparent subsidies is, however, morally questionable in that it means that *public* money is spent on the promotion of the *particular* values of some political grouping.

### 3.2 Licensing

Broadcasters in Hungary are contracted with ORTT. The Board invites applications in a public tender. After the publication of the draft conditions, the Board holds a public hearing for potential participants. The conditions for the application are finalised and

<sup>64</sup> The same trend is reflected in Article 95 (5) and (6) of the Broadcasting Act, according to which, “[t]he Board may specify a particular share of public service programmes [...] as a condition of [broadcasting] applications [...] The Board may specify that broadcasters shall have a regular news programme.”

<sup>65</sup> Mihály Gálík, Hungary Chapter, in Petković, Brankica (ed.) *Media Ownership and Its Impact on Media Independence and Pluralism*, Peace Institute, Ljubljana, 2004, p. 200, (hereafter, Gálík, *Hungary Chapter*).

<sup>66</sup> For example, István Elek, media policy advisor to Prime Minister Viktor Orbán (1998–2002) argued that, “[f]or many decades before the regime changed, the various colours of the communist, socialist value system had a quasi-total monopoly in both the print press and the broadcast media in Hungary. [It follows that the current position of media outlets in the market] is determined by the advantages and disadvantages that existed at the time of departure [i.e., in 1990] in terms of both supply and demand. The positive discrimination for right-wing values today is morally justified by the fact that in the socialist period these values were harshly suppressed.” István Elek, “A rendszerváltás korának kormányai és a médiapolitika”, (“The governments of the political transformation and their media policies”), in Ákos Csermely *et al.* (eds), *A média jövője*, Média Hungária, Budapest, 1999, p. 184.

published after the public hearing. Invitations include information about the broadcasting facilities, the compulsory content of the applications, and the evaluation criteria. The applicants pay a tender fee. Applications include, in addition to the planned structure of programmes and other data, a bid for the broadcasting fee, fixed for the period of license whose minimal amount is set by the Board.

Thus, the Board has a double status. On the one hand, it is contracted with the broadcasters, on the other, it sets the conditions for the contract, and imposes sanctions in the event the broadcaster breaks those conditions. This system, however, transgresses the principle of the equality of the contracting parties.<sup>67</sup>

If there is a non-profit broadcaster among the applicants, and 80 per cent of the population in the reception area has access to at least two profit-oriented local broadcasts of which at least one is transmitted terrestrially, the non-profit broadcaster is awarded a licence. This rule does not hold for national broadcasts. Nor does this provision imply that after every four commercial broadcasters in the given (local or regional) reception area, two community broadcasters should be licenced.

Broadcast licences are valid for a period of ten years for television channels, and seven years for radio stations. They can be renewed for another five years without submitting an application, unless the broadcaster has repeatedly and seriously breached its contract.

Broadcasters which operate via cable do not apply for a licence, but simply inform the Board about their operation for the sake of registration.

The Board may impose a fine on unlicensed (i.e. “pirate”) broadcasters, which is either twice the amount of their unlawful income or, if that cannot be estimated, an amount between HUF 10,000 and 1,000,000.

A review of the Board’s resolutions may be requested in court. The court may amend the Board’s resolution.

In the heated atmosphere of the “media war”, the licensing of broadcasting has raised controversies several times. The first freely elected right/conservative coalition Government, headed by Prime Minister József Antall, later Péter Boross (1990–1994), broke the consensus underlying the frequency moratorium of 1989 (see section 2.1) when it set up the satellite-based Duna TV, which began broadcasting on 24 December 1992. This was done without any consultation with the opposition of the time, by a secret Government Decree that created Hungária Televízió Közalapítvány (Hungary Television Public Foundation).<sup>68</sup> The founders of Duna TV defined its

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<sup>67</sup> OSI roundtable comment.

<sup>68</sup> Government Decree No. 1057/1992 of 7 October 1992.

mission, in harmony with the then coalition parties' national conservative ideology, as the protection of Hungarian traditions and culture.<sup>69</sup>

When evaluating applications for national broadcast licences for commercial television broadcasters under the left/liberal Government headed by Prime Minister Gyula Horn (1994–1998), the majority of the members of ORTT<sup>70</sup> voted against CME's Írisz TV (*Tv3*), a company associated with the liberal SZDSZ and 'cosmopolitan' U.S.-based culture. This, despite Írisz TV being the highest bidder, and in spite of the fact that the application submitted by one of the future winners of the tender, namely CLT-UFA, was formally lacking. Thus the winners of the tender were CLT-UFA (RTL Klub) and MTM-SBS (*TV2*), two Western European multinational companies that were deemed acceptable by the majority of the board members.<sup>71</sup> Írisz TV challenged the decision in court. Its lawsuit was rejected on the first degree, but on the second degree the Supreme Court granted the appeal. This time, ORTT appealed against the new decision; however, shortly before the new decision, MTM-SBS bought out Írisz TV and withdrew the appeal.<sup>72</sup>

Under the second right/conservative coalition Government, headed by Prime Minister Viktor Orbán (1998–2002), ORTT licensed Pannon Radio, a Budapest-based local radio station associated with the extreme-right party MIÉP.<sup>73</sup> Pannon Radio later raised controversies with the overt racism of some of its programmes.<sup>74</sup> During the same period,

<sup>69</sup> Mihály Gálik, "Törvényre várva. A magyar rádiózás és televíziózás szerkezetéről", ("Awaiting the broadcasting act. On the structure of radio and television in Hungary"), in *Jel-Kép*, 2/1994, p. 26; Zsolt Estefán, "A Duna Televízió rövid története", ("A short history of Duna Television"), in *Magyar Média*, 4/2000, pp. 5–6.

<sup>70</sup> With the exception of the member nominated by the liberal party SZDSZ (Free Democrats Association).

<sup>71</sup> Mária Vásárhelyi, "Törvénytől sújtva", ("Down by law"), in Mária Vásárhelyi and Gábor Halmai (eds), *A nyilvánosság rendszerváltása*, (*The transformation of the public sphere*), Új Mandátum, Budapest, 1998, pp. 221–223; Bárány, *Privatisation of the media* pp. 120–123; Péter Kóczyán, "Frekvencialovagok. Az ORTT szerepe a médiaprivatizációban", ("The role of the National Radio and Television Board in media privatization"), in Ákos Csermely *et al.*, (eds) *A média jövője*, (*The future of the media*), Média Hungária, Budapest, 1999, pp. 149–160.

<sup>72</sup> Ibolya Jakus, "Folytatásos tévéper", ("Television process: to be continued"), in *HVG*, 28 November 1998; Gábor Halmai, "Igazság? Szolgáltatás? Legfelsőbb Bíróság kontra jogbiztonság", ("In search of justice? The Supreme Court and the rule of law"), in *Élet és Irodalom*, 3 March 2000; György Baló, "Mi legalább megpróbáltuk", ("We have at least tried it"), *Népszabadság*, 2 April 2002.

<sup>73</sup> MIÉP, the Hungarian Life and Justice Party, has been known for its anti-Semitism and radical nationalism. The party was not a part of the coalition government in the Orbán era; however, it frequently voted together with the coalition parties.

<sup>74</sup> See, for example, the content analysis of *Pannon Radio's* programmes by the Hungarian Press Freedom Center, "Az érthető frekvencia – A Pannon Rádió műsorai", ("The programmes and message of Pannon Radio"), available at <http://www.sajtoszabadsag.hu/publikaciok/pannonradio> (accessed 27 April 2005).

the Board did not renew the licence of Tilos Rádió (Forbidden Radio), Budapest's oldest multicultural community radio station, associated with liberal thinking.<sup>75</sup>

### 3.3 Enforcement measures

The Board may specify a particular share of public service, minority, or regular news programmes as a condition for applications, but national broadcasters must provide public service programmes in at least ten per cent of their daily programme time. National broadcasters must provide public service programmes in at least ten per cent of their daily programme time. Broadcasters are obliged to broadcast the programme specified in their application, and must pay a broadcasting fee. Non-profit broadcasters are an exception to this rule, as they do not pay a fee; at the same time, however, the Broadcasting Act limits their advertising time to three minutes per hour (as opposed to commercial broadcasters whose limit is 12 minutes in any one hour of broadcasting).

Broadcasters are obliged to record their outgoing signal and to keep it for 30 days after the broadcast so that the ORTT can monitor compliance with broadcasting requirements, including advertising restrictions and bans, sponsorship, and public service programming.<sup>76</sup>

If the ORTT observes that a broadcaster violates the requirements laid down in the Broadcasting Act, the Act on Copyright,<sup>77</sup> or its broadcasting contract, it can:<sup>78</sup>

- demand the broadcaster stop the detrimental behaviour;
- issue a written warning;
- suspend broadcasting for a maximum of 30 days;
- impose the penalty specified in the contract;
- impose a fine on the public service broadcaster;
- terminate the broadcasting contract with immediate effect.

In recent years, the ORTT has applied minor sanctions several times, including both fines and the suspension of transmission for a few hours, but it has never terminated

<sup>75</sup> See: *Népszabadság*, 28 February and 1 March 2000; *Népszava*, 2 and 3 March 2000. However, *Tilos Rádió* was later awarded a licence.

<sup>76</sup> However, some of the broadcasters present faked tapes to the Board, i.e., ones that have never been broadcast but specially prepared for the potential review of the Board (information from György Kovács, Chair of the Board on a conference organised by the National Association of Local Radios, Tokaj, Hungary, 25 June 2004.).

<sup>77</sup> 1999. LXXXVI. Act on Copyright.

<sup>78</sup> Broadcasting Act 1996, art. 112.

the contract of any broadcaster despite the political pressure that it had to encounter at times.<sup>79</sup>

### 3.4 Broadcasting independence

Hungarian legislators have aimed at ensuring the independence of broadcasting mainly by provisions specifying conflict of interest rules for members of the ORTT (see section 3.1.1).

Furthermore, politicians, employees of the public service media, and people holding managerial positions in Government agencies cannot hold a broadcast licence. Nor can the political parties, State and Government agencies and the local municipalities be licensed to broadcast.

The operational rules of the public service broadcasters, to be approved by their boards of trustees, are also considered a way of improving the detachment of journalists from the political elites. Those of Hungarian Radio state that journalists should be independent and be instructed by their authorised superiors only.<sup>80</sup> Hungarian Television, however, has no such rules, despite the Broadcasting Act.

There is no legal provision ensuring broadcasting independence *vis-à-vis* the owners. However, some of the major broadcasters, such as RTL Klub and TV2, have internal codes of ethics and practice that serve as a guide to journalists and may, at least theoretically and in case of compliance with the internal code, offer them protection whenever the owners try to exert pressure upon them. (See section 5.6.)

## 4. REGULATION AND MANAGEMENT OF PUBLIC SERVICE BROADCASTING

### 4.1 The public broadcasting system

Hungary has two public service television broadcasters with a total of three channels: Hungarian Television, with MTV and m2; and Duna TV. It has one public service radio broadcaster with three stations: Hungarian Radio's Kossuth, Petőfi and Bartók. At the same time, any broadcaster may apply for the status of public service broadcaster if it undertakes the responsibilities associated with public service broadcasting. In addition to public service, commercial and non-profit (i.e. community) broadcasters, the Broadcasting Act also recognises the status of "public

<sup>79</sup> Memorable is the so-called "*Tilos Rádió* scandal". On 24 December 2003, one of the anchors of the station said that "I would destroy all Christians" while on air. The right/conservative political forces urged the immediate withdrawal of the broadcast licence of the radio station.

<sup>80</sup> Gálik, *Hungary Chapter*, pp. 200–201.

programme broadcaster”.<sup>81</sup> This status can be awarded to private media outlets and, just as that of the non-profit broadcaster (see section 3.3) implies exemption from the payment of the broadcasting fee.

## 4.2 Services

The Broadcasting Act defines public service broadcasting as follows:

- Art. 2 (18) Public service programme: any programme in which public programme items dominate, and which ensures that the population resident in the reception area is regularly informed of issues of public interest.
- (19) Public programme item: any programme item which fulfils the needs of the population resident in the reception area (national, regional, local) concerning information, culture, civic rights, and lifestyle, particularly:
- a) works of art, presentation of universal and Hungarian culture, the culture and life of the national and ethnic minorities in Hungary, and the opinions of minorities,
  - b) transfer of knowledge for education and training purposes,
  - c) accounts of science and scientific achievements,
  - d) programmes which serve the freedom of religion, and show church and religious activities,
  - e) programmes for children and teenagers,
  - f) dissemination of knowledge which helps everyday life, promotes the citizens’ legal and political awareness, encourages a healthy way of life, environment protection, public security and safe traffic,
  - g) programme items made for groups which are seriously handicapped because of age, physical or mental condition or social circumstances,
  - h) news provision.
- (20) Public service broadcaster: a broadcaster whose operation is regulated by public service broadcasting rules, whose primary responsibility is the provision of public service programmes, and which is maintained from public funds and is under public supervision [...]
- Art. 23 (2) Public service broadcasters and public programme broadcasters shall regularly, comprehensively, impartially, faithfully and exactly inform of domestic and international events of public interest [...]
- (3) Public service broadcasters and public programme broadcasters shall ensure the diversity of programme items and viewpoints, and the presentation of minority opinions, and the satisfaction of the interests of a wide range of audiences.
- (4) Public service broadcasters and public programme broadcasters shall take special care

<sup>81</sup> “Public programme broadcaster: a broadcaster which provides mostly public programme items as specified in its broadcasting rules which have been approved by the National Radio and Television Board”, Broadcasting Act 1996, art. 2.

- a) to cherish pieces of universal and national cultural heritage, and to ensure cultural diversity;
- b) to show programmes which serve the physical, intellectual and mental development of minors;
- c) to present the values of churches and religions, national, ethnic and other minority cultures;
- d) to give access to important information to groups or individuals who are in a disadvantageous position on account of their age, physical, mental and psychic condition;
- e) to present programme items which show the social economic and cultural life of the various regions of the country.

This definition of public service broadcasting, with its focus on classical culture, minority programming, impartial information and universal access is modelled on the classical BBC principles. Entertainment is not listed among the major responsibilities of the public service media, even though, since the rise of commercial television, *Hungarian Television* has devoted a great part of its airtime, especially prime-time hours, to easy viewing programmes designed for the mainstream audiences (such as quiz and talk shows, feature films and soap operas). This, to such an extent that the abundance of entertainment programmes might remind the viewer of the current Italian *RAI* rather than of the classical British model.

### 4.3 Funding

The public service broadcasters have been funded from television licence fee revenues, budget subsidies (until the fee was 'overtaken' by the state budget in 2002), and business activities, including commercial advertisements. In recent years, however, the public service broadcasters, and especially Hungarian Television, have been underfunded.

As a report by the National Audit Office has pointed out, since the rise of the two national commercial television channels, Hungarian Television has produced losses every year. Between 1997 and 2003, the Hungarian State spent HUF 190 billion from taxpayers' money on maintaining the institution. In 2003, State subsidies to Hungarian Television amounted to HUF 28 billion, or HUF 2,800 per inhabitant. In addition to this, the public service broadcaster has sold most of its real estate to the National Privatisation Agency for HUF 15 billion, and is currently renting the buildings it once owned.<sup>82</sup> In 2004, the annual budget of the institution was HUF 30 billion; currently, it is reported to produce a loss of approximately HUF 1 billion every month.<sup>83</sup> In the summer of 2004, the Ministry of Finances announced plans to halve the 2005 budget of Hungarian Television and urged the institution to dismiss half of its 1,600 employees. At the time of writing, the planned loss of the institution for the

<sup>82</sup> *Magyar Hírlap*, 15 September 2003; Gálík, *Hungary Chapter*, p. 200.

<sup>83</sup> *Figyelő*, 2004. 4–10 November.



budget year 2004 is over HUF 5.4 billion. According to some estimates, the salaries and other costs related to maintaining the institution (such as electricity and heating) amount to HUF 20 billion a year, and only the rest of the budget is spent on actual programme production.

The annual budget of Duna TV – which operates one single channel – amounted to HUF 7.51 billion in 2003, of which HUF 0.91 billion was generated via advertising, while the rest came from the central State budget (HUF 6.17 billion) and the Broadcasting Fund (HUF 0.42 billion).<sup>84</sup> In the same year, Hungarian Radio's total revenues amounted to HUF 12.5 billion.<sup>85</sup> Duna TV and Hungarian Radio produced only minor losses in 2003. For the sake of comparison, the commercial television channels RTL Klub and TV2 spend HUF 20–21 billion a year, and have only 300–400 employees.<sup>86</sup> However, it must be added that they have fewer public service programmes to produce.

The losses of public service broadcasters are partly explained by the advertising restrictions that the Broadcasting Act imposes upon them: they are not allowed to have commercial breaks during such programme items as feature films, and are more restricted in programme sponsoring as well.<sup>87</sup> As a result, they have to compete for advertising revenues with the commercial media on an unequal ground; public service television's share of the advertising market does not match its share of the audience market. Public service broadcasters are also required to produce more programmes domestically and to film more in the neighbouring countries with Hungarian ethnic minorities than the commercial media, which implies higher production costs than buying cheap, ready-made commercial products from abroad as their commercial counterparts do.

Hungarian Television was founded by the Broadcasting Act with a loss, which was a major obstacle for the institution to improve its financial balance; in recent years, it has always been trying to pay off its debts but has never actually managed to do so.<sup>88</sup> In addition to this, mismanagement and the lack of transparency were also part of the financial problems of the institution. Hungarian Television has frequently ordered programmes at a high price from independent producers which, according to press

<sup>84</sup> Written communication by Dr. László Szekeres, economic manager of Duna TV, received by the reporter upon request, 16 August 2004.

<sup>85</sup> "Nincs adóssága a Magyar Rádiónak", ("Hungarian Radio has no debts"), press release by *Hungarian Radio*, 27 May 2004. See also: Hungarian Radio's official website at [http://www.radio.hu/index.php?cikk\\_id=91197&rid=PVF6Tg](http://www.radio.hu/index.php?cikk_id=91197&rid=PVF6Tg) (accessed 27 April 2005).

<sup>86</sup> *Népszabadság*, 4 August 2004.

<sup>87</sup> According to the Broadcasting Act, advertising must not exceed six minutes in any one hour on the public service media, while the commercial channels are allowed to broadcast advertisements in up to 12 minutes per hour. However, the actual time that public service television can sell to advertisers is less than six minutes an hour. OSI roundtable comment.

<sup>88</sup> OSI roundtable comment.

reports, had good contacts with the Government of the day; the police have been investigating the contracts signed by Zsolt László Szabó and Imre Ragáts, former presidents of Hungarian Television, suspected of intentional mismanagement.<sup>89</sup> Because of the financial difficulties, the employees and business partners of the institution have frequently been paid with significant delays in recent years.

In addition to this, some media experts argue that the major reason why Hungarian Television is underfunded is that the political elites are not interested in financially consolidating the institution. There is no political independence without financial independence, and analysts agree that every Government has made significant efforts to control the political programmes of Hungarian Television.<sup>90</sup>

The view that the political elites are reluctant to consolidate the institution financially is supported by the recent abolition of the television licence fee, by a questionable procedure. Shortly after the current Government coalition took office, a Government Decree<sup>91</sup> was issued, under which the State “took over” from viewers the television licence fee, formerly set at the amount of HUF 740 per month per household with a television set. From July 2002 onwards, the budget of Hungarian Television has been covered – apart from its limited commercial revenues – by the State.<sup>92</sup> The Decree was implemented by the Budget Act in the same year.<sup>93</sup> The argument for the *de facto* abolition of the fee was the high rate of fee evasion: only an estimated 63–68 per cent of all television households had paid it.<sup>94</sup>

The abolition of the licence fee is contestable for at least three reasons. First, the fee was set by the Broadcasting Act 1996,<sup>95</sup> a two-thirds majority law, but the modification of the law was incorporated into the modification of the Budget Act, a

<sup>89</sup> *Heti Válasz*, 26 June 2002 and 21 November 2003; *Magyar Hírlap*, 26 May 2004.

<sup>90</sup> See, for example, the opinions by media experts Miklós Sükösd and Mária Vásárhelyi quoted in *Magyar Hírlap*, 15 September 2003.

<sup>91</sup> Government Decree No. 1110/2002 of 20 June 2002.

<sup>92</sup> Márta Boros *et al.*, “A médiarendszer jogszabályi háttérének 2002. évi változásai”, (“Changes in the Hungarian media regulation in 2002”), in Mihály Enyedi Nagy *et al.* (eds) *Magyarország médiakönyve 2003, (Annual of the Hungarian media 2003)*, ENAMIKÉ, Budapest, 2003, p. 148.

<sup>93</sup> 2002. XXIII. Law modifying the 2000. CXXXIII. Law on the Budget of the Hungarian Republic for the years 2001 and 2002.

<sup>94</sup> ORTT, *2003 Report*, p. 293; Pekár István in “BBC vagy RAI? A közszolgálati média jövője”, (“BBC or RAI? The future of public service broadcasting”), a roundtable meeting organised by the Hungarian Press Freedom Centre and the Centre for Independent Journalism on 30 October 2001, published in: *Médiakutató*, Spring 2001, p. 101.

<sup>95</sup> According to Article 79 of the Broadcasting Act 1996: “(1) Each person who has a television set suitable to receive television programmes shall pay a subscription fee. [...] (2) The amount of the fee shall be fixed in the central budget every year. (3) The subscription fee shall be fixed taking into consideration the competitive and economical operation of public service broadcasters, the sustenance of the broadcasting system and the financial requirements of public service programmes.”

simple majority law. The constitutionality of the way the decision was implemented is therefore questionable.<sup>96</sup>

Second, regulators ignored the fact that the licence fee has a symbolic message. It is a sign that public service television is directly funded by the general public (even though the actual *amount* of the fee had been determined by the Budget Act of the year even before the modification of the budget law). The fee is a warning that public service television must, under all conditions, serve and represent the electors; it has to be, among other things, a “watchdog” of the elected.<sup>97</sup> Although the Government majority of the day has, since the political transformation, attempted to exert political pressure on Hungarian Television by keeping the fee lower than needed, the abolition of the fee shows that the incumbent Government challenges *overtly* the independence of public service television.

Third, the abolition of the licence fee is incompatible with general European practice. Even though the legitimacy of the fee has also been questioned in some other European countries, the current Hungarian practice is most uncommon. For example, in the United Kingdom, the amount of the licence fee is set for five years in advance and adjusted to the annual inflation rate, while in Germany and Austria, a number of social and political actors determine its amount by consensus.<sup>98</sup> These mechanisms largely eliminate political pressure on the public service media by way of withholding adequate funding.<sup>99</sup> The European trend (except in Italy) is that legislators aim to improve the financial, and hence the political, independence of the public service broadcasters, while in Hungary, public service television is overtly subordinated to political control exerted through its funding mechanism. Because the funding of the public service broadcasters in Hungary is incompatible with European standards, the institution could not submit an application for several European tenders.<sup>100</sup>

<sup>96</sup> It needs to be added, however, that the provision of the Budget Act regarding the fee was passed with a 90 percent majority in parliament. OSI roundtable comment.

<sup>97</sup> See also: Péter Bajomi-Lázár, “Közmedia az Egyesült Államokban. Használható-e az amerikai modell Magyarországon”, (“Public service broadcasting in the United States. Can the American model be adopted in Hungary?”), in *Jel-Kép*, 2/2003, pp. 89–90.

<sup>98</sup> Thomas Gibbons, *Regulating the Media*, London: Sweet & Maxwell Ltd., 1998; Szilvia Szilády, “Közszolgálati és társadalmi felügyelet: A közszolgálati média szervezeti felépítése Németországban, Ausztriában és Magyarországon”, (“Public service media and social control: The organization of the public service media in Germany, Austria and Hungary”), in *Beszélő*, August–September 1997.

<sup>99</sup> However, in some European countries, including Greece, Portugal, and Spain, there is no subscription fee. There are, however, other methods to provide for the constant financial support of public service television, such as channelling a certain portion of the electricity bill to it. Gergely Gosztanyi, “A közszolgálati médiafelügyelet Európában és Magyarországon”, (“Supervision of the public service media in Europe and in Hungary”), in *Jel-Kép*, 4/2003, p. 9.

<sup>100</sup> *Népszabadság*, 23 April 2004.

Most analysts argue that as long as the public service broadcasters – especially Hungarian Television – are underfunded, they will be prone to political pressure. Some suggest that their budget should be pegged to the GDP in order to remove pressure from political parties when defining the amount of their budget.<sup>101</sup> Others recommend that the public service media should stop broadcasting commercial advertisements, given that advertising revenues in any case amount to an insignificant part of the total revenues of the institution. Also, commercial advertising may impose economic dependence on the institution from the major advertisers.<sup>102</sup> Moreover, the very logic of advertising pushes television journalists to broadcast popular programming during prime time and to reserve programmes designed for niche audiences to the less frequented hours of the day. In exchange for the public service television's giving up advertising, the commercial media should transfer part of their commercial revenues to public service radio and television.<sup>103</sup>

Both of these recommendations would improve the independence of the public service media *vis-à-vis* the political elites, but neither of them tackles the above-described problem of the symbolic importance of the licence fee. A solution to both the problem of independence and that of the symbolic significance of the fee might be the re-establishment of the licence fee. Another option would be to means-test the fee, varying it according to household income level. Moreover, the fee should be pegged to the annual inflation rate so the Government of the day would not be in a position to influence public service television by way of curtailing its budget when preparing the annual Budget Act.

#### 4.4 Governance structure of the public service broadcasters

Public service broadcasters in Hungary are one-man joint-stock companies, founded and run by public foundations, including Hungarian Radio Public Foundation for Hungarian Radio, Hungarian Television Public Foundation for Hungária Television and Hungarian Television Public Foundation for Duna TV. The public foundations are managed by boards of trustees. The boards combine the parliamentary and the corporate nomination mechanisms: the members of their executive committees are elected by Parliament, while their ordinary members are delegated by various NGOs.

<sup>101</sup> Gergely Gosztönyi, “A közszolgálati médiafelügyelet Európában és Magyarországon”, (“Supervision of the public service media in Europe and in Hungary”), *Jel-Kép*, 4/2003, p. 22.

<sup>102</sup> OSI roundtable comment.

<sup>103</sup> For a brief description of a recent proposition on the reform of media regulation, see Péter Szente, “Egy új médiatörvény koncepciója”, (“Concept of a new broadcasting act”), in *Médiakutató*, 2003 winter, pp. 99–104.

#### 4.4.1 Composition

The executive committees of the boards of trustees consist of at least eight members, half of whom are delegated by the Government coalition and the other half by the opposition. The chair of the board is elected by Parliament, and there is a vice-chair nominated by the opposition parties. The boards of Hungarian Radio Public Foundation and Hungarian Television Public Foundation have 21 ordinary members, delegated by the organisations of the national and ethnic minorities, the churches, human rights organisations, trade unions, professional organisations of the arts and culture, journalists' associations, organisations for women and people with disabilities. The board of Hungária Television Public Foundation has 23 ordinary members; in this board, the Hungarian Diaspora has more representatives than in the other two.

The trustees of the public foundations are supervised by controlling bodies, consisting of three members, two of which are delegated by the opposition parties and one by the Government coalition. The controlling bodies can request information from the trustees and inspect all documents. However, they cannot pass any decision binding on the trustees. In the event of the controlling bodies noticing any unlawful decision or any deficiency in the finances of the public foundation, they can notify the Speaker of Parliament and the National Audit Office.

In short, public service broadcasters are supervised by a number of different bodies that hierarchically control one another. In addition to this, the independence of the public service media *vis-à-vis* the political elites is to be achieved by means of strict conflict-of-interest rules, including the fact that neither the trustees of the boards nor their close relatives can be, among other things, employees of the public service media, or hold a political position.

The members of the executive committees and the ordinary members of the boards have equal voting rights. Otherwise, however, the rights of the parliamentary and the corporate members differ significantly. The former are elected for four years and receive a payment for the performance of their job, whereas the latter are delegated for one year only, and do not receive any payment, although their expenses are reimbursed. It should also be noticed that the executive committees have the exclusive right to make recommendations to the board on which applications for the posts of the presidents of the joint-stock companies should be considered and voted about.

#### 4.4.2 Appointments

The nomination of the trustees to the boards of the public service media has provoked several controversies. Under the Orbán Government, the coalition parties Fidesz-MPP (Fidesz Hungarian Civic Party, later Fidesz-MPSZ, Fidesz Hungarian Civic Association) and MDF (Hungarian Democratic Forum), along with the oppositional MIÉP (Hungarian Life and Justice Party), obstructed the election of the nominees of the opposition MSZP (Hungarian Socialist Party) and SZDSZ (Free Democrats Association). As a result, the board of Hungarian Television remained incomplete, i.e.,

it consisted of the nominees of the coalition parties only after February 1999, and those of Duna TV and Hungarian Radio after February and March 2000, respectively. Both the Constitutional Court and the General Attorney questioned the constitutionality of the procedure,<sup>104</sup> yet the boards were not completed until May 2002, shortly after the next Government change.

Under the incumbent Government, headed first by Péter Medgyessy and later by Ferenc Gyurcsány, in March 2003, the opposition parties Fidesz-MPP and MDF could not agree on how many members each of them should nominate to the board of Hungarian Television.<sup>105</sup> With the assistance of the coalition parties, MDF finally nominated four of the eight members of the board. Thus, paradoxically, the smallest party in parliament has currently the highest number of trustees on the board, whereas the biggest opposition party has no representatives at all.

Analysts have widely criticised the governance structure of the public service media established by the Broadcasting Act 1996 for failing to establish the conditions safeguarding the independence of the public service media. According to media policy advisor Gábor Gellért Kis,

compared with the former situation of media war [i.e., the period before the Broadcasting Act was passed], the only difference is that the legislator has moved the conflict from Parliament to the institutions of the public service media, including the National Radio and Television Board, the boards of trustees and the public corporations. [...] the boards that were originally designed as a buffer mechanism do not resist political influence, but institutionalise it; they do not reveal the source, the content and the direction of [political] influence, but hide it; and they do not enhance the independence of the public service media, but they themselves are dependent on the political parties.<sup>106</sup>

A similar criticism has been formulated by media expert Mária Vásárhelyi, who argues that the two-thirds majority required by the Constitution for the regulation of broadcasting prioritised political considerations over policy considerations. She notes that,

the Broadcasting Act entrusted the safeguarding of the freedom of expression and the independence of the broadcasters upon such bodies, namely the

<sup>104</sup> For the full text of the opinion of Attorney General Kálmán Györgyi, see: *Népszava*, 22 March 2000.

<sup>105</sup> The Broadcasting Act is not very clear on the details of the nomination mechanism. Article 55 states that: “(4) The Parliament shall elect, in separate procedures, at least eight trustees into each of the boards with a simple majority of the votes of the deputies. (5) Half of the trustees shall be appointed by the government groups, while the other half of the opposition groups, however, at least one nominee of each group must be elected.” Fidesz-MPP wanted to delegate three of the four opposition members, while MDF wanted to have at least two nominees.

<sup>106</sup> Gábor Gellért Kis, “Ékszer és játékszer. Másfél év után a médiatörvényről és egyébektől”, (“Eighteen months later. On the broadcasting act and some other things”), in *Jel-Kép*, 2/1997, pp. 69–70.

National Radio and Television Board and the boards of trustees, whose members are delegated ... by the parliamentary parties that have never hidden their intention to control the media market in an indirect and the public service media in a direct way [...] The only outcome of the forced compromises of the Broadcasting Act was the institutionalization of political intervention in the public media.<sup>107</sup>

To this, it must be added that the mixed nomination system of the boards of trustees also raises concerns. First, the system blurs responsibility because of the high number of trustees: the boards of Hungarian Radio and Hungarian Television have a total of 29 members, while that of Duna TV has 31 members, including those in the executive committees. Compared with the similar boards of other European countries, these numbers are not exceptionally high; however, the result is that, in the event the decisions of the boards are proved wrong, no one holds real responsibility for them.

Second, in major issues – such as the nomination and election of the presidents of the joint-stock companies – the executive committees have significantly greater powers than the ordinary members (see section 4.4.1), which suggests that the representatives of civil society in the boards simply serve as an “alibi”, whose presence helps to disguise the political nature of many of the decisions taken by the boards.<sup>108</sup>

Third, the very concept of corporate representation is contestable. NGOs, whose members are selected without any formal delegation mechanism, lack the legitimacy that the political parties have. They speak for themselves only, without any popular support backing them. Moreover, the Broadcasting Act does not require these representatives to have any experience with the media. Furthermore, the transparency of the NGO delegates is compromised to the extent that they may be associated with the various political parties and represent the interests of those parties without their political sympathies being known to the public.<sup>109</sup>

#### 4.4.3 Responsibilities

By virtue of the Broadcasting Act 1996, the boards of trustees:

- a) exercise the rights of the annual general meeting of the public service broadcasting company, including, among other things,

<sup>107</sup> Vásárhelyi, Mária, “Törvénytől sújtva”, (“Down by law”), in Vásárhelyi, Mária and Halmai, Gábor (eds), *A nyilvánosság rendszerváltása, (The transformation of the public sphere)*, Új Mandátum, Budapest, 1998, p. 220.

<sup>108</sup> It needs to be noted, however, that in some cases the ordinary members of the boards refused to vote for the candidates recommended by the executive committees for the posts of president in the joint-stock companies. In some cases, they have also obstructed the removal of the presidents of the institutions.

<sup>109</sup> On corporate representation, see also Gergely Gosztonyi, “A közszolgálati médiafelügyelet Európában és Magyarországon”, (“Supervision of the public service media in Europe and in Hungary”), in *Jel-Kép*, 4/2003, pp. 18–19.

- the election and removal of the president of the companies,
  - the approval of the rules of public service broadcasting,
  - the approval of the principles and totals of the annual financial plan,
  - the approval of the annual programme time and the permission of modification,
  - the approval of the balance sheet and the profit and loss account,
- b) approve the business plan and the balance sheet of the public foundation,
- c) make recommendations to the relevant parliamentary committee to initiate the allocation of budget subsidies and grants,
- d) perform other jobs described in the Broadcasting Act.<sup>110</sup>

The presidents of the joint-stock companies must meet well-defined conflict-of-interest rules; in particular, they cannot be members of Parliament or of any political party. The presidents:

- decide about the programme policy;
- prepare the annual business plan;
- prepare the balance sheet and the profit and loss account;
- exercise the employer's rights toward the employees of the company.<sup>111</sup>

Even though in recent years Hungarian Television has lost most of its audience and assets, no major sanction has been imposed on it. At the same time, however, its presidents have been removed quite frequently. The institution has had no fewer than 14 presidents or senior officials in charge of the presidential duties in the past 14 years.<sup>112</sup> The frequent changes in leadership and the financial problems of the institution (see chapter 4.3) are a sign that the whole system calls for reform.

#### 4.5 Programme framework

According to an empirical survey by Tamás Terestyéni on the programming of the major television channels in Hungary, including Hungarian Television, broadcasting time has increased significantly in recent years, reaching almost 24 hours a day in 2003. Hungarian Television, as well as the other major national broadcasters, provided

<sup>110</sup> Broadcasting Act 1996, art. 59 and 66.

<sup>111</sup> Broadcasting Act 1996, art. 71.

<sup>112</sup> These include: István Nemeskürty (January–April 1990), Albert Szalacsi Tóth (April–August 1990), Elemér Hankiss (August 1990–January 1993), Gábor Nahlik (January 1993–July 1994), Tibor Szilárd (July 1994), Ádám Horváth (July 1994–December 1995), Ferenc Székely (January–September 1996), István Peták (October 1996–January 1998), Lóránt Horvát (January 1998–May 1999), Zsolt Szabó László (May 1999–July 2001), Károly Mendreczky (July 2001–July 2002), Imre Ragáts (July 2002–December 2003), György Pinke (January 2004–February 2004), and Zoltán Rudi (March 2004–).



mixed programming most of the time, nearly 90 per cent of their airtime being dedicated to the general audience.<sup>113</sup>

The same survey reveals that MTV is characterised by a relatively high portion of news and current affairs programming, m2 of cultural programmes, and Duna TV of documentaries, as compared with the other national television channels. The public service channels broadcast significantly more religious and ethnic programming than their commercial counterparts. Hungarian and European-made programmes were also more frequent on the public service than the commercial channels, the latter broadcasting more American products. For more on the programming of the various television channels, see Table 2.

**Table 2. Programmes on the national television channels  
– breakdown by genre (March 2003)**

Genre	Share of total output (per cent)				
	MTV	m2	Duna TV	TV2	RTL Klub
Political news	18.5	7.6	12.6	10.2	13.0
Political debate	0.9	0.6	0.0	0.4	0.0
Parliamentary reports	0.0	1.0	0.0	0.0	0.0
Economy	3.6	3.4	3.0	2.7	0.0
Quiz shows	10.1	0.0	0.0	2.8	12.3
Talk shows	4.4	1.1	0.5	11.4	11.3
Feature films	4.1	2.5	7.6	9.5	4.5
Youth programming	0.8	0.3	0.9	0.1	0.1
Film series	14.8	9.0	9.0	32.0	14.9
Documentaries	1.4	4.2	4.5	0.6	0.2
Cartoons	0.5	2.4	6.1	2.5	8.1
Theatre	0.6	0.5	0.3	0.0	0.0
Music	1.5	5.2	4.9	0.0	0.6
Culture	7.3	14.7	10.5	5.9	0.4
Education	5.7	7.2	16.3	0.8	2.7
Services	8.8	18.4	13.8	9.2	11.7
Information magazines	3.9	7.1	1.8	10.1	12.8
Religion	7.1	7.2	2.3	0.6	1.1
Sports	6.0	7.6	0.5	1.1	6.3
Other	0.1	0.0	5.4	0.0	0.0
Total	100	100	100	100	100
Total number of programmes	864	879	1,150	791	852

Source: Tamás Terestyéni<sup>114</sup>

<sup>113</sup> Terestyéni, *National television programmes*. The survey was based on the analysis of a printed television programme guide, not the actual programming; there may have been some minor differences between the scheduled and the actual programming (e.g., the programme guide did not indicate commercial breaks).

<sup>114</sup> Tamás Terestyéni, "A magyarországi tévécsatornák országos műsorkínálata 2003-ban", ("The programmes of the national television channels in 2003"), in *Jel-Kép*, 1/2004. p. 34.

Based on his observations, Terestyéni notes that,

our data show that [in recent years] the ratio of entertainment has increased on the publicly funded television channels, while that of certain types of programmes designed for public education – such as educational programmes and documentaries – has been declining. At the same time, however, there was no dramatic decrease in the numbers and ratio of programmes providing substantial information and values of high culture in the 1990s and early 2000s. What is more, there has been a slight increase in [the numbers and ratio of] programmes providing substantial information.<sup>115</sup>

To this, Terestyéni adds that the relatively high quantity of public service programmes does not imply a high quality of programming; in fact, the poor audience figures of Hungarian Television and of Duna TV (see section 2.3) suggest that the general public is unhappy with the public service television channels.

#### 4.6 Editorial standards

In Hungary, all broadcasters are required by law to be fair and impartial in their news and current affairs programmes. In addition to this, the operational rules of the public service broadcasters (if they exist, see section 3.4) are also to serve the requirement for balanced information. Despite such efforts, however, the news on Hungarian Television has never quite lived up to the ideal of balanced information. Empirical data, including qualitative and quantitative content analyses of the news media, also suggest that news and current affairs programmes have frequently been biased in the past 15 years. This is no surprise in the light of the fact that whenever a new Government took office, the senior news staff of public service television was removed, and new editors were appointed.

The news programmes of public service Hungarian Television have special importance because, until October 1997 when the national commercial television channels were launched, they were the main source of political information for the majority of the public.<sup>116</sup> After the launch of commercial television channels, the audience share, and

<sup>115</sup> Terestyéni, *National television programmes*, p. 29.

<sup>116</sup> In 1993 for example, 70 per cent of the Hungarian public watched the first channel *MTV1* on a daily basis. Lajos Biro, “A média, közönsége és a politika”, (“The media, their audiences, and politics”), in Sándor Kurtán *et al.* (eds), *Magyarország politikai évkönyve 1994*, Demokrácia Kutatások Magyar Központja Alapítvány, Budapest, 1994, p. 702. In 1994, 65 percent said that their primary information source was the public service television. Gábor Tóka and Marina Popescu, “Befolyásolja-e a szavazókat a Magyar Televízió kormánypárti propagandája? Egy empirikus kutatás 1994–1998-ból”, (“Campaign Effects and Media Monopoly: The 1994 and 1998 Parliamentary Elections in Hungary”), in *Médiakutató*, spring 2002, p. 23.

hence the political importance, of Hungarian Television's prime time news programmes diminished significantly.<sup>117</sup>

Using various surveys, it is possible to assess the quality of the information output of the major news programmes of Hungarian Television in the past 15 years. The data gathered here is structured according to the subsequent coalition Governments. Because the various surveys cited below used different methods, no longitudinal comparison can be made. However, the quantity of data gathered does allow an assessment of the major trends of news output of the public service broadcasters over recent years.

A qualitative and quantitative analysis, conducted by the Monitor Group of Openness Club, a non-governmental media freedom watch organisation, revealed that in the Antall/Boross era (1990–1994), more specifically in the autumn of 1993, *Híradó* and *A Hét*, the major prime time news magazine programmes on Hungarian Television, aired a greater amount of “good” news (i.e., news items reporting on some positive phenomenon directly or indirectly linked with the rule of the incumbent Government) than the alternative news sources did, reaching up to 25 per cent of all news items. The Sunday evening television news magazine *A Hét* especially pursued a strategy of success propaganda as it tended to ignore the “bad” news that other media covered extensively in the same period.<sup>118</sup> Another quantitative analysis of the major television news programmes conducted in late 1993 and early 1994 confirmed these findings. It revealed that *Híradó* focused on positive phenomena and attributed achievements without exception to either the Government or the coalition parties.<sup>119</sup> A qualitative analysis of the news coverage of *Híradó*, conducted in March 1994, revealed that the editors of the prime time news programme covered current affairs in a biased and

<sup>117</sup> In early 1999, only 31 per cent of the Hungarian public watched the 19.30 public service news programme *Híradó* on a regular basis, in the summer of 2001 39 per cent. Mária Vásárhelyi, “Médiahasználat, tájékozódási szokások, médiumok presztízse”, (“The uses and social prestige of the media”), in Tamás Terestyéni (ed.) *Magyarországi médiumok a közvélemény tükrében*, (*The Hungarian media in the mirror of public opinion*), ORTT, Budapest, 2002, p. 18; Péter Bajomi-Lázár and Dávid Bajomi-Lázár, “Újságírók és újságolvasók. A közvélemény a magyarországi sajtóról”, (“The public on the Hungarian press. Findings of an opinion poll”), in *Médiakutató*, winter 2001, p. 40, (hereafter, Bajomi-Lázár, *The public on the Hungarian press*).

<sup>118</sup> Éva Argejő *et al.*, “Jelentések az MR és az MTV hírműsorairól”, (“Reports on the news programmes of Hungarian Radio and Hungarian Television”), in Sándor Kurtán, Péter Sándor and László Vass (eds), *Magyarország politikai évkönyve 1994*, (*Political annual of Hungary 1994*), Demokrácia Kutatások Magyar Központja Alapítvány, Budapest, 1994, pp. 588–592.

<sup>119</sup> László Beck, “Kormánytúlsúly a hírműsorokban”, (“Pro-government bias in the news programmes”), in Éva Argejő (ed.), *Jelentések könyve*, (*Book of reports*), Új Mandátum, Budapest, 1998, pp. 24–25.

selective way, and attempted to manipulate viewers by means of presenting the opposition parties of the time in an extremely negative context.<sup>120</sup>

As regards the Horn era (1994–1998), a quantitative analysis of *A Hét* in 1996 revealed that the politicians of the Government and the coalition parties featured in up to 97 per cent of the domestic news.<sup>121</sup> Even though pro-Government news bias persisted in this period, its intensity diminished in the longer run. As a series of quantitative analyses conducted in March 1994, March 1995 and March 1996 revealed, after the legislative elections in April 1994 *Híradó* attributed success stories to either the new Government or the coalition parties (rather than the opposition), although to a lesser extent than before the change of Government.<sup>122</sup> Another longitudinal comparison of all news programmes between 1993 and 1996 confirmed that pro-Government bias was more marked under the Antall/Boross Government than in the Horn era. In May 1993, Government officials and coalition representatives featured in 84 per cent of the domestic political news, while the opposition had a 16 per cent share. In May 1996, the same figures were 72 and 28 per cent, respectively.<sup>123</sup> A combined quantitative and qualitative analysis of the news programmes of public service television in autumn 1996 concluded that in quantitative terms (i.e., regarding their opportunities to comment on current affairs) the politicians of the coalition Government and those of the opposition had almost equal coverage; at the same time, however, the editors used some other means of manipulation that were tangible via qualitative methods (such as the camera perspective on the speaker or on the audience of the speaker) that presented Government officials and the representatives of the coalition parties in a slightly more positive way than the opposition.<sup>124</sup> Furthermore, as a comparative analysis of the television news agendas in late 1993 and late 1997 showed, news programmes became more problem-oriented and less ideological than under the previous coalition Government. Pseudo-events, such as solemn road-openings and other ceremonies showing Government politicians in a positive way, disappeared from the evening news.<sup>125</sup>

<sup>120</sup> Tamás Terestyéni, “Manipuláció az érzelmekkel és az értékekkel”, (“Manipulation with emotions and values”), in Éva Argejő (ed.) *Jelentések könyve, (Book of reports)*, Új Mandátum, Budapest, 1998, pp. 27–32.

<sup>121</sup> In September 1996, they featured in 97 percent of the domestic political news, in October in 71 percent, in November in 91 percent, while in December in only 45 percent. Zoltán Gayer and Péter Molnár, “Kormányzati túlsúly a tévé A Hét műsoraiban”, (“The overrepresentation of the government in ‘A Hét’”) in *Magyar Nemzet*, 8 February, 1997.

<sup>122</sup> László Beck, “Három március hírei a képernyőn”, (“The news of three Marches on the small screen”), in Éva Argejő (ed.), *Jelentések könyve, (Book of reports)*, Új Mandátum, Budapest, 1998, pp. 59–60.

<sup>123</sup> Zoltán Gayer and Péter Molnár, “A ‘kormánypártiság’ és az ‘ellenzékiesség’ arányai”, (“The proportion of government and opposition figures in the news”), in *Magyar Nemzet*, 2 October 1996, (hereafter, Gayer and Molnár, *The proportion of government and opposition figures in the news*).

<sup>124</sup> Gayer and Molnár, *The proportion of government and opposition figures in the news*, p. 225.

<sup>125</sup> Gayer and Molnár, *The proportion of government and opposition figures in the news*, p. 59.

The rule of the Orbán Government (1998–2002) also saw a marked pro-Government bias in the broadcast media. After July 1998, the prime time news programmes of the major public service and commercial television channels featured Government officials and the representatives of the coalition parties in up to 81 per cent of the domestic political news, in most cases in a positive context. The opposition was more frequently subject to negative news coverage.<sup>126</sup> In 1999, the Government and the coalition parties featured in 76–84 per cent of all domestic political news; on several issues only Government politicians were asked to comment, while the opposition did not receive any airtime at all.<sup>127</sup> In 2000, the Government and the coalition parties remained over-represented, featuring in 73–83 per cent of the domestic political news;<sup>128</sup> in 2001, in 66–85 per cent.<sup>129</sup> Another analysis, comparing the main public service news programme with the most popular commercial news programme between November 1999 and January 2000, revealed that *Híradó*, the evening news show on Hungarian Television, presented many more good news items than *Tények* (Facts), the prime time news show of TV2. The proportions of positive and negative news items were 22:31 and 7:48 in the two programmes.<sup>130</sup>

Relatively, little data is available on news coverage under the Medgyessy/Gyurcsán Government (2002–) as yet. According to data from 2003, the news programmes (including both television and radio) covered the failures of the Government more extensively than its successes. In the same year, the politicians of the Government and the coalition parties featured in 66 per cent of the news items on domestic affairs, which is not an outstandingly high proportion, given that some of this coverage is related to the Government performing its job. At the same time, however, there are some differences among the various broadcasters. Hungarian Television, whose new president was appointed after the Government change in 2002, covered the politicians of the Government and the coalition parties more extensively (71 per cent on average) than Hungarian Radio whose president was known for her sympathies with the right/conservative political parties<sup>131</sup> (64 per cent on average).<sup>132</sup> Quantitative research

<sup>126</sup> András Mádl and Dávid Szabó, “A kormányok mennek, a média marad”, (“Governments come and go, but the media stay”), in *Jel-Kép*, 1/1999, pp. 24–28, (hereafter, Mádl and Szabó, *Governments come and go*).

<sup>127</sup> Mádl and Szabó, *Governments come and go*, pp. 32–37.

<sup>128</sup> Mádl and Szabó, *Governments come and go*, p. 25.

<sup>129</sup> Eszter Baranyai and András Plauschin, “A politikai hírműsorok tájékoztatási gyakorlata 2001-ben”, (“Political news programmes in 2001”), in *Jel-Kép*, 1/2002, p. 31.

<sup>130</sup> György Nyilas, “Összehasonlító elemzés az MTV1 és a tv2 esti, főműsoridős híradóiról”, (“A comparative analysis of the prime-time news programmes of MTV1 and tv2”), in *Jel-Kép*, 4/2000, p. 70.

<sup>131</sup> Katalin Kondor was appointed by the so-called ‘incomplete’ board of trustees of *Hungarian Radio* under the Orbán Government. She regularly attended public events with well-known members of Fidesz-MPSZ, the biggest conservative party, now in opposition.

<sup>132</sup> András Plauschin, “A politikai hírműsorok tájékoztatási gyakorlata 2003-ban”, (“Political news programmes in 2003”), in *Jel-Kép*, 1/2004, pp. 10–21.

conducted by the NGO Hungarian Press Freedom Centre during the electoral campaign for the European Parliament in May 2004 also revealed that the leading figures of the opposition parties were largely over-represented in *Reggeli Krónika*, the morning news show on Kossuth Radio with an estimated two million listeners. The Government and the coalition parties together had less than 50 per cent of the airtime, and of the ten most frequently interviewed politicians six belonged to opposition parties.<sup>133</sup>

Political bias has been more significant on public service television than in the commercial media. Profit-oriented broadcasters are largely impartial in political terms, which, however, is mainly achieved by the de-politicisation of their news. Despite the requirements for public service programming that the Broadcasting Act imposes upon them, their news and current affairs programmes seek entertainment rather than information. For example, according to a recent quantitative survey, commercial broadcasters tend to deal with scandal and catastrophes, whereas public service television covers foreign policy and culture more extensively.<sup>134</sup> This is particularly important in the light of the fact that, since the rise of commercial television in 1997, the evening news shows on commercial television have become the primary source of information for the majority of the population.<sup>135</sup> (It needs to be noted, however, that just as commercial broadcasters attract more viewers than the public service media, the quality daily papers have also been losing audiences since 1990, while many of the tabloid newspapers have been increasing their circulation figures.)<sup>136</sup>

The persistence of a greater or lesser degree of pro-Government bias on public service television does not, of course, imply that the public automatically adopts pro-Government views. A longitudinal survey which studied the impact of pro-Government bias on public television found that biased news coverage did not ordinarily improve the Government's popularity. In fact, the survey concluded that pro-Government bias may have a "boomerang" effect and even reduce the Government's chances of re-election.<sup>137</sup> Election results confirm this finding: none of

<sup>133</sup> Áron Monori, "Kampány és közszolgálat", ("Campaign and public service"), in *Élet és Irodalom*, 30 July 2004.

<sup>134</sup> András Plauschin, "A politikai hírműsorok tájékoztatósi gyakorlata 2003-ban", ("Political news programmes in 2003"), in *Jel-Kép*, 1/2004, p. 10.

<sup>135</sup> In the summer of 2001, 55 per cent were watching the evening news show of TV2 on a regular basis, and 52 per cent that of RTL Klub. Bajomi-Lázár, *The public on the Hungarian press*, p. 40.

<sup>136</sup> Ágnes Gulyás, "The Development of the Tabloid Press in Hungary", in Colin Sparks and John Tulloch (eds), *Tabloid Tales. Global debates over Media Standards*, Rowman & Littlefield Publishers, Inc., London & Boulder & New York & Oxford, 2000, pp. 111–127, (hereafter, Gulyás, *The Development of the Tabloid Press in Hungary*).

<sup>137</sup> Gábor Tóka and Marina Popescu, "Befolyásolja-e a szavazókat a Magyar Televízió kormánypárti propagandája? Egy empirikus kutatás 1994–1998-ból", ("Campaign Effects and Media Monopoly: The 1994 and 1998 Parliamentary Elections in Hungary"), in *Médiakutató*, spring 2002, pp. 35–36.

the freely elected post-communist Government coalitions was able to win the legislative elections and to stay in office for a second term, even though all of them – to a greater or lesser extent, but without exception – exerted pressure on the media.

Other data also suggest that audiences are quite critical of news programmes. A representative public opinion survey, carried out in the summer of 2001, revealed that only six per cent of the audiences thought that the television news in general was “totally objective”, and only five per cent that it was “totally reliable”. By contrast, 45 per cent thought that it was “rather objective” and 44 per cent that it was “rather reliable”.<sup>138</sup>

What explains the persistence of a greater or lesser degree of political bias on Hungarian Television? At first glance, it can be argued that political pressure and the inability of broadcasting regulation to protect editorial freedom are the major reasons behind political bias. Another explanation has to do with the tension between Hungary’s journalism traditions and the norms imposed upon broadcasters by the current regulation. Many of the Hungarian journalists still abide by the norms of *engaged journalism*, a tradition widespread in Europe until the 1960s and in Hungary before the communist takeover in 1948, while the Broadcasting Act imposes the standards of *neutrally objective journalism* on broadcasters, as modelled on an idealised practice of journalism in the Anglo-Saxon countries. The major differences between the two journalism traditions can be described by the dichotomies of partisanship vs. impartiality, comment vs. news, mobilisation vs. information, selective vs. representative news coverage, external vs. internal pluralism.<sup>139</sup> The political transformation in 1989–1990 saw a revival of the tradition of engaged journalism.<sup>140</sup> Many Hungarian journalists consider themselves public intellectuals promoting a cause or an ideology, rather than craftsmen standing on purely professional grounds – and those working for television are no exception to this rule.

The revival of the tradition of engaged journalism is, of course, not a specifically Hungarian phenomenon. In a study of the media landscapes in several post-communist

<sup>138</sup> Bajomi-Lázár, *The public on the Hungarian press*, p. 41.

<sup>139</sup> Høyer Svennik, “Media on the Eve of the Third Millennium”, in Yassen N. Zassoursky and Elena Vartanova (eds), *Changing Media and Communications. Concepts, Technologies and Ethics in Global and National Perspectives*, Faculty of Journalism/Publisher ICAR, Moscow, 1998, pp. 56–59; Michael Kunczik, “Media and Democracy: Are Western Concepts of Press Freedom Applicable in New Democracies?”, in Péter Bajomi-Lázár and István Hegedűs (eds), *Media and Politics*, Új Mandátum, Budapest, 2001, pp. 76–77.

<sup>140</sup> The European tradition of engaged journalism needs to be distinguished from the Soviet kind of engaged journalism. The former acknowledges the legitimacy of the diversity of views in the press and media and embraces the idea of external plurality (i.e., one title representing one view, but the totality of titles representing a wide spectrum of views), whereas the latter considers one single view, namely that of the party state, legitimate. The difference between the two traditions can also be described with the dichotomy multi-party press vs. one-party press. Guy Lázár, “Sajtó, hatalom”, (“Press and power”), in *Népszabadság*, 28 May 1992.

countries in the early 1990s, Slavko Splichal concluded that the media in the new democracies of East Central Europe were undergoing a process of “Italianisation”. He argued that journalism in the post-communist democracies had more to do with the Italian (or Continental European) than the Anglo-Saxon model.<sup>141</sup> A few years later, Colin Sparks and Anna Reading came to a similar conclusion regarding the similarities between the current Eastern and Central European and the continental Western European media (as opposed to the Anglo-Saxon model).<sup>142</sup>

In the USA and Western Europe, a relatively recent shift towards the “objectivity doctrine” among journalists has been the outcome of a long process of professionalisation generated by several factors, including technological development and market pressure,<sup>143</sup> both of which factors were largely missing in Hungary in the state-socialist era. Regulation might be able to foster professionalisation, but it surely takes time to achieve such a change.

#### 4.7 The future of public service broadcasting

It is a widely held view that public service broadcasting requires fundamental reform in Hungary.<sup>144</sup> In recent years, a number of media policy proposals have been put forward in an attempt to initiate change. Several media policy analysts have, in search of a better adaptation of the BBC model, attempted to outline a new institutional structure that ensures the financial and political independence of the public service media.<sup>145</sup> In sharp contrast to the proposals put forward by media policy analysts,

<sup>141</sup> Slavko Splichal, *Media Beyond Socialism. Theory and Practice in Central Europe*, Westview Press, Boulder, Colorado, 1994, pp. 146–147. It needs to be noted, however, that the status of media freedom is arguably much better in present-day Hungary than in Italy, where Prime Minister Silvio Berlusconi controls 90 percent of television broadcasting.

<sup>142</sup> Colin Sparks and Anna Reading, *Communism, Capitalism, and the Mass Media*, Sage, London, 1998, pp. 177–179.

<sup>143</sup> Robert L. Stevenson, *Global Communication in the Twenty-First Century*, Longman, New York and London, 1994, pp. 166–167.

<sup>144</sup> See the Conference organised by the Kommunikációelméleti Kutatócsoport (Communication Theory Research Group) on 5 and 6 April, 1995, published in: Tamás Terestyéni (ed.), *Közszolgálatosság a médiában, (Public service media)*, Osiris, Budapest, 1995; and the debate organised by the Hungarian Press Freedom Centre and the Centre for Independent Journalism under the title “BBC vagy RAI? A közszolgálati média jövője” (“BBC or RAI? The future of public service broadcasting”) on 30 October 2001, published in: *Médiakutató*, winter 2001; See also the debate organised on October 21 2003, by the University of Economics; and the discussion “Vita egy új médiatörvény-koncepcióról” (“Debate on the new concept of the Broadcasting Act”), in *Médiakutató*, winter 2003.

<sup>145</sup> See, for example: Mihály Gálik, János Horvát, and Péter Szente, “Egy új médiatörvény alapjai (Javaslat)” (“Bases for a new broadcasting Act. A proposal”), and Gábor Gellért Kis and Éva Ballai, “A köznyilvánosságról szóló törvény koncepciója. Szakmai vitaanyag”, (“Concept of a Public Sphere Act, in view of a professional debate”), both in: Mihály Enyedi Nagy *et al.* (eds), *Magyarország médiakönyve 2003, (Annual of the Hungarian media 2003)*, ENAMIKÉ, Budapest, 2003.



aimed at ensuring the impartiality and independence of the public service media *vis-à-vis* the political elites, some politicians on both the political left and right have suggested that the two channels of Hungarian Television should represent the different political forces, just as the three channels of the Italian *RAI* were the loudspeakers of the three major political parties in the late 1970s and throughout the 1980s. The argument was that, despite several attempts, the BBC model could not be realised in Hungary and hence an entirely new model needed to be found.<sup>146</sup>

A common feature of all of the current discussions on the future of public service broadcasting is that analysts focus on the issue of political independence/control, while they pay much less attention to conceptual issues, such as the social and cultural role of public service broadcasting in the twenty-first century. Most discussions of this kind end with references to the classic public service model based on the Reithian principles of “education and elevation”. At the same time, however, most analysts rarely raise the question whether this model meets the challenges of the Digital Age.<sup>147</sup> Therefore it can be argued that the current discussion is mis-focused: first the proper role of the public service media should be redefined, and only then should the issue of independence be addressed. Were the public service media able to provide audiences with what they really need, they would have high prestige with the public, and no political force would dare to interfere with their editorial policies.

Nevertheless, some scenarios have already been elaborated for the future. One of them may be the creation of specialised public service channels. Hungarian Television’s recently appointed President, Zoltán Rudi, has announced plans to launch four new channels, focusing on “nostalgia”, sports, news and culture.<sup>148</sup> According to plans, the existing second public service channel m2 would be transformed into an educational broadcaster.<sup>149</sup> The first new channel, Democracy, is to be launched in 2005.<sup>150</sup> At the same time, however, public service television is in permanent financial crisis, and it is unclear how the new channels would be funded.

Debates on the role of public service broadcasting are heated, and no consensus is in sight. Any further amendment to the Broadcasting Act 1996 would require a two-thirds majority support in Parliament, which currently none of the political forces

<sup>146</sup> Such a proposal has been put forward, among others, by Annamária Szalai, now a member of the National Radio and Television Board, nominated by Fidesz-MPSZ, and István Hiller, Chair of the Hungarian Socialist Party (MSZP), cf. Annamária Szalai in: *Magyar Demokrata*, 44/2002. See also: *Heti Válasz*, 30 August 2002.

<sup>147</sup> There are, however, some examples of this latter approach as well, see: Péter György, “Közszolgálat a globális technokultúra korában”, (“Public service broadcasting in the age of digital technoculture”), in *Médiakutató*, spring 2005, pp. 95–116.

<sup>148</sup> *Népszabadság*, 8 March 2004.

<sup>149</sup> *Népszabadság*, 27 March 2004.

<sup>150</sup> *Figyelő*, 4–10 November 2004.

have. The current system of public service broadcasting is therefore likely to remain for a long time to come.

To the theoretical discussion on the future of the public service media, one must add that the whole idea of public service broadcasting is based on a series of untested assumptions. First, it is assumed that there is a need for a common, or “public”, sphere accessible for all and enabling citizens to critically discuss issues related to the future of the political community. Second, it is assumed that citizens need neutral and objective information, or at least a forum where all views can be accessed in order to make wise and informed decisions when participating in political decision-making.

At the same time, the example of such long-standing democracies as the USA, where there is no public service media in the European sense of the term, may warn the analyst that democratic participation may, after all, *not* be a function of the existence of some common forum for discussion and objective information. Considering the issue from this perspective, one may raise the question whether there is a need at all for public service broadcasting in the classical sense of the term.

The recent expansion in television broadcasting signals that most of the functions associated with public service television can be met by private broadcasters – such as National Geographic and Spektrum for educational programmes and documentaries, Filmmúzeum for classic movies, and Minimax for children’s programmes. It might be argued that some kind of public service television is still needed in order to generate competition among programmes of a similar nature and to provide minority programming. Yet even in that case, one public service channel – broadcast both terrestrially and via satellite so that it reaches the Hungarian Diaspora – might be enough.

The current system of composing the boards of trustees should also be reconsidered. The boards as presently constituted have too many members, which blurs responsibility (see section 4.4.2). Furthermore, the boards combine the parliamentary and the corporate nomination mechanisms, including – in addition to the politically motivated nominees of parliamentary parties, civil society representatives who do not have any professional skills, nor any mandate from the citizens. The composition of the boards of trustees has also been a controversial issue in advanced western democracies, and there is probably no universal solution. Two proposals, however, can be made. First, the number of trustees should be drastically cut in order to clarify responsibility. Second, the corporate nomination mechanism should be abolished, and nomination should be based on a system of joint delegation by the Prime Minister and the President of the Republic. This would separate the trustees from the political parties. It needs to be noted that a similar mechanism has already been used to appoint the chair of ORTT.

## 5. REGULATION AND MANAGEMENT OF COMMERCIAL BROADCASTING

### 5.1 The commercial broadcasting system

Media privatisation in Hungary was delayed by the frequency moratorium of 1989 and the late passing of the Broadcasting Act (see section 2.1). As a result, the national commercial television channels were not launched until as late as October 1997 and the national radio stations until January and February 1998, which meant a considerable delay not only compared to most of the Western European countries but also in comparison with the countries of Eastern and Central Europe.<sup>151</sup>

It was anticipated that the launch of commercial broadcasters would relax the political pressure on public service media, since they would lose their *de facto* monopoly in news reporting. In a plural media landscape, bad news could no longer be kept secret, and controlling the news programmes on public service television would not make much sense.<sup>152</sup> It was also expected that commercial broadcasters would inform viewers in a politically neutral way as foreign investors would be independent of domestic political forces. These expectations were not met to the full; as mentioned earlier, it soon turned out that the commercial media are *apolitical* (in the sense that they do not, or hardly ever, discuss parliamentary politics) rather than *politically neutral*, and the public service media preserved a *de facto* monopoly in substantial news reporting.

### 5.2 Services

The Broadcasting Act 1996 sets public service obligations for all national and regional broadcasters regardless of their status. According to the law:<sup>153</sup>

- National and regional broadcasters, except for specialised broadcasters, shall broadcast public programmes in at least ten percent of their daily programme time.
- Public programmes of at least twenty-five minutes shall be broadcast in prime time [...]
- In prime time national televisions shall broadcast at least a twenty-minute-long, while national radios an at least fifteen-minute-long news programme.

<sup>151</sup> The first national commercial television channel to be launched in Western Europe was *Independent Television* in 1955 in the United Kingdom, while most of the other established democracies launched their commercial television channels in the 1980s. In Eastern and Central Europe, the first national commercial television channels were launched in 1991 in Lithuania, in 1994 in the Czech Republic, in 1995 in Poland and Romania, and in 1996 in Slovakia.

<sup>152</sup> OSI roundtable comment.

<sup>153</sup> Broadcasting Act 1996, art. 8(1–3).

The commercial media need to meet a number of further programme criteria set by the Broadcasting Act as well. According to the major provisions on content, some of which have been mentioned earlier, broadcasters:

- may not violate human rights or incite hatred toward any person or group;
- must provide multi-faceted, objective and balanced information;
- must not broadcast programmes harmful to minors between 05.00 and 22.00, especially those which show violence as a model or depict sexuality in a direct or naturalistic way;
- must reserve at least ten per cent of their annual transmission time for European programmes and at least seven per cent of it for programmes originally made in the Hungarian language;
- must avoid hidden or subliminal advertising;
- must not advertise tobacco, weapons, ammunition, explosives, spirits, prescription medicines or medical treatment.

ORTT regularly monitors compliance with programming requirements. In early 2004, for example, the media authority obliged (once again) the major television channels RTL Klub, TV2 as well as the cable broadcaster Budapest TV to blacken their screens for a few hours after displaying content featuring violent and sexual behaviour during the daytime hours.<sup>154</sup>

The above programme requirements and restrictions binding the commercial media to observe the law rather than to meet public demand, are arguably a sign that legislators distrusted the market as a regulator as well as the wisdom of the viewers' sovereign decisions. Legislators considered commercial broadcasting – especially the commercial media's inclination to broadcast sexual and violent content – as some sort of a “necessary evil” that had to operate under close State supervision. Whether such paternalistic control over broadcasting content is warranted, i.e., whether the State has the right to interfere with viewing habits and censor editorial policy, is of course open to debate.

Those arguing for stricter content regulation for the broadcast media than the print – especially as regards hate speech, violence and pornography – put forward two major arguments. First, they say that the broadcast media are more influential than the print press because, in addition to words and pictures, they can use sound and moving pictures and because they reach more people simultaneously. They suggest that the media offer role models that viewers and listeners follow uncritically. Second, they argue that one can passively run into unwanted content when watching television or listening to the radio, while one has to make active steps to encounter disturbing

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<sup>154</sup> *Népszabadság*, 8 April 2004.

content in the print press, e.g., buy a newspaper or go to the library. They say that therefore it is the responsibility of the State to protect audiences from unwanted content on radio and television.<sup>155</sup>

Empirical evidence has never confirmed the first argument. Quite the opposite, as research suggests that the impact of the media upon people is limited and modified by several “filters”. First, the media are but *one* of the many agents of socialisation – including, among other things, the family, the church, the school, the workplace, friends, etc. – whose impact might either reinforce or contradict that of the media. Second, there is no one single and undivided world as communicated by the media, at least not in plural media landscapes; the various newspapers and broadcasters deal with different themes and communicate different, often contradictory messages (even though the content of the mainstream media seems to be increasingly homogeneous). As a result of the interaction of the various messages communicated by the different agents of socialisation, even a particular message that the media deliver might have multiple readings. As media researcher David Morley sums up the finding of his seminal study on media effects, conducted in 1980,

what one may find interesting may bore another. One person may respond positively to the Government spokesman’s latest announcement about economic policy while another may feel like throwing the cat at the television [...] Because we all bring to our viewing those other discourses and sets of representations with which we are in contact in other areas of our lives, the messages that we receive from the media do not confront us in isolation. They intersect with other messages that we have received – explicit and implicit messages from other institutions, people we know, or sources of information we trust. Unconsciously, we sift and compare messages from one place with those received from another. Thus, how we respond to messages from the media depends precisely on the extent to which they fit with, or possibly contradict, other messages, other viewpoints that we have come across in other areas of our lives.<sup>156</sup>

Most researchers today agree that audiences are quite critical when decoding media messages. If, however, this is the case, then the simplistic stimulus–response model that the advocates of the first argument use when describing media effects is mistaken. Media messages, including “deviant” and disturbing ones may have a boomerang effect, i.e., the impact they exert on the viewer may be contrary to the intention of the sender. Television does no more serve as a role model than the print press. For example, watching “deviant” behaviour may indeed reinforce the rejection of such behaviour – which means that the first argument regarding the restrictions on hate speech, mediated sexual deviations or violence, does not hold.

<sup>155</sup> See, for example: Péter Molnár, *Gondolatbátorság, (The courage to think)*, Új Mandátum, Budapest, 2002, pp. 32–34.

<sup>156</sup> David Morley, *Television, Audiences and Cultural Studies*, Routledge, London & New York, 1980, pp. 76–77.

It can be argued that the second argument needs to be reconsidered as well. Even the mainstream media broadcast, during the different periods of the day, different programmes that target well-defined segments of the audience. The viewers know what to expect when tuning in to a particular television channel or radio station during a particular time of the day, just as they know what to expect when buying a particular newspaper. They are in a position to decide whether they wish to watch them or not and therefore there is only a slight chance that they run into unwanted content. One might argue that this decision is their responsibility rather than that of the State. Similarly, it is the viewers' responsibility to shape their children's television-watching habits, not the State's.

### 5.3 Commercial television ownership and cross-ownership

Commercial broadcasters in Hungary can be divided into two major groups as regards their broadcast area and ownership, including national broadcasters owned, mostly, by foreign investors, and local or regional broadcasters owned, predominantly, by Hungarian investors. Unlike in other Central European countries, such as the Czech Republic or Slovakia, where US investors, particularly CME, play a major part in the media market, Hungarian private broadcasters are mainly controlled by Western European multinational companies. The involvement of foreign capital was a necessary condition for the technological modernisation and professionalisation of the broadcast media.

Of the two national commercial television channels in Hungary, RTL Klub is run by M-RTL Rt., and owned by Bertelsmann A.G.'s CLT-UFA S.A. (49 per cent), the telephone company MATÁV Rt., a part of the Deutsche Telecom group (25 per cent), Pearson Netherlands B.V. (20 per cent), and IKO Group (6 per cent). TV2 is run by MTM-SBS Rt., and owned by SBS Broadcasting S.A. (81.51 per cent), MTM-TV2 Befektetési Kft. (16 per cent), and Tele-München Ferns. GmbH (2.49 per cent). Of the two national commercial radio stations, Danubius is owned by Advent International (100 per cent), while Sláger is owned by Emmis Broadcasting International Corp. (54 per cent), Credit Suisse First Boston Radio Operating B.V. (20 per cent), Szuper Express Kft. (15 per cent), Magyar Kommunikációs Befektetési Kft. (5.5 per cent), and CSFB (Hungary) Befektetési Kft. (5.5 per cent).

In order to ensure broadcasting pluralism, the ownership rules laid down in the Broadcasting Act stipulate that one person or organisation may have no more licences than for: (1) one national broadcast; (2) two regional and four local broadcasts; or (3) 12 local broadcasts.<sup>157</sup>

Prior to the harmonisation of Hungarian broadcasting regulation with European standards, the Broadcasting Act had some prescriptions excluding non-Hungarian

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<sup>157</sup> Broadcasting Act, art. 86(5).

natural and legal persons from broadcasting companies or limiting their interest share therein, but these restrictions were removed in the summer of 2002 (see section 6).

The law does not obstruct networking (horizontal concentration) among local broadcasters.<sup>158</sup> At the same time, there is a limit on vertical concentration or, more precisely, cross-ownership. No one can own, or have a controlling interest in, both a national daily or weekly newspaper and a national television channel or radio station. Similarly, no one can own both a regional newspaper with a circulation of more than 10,000 copies and a broadcaster in the paper's circulation area.<sup>159</sup>

The ownership structure of the broadcast media and the print press in Hungary is quite diverse, even though a process of concentration can be observed. As regards the market of the national daily press, there are four quality papers, divided along political cleavages – the right-wing *Magyar Nemzet* (Hungarian Nation), associated with the national conservative Fidesz-MPSZ, the socialist *Népszabadság* (People's Freedom) and the social-democrat *Népszava* (People's Voice), both of which are associated with MSZP, as well as the moderate liberal *Magyar Hírlap* (Hungarian Post) – not to mention two other dailies specialised in economic issues. Despite three attempts in the past 14 years, no new title has made it to this market segment, and the reader can choose between the very same four titles as before the political transformation, even though their content and style have changed significantly. In recent years, the circulation of quality dailies has decreased, which has yielded a slow process of tabloidisation. Most of these titles changed owners several times since their privatisation in the early 1990s, and currently only two of them, namely *Népszabadság* and *Magyar Nemzet*, make profit. In fact, these two are the only national papers in the genuine sense of the word, as the rest of the broadsheets are barely sold outside the

<sup>158</sup> Whether networking among broadcasters imposes a threat on the freedom and plurality of the media has been an issue of controversy. Empirical data, however, seem to suggest that media concentration *per se* does not have such an impact. According to Werner A. Meier and Josef Trappel, “economic competition does not guarantee the highest degree of content diversity. Monopolistic media and media in a competitive market are not to be distinguished in accordance with their content [...] competition does not automatically mean content diversity. There is evidence that even the contrary is true as regards quality. So-called competitive newspapers and television stations are often re-writes and re-broadcasts of the same material. A given medium in a monopolistic market will normally generate more profits, reflected in even greater editorial expenditures and journalistic quality”. Josef Trappel and Werner A. Meier, “Media Concentration: Options for Policy”, in Denis McQuail and Karen Siune (eds), *Media Policy. Convergence, Concentration and Commerce*, London and Thousand Oaks and New Delhi, Sage, 1998, p. 56.

<sup>159</sup> Broadcasting Act, art. 125; See also: Péter Bajomi-Lázár, “Status of Journalism in Hungary”, in Johannes von Dohnanyi and Christian Möller (eds), *The Impact of Media Concentration on Professional Journalism*, Office of the Representative on Freedom of the Media, OSCE, Vienna, 2003, pp. 135–139.

capital city.<sup>160</sup> Table 3 shows the average print copies of the major national dailies, including quality, tabloid, as well as specialised titles.

**Table 3. Average print copies of the major daily newspapers (2002 and 2003)**<sup>161</sup>

Title	Average number of print copies (thousands)	
	2002	2003
<i>Metro</i> (tabloid)	320	317
<i>Blikk</i> (tabloid)	257	290
<i>Népszabadság</i> (broadsheet)	221	207
<i>Nemzeti Sport</i> (sports)	117	116
<i>Magyar Nemzet</i> (broadsheet)	116	102
<i>Mai Nap</i> (tabloid)	–	66
<i>Expressz</i> (classified advertisements)	58	48
<i>Népszava</i> (broadsheet)	47	37
<i>Világgazdaság</i> (economics)	16	14

Source: KSH<sup>162</sup>

Unlike the Scandinavian and Latin countries, Hungary has no press fund to support loss-making quality dailies in order to preserve the diversity and independence of the quality daily press. At the same time, however, ever since the political transformation, successive Government coalitions have allocated non-transparent financial resources and exclusive information on an *ad hoc* basis to papers loyal to them in an attempt to improve those papers' position in the market (and their own popularity with the voters – see also section 3.1). Indirect State support to the print press is also lacking. As of 1 January 2004, the State raised the value added tax imposed on print publications from 12 to 15 per cent, which is currently the highest rate in Europe. Reduced postal tariffs for the delivery of print publications have also been abolished.<sup>163</sup>

<sup>160</sup> Gábor Juhász, “Az országos minőségi napilapok piaca, 1990–2002”, (“The market of the national quality press, 1990–2002”), in *Médiakutató*, spring 2003, pp. 85–102.

<sup>161</sup> 2004 was the “year of fall” for the quality dailies: the decline in their circulation was such that some of them – especially *Magyar Hírlap* – came to closing. OSI roundtable comment.

<sup>162</sup> KSH, *Statistikai Évkönyv, (Annual of the Central Statistical Office)*, Budapest, 2003, p. 149, (hereafter, KSH, *Annual Report 2003*).

<sup>163</sup> For details, see: Péter Bajomi-Lázár, “Még egyszer a sajtóalapról”, (“Do we need a press fund?”), in Mihály Enyedi Nagy *et al.* (eds), *Magyarország médiakönyve 2003, (Annual of the Hungarian media 2003)*, ENAMIKÉ, Budapest, 2003, pp. 365–376.



In addition to broadsheets, tabloids also made it to Hungary on the eve of the political transformation, the first one – called *Mai Nap* – coming out as early as February 1989. Although some of these ceased publication over the years, new titles have entered the market in the meantime, and their market share has been expanding to date.<sup>164</sup>

Cross-ownership restrictions were implemented when Bertelsmann, which was a majority shareholder with a controlling interest in *Népszabadság*, increased its interest in RTL Klub in 2001. Upon the intervention of ORTT, the company reduced its interest by selling some of its shares in *Népszabadság* to Ringier.<sup>165</sup> Thus, paradoxically, the legal provision aiming at reducing media concentration had the actual impact of reinforcing the positions of Ringier in the newspaper market in an unprecedented manner, and thus accelerated concentration.

As regards the market of the regional press, prior to the political transformation, a system of “one county–one daily” prevailed, and has largely persisted to date. The regional (i.e. “county”) newspapers, once published by the county bureaus of the communist party were – just like the national press – privatised, often under debatable conditions. Most of the revenues generated by their privatisation were channelled to a foundation associated with the Hungarian Socialist Party, the successor of the late communist Communist Party.<sup>166</sup> Of the 24 papers in Hungary’s 19 counties, 22 are now owned by Western European media empires (including Westdeutsche Allgemeine Zeitung, Axel Springer, Funk Verlag und Druckerei, and Associated Newspapers), and only two by Hungarian investors, as a result of which analysts have labelled the county newspapers the “glocal” press. Unlike the national broadsheets, county newspapers cannot be associated with any of the political parties; in fact, they have turned increasingly apolitical since their privatisation. Most of the county newspapers have preserved their readers, and some of them have even expanded their market share.<sup>167</sup> Table 4, below, shows the average print copies of the county dailies.

<sup>164</sup> Gulyás, *The Development of the Tabloid Press in Hungary*, pp. 111–127.

<sup>165</sup> For a detailed description of the case, see: Gálik, *Hungary Chapter*, p. 197.

<sup>166</sup> The total income from the privatisation of the former party press (including both the national and the regional papers) was HUF 900,000,000. See: “Nem sajtóprivatizációra kaptam megbízatást, hanem pártgazdálkodásra”, (“My job was to manage the party’s finances, not to privatise the press”), interview with András Fabriczki, former cashier of the Hungarian Socialist Party by László Zöldi, in *Magyar Média*, 2/2000, pp. 66–71.

<sup>167</sup> Gábor Juhász, “Tulajdonviszonyok a magyar sajtóban”, (“Ownership of the press in Hungary”), in Mária Vásárhelyi and Gábor Halmi (eds), *A nyilvánosság rendszerváltása, (The transformation of the public sphere)*, Új Mandátum, Budapest, 1998, pp. 177–184; László Zöldi, “A globális sajtó. A külföldi tulajdonban lévő helyi újságok Magyarországon”, (“The glocal press. Foreign-owned regional papers in Hungary”), in *Médiakutató*, winter 2001, pp. 149–160.

**Table 4. Average print copies of the daily regional (i.e. county) newspapers (2002 and 2003)**

Title	Average number of print copies (thousands)	
	2002	2003
<i>Kisalföld</i>	81	82
<i>Zalai Hírlap</i>	61	61
<i>Vas Népe</i>	61	61
<i>Kelet-Magyarország</i>	58	59
<i>Napló</i>	56	56
<i>Fejér Megyei Hírlap</i>	53	53
<i>Hajdú-Bihar Megyei Napló</i>	52	52
<i>Észak-Magyarország</i>	51	55
<i>Új Dunántúli Napló</i>	49	49
<i>Dél-Magyarország</i>	44	36
<i>Petőfi Népe</i>	43	41
<i>Somogyi Hírlap</i>	38	35
<i>Békés Megyei Hírlap</i>	33	36
<i>Új Néplap</i>	32	28
<i>Heves Megyei Hírlap</i>	24	23
<i>24 Óra</i>	23	23
<i>Tolnai Népszerűség</i>	21	20
<i>Délvilág</i>	16	22
<i>Déli Hírlap</i>	12	10
<i>Nógrád Megyei Hírlap</i>	12	11
<i>Komárom-Esztergom Megyei Hírlap</i>	12	12
<i>Békés Megyei Napló</i>	11	–
<i>Dunaiújvárosi Hírlap</i>	10	10

Source: KSH<sup>168</sup>

Mention has to be made of the political weeklies as well. These newspapers, most of which were launched during or after the political transformation, either have clear-cut ideological preferences (such as *Magyar Narancs*, *168 Óra*, *Hetek*, *Nemzetőr*), or are more or less openly allied with some political party (*Magyar Demokrata*, *Heti Válasz*, *Kis Újság*, *Magyar Fórum*), or are politically neutral but focus on the economy (*HVG*, *Figyelő*).<sup>169</sup> Table 5, below, shows the average print copies of the major political weeklies.

<sup>168</sup> KSH, *Annual Report 2003*, p. 149.

<sup>169</sup> Gábor Juhász, "A jobboldali hetilapok piaca, 1989–2003", ("The market of right-wing weeklies"), in *Médiakutató*, spring 2004, pp. 61–72.

**Table 5. Average print copies of the major political weeklies (2002 and 2003)**

Title	Average number of print copies (thousands)	
	2002	2003
<i>Szabad Föld</i>	184	168
<i>Heti Világgazdaság</i>	132	128
<i>168 Óra</i>	58	53
<i>Heti Válasz</i>	39	36
<i>Magyar Narancs</i>	18	18
<i>Új Ember</i>	17	40

Source: KSH<sup>170</sup>

## 5.4 Funding

Commercial broadcasters in Hungary compete for the 18–49 year-old mainstream audience, as a result of which the programmes of the national broadcasters display little difference. The two major commercial television channels provide mixed programming and have largely parallel structures, in that they broadcast the same kind of programmes – such as feature films, quiz shows, soap operas and talk shows – during the same periods of the day. Even commercial breaks during feature films are coordinated, giving viewers no chance to avoid the advertising messages. Likewise, the two national commercial radio stations, as well as the quasi-national radio networks offer quite similar programmes, based on easy-listening music and brief news, in addition to commercial advertisements.

In contrast to the national commercial media, many of the local and regional media outlets, including cable broadcasters, offer specialised programmes and target niche audiences, especially in the big cities and the capital. There, the viewers can watch dozens of television channels (such as Budapest TV, Magyar ATV, Cool, Viva, HírTV, Hálózat, Minimax, m+, Humor1, Filmmúzeum, Spektrum, National Geographic, Sport1, Eurosport, Európa and HBO some of which are the specialised mutations of the national commercial channels), depending on the service they subscribe to, as well as the national public service and commercial television channels. Budapest residents can listen to 15 local or regional radio stations, including several talk radio stations.<sup>171</sup>

<sup>170</sup> KSH, *Annual Report 2003*, p. 149.

<sup>171</sup> Including *BBC-RFI*, *Budapest Rádió*, *Gazdasági Rádió*, *Inforádió*, *Klubrádió* and *Rádiócafé*, as well as music radio stations (*Juventus Rádió*, *Rádió 1*, *Rádió Dee Jay*, *Rádió Extrém*, *Roxy Rádió*, *Sztár Rádió*) and alternative/community radio stations (*Budapesti Községi Rádió/Fiksz Rádió*, *Rádió C*, *Tilos Rádió*).

According to data provided by the research centre Médiagnózis, and the National Association of Advertisers (Magyar Reklámszövetség), advertising expenditures in 2003 were as shown below, in Table 6.

**Table 6. Advertising expenditures (2003)**

	Advertising expenditures			
	Listed prices		Estimated real prices	
	HUF (billions)	Share of total (per cent)	HUF (billions)	Share of total (per cent)
Television	242.6	65.8	55.8	41.3
Print press	88.0	23.9	55.7	41.3
Outdoor	21.0	5.7	11.3	8.4
Radio	15.9	4.3	9.0	6.7
Cinema	1.3	0.8	0.9	0.7
Internet	NA	NA	2.2	1.6
<b>Total</b>	<b>368.8</b>	<b>100</b>	<b>134.9</b>	<b>100</b>

Source: Médiagnózis; Magyar Reklámszövetség<sup>172</sup>

As shown in Table 6, there is a huge difference between listed prices and real ones, especially for television. One possible explanation for this is that commercial television channels can fill an hourly 12 minutes with advertisements because the public (and the Broadcasting Act) tolerates that. They reduce tariffs in order to pull away advertising revenue from the other segments of the media industry.<sup>173</sup> Analysts also note that television advertisements are significantly less expensive in Hungary than in Western Europe; as a result, the share of the radio industry in the advertising market does not reach that in other countries.<sup>174</sup>

In 2003, the net income of RTL Klub was HUF 26.11 billion, and that of TV2 HUF 19.66 billion. RTL Klub has produced a profit for the past few years, while TV2 has made a minor loss. As shown in Table 7, in 2004, the two national commercial channels, TV2 and RTL Klub, combined controlled over 60 per cent of the audience market (see Table 1 in section 2.3), and an estimated 90 per cent of the advertising market (see Table 7).

<sup>172</sup> Médiagnózis and Magyar Reklámszövetség. Data from Médiagnózis and Magyar Reklámszövetség, available at <http://www.mrsz.hu/study.php?pg=0;cmsessid=Te11264e0c0b7d118988dfa7fbae78a0a32660140b04b4bdacb488a948f6ae71> (accessed 14 August 2005).

<sup>173</sup> Suggested by media economist Mihály Gálik, personal communication, 8 July 2004.

<sup>174</sup> Zsolt Simon, quoted in Szonja Kitzinger, "Fújják a dalt. Budapesti zenei rádiók", ("Music radio stations in Budapest"), in *Figyelő*, 16–22 October 2003.

**Table 7. Television advertising market share of the main television channels (2004)**

Channel	Share of television advertising market (per cent)
TV2	58.0
RTL Klub	31.1
MTV 1	7.4
Viasat 3	1.7
m2	1.1
Minimax	0.5
Duna TV	0.2

Source: Mediagnózis, RTL Klub<sup>175</sup>

In the radio market, the two national commercial radio stations, Danubius and Sláger, combined have a nearly 50 per cent market share among the 15+ audiences, and their advertising market share is even greater than that.<sup>176</sup>

### 5.5 Programme framework

Before the launch of the commercial media, it was anticipated that they would enrich the audience's choice. This expectation was only partly met. As mentioned, the two national commercial television channels offer largely parallel programme structures. As they all target mainstream audiences, they offer the same kind of quiz, talk and reality shows, soap operas and feature films during the same periods of the day (for details on the various television programmes, see table 2 in section 4.5).

Media critics have been quite unhappy with the abundance of easy viewing programmes on commercial television and have widely criticised their repetitive and superficial nature. At the same time, however, commercial broadcasters have been popular with the audiences, while the public service broadcasters offering educational, substantial political programming and documentaries have been losing viewers (for audience figures, see Table 1 in section 2.3).

### 5.6 Editorial standards

The major commercial broadcasters aim at ensuring editorial independence by means of detailed codes of ethics and practice. For example, the code of *RTL Klub* states that,

<sup>175</sup> IP International Marketing Committee, *Television 2004. International Key Facts*, October 2004, p. 353.

<sup>176</sup> Gálik, *Hungary Chapter*, pp. 194–207.

the conscientious informing of the viewers means that all questions arising during our work must be decided with one single consideration in mind, namely the public interest [...] impartiality is one of cornerstones of conscientious information. RTL Klub must serve the entire public [...] not just parts of it. Programmes must express the diversity of society [...] editors may under no condition undertake the propagation of political or business interests in any programme of RTL Klub [...] editors may not work on any topic in which either they themselves or their close relatives are directly involved [...] The editors of RTL Klub's programmes may not be members of any political party or organisation [...] They cannot receive any – indirect or direct, illegal or legal – payment from any political party or organisation.

In the event, when the editors encounter pressure by the political elites or the media owners, they can also expect the moral support of the various journalists' organisations, including, among others, the Hungarian Journalists Association, the Hungarian Journalists Community, the Association of Catholic Journalists in Hungary, and the Press Union. In fact, Hungarian journalists live in a culture of protest. The attempts of the political elites to exert pressure on the press and broadcasters since the political transformation have, quite frequently, provoked several journalists' and NGOs to raise their voice. In recent years, forms of protest have included, among others, critical opinion articles in the press, caricatures ridiculing media policy makers, the publication of readers' letters protesting against Government pressure, official protests by domestic and international professional associations, such as the Hungarian Journalists Association and the International Federation of Journalists, and street demonstrations organised by NGOs.<sup>177</sup>

It needs to be noted that political pressure has been an issue for the public service media (and the political print press) especially, while the national commercial broadcasters have only rarely been reported as encountering political pressure. The reason for this lies, arguably, in the de-politicisation of their news and current affairs programmes. Empirical evidence shows that catastrophes, accidents, strange occurrences, scandals, the traffic and the weather report lead their news programmes (see section 4.6). The national commercial broadcasters have a vested interest in avoiding political bias, since alliance with any of the political forces would alienate viewers and listeners who sympathise with different political groupings. Because they hardly cover substantial political events, the political parties rarely attempt to interfere with their editorial policies.

There are, however, some important exceptions. HírTV (NewsTV), a private cable television channel provides news and current affairs programming 24 hours a day; this broadcaster, headed until August 2004 by Gábor Borókai, former spokesman for the Orbán Government, is associated with the right-wing political parties, whereas Magyar

<sup>177</sup> For a detailed description, see Péter Bajomi-Lázár, "Press Freedom in Hungary, 1998–2001", in Miklós Sükösd and Péter Bajomi-Lázár (eds) *Reinventing Media. Media Policy Reform in East Central Europe*. Budapest: CEU Press, 2003, pp. 97–99.

ATV, another cable broadcaster is generally considered to sympathise with the political left. In the Budapest area, there are two talk radio stations covering the news and current affairs 24 hours a day, namely Klubrádió and Inforádió; the former is said to have a left/liberal, while the latter a right/conservative political orientation.<sup>178</sup>

The general trend of tabloidisation described above is easy to explain by political pressure. Broadcasters attempt not to displease the political parties, which nominate members to the almighty National Radio and Television Board. At the same time, it would be a mistake to attribute tabloidisation to political pressure exclusively, since it is also a feature of the national and the regional daily broadsheets, which enjoy a greater deal of independence *vis-à-vis* the political parties – not to mention the fact that the same phenomenon can be observed throughout the world, i.e., it is not a specifically Hungarian or East Central European phenomenon. This phenomenon is likely explained by a change in public expectations, which the news media try to follow.

## 6. EUROPEAN POLICY COMPLIANCE

On 9 July 2002, shortly after the electoral victory of a new, left/liberal Government coalition, headed by Prime Minister Péter Medgyessy (and later Ferenc Gyurcsány), the Hungarian Parliament modified the Broadcasting Act.<sup>179</sup> The modification was implemented with regard to the EU guidelines,<sup>180</sup> the decisions of the European Commission, European White Papers on the audiovisual sector, and the EU's annual Progress Reports on Hungary. Accordingly, the modification:<sup>181</sup>

- included programme redistribution in broadcasting regulation, thus redefining the concept of broadcasting and enabling Hungary to participate in and benefit from the Media Programmes of the EU;

<sup>178</sup> Kinga Hanthy, “Közszolgálatunk és vétünk”, (“Public service and public failure”), in Nagy Mihály Enyedi *et al.* (eds), *Magyarország médiakönyve 2003*, (*Annual of the Hungarian media 2003*), Enamiké, Budapest, 2003, p. 209.

<sup>179</sup> XX. Act of 2002. évi XX. On the Amendment of Act I of 1996.

<sup>180</sup> The 89/552/EGK “Television Without Frontiers” guideline as modified by the 97/37/EK guideline. See also: György Ocskó, “Az Európai Unió audiovizuális politikája” (“The audiovisual policy of the European Union”), in Mihály Enyedi Nagy *et al.* (eds), *Magyarország médiakönyve 2003*, (*The annual of the Hungarian media 2003*), ENAMIKÉ, Budapest, 2003, pp. 135–144.

<sup>181</sup> Kertész, *Harmonisation of Hungarian broadcasting regulation*, pp. 89–95; Márta Boros, Márta Bencsik, and Szilvia Láng, “A médiarendszer jogszabályi háttérének 2002. évi változásai”, (“Changes in the Hungarian media regulation in 2002”), in Mihály Enyedi Nagy *et al.* (eds), *Magyarország médiakönyve 2003*, (*The annual of the Hungarian media 2003*), ENAMIKÉ, Budapest, 2003, pp. 145–148, (hereafter, Boros, *Changes in Hungarian media regulation in 2002*).

- introduced the concept of “European programmes” and set quotas for television channels to broadcast programmes of European origin as well as programmes produced by independent studios;
- prescribed that commercial advertisements must be realistic and fair, and may not offend other people’s religious or political views;
- prescribed that commercial advertisements may not call for unhealthy, unsafe or environmentally damaging behaviour;
- put new, stricter, restraints on the commercial advertising of alcoholic beverages;
- removed the Broadcasting Act’s exclusion of non-Hungarian natural and legal persons from broadcasting companies or limiting their interest share therein;
- prescribed the categorisation and marking of programmes of violent content potentially harmful for minors;
- stipulated that programmes of great public interest may not be protected by exclusive broadcasting rights.

These modifications have been implemented in four steps and are currently in effect without exception. At the same time, the major structural features of the Hungarian audiovisual sector – including its most problematic areas, such as the powers and composition of ORTT and the funding of the public service media – remained unchanged.

## 7. THE IMPACT OF NEW TECHNOLOGIES AND SERVICES

Hungarian broadcasters use analogue transmission technology; the digitalisation of broadcasting is just about to begin. Digitalisation offers many advantages as opposed to the use of the current technology. In particular, digital broadcasting offers an improved quality of sound and picture, and provides space for many more radio stations and television channels to operate on a given frequency spectrum than analogue broadcasting does; digital broadcasts can be received in an equally good quality by both mobile and fixed television or radio sets; and digitalisation would radically cut the costs of broadcasting.<sup>182</sup>

The first experiments with terrestrial digital broadcasting (DVB-T) began in 1999 in Hungary<sup>183</sup> (contrasting with countries such as the USA and the United Kingdom

<sup>182</sup> Mária Akli, “A digitális műsorszórás bevezetésének lehetőségei Magyarországon”, (“The introduction of digital broadcasting in Hungary”) and György Sogrik, “Multimédia a digitális televízióban”, (“Multimedia and digital television”), both in *Kommunikáció, Média, Gazdaság*, autumn 2003.

<sup>183</sup> *Magyar Hírlap*, 26 February 2004.



where digitalisation was launched on a massive scale in 1998). On 22 April 2004, the Government released a new decree specifying the technological criteria for digital broadcasting.<sup>184</sup> In the summer of 2004, ORTT authorised the then State-owned transmission company Antenna Hungária (privatised in 2005) to start experimental terrestrial digital broadcasting of the programmes of the three public service television channels in the Budapest area and around the Kab-hill.<sup>185</sup> Satellite digital broadcasting (DVB-S) is now available and is provided by the multinational company UPC, while digital broadcasting via cable (DVB-C) has not even begun. Currently, there is no known household receiving digital terrestrial broadcasts; digital satellite broadcasting, however, already has some subscribers. Because terrestrial digital broadcasting in Hungary may interfere with that of the neighbouring countries, Hungary is to enter negotiations with them on the issue. The total digitalisation of broadcasting is expected to be a slow process, during which television channels and radio stations will be simulcasting (i.e., transmitting both analogue and digital signs). The digital switchover is expected to be completed by about 2012.<sup>186</sup> The construction of a national terrestrial digital broadcasting system allowing for 12–24 television channels to operate would cost an estimated HUF 20 billion.

In recent years, the issue of digitalisation has come to the forefront of media policy debates in Hungary.<sup>187</sup> Some say that terrestrial digital broadcasting will enrich choice for viewers and, consequently, the Broadcasting Fund should support its development and the purchasing of set-top boxes that convert digital signs into analogue ones. Others argue that in a small market like Hungary's, specialised broadcasters derive most of their revenues from programming fees paid by the cable companies rather than from commercial advertisements. These television channels are not necessarily interested in reaching the highest possible number of viewers and are unlikely to offer their programmes for digital terrestrial broadcasting on a free-of-charge basis. It follows that terrestrial digital broadcasting may not necessarily enrich choice and hence digitalised cable broadcasting should be prioritised.

Digitalisation also raises the question whether the State should interfere with technological questions, in particular whether it should commit itself to promote either

<sup>184</sup> Government Decree No. 11/2004 (IV. 22.).

<sup>185</sup> *Népszabadság online*, "MTV, m2, Duna TV: digitálisan is", ("MTV, m2, Duna TV: digitally also") <http://www.nol.hu/cikk/326102/>, (accessed 19 July 2004). See also "A digitális földfelszíni televíziós műsorszórás", ("Digital terrestrial television broadcasting") [http://www.antennahungaria.hu/hu/legal\\_info\\_0E47E72BF21B4890A71E9D164B799ED0.php](http://www.antennahungaria.hu/hu/legal_info_0E47E72BF21B4890A71E9D164B799ED0.php) (accessed 11 November 2004).

<sup>186</sup> *Népszabadság online*, "MTV, m2, Duna TV: digitálisan is", ("MTV, m2, Duna TV: digitally also") <http://www.nol.hu/cikk/326102/> (accessed 19 July 2004).

<sup>187</sup> For example, on 16 July 2004, the Hungarian Academy of Sciences and István Széchenyi University organised a joint conference in the city of Győr on media convergence and its anticipated impact upon media regulation. See also the section dedicated to digitalisation in the autumn 2003 issue of the media studies quarterly *Kommunikáció, Média, Gazdaság* and that discussing the same problem in the autumn 2004 issue of *Médiakutató*.

terrestrial digital broadcasting or digitalised cable transmission (and thus promote certain companies over others). This question is warranted by the fact that digitalised cable transmission might offer more services than terrestrial digital broadcasting. Currently, cable companies deliver a maximum of 40 to 50 channels to viewers, but after further investment the same systems could carry 150 to 200 television channels.<sup>188</sup> In contrast to terrestrial digital broadcasting, digitalised cable systems also offer broadband Internet access, as well as interactive services such as e-commerce, the electronic programme guide and distance learning. Improved cable transmission, however, would be more costly than terrestrial digital broadcasting. (In theory, satellite digital broadcasting is also an alternative to terrestrial digital broadcasting and cable digital broadcasting; however, with the current technology, its costs would be too high.)

## 8. CONCLUSIONS

One of the most important changes in the Hungarian television landscape in the past 15 years was an impressive growth in the number of broadcasters. This, however, has not been coupled with an equally impressive enrichment of choice, as the major broadcasters target the mainstream and commercially viable audiences, and no television channel is specialised in the disadvantaged minorities. For example, Hungary's three million old-age pensioners (about 30 per cent of the entire population) do not have a television channel or radio station specialising in their problems and interest areas; the Roma minority (an estimated five to six per cent of the population) has no television channel of its own either;<sup>189</sup> nor have other minorities such as people with disabilities. Even the national television channels offering mixed programming fail to broadcast programmes specifically dedicated to these minorities on a frequent basis and during prime time hours – which, of course, does not mean that the elderly, the Roma or people with disabilities would not watch the available programmes.

The Hungarian television market has stabilised by now. In the longer term, however, the current situation may change when the digitalisation of broadcasting truly begins. New broadcasters are waiting to enter the market. The launch of new television channels in recent years and the planned launch of further ones is a sign that investors are optimistic about the future of the television industry, and expect the expansion of the advertising market.

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<sup>188</sup> *Népszabadság*, 20 July 2004.

<sup>189</sup> There is, however, a radio station called *Radio C* targeting Roma in Budapest. It needs to be noted that the proportion of Roma editors in the national and satellite media does not reach one percent. Information from Bálint Vadász, editor-in-chief of [www.romaweb.hu](http://www.romaweb.hu), at the conference "The Roma in the Broadcast Media", organised by the Budapest Media Institute, 20 January 2005.

Since the political transformation, television broadcasting has mainly been a political issue. The political elites have tried to exert pressure on the broadcasters, and especially on the public service media, in an attempt to improve their own coverage. At the same time, however, with the rise of new channels, the political importance of public service television has declined, as audiences show little interest in substantial political programming. The audience share of public service Hungarian Television is well below the European average. While Hungarian Television's MTV has a little more than 15 per cent audience share, and those of m2 and Duna TV are insignificant, Danish public service television has 32 per cent, the BBC 39 per cent, and Finnish public service television 45 per cent audience share.<sup>190</sup> Hungarian channels scarcely ever broadcast investigative reports and can hardly be labelled as watchdogs of democracy. The overwhelming majority of television programmes are first and foremost commercial goods that viewers, it seems, are eager to consume.

ORTT, the major regulatory authority, is dominated by the logic of parliamentary politics. In real terms, the major function of the body and its various offices is to ensure the fair representation of the major political parties in the broadcast media (as opposed to the fair representation of the real world as it is). News and current affairs programmes are expected to be produced to the satisfaction of the various political parties while the editors of the news media are not encouraged to consider the newsworthiness of current issues and events. This is also demonstrated by the Broadcasting Act 1996 defining the controlling of "the equality of parties" as the major task of the Complaints Committee and the Monitoring and Analysing Service's focus on the quantitative analysis of news programmes. Thus the Board does not function, as the Broadcasting Act requires it to do, as the protector of media freedom but rather, quite frequently, as a means of political pressure.<sup>191</sup>

While the Broadcasting Act 1996 over-regulates some issues, it fails to tackle others. First, it is designed to regulate analogue broadcasting and is based on the now outdated principle of frequency scarcity. The fact that the law does not even mention digitalisation hinders technological development and hence the enrichment of the audience's choice. Second, those broadcasting via traditional cable are currently subject to the Broadcasting 1996 Act and supervised by ORTT, while those broadcasting through the Internet, which is, in the final analysis, just another cable system, are not. The law does not even mention the Internet and it is unclear how the Board relates to the new medium. Third, the Broadcasting Act 1996 does not define such concepts as "impartial information", whose understanding therefore remains arbitrary and can be used as an excuse for political intervention in the news media.<sup>192</sup> Finally, even though the Broadcasting Act prescribes access to, especially, the public service media for the various minorities, their representation is restricted to the less frequented periods of the day, such as the morning

<sup>190</sup> Urbán, *Stabilisation of the television market*, p. 75.

<sup>191</sup> OSI roundtable comment.

<sup>192</sup> OSI roundtable comment.

hours. At the same time, the Act does not set up a broadcasting fund specially designed to promote minority broadcasting (for example, by community radio stations), nor does it promote journalism education for the minorities.<sup>193</sup>

The above observations are a sign that the current institutional framework requires fundamental reform, as it is unable to preserve and to promote media pluralism and independence. The recommendations proposed in this report are based on the premise that radical deregulation may relax the political pressure to which the media are exposed. However, a precondition for the realisation of these recommendations, or any other media policy proposal to transform the media landscape, is that Hungary's political elites should be willing to consider them, even though they aim at improving the freedom of the media *vis-à-vis* the very same political elites. Given the long history of the "media war" of the 1990s and subsequent Governments' incessant efforts to control the media, this expectation may prove utopian. Nonetheless, the history of post-communist Hungary's media has also provided important examples of the political elites' willingness to self-impose restraints with regard to their media policies of political intervention. In particular, the frequency moratorium in 1989 and the Broadcasting Act of 1996 are examples that such self-restraint is possible. They may be a sign that similar efforts could also occur and succeed in the future.

## 9. RECOMMENDATIONS

### 9.1 General policy

#### *Digitalisation*

1. The parliamentary parties should consider modifying the Broadcasting Act 1996 without delay, in order to create the legal background for the digitalisation of broadcasting.

### 9.2 Regulatory bodies (ORTT)

#### *Independence*

2. The parliamentary parties should consider modifying the Broadcasting Act in order to change the mechanism to nominate the members of the National Radio and Television Board (ORTT). Either Parliament should nominate them consensually, not the parliamentary parties separately, or they should not be re-electable so that they would not seek to meet the expectations of the political parties nominating them.

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<sup>193</sup> Sükösd, Miklós and Bajomi-Lázár, Péter, "The Second Wave of Media Reform in East Central Europe", in Miklós Sükösd and Péter Bajomi-Lázár (eds), *Reinventing Media. Media Policy Reform in East Central Europe*, Central European University Press, Budapest, 2003, pp. 13–21.

*Transparency*

3. The ORTT should take steps to make its operation, as well as that of the Broadcasting Fund and the Complaints Committee, more transparent. Public access to their decisions needs to be improved.
4. The parliamentary parties should consider modifying the Broadcasting Act in order to reform frequency licensing procedures, which are currently the major power of the ORTT. In particular:
  - to avoid political influence, frequency licensing should be decided by lot, rather than tenders and application procedures, provided that the applicants meet certain publicly stated base criteria, including the amount of the broadcasting fee.
  - a part of the frequency spectrum should be reserved for non-profit broadcasters.

**9.3 Public and private broadcasters***Content Regulation*

5. The parliamentary parties should consider modifying the Broadcasting Act in order to remove, for the regional and local broadcasters, the requirement of impartial information, which currently serves as a major excuse for political interference with editorial freedom.
6. The parliamentary parties should consider modifying the Broadcasting Act in order to relax content regulation, and in particular the public service requirements prescribed for the commercial media, as well as restrictions on programme content such as that on hate speech and “deviant” behaviour patterns.

**9.4 Public broadcasters***Mission*

7. The Government should initiate a public debate on the mission of public service broadcasters in the digital age. It should also examine the current status of the three public service television channels, and in particular the question whether one single public service television channel would be sufficient to meet public service obligations. The debate should focus on whether reducing

the number of public broadcasters would imply better financial conditions and hence quality programming for the one remaining channel.<sup>194</sup>

### *Funding*

8. The parliamentary parties should take steps jointly in order to improve the funding of the public service media, and to re-establish the abolished television licence fee. They should also consider abolishing commercial advertising in the public service media.

### *Independence*

9. The parliamentary parties should consider modifying the Broadcasting Act in order to reform the current mechanism of nominating members to the boards of trustees of the public service broadcasters on a mixed (parliamentary and corporate) basis. Proposals which should be considered include, in particular:
  - reducing the number of the board members so that each member assumes real responsibility for his or her decisions;
  - abolishing the corporate nomination mechanism; and
  - having the other members delegated jointly, rather than separately, by the parliamentary parties, which would increase their independence from the political parties.

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<sup>194</sup> It is to be noted that this proposal goes against the European trend which is the creation of new, specialised, public service television channels; however, the current budget of *Hungarian Television* is significantly lower than that of the *BBC* or any other major public broadcaster in Western Europe.

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All legislation is accessible in: Tibor Bogdán (ed.) *Hatályos jogszabályok gyűjteménye*, (Collection of effective legal rules), Budapest, Közgazdasági és Jogi Könyvkiadó, 1991(permanently updated)

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