Studies on economic aspects of the media usually focus on countries and media sectors which operate in some sort of market-led system, while economic analysis of alternative media systems is somewhat less served in the research literature. This article examines the features and development of a media sector in communist system from an economic point of view and considers to what extent consumer perspectives were taken into account in communist media. The subject is arguably not only interesting from a historical but the point of view of the legacies of the former regime after the collapse of the system as they have had profound impact on the economics and management of the media in all former communist countries. The focus of the article is on the print media of three former communist countries, Czechoslovakia, Hungary and Poland as case study for the analysis.

**Functions and Control of Communist Media**

Communist media is usually perceived to be distinctively different from other types of media systems. Characteristic features include specific functions of the media, certain forms of media control and particular ways in which media production and consumption were organised in communist societies. These specific features were rooted in the ideological underpinning and distinct historical developments of communist societies.

McNair (1991, p9) draws attention in his study on the Soviet media to the fact that the two men who are usually considered to be founding fathers of the communist system, Marx and Lenin were themselves journalists. Both men regarded the media as powerful institutions in society which could play an important role in a communist revolution. Marx viewed the media as potential devices with which the proletariat would overcome its isolation and create a communist society (McNair, 1991, p13). Similarly, Lenin gave the media an important role in the organisation of communist society. He believed that the media were ‘not only a collective propagandist and a collective agitator, but also a collective organiser’.

However, as McNair, Sparks and others point out neither man developed precise ideas about the workings and management of the media (Sparks, 1998; McNair, 1991). The distinctive features of the communist media system developed mirroring the particular political, economic and social conditions in Soviet Union and other communist states, and subsequently were modified as historical changes proceeded during the 20th century.

It is generally viewed that the mass media in communist societies were integral parts of the power structure and were used as means of control and propaganda. Criticism of the regime was not permitted. Media content was censored and many times carried some educational message. The dominance of political and educational functions of the media also meant that consumer perspectives, entertainment and commercial roles were of less importance. Martin and Chaudhary (1983, p27) argue that sensationalism, crime news and human interest stories were disapproved of and neglected unless there was a lesson to be learned. It is ‘the party, not the audience, that determines content priorities, and the Communist parties are interested in entertainment only insofar as it serves as a sugar coating for the indoctrination pills’ (Martin and Chaudhary, 1983, p233).

Although Western literature usually perceived the media of all former communist states as having the same features and structures, there were substantial differences between the countries as a result of dissimilar historical developments, cultural background and traditions. Furthermore, the media sectors of former communist countries were not static and were subject to changes as political, economic and social conditions altered during the decades of communism. The countries which are the subjects of this case study were in fact among those whose media went through considerable changes as a result of political uprisings and economic reforms.

The main features of the media did not change significantly between different phases, but the level of censorship and the importance of other than political functions of the media altered. These changes were important especially in Hungary and Poland, because the roles of the media shifted towards somewhat more entertainment by the 1980s. Reasons for the changes in the media included the 1956 revolution in Hungary, the 1968 reform movement in Czechoslovakia, the political changes in Poland in 1970 and in 1980-81, and economic reforms which were carried out with different emphasis and enforcement in Poland and Hungary from the late 1960s.
Media control in communist countries varied in form, degree and perceptibility. Media legislation was usually not very elaborate. Several authors point out that media laws and regulations were incomplete and in some areas practically non-existent in communist countries (see for example, Gergely, 1997; Bozóki, 1995). The lack of comprehensive media legislation was a way to exercise firmer control. Informal rules and administrative tools worked better to oversee the operation of the media, while on the surface the regimes retained a ‘cleaner’ image. Communist media legislation was usually vague, and rights and provisions often contradicted existing practices of media control. For example, in none of the three countries was private ownership in the media banned explicitly, however, a governmental decree required a licence to print before launching a new title or a publishing house. This licence was issued by the communist authorities and only state institutions and social organisations were entitled to apply.

There were different forms of media control in the three East Central European countries during the communist era including formal and informal, direct and indirect, visible and hidden. The specific forms of media control altered to an extent as a result of political, social and economic developments. Control of media content was a permanent feature of the regimes throughout the period, although the severity of censorship varied.

From the mid 1970s underground media sector emerged in many communist countries. The three East Central European countries, but especially Poland, had among the largest and most buoyant unofficial media sectors during the last decades of the communist era. The role of underground media was significant because it provided an alternative source of information and forum for public discussion. Social scientists in the region referred to the arena the unofficial media created as a ‘second publicity’ or ‘parallel communications system’ (see, for example, Giorgi, 1995; Jakubowicz, 1990; Kováts, 1995; Skilling, 1989). Underground publications usually covered subjects which were taboo in the official media world. However, they rarely provide daily news information and did not aim to cater for entertainment. Jakubowicz (1990, p340) estimates that 60 percent of Polish samizdat books dealt with social and political issues, 25 percent with historical subjects and 15 percent with literature.

As a result of the emphasised educational and propaganda roles of the media not only political and information content was closely watched, but that of entertainment as well. The authorities were keen to protect the readers from the ‘filth’ of capitalism and capitalist consumer society. Thus, for example, publishers were restricted from publishing books in areas such as horror, occult or pornography and sensational content was limited in newspapers and magazines. Kováts (in Giorgi et al, 1995, p20) estimates that in Hungary 17 percent of the total circulation of periodicals was dedicated to cultural and entertainment content in 1986, while 74 percent to general information and politics.

Further forms of media control included certain economic and operational practices such as restricted access to production facilities and materials, central planning of production and distribution, central control of prices and politically decided state subsidies. Ambiguity of ownership of many press titles also played a part in the supervision over the sector (Jakab and Gálik, 1991; Jakab, 1989). The owner of a number of periodicals was not the company which published it, but a political or social organisation which was supposedly the founder of the title although many times they had little to do with the actual production of it.

**Economics of Communist Media**

The economics of communist media was markedly different from that of market-led media. An economic model developed by János Kornai is applied here for a closer examination of the system. According to Kornai (1993) the main mechanism which dominates the economy in the communist system is bureaucratic coordination. This makes it distinctly different from other economic systems in which market coor-
Private ownership was not allowed in media markets, thus formal private sector did not exist. Underground media arguably could count as an informal private sector. However, market forces did not play a dominant role in their case as the main aim of production was not financial gain. Hence beside market mechanism community, ethical and social coordination could be added in the areas represented in darker grey shade in Table 1.

In most aspects of media management and economics bureaucratic coordination and central control were dominant mechanisms. Communist authorities determined media production, distribution and market developments. This meant that market indexes such as costs and prices did not carry ‘real’ market information (Gálik et al, 1990, p263). Paper, printing and distribution capacities were rationed and their costs fixed by the authorities. The allocation of resources was decided not on the basis of economic performance of a given publishing house, but on its political position and the political importance of its products.

The relation between state-owned media companies and cooperatives as suppliers and households as buyers was somewhat different as the transactions between them were determined by both bureaucratic and market forces. While advertising played an insignificant role, consumers did have to pay a price for media products. Although newspapers and magazines carried some advertisements these were mainly classified ads and revenues from advertising were not substantial in the finances of media companies. In Hungary, which country was probably the most relaxed in this respect, 10 percent of the revenues of national dailies came from advertising during the second part of the 1980s (Jakab, 1990, p263).

Consumer prices of media products were set centrally. Their costs were classified as ‘fixed-price commodities’ and for political reasons they were kept low and did not reflect the ‘real’ costs of production and distribution. Books, newspapers and other periodicals were cheap relative both to wages and to other consumer products. Prices were low in order to make these products accessible to everyone so the political, social and cultural messages of the authorities were disseminated to the largest possible audience. The price policy differentiated between categories of media products prioritising educationally and ideologically important areas. Thus, for example, textbooks and children books were much cheaper than other types of books.

As a result of distinctive features of communist media economics the operation and business pressures of companies were markedly different from those in market-led media systems. Table 2 summarises the main differences in short-term behaviour of companies in the two systems.

Table 2 illustrates that most aspects of business operation of companies were determined or influenced by the authorities in communist system. Gálik (1995, p3) lists parameters which were prescribed for media companies by the authorities: the amount of newsprint available, the average number of printed copies, the price of a copy, the highest possible proportion of unsold copies, the tariff of distribution per copy and the total amount of salaries.

An important aspect of communist media economics was the central control of the finances of companies. Media firms financed their operation from the sales of their products and subsidies from the state.

Media production in general was not a lucrative business in communist East Central Europe. Milkovich (1981, p19) and Villányi (1985, p101) reckon that 90 percent of book titles in Hungary were published with different degree of state subsidies during the late 1970s and the 1980s. Communist authorities
provided substantial financial support to media businesses, however, at the same time they removed any ‘profits’. The finances of whole industries were organised in a redistribution system where financially successful firms cross-subsidised loss-making companies. Cross-subsidising also worked within companies, whereby losses of titles were covered with surplus of other titles. The system ensured that the finances of media companies were secured and firms did not have to worry about market risk, profit or bankruptcy. As financial security was provided, there were no real incentives for companies to be profitable or improve their financial performance. Communist media companies did not have to deal with related business activities such as marketing, promotion or distribution. In the book sectors, for example, there was a national wholesaler which took care of delivery, stock- ing and selling of books while publishing houses did not have to organise those aspects of the business. Although bureaucratic coordination was the main mechanism it would be a mistake to assume that media companies were completely impotent organisations. They could in fact influence the success of the firm to an extent (both on paper and in terms of workload and work satisfaction for the employees) its prestige and long-term development. The most important factor in this was the ability of managers in bargaining. To receive paper and printing allocations from the authorities was one thing the amount and quality of these depended on the bargaining position of the company. To improve their bargaining position companies often did not tell the entire truth to the authorities about their capacities, input or resource requirements (Kornai, 1993; Villingy, 1985). Many of the firms tended to paint a somewhat bleaker picture about their finances, and did everything to achieve a production level which was neither too low nor too high for the plans.

Structure and Development of Communist Print Media

The main structural features of communist media markets included high levels of concentration, limited competition, state ownership, lack of vertical integration and central planning of market entry. These structural features were used as control mechanisms over the media. An interesting structural feature of communist media markets was the lack of vertical integration. Publishing houses, for example, were not permitted to own printing facilities or distribution networks. Communist media markets were highly concentrated which was a result of bureaucratic coordination and had little to do with market competition and forces. Media production and distribution were carried out by huge state-owned companies which enjoyed a monopoly in their field. This made political and financial control easier and more effective. In Poland, for example, a giant concern RWS Prasa-Książka-Ruch (Robotnicza Spółdzielnia Wydawnicza Prasa-Książka-Ruch; The Workers’ Publishing Cooperative Press-Book-Movement) dominated the print media sectors throughout the communist era. In 1988 the concern published 74.6 percent of the newspaper titles and 51.5 percent of the weekly titles, while giving 85.2 percent of the total circulation of newspapers and 70.1 percent of weeklies (Polish Publishing in Figures, 1990).

In Czechoslovakia print media companies and markets were controlled separately in the Czech lands and Slovakia. In the former there were a few state-owned firms which dominated press and periodical publishing. The largest publishing house was Rudé Právo which published – among others – half of the total circulation of national dailies and most of the regional press during the 1970s and 1980s (Giorgi et al, 1995). In Hungary, four large state-owned companies dominated press and periodical publishing. These were Hírlapkiadó, Pallas, the Communist Party’s publishing house, Ifjúsági, the Communist Youth Association’s publishing house and Népszava, the Workers’ Union’s publishing house. During the second part of the 1980s the four companies together published all daily newspapers, 96 percent of the weeklies, 77.9 percent of the monthlies (Jakab and Galik, 1991) and 65 percent of all periodicals with 96 percent of total circulation (Giorgi et al, 1995, p19). There was no competition between the four publishing houses as each specialised in certain sectors.

Communist media markets were not only concentrated but segmented as well which further limited competition between companies and media products. In magazine publishing, for example, most titles targeted specific groups such as youth groups, women, pensioners, certain industrial groups and the like and there was no other titles with similar target audience. Similarly in the book markets publishing houses were specialised: there was, for example, one publisher for children books, one for medical books, one for contemporary literature, one for textbooks and so on. In the national daily newspaper markets the title of the Communist Party dominated. In the Czech lands Rudé Právo (Red Light), in Hungary Népszabadság (People’s Freedom) and in Poland Trybuna Ludu (People’s Tribune) were the leading newspapers throughout the communist period. They were the most influential newspapers with far the highest circulation figures. Apart from the organ of the Communist Party there was a national daily of the government, one owned by the National Front, one by the Trade Union and a few other major social organisations. In the regional press markets there was one title for each county which was controlled by the regional committees of the Communist Party.
Figure 1: Number of press titles in communist East Central Europe


Poland         Hungary         Czech lands

Figure 2: Circulation of press titles in communist East Central Europe (million)

Note: a circulation figure is a total (global) year circulation of all press titles.


Poland         Hungary         Czech lands

Figure 3: Circulation of daily/weekly/monthly titles in Hungary (million)

Source: KSH, Statistická Évkönyv, 1996.

dailies  weeklies  monthlies

Figure 4: Book Title output in communist East Central Europe


Czech lands    Hungary    Poland

Figure 5: Number of published book copies in communist East Central Europe

Czech lands    Hungary    Poland
The performance and development of media markets in former communist countries reflected the characteristics of communist media economics, structures of the markets and the specific functions of the media. Figure 1 and 2 illustrate the development of the press sectors in the three East Central European countries during the communist era.

In Hungary and Poland the number of press titles increased during the period especially in the 1980s. In the Czech lands the number of press titles remained at roughly similar levels between the 1960s and the late 1980s.

Circulation of press titles increased in each of the three cases during the period, however there were differences between the countries. In Poland there was a sharp increase in circulation figures during the second part of the 1960s, while in Hungary and the Czech lands the growth was more gradual. In all three countries the increase for the whole period was quite substantial.

Reasons for the differences between the three countries in aspects of press production included their specific political and economic developments, particular media policies of the communist authorities and variations of communist media system.

A general feature of communist press sectors was the overemphasised role of national daily newspapers. Figure 3 illustrates the development of different press titles in Hungary in relation to each other. The overemphasised role of daily newspapers was maintained throughout the period.

Similar to the press sectors, the book markets of the three countries expanded considerably during the decades of communist era. Figure 4 and 5 illustrate the development of the book markets. The number of published book titles increased in Poland and Hungary during the 1970s, but decreased during the second part of the 1980s as a result of economic and political changes. In the Czech lands the number of book titles remained at comparable levels between the 1960s and the late 1980s.

The number of published book copies fluctuated more (see Figure 5). In the Czech lands book copies increased gradually after a slump during the second part of the 1950s. In Poland following a drop in the early 1960s the number of published book copies grew considerably especially during the 1980s. In Hungary book copies increased continuously and expanded particularly during the 1970s. The expansion, however, stopped by the mid 1980s probably as a result of general economic problems in the country.

The expansion of print media sectors in the three countries was secured by general economic development of the communist era as a whole, increasing living standards, specific features of the communist media system, relatively high levels of subsidies and a strong press and book culture. The development of print media sectors was determined by central plans and increase in production was subsidised by the state. In fact state supports were important factors in the rate of growth. The size of subsidies varied during the period in the three countries depending on prevailing ideological pressures and particular political and economic situations.

Changes in media consumption and consumer trends were not always comparable with patterns of support in communist media and cultural policies. The prioritisation of certain political titles in circulation figures on the part of the authorities did not correspond to similar interest from the population in many cases. Kovás, for example, found that in the mid-1980s the over-prioritised communist daily Népszabadság in Hungary was read by one third of the population, while regional newspapers on average by 50 percent and the women’s weekly Nők Lapja by 34 percent (Giorgi et al. 1995, p21). Table 3 illustrates the changes in consumption of different media forms in communist Hungary. It is noticeable that television viewing increased considerably from the 1960s to the 1980s and the only media form which lost in popularity was cinema.7

**Summary**

The article discussed features of communist media economics and in general the characteristics of communist media system. The print media of Czechoslovakia, Hungary and Poland

<p>| Table 3: Media consumption in communist Hungary | Source: based on Kőpeczi, 1986. |</p>
<table>
<thead>
<tr>
<th>media form</th>
<th>media consumption – % of population older than 10 years of age</th>
</tr>
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<tbody>
<tr>
<td>television viewing</td>
<td>65</td>
</tr>
<tr>
<td>radio listening</td>
<td>88</td>
</tr>
<tr>
<td>newspaper readership</td>
<td>80</td>
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<tr>
<td>periodicals readership</td>
<td>70</td>
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<tr>
<td>book readership</td>
<td>56</td>
</tr>
<tr>
<td>cinema</td>
<td>69</td>
</tr>
<tr>
<td>theatre</td>
<td>36</td>
</tr>
<tr>
<td>concert</td>
<td>5</td>
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</table>
During the communist era were used as case study for the analysis. It was argued that the media had emphasised political and educational functions during the communist era and that bureaucratic coordination played a decisive role in the production and operation of media sectors. It was shown that the authorities closely controlled media production and operation by various formal and informal methods. Media companies in communist societies did not have to respond to consumer trends as in market-led systems. Although consumer demands could not be completely ignored, they were mainly followed if they fitted with the political and cultural policies of the authorities.

Specific structural features of media markets which included high level of concentration, limited competition, state ownership, lack of vertical integration and central planning of market entries were examined. The performance and development of communist print media in the three East Central European countries were discussed and it was argued that central planning rather than consumer trends played significant role in the expansion of many media sectors during the communist era. It was also emphasised that the media systems of the three countries were not static and there were some shifts in media operation and production.

Notes

1 Although state-owned companies and cooperatives dominated the economies of communist countries some sort of private sector did exist. The importance of the private sector varied from country to country and from period to period during the communist era. Hungary and Poland were characterised by relatively large and active private sectors by the mid 1980s, which were also referred to as the countries’ second economy. Kornai distinguishes between formal and informal private sectors. By the latter one he means the production of goods or services by individuals for another for money or payment in kind such as private medical services, translating, typewriting, cleaning or transportation services (Kornai, 1993, p116).

2 There were some changes in the extent of which prices were fixed. In Hungary, for example, as a result of economic reforms certain prices were partly ‘freed’ during the 1970s and 1980s. Fixed prices for printing was abolished in 1979, which created some space for financial manoeuvres for the companies involved.

3 Kornai refers to this economic behaviour as ‘ratchet-effect’, which means that as a result of the built-in mechanisms of the communist economic and political system the central plan could only be fulfilled, and the next plan could only be increased (Kornai, 1993).

4 Polish statistics define newspaper as a periodical published 2-4 times a week.

5 Circulation of Rudé Právo was 900,000 during the early 1980s, that of Népszabadság 750,000, and that of Trybuna Ludu around 1 million (Lendvai, 1981). In 1988 Rude Pravo had a circulation of 1,132,000. Followed by Svobodne Slovo with half million circulation and Zemedelske Noviny with 385 000 copies (Giorgi et al, 1995). In Hungary Népszabadság was published 720-750 thousands copies during the second part of the 1980s, while the second largest daily Népszava had a circulation between 300-350 thousands.

6 Communist daily newspaper markets did not have popular titles similar to those which dominated Western markets mainly because of the different roles of the media. The closest thing to a popular press in the three countries during the communist era were evening papers such as the Esti Hírlap in Hungary, Vecerní Praha in Czechoslovakia and Kurier Polski in Poland. The content of these titles was similar to other dailies, however the articles were shorter and they contained more human interest stories. East Central Europeans could also try to ‘escape’ the official press line by reading a sports daily, which was published in each of the three countries. The development of these titles, however, was closely controlled and their circulation was not allowed to surpass any major title.

7 The numbers of cinema goers decreased in the Western world as well. The reasons, in both worlds, were the popularity of television, social changes and changes in the media industries.

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About the Author

Ágnes Gulyás (a.gulyas@cant.ac.uk) is a Senior Lecturer in Media and Cultural Studies at Canterbury Christ Church University College, Canterbury, United Kingdom. Her research focuses on media economics, globalization, international communication, communist and post-communist media.