

Footprint of Financial Crisis in the Media

Ukraine country report

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Introduction

The global financial crisis, which hit the Ukrainian economy in the second half of 2008, led to a 13 per cent decrease in GDP in 2009 on the previous year and a drastic fall in the value of the Ukrainian currency against the US dollar, as well as a decline in the average wage and purchasing power. Statistics do not show growing unemployment, but official figures in this field are generally considered to be unreliable because they do not include the high level of unregistered unemployment.

On the other hand, there is a steady increase in media hardware. People continue to buy new TV sets and satellites or sign up for cable television. Internet use has more than doubled since 2006, and there has been an increase in the number of mobile phones and the availability of broadband.

However, the expansion of technical provision does not mean that the media market in Ukraine has avoided the crisis or that this has not influenced the quality of information on social and political matters produced by the mass media. In 2009, advertising revenues significantly decreased for the print media and radio markets, while the TV market experienced an insignificant increase; the only real growth was in the internet market.

We collected and analysed ten in-depth interviews with media consumers, academics, bloggers and journalists, mostly young and middle-class, to get their assessment of how the crisis had affected the content of media output in Ukraine. This is reflected in what follows.

General state of the media market

The majority of respondents suggest the crisis has strengthened the trend towards monopolisation and concentration of ownership. During the run-up to the presidential election in January 2010 broadcasting licenses were particularly valued, they say, so where a TV or radio station became bankrupt, instead of closing down it found itself with a new owner. A rise in the price of newsprint as a result of the crisis caused the closure of certain small periodicals but this did not influence the market situation significantly.

Official statistics show there was a fall of more than 200 in the number of newspapers from 2007 to 2008. In 2009 even major newspapers encountered financial problems. According to information from the prominent dailies *Gazeta Po-Kiyevski* and *Segodnya*, they experienced significant losses in circulation, advertising revenues and editorial staff. It is expected there will have been comparable losses also among the regional press because of the poor development of their advertising markets.

In general respondents consider the structure of the Ukrainian mass media market to be determined by political rather than commercial competition; media organisations are not primarily seen as a business but as a tool to manipulate public opinion. Usually the mass media are dependent on their owners both financially and in terms of editorial policy, and their lack of independence is due mainly to the political engagement of their owners, not government pressure. According to respondents the results are increasing corruption and disinformation; freedom of speech exists chiefly in the form of rhetoric, while the way power and money are distributed among groups that are competing politically and commercially is not publicly visible.

Media content

Respondents feel consumers get a highly distorted image of reality from the Ukrainian mass media. They observe that there is plenty of information but that it is vague and unreliable, that coverage of events is superficial and that political analysis is non-existent, even at the most elementary level. The impact of the crisis on costs has inevitably made this situation worse. Most respondents said the media, and especially the press, have stopped producing their own content and now merely recycle material from agencies or even unchecked facts from the internet. Coverage of social and political events concentrates on electoral considerations, meaning in effect campaigning for or against particular candidates; otherwise current affairs, legislative issues and so on are not reported in a serious way but presented as “infotainment”.

In the view of respondents, the crisis itself receives extensive coverage, though this focuses on unemployment, the Ukrainian currency rate and bad loans, while policies to combat the crisis policies are given much less attention. For example, there has been little explanation of the reasons for rising inflation and falling living standards.

Respondents also say the crisis has almost completely extinguished investigative journalism, which is costly and time-consuming, requires a high level of professional skill and potentially poses dangers to a journalist’s career or even life. Topics like corruption are not investigated or reported in a direct way. Human rights problems are regarded by the media as “exotic” and not really within the audience’s understanding. Culture other than show-business is scantily covered and social issues usually in relation only to electoral campaigns. Consumers find much coverage to be circular – the media and politicians constantly quoting each other.

Media ownership and editorial independence

Against the background of the financial crisis and the structure of media ownership, reporters' freedom may be constrained either by their organisation's so-called "format" – the editorial policy established when the organisation was set up – or by direct intervention to ensure compliance with the owners' wishes. In this situation journalists resort to self-censorship. During and after the Orange Revolution in 2004, some famous journalists were able to quit their jobs rather than accept censorship, but in the present crisis this is much less likely to happen because many journalists do not have a job at all.

For many years there has been discussion in Ukraine of creating high-quality public television as an alternative to commercial channels, but the problem of funding such an arrangement remains to be solved.

New media

The crisis has not significantly affected the ability of internet media to provide quick and unlimited access to the latest news. However, though it is increasing, internet penetration is still quite low in Ukraine (see the table above) and is concentrated among the urban middle class and young people.

In the view of respondents the majority of news and political websites are used as tools for political influence in the same way as the traditional media, while the quality of reporting is judged to be even lower, so in general the respondents do not attach great importance to the new media. Blogs are felt to be useful in giving journalists the opportunity to express themselves freely and make immediate contact with their audience. Journalists also often use their blogs to share their thoughts and experience with their colleagues. A drawback, however, is that blogs may be anonymous and the agenda of the bloggers not clear. Respondents point to the well-known practice of public relations specialists to use internet forums for discrediting particular politicians or ideas. They acknowledge that the quality of discussion in blogs may be higher than in the traditional media, but regard them less as spaces for public debate than as professional networks.

Conclusions

During the past year the Ukrainian mass media have not contributed greatly to the democratic process. The financial crisis together with the approaching presidential election has only deepened existing negative tendencies, and especially the control of media outlets by political interests. Freedom of speech exists but it does not significantly affect the level of real civic liberties. Instances when the media have acted independently in order to assist political discourse are considered

exceptional; the media generally reflect the positions of different political groups and fail to provide citizens with enough reliable reporting for them to make informed decisions.

Respondents

№	Last Name	Occupation
1	Vodyanoy Anton	blogger
2	Ganzha Lesya	editor in chief http://telekritika.ua/
3	Dovzhenko Otar	blogger
4	Ivanov Valeriy	professor, President of Academy of Ukrainian Press http://www.aup.com.ua
5	Kostenko Natalya	PhD in Sociology, Institute of Sociology NAS of Ukraine http://www.i-soc.com.ua/institute/
6	Lebed Mikhail	Head of All Ukrainian Youth Organization "Regional Initiatives Fund"
7	Naumova Yaroslava	Executive director, journalist http://www.mediabusiness.com.ua/
8	Skripin Roman	Head of Independent Media-Trade Union of Ukraine http://www.profspilka.org.ua/
9	Khomenko Vyacheslav	blogger
10	Sherstyuk Nadezhda	Radio Svoboda http://www.radiosvoboda.org/

ANNEX: TABLES**Table 1. Main economic indicators**

Population	45 999 934			
Working population	18 329 800			
	2006	2007	2008	2009*
GDP per head (\$)	2303	3069	3803	2244
GDP growth (%)	7.3	7.9	2.1	- 14
Unemployment (officially registered) (%)	3.1	2.7	2.3	3.0
Average wage (\$)	206	267.5	334.4	240
Internet users (per 100 people)	8	11	14	18
Mobile telephones (per 100 people)	n.a.	63	74	80.
Households with at least one TV set (%)	97.3%	96%	96%	97%

*Latest available data

Table 2. Main indicators of the media sector

	2006	2007	2008	2009
No. newspapers	2918	2885	2647	n.a.
No. magazines	2301	2420	2422	n.a.
No. commercial TV stations	n.a.	n.a.	n.a.	291
No. commercial radio stations	n.a.	n.a.	n.a.	205
No. online media	28	28	31	31
Advertising revenue in print media (% , yoy, compared with 2006)	100	129	230	207
Advertising revenue in TV (% , compared with 2006)	100	120	137	138

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Advertising revenue in radio (% , compared with 2006)	100	127	120	97
Advertising revenue in new media (% , compared with 2006)	100	198	330	396