Footprint of Financial Crisis in the Media

SLOVAKIA country report

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Economy

The Slovak economy was hit by the crisis through a slowdown on the major markets in the European Union (some 20 per cent of Slovakia's overall exports head to Germany alone). The car industry, which substantially contributes to the overall output of the Slovak economy, was one of the most badly hit. Layoffs or cuts in work shifts were reported also at the country's biggest steel-maker, the American subsidiary US Steel. Slovakia's GDP fell throughout the year, closing at an estimated –5.7 per cent at the end of 2009.

The country's banking sector has been seen as healthy and so far untouched directly by the crisis. Slovak banks, mostly branches or subsidiaries of European banking houses, did not deal with toxic assets on the international markets in recent past. However, the chill on the loan markets have been recognised to some extent in Slovakia, too.

Media output and labour

Slovak media were hit by the crisis mainly through the last year's fall in the advertising markets. Such losses were reported especially by television and radio broadcasters. But also the press, dailies and weekly magazines, have seen a significant drop in revenues from advertisements in 2009.

Apart from private commercial electronic and printed media, public Slovak Television (STV) and Slovak Radio (SRO) are funded mainly through the state budget (and via public fees), and are expected to be less financially dependent on advertising revenues. But this did not prevent them from losses, as state finance became tight due to growing budget deficits. In 2009, the STV cut some editorial positions and froze the wages of its staff. It also made cuts in business trips abroad, including those whose purpose was reporting.

Slovakia's biggest commercial television station, *Markiza*, did not provide any information. According to the available unofficial sources, the situation there is very similar to the one in public television.

The second biggest commercial television station, *JOJ*, said due to the crisis it had frozen wages. The number of journalists working for the station remained unchanged. The station ran 14 regular current affairs programmes in 2009, compared with 13 in 2008. *JOJ* has a 34.7 per cent audience share.

News coverage plays only a minor role in commercial radio stations in Slovakia. They mostly do not run original news, rather broadcasting only the output of domestic and foreign press agencies. The leading private radio station, *Express*, one of the few stations producing their own news service, cut its editorial staff by one journalist position (*Express*, with an audience share of 22.8 per cent, currently employs ten reporters).

Slovakia's main serious daily, *SME*, has been facing a constant decline in its circulation over the last couple of years. While in 2006 it sold 70,999 copies a day (on average), the figure was 65,012 in 2007 and 59,730 in 2008. The paper said it expected its circulation to have stabilised at around 59,000 sold copies per day for the past year.

The daily's revenues from the advertising were estimated at € 6.4 million in 2009, down from € 8.24 million in 2008 and € 8.57 million in 2007. The number of *SME*'s editorial staff was cut to 86 last year, from 94 in 2008. In 2006, *SME* employed 101 journalists. The daily has been continuously cutting the number of pages in the main section: from 20 in 2006 to 17 in 2009, at a pace of one page every year. *SME* also froze wages and did not pay the usual annual bonuses to the staff in 2009. As of the beginning of 2010, *SME* raised its price by 10 per cent, or 5 cents per copy, citing worsened financial conditions due to the crisis as the reason.

The sold circulation of the second biggest serious Slovak daily, *Pravda*, fell by more than 9,000 copies over the year, to 50,339 at the end of October 2009 (as reported by the domestic ABC media agency). In December 2007, Pravda sold 70,519 copies a day on average. In 2009 the daily also cancelled some of its supplements.

Hospodarske noviny, the daily newspaper focusing mainly on the economy, reached a circulation of 22,249 copies per day in 2009, after 22,332 in 2008 and 21,944 the year before. Last year, the paper saw a decline in advertising revenue by some 30 per cent. However, it did not cut the workforce in its editorial department, and managed to pay end-year bonuses to its staff at levels of up to half of their monthly wages, due to the good overall performance of its publisher Ecopress.

The paper cancelled many business trips abroad of its reporters, cutting some 60–80 per cent of funds originally planned for the purpose in its budget for 2009. Due to the uncertain economic overlook, *Hospodarske noviny* postponed the plan to launch its Saturday issue, thus remaining the sole relevant Slovak daily with only five issues per week.

Uj Szo, Slovakia's only Hungarian-language daily newspaper, experienced a moderate decline in its circulation, too. It sold 23,740 copies per day in 2009, down from 24,554 in 2008. In 2006, *Uj Szo* was selling an average of 25,069 copies per day. *Uj Szo*'s annual advertising revenue fell gradually by 33.7 per cent to € 968,000 in 2009, compared with € 1.458 million in 2006. The paper laid off three members of its editorial staff, which now consists of 42 people.

A liberal-oriented weekly, *Zurnal*, closed down at the end of 2009, citing financial problems caused mainly by a shortage of advertising revenue. The magazine was launched in March 2007, with an editorial staff 36-strong. At the beginning of 2009, the editorial staff was cut to 24 journalists and the magazine reduced the number of its pages to 76 from 92. However, with a lack of funds to run promotion campaigns, its circulation failed to move significantly up from around 10,000 copies sold each week during the last year of its existence, and the cost-saving measures proved to be insufficient.

The conservative-leaning weekly, *Tyzden*, had been selling around 15,000 copies a week in 2009, virtually unchanged from previous years. *Tyzden* also saw a decline of some 30 per cent in advertising revenue in 2009. The staff number remained at 14 journalists, but in order to save the costs, their wages were cut by around 20 per cent uniformly.

Media content

Public discourse in Slovakia has been badly distorted by ideological issues. While the ruling social democrats (SMER) are widely popular among the public, the vast majority of media support the right-wing economic policies of the previous government (market deregulations, wide privatisation, etc). The next general election is due in June 2010. Another victory of SMER is expected, as the party's long-term public approval ranges between 35 per cent and 40 per cent.

Most of the media failed to acknowledge the size of the upcoming crisis in late 2008 and early 2009, but have also largely downplayed its consequences for the country's middle and lower-middle classes. As the local media watchdog SPW stated in its recent report, the Slovak media did a fair job investigating the government corruption scandals, but did not focus enough on social developments (for example, the situation of those who had lost their jobs due to the crisis).

Legislation

Polarisation between the government and the media has intensified since the state adopted a new media law in 2008. The law enacted the so-called right to answer, according to which a paper is obliged to publish any reader's reaction not only to supposedly wrong factual information, but effectively also to any opinion piece regarding herself/himself. Despite the government's assertions that the law would not be abused by politicians, as it is aimed at the protection of regular readers, only the politicians from the ruling coalition parties have so far used this power. In many cases, the papers refused to bow to the requests on formal grounds, and courts are expected to deliver final verdicts.

Media ownership and editorial independence

The status of editorial within the publishing houses is not legally described or established in Slovakia. The journalists are thus vulnerable to potential pressures from owners and publishers; especially when a general shortage of revenues from advertisement gives the big advertisers an opportunity to influence the media content.

A number of journalists have been compelled by the media owners to accept the status of self-employed persons, although they do jobs of permanent staff members. While this to some extent eases the budget conditions, it puts the journalists at social risk, as these working contracts can be terminated without notice or compensation. Although the Slovak labour law specifies conditions for the use of such labour agreements in most of the industries, the practice has been tolerated in the media.

Conclusions

Perhaps with the exception of the weekly *Zurnal*, no media failure in Slovakia in the recent past can be attributed solely to the consequences of the global financial crisis. However, all media have said they generally cancelled expansion plans, and temporarily stopped employing new editorial staff members. The fall in the advertising market and a lack of legal protection of journalists make the media coverage vulnerable to both political and economic pressures in the near future.

ANNEX : TABLES

Table 1. Main economic indicators

Population, total			5,412,254	
Working population			2,366,900*	
	2006	2007	2008	2009*
GDP, total (€ billion)	42.94	47.49	50.42	47.254
GDP per head (€)	6400	7800	9000	n.a.
GDP growth (%)	8.5	10.6	6.2	–5.7
Unemployment (%)	13.3	11	9.6	12.5
Average wage (€)	622.75	668.72	723.03	722.51
Internet users (% of households)	26.6	46.1	n.a.	n.a.
Mobile telephones (per 100 people)	n.a.	n.a.	98.94	101.3

*Third quarter.
Sources: World Bank, OECD Statistics Portal, local statistical offices, Eurostat, International Telecommunication Union, local telecommunication and internet associations.

Table 2. Main economic indicators of the media sector

	2006	2007	2008	2009
No. dailies	8	8	8	8
No. regional newspapers	n.a.	n.a.	544	n.a.
No. weeklies	n.a.	n.a.	40	40
No. public TV channels	2	2	3	3
No. public radio channels	4	4	4	4
No. commercial TV stations	2	2	2	2
No. commercial radio stations	n.a.	n.a.	n.a.	c. 30
No. news websites (unattached to the traditional media)	2	2	2	2
Advertising revenue in media sector (%, compared with 2006)	100%	115.8	144.7	79.3

Author

Peter Javurek (1965) *has an extensive news agency journalism experience and has worked as a correspondent for* Reuters*, among others. He has been a columnist for the Slovak daily* SME *and the weekly* Zurnal *and has also contributed articles to the Czech weekly* Respekt.