
4. MEDIA AND POLITICAL CORRUPTION

Political corruption flourishes where public demand for good governance is weak. This usually happens when the main feedback vehicle – mass media – is captured by business or political elites.

Media capture can take either direct or more subtle forms. In the case of Bulgaria, the most substantial deficiencies of the media model are **lack of transparency and concentration of ownership, monopoly position on the distribution market and poorly developed self-regulation mechanisms**. These deficiencies impede the counteraction of influence peddling and allow hidden control over media. Even established violations of statutory requirements have remained unpunished. At the same time, the Bulgarian legislation does not respond to the new challenges posed by online media and their potential for manipulation but rather by their owners' business interests and above all by anonymous equity.²² The problems affecting media's corrupting influence include:

- Low trust in media independence. Media enjoyed the trust of merely 17 % of the Bulgarian public in 2014. At the same time, the freedom of speech in Bulgaria has hit its lowest level ranking – 113th.²³
- High levels of opacity as regards ownership and funding. Loopholes remain and allow for excessive concentration, circumventing the law and concealing the practical owners. The obscure picture of media ownership has the effect of restricting the public right to information.
- Behind the scenes liaisons with politicians: media and journalists are often subjected to pressure and censorship, and act as promoters of politicians' and business interests.
- The subservient position of the media is particularly visible the local level, where local media which lack independent sources of financing rely heavily on PR contracts with local public authorities. The local elections in October-November 2015 demonstrated that regional media failed to inform the public about the important issues faced by the municipalities. Instead, they focused on marginal or sensational topics, abandoning their potential role as a mediator between the public and local politicians.

The role of Bulgarian media in public life came under scrutiny after several media outlets were used as an instrument for triggering political crises and for political engineering in 2013 – 2014. A loss of financial viability as a result of the economic crisis of 2009 – 2013 presented unique opportunities for Bulgarian oligarchic groups. By accumulating a

²² See further CSD, *Media (in)Dependence in Bulgaria: Risks and Trends*. Policy Brief No. 60, 2016.

²³ 2015 *World Press Freedom Index*, Reporters without Borders.

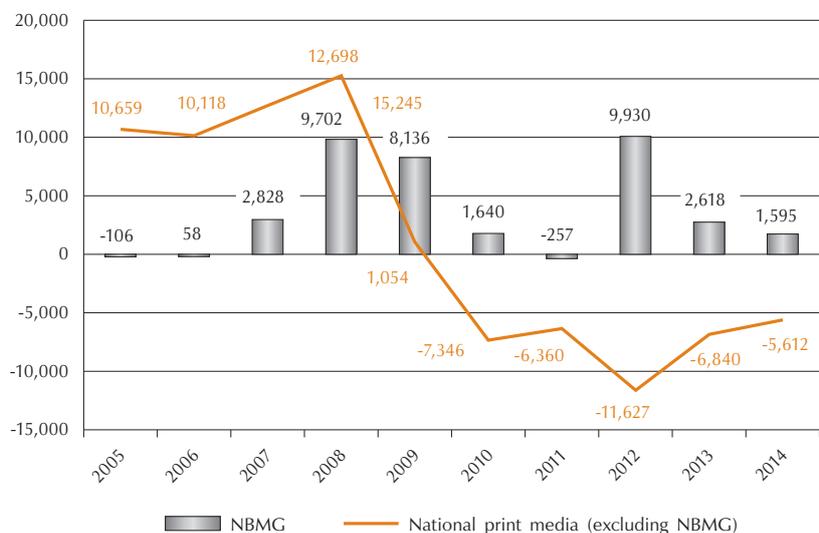
significant share of the media market, they reached an unprecedented level of political influence (including direct influence on the legislative, executive and judicial powers). The media was used as a propaganda instrument sugar-coating the process of state capture. Although media content analysis indicates that a wide spectrum of political and economic positions are reflected in Bulgarian media, coverage is often biased and unbalanced, depending on the ownership and control of specific media. One of the major threats for media's independence became the PR contracts with government agencies and with large business groups, and the tight control of media content in private media, leaving limited space for critical coverage and investigative journalism.

The fortunes of newspapers in the country are indicative of the mechanism of turning media into instrument of state capture. In the late 2000s, the German publishing group WAZ dominated the market through *24 Chasa* and *Trud* (the two largest circulation papers in Bulgaria – which, ironically, competed intensely as far as news content was concerned). WAZ later sold its stakes and void left by its withdrawal caused a heated battle involving several Bulgarian oligarchic groups and public institutions. **The major value of print media for the oligarchy**, not diminished by the crash of their financial model, is their **political influence**.

A new business model emerged with the setup of New Bulgarian Media Group (NBMG). The entry of the group itself was probably one of the most significant events in the recent history of the Bulgarian print media market. The so called “political investment” in media could be observed as early as the 1990s, with the end of the “classical” media model. “Political investments in media” usually involve initial financing provided by a business group to certain media. The financed media is tasked to provide positive coverage and/or outright propaganda for a given political party/group. In return, the party delivers a variety of favors (procurement contracts, laws and regulations in benefit of the investor, interference with/shielding from possible criminal investigations, etc.). If for any reason the political entity fails to deliver the expected favors, media support is withdrawn and replaced by intense negative coverage. Unlike previous models, NBMG went on to absorb other media outlets. The group expanded in the regional print media market as well. The threat of monopolizing the media market became even greater after the group got possession of 70 % to 80 % of the distributors of print media in Bulgaria.

The founders of the media group must have been aware that newspapers and online media alone would not be enough to muster significant political influence. A national TV (with more than one channel) had to be thrown in as well: hence the acquisition of *TV7* and *BBT/News7*. The TV business, however, requires enormous financial resources, even for a small market like Bulgaria. Financing on this scale could not be provided through the advertising budgets of the companies closely related to the later bankrupted Corporate Commercial Bank (CCB). So the NBMG-CCB model evolved to include loans made by the bank to NBMG-affiliated companies, which in turn provided loans to *TV7* and *BBT*. While the financial losses of the two TV stations at the

FIGURE 9. PROFIT/LOSS OF NATIONAL PRINT MEDIA (EXCL. NBMG) AND NBMG (THOUSAND EUR), 2005 – 2014



Source: CSD, *Media (In)Dependence in Bulgaria: Risks and Trends*. Policy Brief No. 60, 2016.

time of entry were reasonable, they grew exponentially after 2010, thus requiring continued borrowing. Combining the print media and the TV stations budgets of NBMG-CCB, it can be claimed that “political investments” in the dramatic 2013 amounted to over BGN 150 mln.²⁴

The inability to be financially sustainable remains the main problem for most print media. The so called “PR media contracts” have become an important source of revenue, but they also limit the media independence. There is no publicly available data to measure the size of the market for PR contracts, or in fact the specifics of those

contracts. Sporadic referrals have been made to clauses that protect the confidentiality of actual owners or individual companies, and more generally conceal the “alignment of editorial policy and content” that can hurt the interest of the companies paying for PR services. Put simply, the effect of all these contracts is that an editorial veto is imposed on media coverage. PR contracts have an even stronger impact on the local press, where relatively small amounts can secure media comfort for mayors and local companies.

²⁴ CSD, *Media (In)Dependence in Bulgaria: Risks and Trends*. Policy Brief No. 60, 2016, page 10.

