

Institut für Rundfunkökonomie  
an der Universität zu Köln

Tatyana Dubina

An Economic Analysis  
of the Russian Television System

**Working Papers  
of the Institute for Broadcasting Economics  
at the University of Cologne**

**No. 259**

**Cologne, in June 2009**

**Arbeitspapiere des Instituts für Rundfunkökonomie**  
**Working Papers of the Institute for Broadcasting Economics**

ISSN der Arbeitspapiere: 0945-8999

*ISSN of the Working Papers: 0945-8999*

ISBN des vorliegenden Arbeitspapiers 259: 978-3-938933-63-3

*ISBN of the Working Paper at hand: 978-3-938933-63-3*

Schutzgebühr 19,- €

*Price 19,- €*

Die Arbeitspapiere können im Internet eingesehen  
und abgerufen werden unter der Adresse  
<http://www.rundfunk-institut.uni-koeln.de>

*The Working Papers can be read and downloaded  
from the Internet URL*

*<http://www.rundfunk-institut.uni-koeln.de>*

Mitteilungen und Bestellungen richten Sie bitte per E-Mail an:

[rundfunk-institut@uni-koeln.de](mailto:rundfunk-institut@uni-koeln.de)

oder an die unten genannte Postanschrift

*Messages and Orders to the Institute can be sent via Email to:*

[rundfunk-institut@uni-koeln.de](mailto:rundfunk-institut@uni-koeln.de)

*or to the mailing address below*



**Institut für Rundfunkökonomie**  
an der Universität zu Köln

Hohenstaufenring 57a

50674 Köln

Telefon: (0221) 23 35 36

Telefax: (0221) 24 11 34

**Tatyana Dubina**

**An Economic Analysis  
of the Russian Television System**

Lists.....	5
<b>1. Introduction .....</b>	<b>9</b>
1.1. Target of the work .....	9
1.2. Approach.....	10
<b>2. Theoretical framework for broadcasting valuation .....</b>	<b>13</b>
2.1. Role of broadcasting .....	13
2.2. Broadcasting as a public good? .....	14
2.3. Alternatives for the provision of broadcasting programs .....	14
2.3.1. Interdependency of targets, program output and financing of broadcasters. ....	14
2.3.2. Classification of suppliers of broadcasting programs .....	16
2.3.2.1. Market as provider of broadcasting programs .....	16
2.3.2.2. State as the provider of broadcasting programs.....	18
2.3.2.3. The Voluntary sector as provider of broadcasting programs .....	18
2.4. Forms of financing of broadcasting programs .....	19
2.4.1. Revenue-based classification of broadcasting systems .....	19
2.4.2. Conditions, influencing the sources of revenues and broadcasting systems .....	23
2.5. Causality between revenue structure and output of a broadcaster .....	24
2.6. Regulation forms of broadcasting .....	25
<b>3. Russian television system in the period between 1950s and 2008.....</b>	<b>27</b>
3.1. Soviet television from 1950s through to 1991 .....	27
3.1.1. Socio-political conditions .....	27
3.1.2. Economic conditions .....	29
3.1.3. Legal conditions .....	32
3.1.4. Technical conditions.....	33
3.1.5. Temporary resume and positioning of television within a theoretic a framework.....	35



3.2. Russian television in its „golden age“ in 1991-1995.....	39
3.2.1. Socio-political conditions .....	39
3.2.2. Economic conditions.....	42
3.2.3. Legal conditions.....	46
3.2.3.1. The Russian Constitution.....	46
3.2.3.2. The first laws about mass media .....	48
3.2.4. Technical conditions .....	49
3.2.5. Description and economic evaluation of Russian Television system in 1991-1995 .....	50
3.3. Russian television during media wars 1996-2000.....	57
3.3.1. Socio-political conditions .....	57
3.3.2. Economic conditions.....	62
3.3.3. Legal conditions.....	65
3.3.4. Technical conditions .....	67
3.3.5. Description and economic evaluation of Russian television system in 1996-1999.....	68
3.4. Television in the era of cleptocracy 2000-2007 .....	74
3.4.1. Socio-political conditions .....	74
3.4.2. Economic conditions.....	79
3.4.3. Legal conditions.....	83
3.4.4. Technical conditions .....	84
3.4.5. Description and economic evaluation of Russian television system in 2000-2007.....	88
3.5. Television after the presidential elections of March 2008: current issues, and trends for future development of Russian broadcasting system ....	95
<b>4. Current challenges and possible solutions .....</b>	<b>99</b>
4.1. Consolidation of existing results and identification of the current challenges of the Russian broadcasting system.....	99
4.2. Possible solutions and evaluation of the potential of their successful implementation .....	101
4.2.1. Introduction of public service broadcasting.....	101
4.2.2. Adjustment of market sector and the state sector.....	103
4.2.3. Other possibilities for creating balance within a Russian broadcasting system.....	105
<b>5. Conclusion .....</b>	<b>107</b>
Annex .....	109
Bibliography.....	117

## List of Figures

No.	Description	Page
1	Interdependency between targets, program content and financing sources .....	15
2	State, commercial and voluntary broadcasting .....	21
3	Pure and mixed revenue-based forms of broadcasters .....	22
4	Causality between revenue structure and output of a broadcaster .....	25
5	Program schedule on the Program One in 1986 .....	37
6	Revenue-based evaluation of television system in the Soviet Union .....	38
7	Hierarchy of laws in Russian Federation .....	47
8	Russian main channels in 1991-1995 .....	54
9	Program structure of ORT in on 15-21 January 1996 .....	55
10	Russian television system in 1995 .....	56
11	Media empire of Berezovskiy .....	58
12	The media empire of Gusinskiy .....	59
13	Mentioning of candidates for presidency on TV .....	61
14	RTR Funding in 1999 .....	69
15	Russian main broadcasters in 1996-1999 .....	72
16	Russian television system in 1996-1999 .....	74
17	Number of household subscribers to the Pay TV in Russia in 2006 .....	86
18	Turnover of the Russian Pay TV market in 2006, in \$ mln .....	87
19	Yearly audience share of the main terrestrial channels .....	88
20	Main Russian channels in 2000-2007 .....	92
21	Russian television system in 2000-2007 .....	95
22	Development of Russian TV broadcasting system 1991-2007 .....	99
23	Development of Russian TV broadcasting system if PSB concept will be implemented .....	102
24	Possible development of Russian TV broadcasting system in 1999 .....	104
25	The ownership of Perviy Kanal, Rossia and Kulture .....	112
26	The ownership of NTV and TNT .....	112
27	The ownership Ren TV .....	113
28	The ownership of CTC and Domashniy .....	113
29	Growth of internet users, 1997-2007 .....	114



30	Deterioration of Independent Media Index in Russia, 1997-2006.....	114
31	Civil Liberties and Political Rights Index in Russia, 1992-2006 .....	115

### List of Tables

No.	Description	Page
1	Growth of television stations and devices in the Soviet Union.....	34
2	Number of Digital TV subscribers in Russia .....	86
3	Corrected revenue sources of the Russian broadcasting system in 2006 (in \$ mln.) .....	94
4	Volume of advertizing market in Russia in 1992-2008 .....	110
5	Distribution of State Duma seats, by party/block .....	111
6	Increase of corruption and change in its nature.....	111

### List of Abbreviations

bln	billion
CCCP	Central Committee of the Communist Party
CEO	Chief Executive Officer
CPSU	Communist Party of the Soviet Union
ER	Edinaya Rossiya
G7	Group of Seven
GDP	Gross Domestic Product
GKO	Gosudarstvennoe Kratkosrochnoe obyazatelstvo (Short-Term State Bonds)
Gosteleradio	Gosudarstvenniy Komitet po Televideniu i Radioveshaniu (State Committee for Television and Radio Broadcasting)
GTRK Ostankino	Gosudarstvennaya televisionnaya i radioveshatelnaya kompaniya Ostankino (State Television and Radio Broadcasting Company)
IPO	Initial Public Offering
KPRF	Kommunisticheskaya Partiya Rossiyskoy Federazii (the Communist Party of the Russian Federation)
mln	million
ORT	Obshestvennoye Rossiyskoye televideniye (Public Russian Television)
OVR	Otechestvo – Vsyia Rossia (Fatherland – All Russia)
PSB	Public Service Broadcasting
RAO UES	United Energy System
RF	Russian Federation
RIA Novosti	Russian News&Information Agency Novosti
RoI	Return on Investment
RSFSR	Rossiyskaya Sovetskaya Federativnaya Sotsialisticheskaya Respublika (Russian Soviet Federated Socialist Republic)
RUJ	Russian Union of Journalists
TV	Television
USSR	Union of Soviet Socialistic Republics
VAT	value added tax
VGTRK	Vserossiyskaya Gosudarstvennaya televizionnaya i radioveshchatelnaya kompaniya (All-Russian State Television and Radio Broadcasting Company)
W.A.	without author





Tatyana Dubina

## **An Economic Analysis of the Russian Television System \***

### **1. Introduction**

#### **1.1. Target of the work**

In the 20<sup>th</sup> century Russia underwent a unique experiment in the world history. The country faced a turbulent change of regimes, switching from one pole to another. Only within less than one hundred years the Tsar Empire collapsed, the Communist regime was established and after 70 years broke down, the attempt to build a democracy was conducted and the power of a state bureaucratic corporation (or cleptocracy) was introduced. Economical changes were not less dramatic. The country went through state managed capitalisms, plan economy, chaotic capitalism and state-led corporate economy.<sup>1</sup> Russian mass media was following the country's fate and experienced total control and censorship, freedom of opinions and self-censorship. Mass media was used in the interests of the Tsar, Communist party, oligarchs, bureaucrats and ordinary people. Russia as well as its mass media is still undergoing a transformation process and it is not yet clear what the outcome of it will be.

The target of this work is to review and evaluate the broadcasting<sup>2</sup> development in Russia over the last 60 years: from its origination up to 2008. As the Russian mass media is strongly linked to the country's development the review and evaluation will be conducted considering the political, economic, technical and legal conditions and their development. Moreover, the challenges of the Russian broadcasting system will be identified and the possible solutions will be elaborated. Also the trends of the future development of Russian mass media will be examined.

There are several reasons for this work. Russia is the biggest country in the world and a close neighbor as well as one of the main trading partners of the European Union. Despite of the cold war rhetoric, which is sounding between Russia and the Western countries from time to time, Russian and European economy are very much aligned with each other. Therefore it is important for both to understand the processes happening in the countries. Mass media is one of the indicators showing the vector of country's development. Additionally,

---

\* Slightly modified version of a thesis that was supervised at the Institute for Broadcasting Economics and accepted by the Faculty of Management, Economics and Social Sciences of the University of Cologne in winter term 2008/2009.

<sup>1</sup> LANE (2008), p. 199, 201

<sup>2</sup> Here further in the work broadcasting is defined as a wide range of television services: analytical programs, news, entertaining programs, films, etc. Normally radio services are also included into broadcasting, however in this work they will be neglected.



if European Union is aware of the present problems and challenges which Russian mass media is facing it can influence Russian authorities and so contribute to a more stable and balanced media system as well as a better political and economic climate in Russia. As a result, the European Union will get a more stable and reliable economic partner with lower risks.

A more balanced mass media system is also important for the Russians as it becomes able to fulfill many of its social responsibilities and to contribute to the social welfare. Actually in the countries which are undergoing a transformation process mass media can become a driver for it. If it has the power of voice in the society and has balanced financial sources (i.e. not dependent only on the state or the market), it can point out on the problems and even help to elaborate solutions and provide a communication platform. Another important function of mass media is a control function over the authorities. This is especially important for the post-soviet countries as due to the historical development their governments tend to concentrate power. Thus, the estimation of the Russian broadcasting system is crucial as it allows conclusions about its state, identification of its potential and weak points as well as proposals for further development. Secondary, the work provides an insight of political, economical and social processes of Russia as they were influencing the state of broadcasting system.

It should also be mentioned that Russian broadcasting has almost a monopoly on the information in the Russian society. Thus, in 2006 85 % of the Russians used federal TV channels as a main source of information.<sup>3</sup> Therefore television can become a very powerful means for manipulating the public opinion. Knowledge about the present state of the Russian broadcasting system and its evaluation will definitely help to get a broader picture of the processes happening in Russia and to identify the future trends.

## 1.2. Approach

In order to fulfill the above mentioned target the following approach was chosen. In chapter 2 the theoretical concepts, which are relevant for evaluation of the Russian broadcasting system, will be described. Thus the theoretic framework for the whole work will be defined. Chapter 3 will be dedicated to the definition and evaluation of the broadcasting development. For enhanced clarity the development of Russian broadcasting will be split into four periods and for each of them an evaluation will be made. Such a division will allow better understanding of the peculiarities of the broadcasting development and thus its better evaluation. The broadcasting development will be viewed, considering political, economic and social changes in the country as they are the main drivers for any changes within the broadcasting system of Russia. Thus, a set of four conditions will be viewed for every period. They are socio-political, economic, legal and technical. Further on, the future trends of broadcasting development in Russia will be identified.

---

<sup>3</sup> YAKOVLEVA (2006)



In chapter 4 the results of evaluation will be summed up and thus the development path of the broadcasting in Russia will be identified. Knowledge about the present state of the broadcasting will allow to identify its strong and weak sides and as a result the challenges. Then it will be possible to make proposals how the broadcasting system in Russia can be improved and contribute more to the social welfare. In the end a conclusion over the whole work will be made.

For the present work different information sources in English, German and Russian have been used. Due to the different script of the Russian language the names and authors of the Russian sources will be translated to English for better understanding. Additionally, the complete source will be presented in Russian.



## 2. Theoretical framework for broadcasting valuation

### 2.1. Role of broadcasting

Broadcasting plays a crucial role in modern society. Behind the simple everyday wish of millions of people “to get the news” hides a much more complex process than just a “giving-receiving” of the information. The consequences of this process have potentially huge implications for our lives. Broadcasting today took charge of many social functions without which political, economic and social systems in the democratic societies might even collapse. The broadcasting entertains, informs and educates the society members.<sup>4</sup> It became a means of communication between the agent (authorities) and the principles (citizens). In the democratic societies the expression of public opinions is crucial and belongs to the main principles of democracy defined by Aristotle: all members of society have equal access to power and freedom to live their lives as they want.<sup>5</sup> Already in ancient democracies the citizens could express their opinions via direct communication with the officials and in some Greek city-states even participate in the decision making. Nowadays due to the complex political structures of the societies, the direct communication of the citizens with the elected political representatives is not possible. Therefore the effective possibilities to express public opinion became much more important. Today this is mostly happening through mass media communication. Mass media got almost a monopoly in informing people about any political, cultural, social and economic changes in the society.<sup>6</sup> At the same time wide public debates with the help of mass media are nothing other than the peoples’ response to the authorities. The society’s feedback influences decision making and helps to find an optimal solution.

Moreover broadcasting creates reality in our life. Television does not only transfer the reality. It inevitably creates a reality already through the choice of topics and pictures in the news, through the use of light, colors, language and commentary.<sup>7</sup> The sociologist Niklas Luhmann says: “Was wir über unsere Gesellschaft, ja über die Welt, in der wir leben, wissen, wissen wir durch die Massenmedien.”<sup>8</sup> Broadcasting also serves as an activity catalyst. Many political and economic actions happen only after media attracts enough attention to the events.<sup>9</sup>

---

<sup>4</sup> BBC (2004), p. 29

<sup>5</sup> ARISTOTLE, Politics

<sup>6</sup> LUCHT (2006), p. 93

<sup>7</sup> RÜTHERS (1999), p. 14

<sup>8</sup> LUHMANN (1996), p. 9: „What we know about our society, about the world in which we live, we know through mass media.” (translation of the author)

<sup>9</sup> RÜTHERS (1999), p. 15



## 2.2. Broadcasting as a public good?

Broadcasting which was defined here as a range of television services can be viewed as a good. There is a need for the broadcasting service in the society and people are willing to pay for it. However, broadcasting differs from a normal private good, whose optimal amount on the market is determined by match of the marginal costs and marginal utility. The optimal amount of broadcasting on the market can not be identified this way as broadcasting is missing two main characteristics of the private good: rivalry and excludability in consumption. Thus broadcasting is a typical public good. The non-rivalry condition is fulfilled as long as the consumption of one person does not influence the consumption of any other person. So, all the citizens can watch TV at the same time. It does not have any impact on the broadcasting service and its quality. Non-exclusion also applies for analog broadcasting. Everybody can watch TV without paying for it. Even law barriers like license fees and fines cannot make all the people pay for TV consumption, since there is no physical excludability.<sup>10</sup>

However, considering new forms of broadcasting like Pay-TV, cable television, internet television, it should be admitted that technological development allows, e.g. through encryption, to exclude people from broadcasting consumption if they are not paying. However, even in this case non-rivalry in consumption still exists. The broadcasting stays at least partially a public good as the consumption and readiness to pay are not compulsory congruent.<sup>11</sup>

## 2.3. Alternatives for the provision of broadcasting programs

Broadcasting as any other good can be provided by the state<sup>12</sup>, market and public (voluntary) sector, i.e. program output can be offered by state, private and public broadcasting companies. These three suppliers of broadcasting programs have different targets, financial sources and program output. First the interdependency between them will be viewed. Later advantages and disadvantages of different suppliers of broadcasting programs will be discussed.

### 2.3.1. Interdependency of targets, program output and financing of broadcasters

Broadcasters as any other enterprise have global and content goals. The global goals are giving the direction of broadcasters' development, for instance public, state or private broadcasting. Content goals are giving meaning and explanation to the global goals. For example, the global goal of public broadcasters can be described as maximizing of the society's welfare. It can be reached through the content goals: educate, entertain, inform, provide a communication platform within society, and so on. Accordingly the global goal of a private broadcaster is maximizing revenues or realizing shareholders' gains. This can be reached

---

<sup>10</sup> FRITSCH/WEIN/EWERS (2007), p.46, 364-366

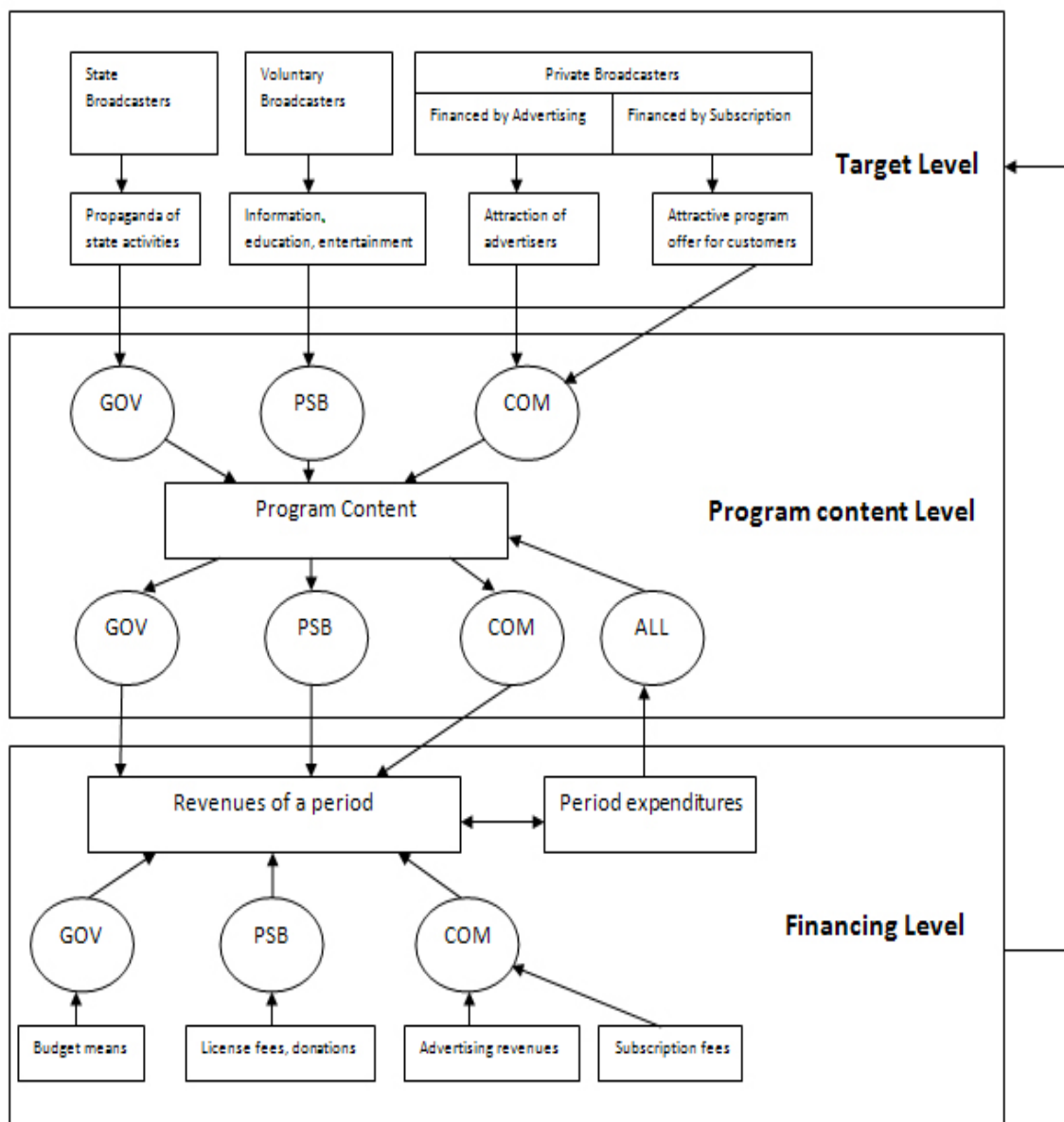
<sup>11</sup> PUPPIS (2007), p. 69-70

<sup>12</sup> Under the state is here to understand the executive power, i.e. government and/or president, depending on the country's political structure.

through content goals like attraction of advertisers' and/or subscription viewers.<sup>13</sup> Lastly, the global goal of a state broadcaster – maximizing of usage for the state – can be reached by content goals like justification of state activities through biased information in favor of the states' interests.

The targets of a broadcaster are defining its program output to the biggest extent. At the same time both the targets and consequently the program output are being strongly influenced by financing sources. This interdependency between targets, program content and financing sources is represented in the Figure 1.

Figure 1:  
Interdependency between targets, program content and financing sources



Source: own illustration,  
following SEIDEL/SCHWERTZEL (1998), p. 16 and KHABYUK (2004), p. 6

<sup>13</sup> SEIDEL/SCHWERTZEL (1998), p. 14-15



For the further analysis in this work, the broadcaster's targets will be neglected as they merely represent the link between sources of finance and program content. Financial sources will be regarded as input and the program content as an output.

### 2.3.2. Classification of suppliers of broadcasting programs

As it was mentioned above broadcasting as any other goods can be offered by state, market and voluntary sector. The advantages and disadvantages of these providers will be discussed below.

#### 2.3.2.1. Market as provider of broadcasting programs

Generally, the market is an effective provider of goods and services. It is delivering the optimal amount of goods according to the peoples' income and purchasing power. Broadcasting can be delivered by the market and in some cases very successfully. Like other private goods broadcasting satisfies the customer needs especially and most commonly in entertaining. The customers are also willing to pay for these services: directly or indirectly. First, the broadcasting can be sold to consumers (viewers) by subscription, either separately (pay per view) or as set of programs (pay per channel). Second, the customers pay for the broadcasting indirectly. Broadcasting programs became an attractive place for advertisement.<sup>14</sup> The enterprises, which are advertizing their goods, use mass media for offering their products to potential customers (viewers of TV). Thus media sells the possibility to access and attract attention of the potential buyers.<sup>15</sup> This way of accessing the customers is flourishing nowadays. According to the data of ZenithOptimedia the volume of the world TV advertizing market is \$172 bln, which is 37.5 % of the global advertizing market.<sup>16</sup>

Private broadcasters as providers of broadcasting services have some advantages. If production is coordinated by the market, the goods will be produced with the lowest costs (productive efficiency), in the best quality and will be allocated to the consumers according to their preferences (allocative efficiency).<sup>17</sup> Since private broadcasters are dependent on the revenues from product sales, they are identifying the changes in the tastes and moods of the customers precisely and react quickly, thus offering modern and popular products. Additionally the broadcasters have to optimize the production and their process management in order to save costs.

---

<sup>14</sup> KOPS (2007), p. 7, 9

<sup>15</sup> PUPPIS (2007), p. 27

<sup>16</sup> ZENITHOPTIMEDIA (2008b)

<sup>17</sup> PUPPIS (2007), p. 67



The market could become a competitive provider of the broadcasting services. However, this is not the case because of market failures in allocation and the negative distributive effects of market provision. They are summed up below<sup>18</sup>:

1. *Highly sub-additive costs (economies of scale and scope)*: production of a program is expensive, but is mostly financed by the fixed costs. The share of the variable costs is very low, therefore the higher the audience rate is, the cheaper the production of a broadcasting service will be. Thus monopolies are producing cheaper also on the media markets. This can lead to concentration of business. The economy of scope is also present on the media markets. For example, a produced program can be offered both on TV and in the internet, or one media holding can have several channels, thus saving up the costs on administration and equipment. Such structures of the media market predispose the creation of monopolies or oligopolies.
2. *Information asymmetries*: there is a strong information asymmetry between the producers and consumers on the media market. The broadcasting services which are offered by producers do not represent a “search good”, i.e. customer cannot check their quality before buying them. The entertainment broadcasting products (e.g. films, series) can be referred to as the “experience goods”. The customer can check their quality after buying and using them. However, the informative services like news and analytical programs can be hardly evaluated even after “consuming” them. Therefore the media market is characterized by a high degree of quality intransparency. This leads to adverse selection.
3. *Externalities*: in the broadcasting they may be positive, e.g. an individual feels better because he/she knows that all classes of society have access to educational programs. This will not be evaluated correctly in the market economy, thus educational programs will be under-provided. An example for negative externalities is the individual consumption of violent programs. This effect will not be ever captured on the market. Thus economic activities on the media market have direct influence on the uninvolved third party and are not always reflected in the price mechanisms.
4. *Intransitive consumer preferences*: the users tend to substitute the analytical and challenging programs with entertainment, e.g. after a long tiring day at work. Thus the programs with high social value may show a low demand.
5. *Partly public goods*: since the broadcasting services represent partly public goods (see part 2.2.), everybody will try to avoid paying for them and thus the producers will deliver less than the optimal quality of the good on the market.
6. *Distributional failure*: on the market level distribution is happening according to the individual income and purchasing power. This approach to broadcasting can be dangerous as it may split the society into two groups: those with

---

<sup>18</sup> If nothing else is mentioned, the sources are KOPS (2007), p. 10-11, PUPPIS (2007), p. 68-73 and W. A. (2005a), p. 129-150.



higher income who can afford a wide range of broadcasting services and those with lower income who cannot afford it.

As a result, market alone fails to provide broadcasting services to the viewers (society) effectively. The consequences of this failure are quite high for the society, as broadcasting has an immense influence on all spheres of life.

#### 2.3.2.2. State as the provider of broadcasting programs

In the case when market fails to deliver the broadcasting services effectively, the state could substitute the market. The direct advantage is that the state would regulate the allocation and distribution of the broadcasting services, and thus market failures would be eliminated. The state could ensure provision of socially necessary programs with low rankings, technical coverage of the whole population, expression of minority opinions etc. However, broadcasting in the hands of the state may be modified into a powerful instrument of advertisement of state policy. The authorities which have control over broadcasters normally use them for advertizing their activities in order to get reelected again. At the same time the voices of critical opposition may be suppressed on the state channels and some severe problems may be hidden. Such situation doesn't serve the citizens' interests and the broadcasting loses a set of important functions in the society: to inform, to provide a place for debates etc. Additionally state-owned broadcasters are normally less efficient and less customer-oriented. This happens due to the bureaucratization of decisions within the state and lack of incentives to fight for the market shares as the state-owned broadcasters don't have to find any additional sources of finance.<sup>19</sup> Thus, the state cannot optimally provide broadcasting services to the society either.

#### 2.3.2.3. The Voluntary sector as provider of broadcasting programs

Broadcasting can be also provided by a third party: the voluntary sector.<sup>20</sup> This sector has no commercial or political interests of its own, so it could provide unbiased information and reflect the opinions of the society. However, there are three conditions which should be fulfilled before the voluntary sector could become an independent provider of broadcasting services:

1. Civil society should be strongly developed in the country. People should be willing to express their opinions, to participate in the policy making and state decision taking.
2. The state should accept the importance of the civil society and let it have its own source of income through the right to levy public revenues.
3. If the second condition is not fulfilled than the state should financially support the civil society, however keeping away from intervening into its policy.

---

<sup>19</sup> KOPS (2007), p. 12-13

<sup>20</sup> If nothing else is mentioned, the source is KOPS (2007), p. 12-16

Unfortunately these conditions are seldom fulfilled at the same time. Even if it is assumed that a strong civil society exists, it needs financial support. If the state prohibits to levy public revenues (e.g. to collect license fee for broadcasting) or controls civil society while financing it, no independent broadcasting will be possible.

The voluntary sector offers some fair advantages when providing the broadcasting services. People who are working in the voluntary sector are often driven by intrinsic motives. Therefore the results of their work can even compensate the lack of financing or poor organization. Especially in the journalist work the intrinsic motives play a key role in their professional success.

In spite of the advantages, that voluntary sector offers when providing the broadcasting services, in most countries it is only granted a supplementary role.

## **2.4. Forms of financing of broadcasting programs**

### **2.4.1. Revenue-based classification of broadcasting systems**

There is no golden rule by which a combination of market, state and civil society broadcasting services should be provided. For every country this combination may be different and unique as it is depending on the peculiarities of each country. As it was shown above, each of the providers has both advantages and disadvantages, which should be weighed up specifically for each country.

However, knowing the sources of financing of broadcasters may help to explain their output, i.e. the orientation of the programs, coverage of events etc. It can be stated that the output (broadcasting services) depends on the input (sources which finance broadcasters). Initially the statement is made under the assumption that there are no other drivers influencing the broadcasting programs' content. This assumption is necessary in order to explain the model. Later the model will be adjusted. In order to illustrate the statement three groups of possible financial sources for broadcasters will be viewed and the program output of the broadcasters will be examined accordingly<sup>21</sup>:

1. Broadcasters are financed purely by the market revenues. As a consequence, the program output is aimed at the customers: either viewers who are paying per view or per channel or advertizing companies. The program schedule is composed in order to attract attention of the largest possible audience. In the case of paying per view/channel, the broadcaster can directly increase the revenues. In the case of financing through ads, the high ratings of program will attract advertizing companies. When using this financial scheme, the provision of programs which increase social welfare (e.g. political, social, educational programs) will not be the broadcaster's priority. The broadcaster will offer such programs only in case they are providing high ratings and thus generating high revenues through direct sales of the services or through ads placement. As a result the needs of social groups which are

---

<sup>21</sup> If nothing else is mentioned, the source is KOPS (2007), p. 17-18



not relevant for advertizing companies will not be considered and the overall viewers' welfare cannot be maximized.

2. Broadcasters are purely financed by the state funds. In this case the program output can be more diverse, including the necessary for the society low-rating programs, targeted to kids, social minorities, analytical programs etc. At the same time the state can tend to control and manipulate the program output. Thus critical news coverage or debates on the state actions may be missing on the channel and the overall social welfare will again be far from optimal.
3. Broadcasters can also be financed exclusively by the voluntary sector. In this case the money should come from donations and normally it is not enough in order to create an important, competitive and attractive national channel. However, there is a huge advantage of a voluntary broadcaster: it normally doesn't have preferences of its own and serves the society's needs. The overall social welfare could be maximized but the voluntary broadcasters should become important players on the media market. This is in its turn difficult because of the lack of finance. Alternatively the state can take over financing of a voluntary broadcaster, e.g. through allowing levy of the fees. But in such a case the state should have enough restraining mechanisms, which prevent it from intervening into the voluntary broadcasters' program policy.

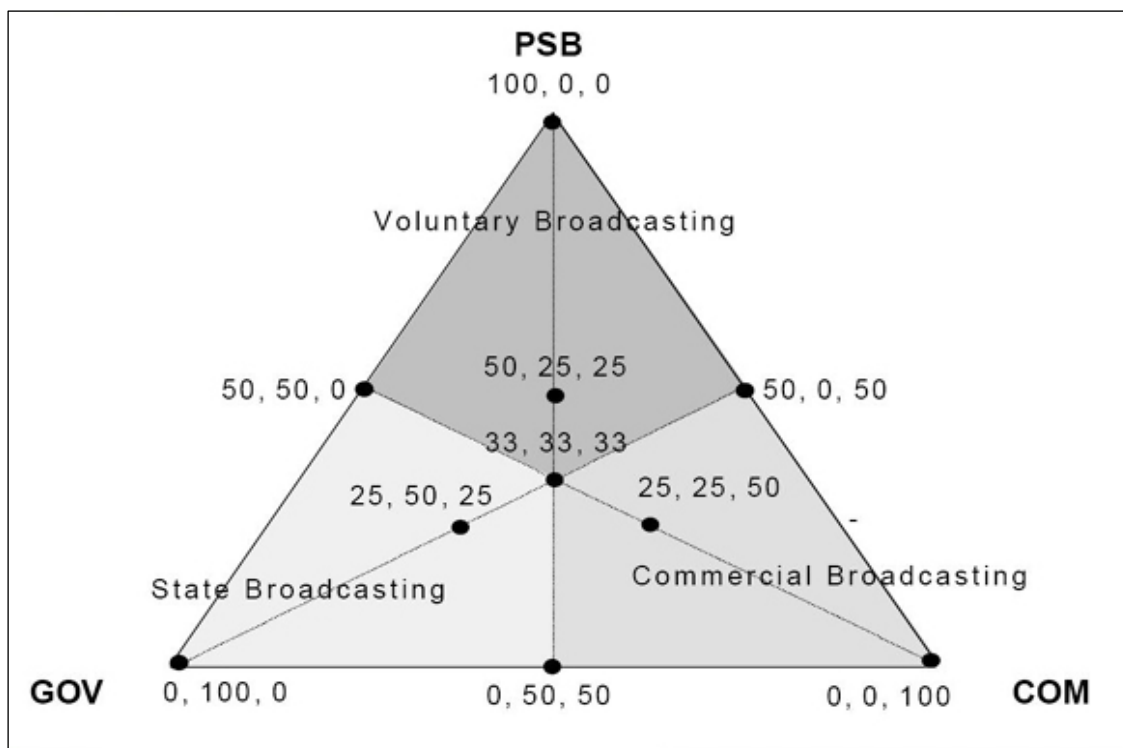
To sum up, it has been assumed that the revenues have certain impact on the program output. At the same time different providers of revenues have their unique strong sides when controlling the broadcasters (see part 2.3.2.). As a result, a hybrid system with mixed revenue structure could be an optimal broadcasting system for a country. There are several reasons for it. Such a system is effective in production and allocation. Every participant (state, market and voluntary sector) offers the goods (broadcasting programs) that it produces better than the others. So, the market offers entertaining programs, the state, educational and social programs and the voluntary sector – acute political investigations and healthy critics to the state actions.<sup>22</sup> Overall, the society gets a product, produced efficiently. The maximum amount of useful goods and services is produced out of the available resources. At the same time, the broadcasting also contributes to the social welfare. Broadcasting manages to fulfill the whole spectrum of its tasks regarding society: to inform, educate, entertain, communicate the society's feedback etc. Ideally every social group gets the expected and demanded products (broadcasting programs).

It should be mentioned that the balanced broadcasting system can be also reached when the broadcasting programs are provided by only one actor (voluntary sector) or by both market and public sector (e.g. like in some European countries). For the transformation countries like Russia such system looks rather unrealistic due to historically strong presence of the state in all the fields, including mass media.

---

<sup>22</sup> KOPS (2007), p. 16

Figure 2:  
State, commercial and voluntary broadcasting



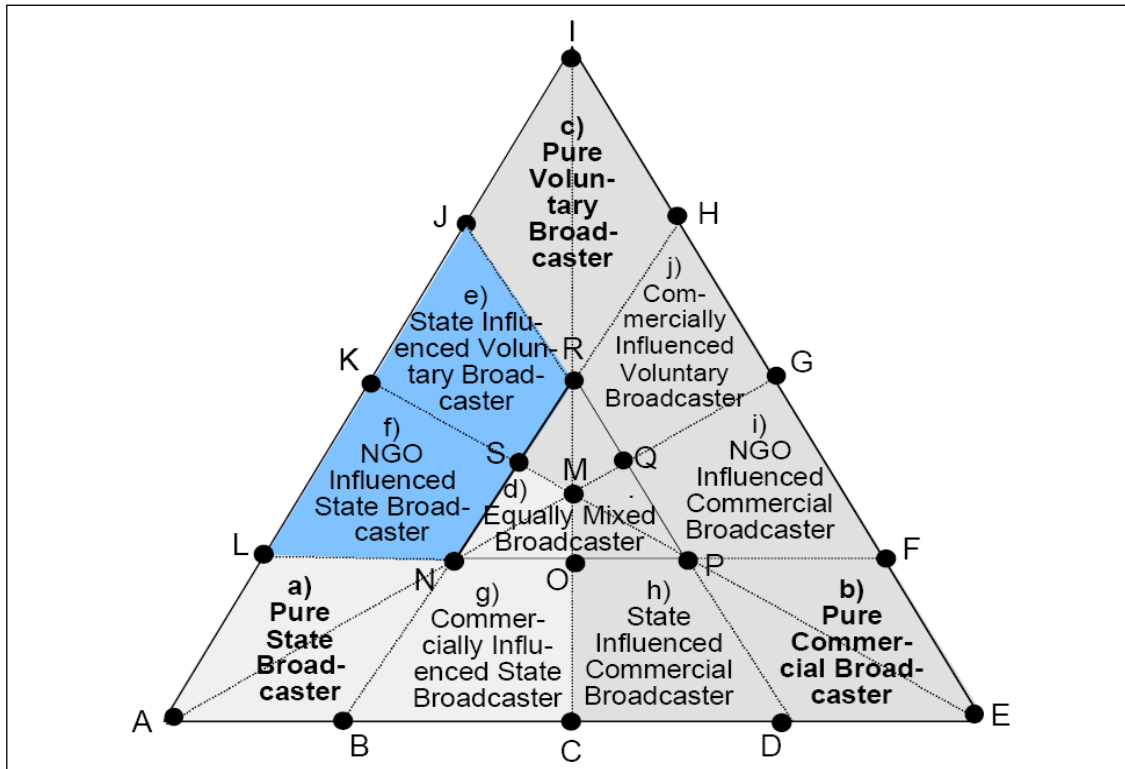
Source: KOPS (2007), p. 30

The mixed system is represented in the triangle in Figure 2. The poles of the triangle show the three possible providers of broadcasting services: state, market and voluntary sector. If a broadcaster gets its whole revenues, e.g. from the state, then in this model it should be put in the very left corner of the triangle (GOV; 0, 100, 0). The notification (0, 100, 0) stands for 100 % financing of a broadcaster by the state. The notification will be (0, 0, 100) and (100, 0, 0) if a broadcaster is fully financed by the market and by the voluntary sector accordingly. Such a broadcaster will be placed in the very right, and uppermost corners accordingly. A broadcaster which has mixed revenue structure will be placed within the triangle according to its sources of revenues. So, the notification (50, 25, 25) in Figure 2 means that 50 % of the revenues of a broadcaster are coming from the voluntary sector (e.g. donations), 25 % from state (e.g. direct subsidies from the budget) and 25 % from the market (e.g. advertizing revenues). The point with a revenue structure (33, 33, 33) represents an equal financing of a broadcaster through all three providers. Thus the broadcasters can have a pure form of finance, when they are financed only by one source to 100 % and a mixed form of finance, when several revenue sources are combined. Figure 3 distinguishes between three types of broadcasters with pure forms of finance and seven broadcasters with mixed forms of finance.<sup>23</sup>

<sup>23</sup> KOPS (2007), p. 30-32



Figure 3:  
Pure and mixed revenue-based forms of broadcasters



Source: KOPS (2007), p. 32

The same model can be implemented not only for a particular broadcaster but for the description of the whole broadcasting system of a country as well. In this case the budgets of all broadcasters, their voluntary, state and market revenues are summed up. Then all three sources of revenues are weighted and one point in a triangle, describing the broadcasting system of a country, is determined.<sup>24</sup> This procedure will be implemented in practice in chapter 3.

The broadcasting systems differ from country to country as they are dependent on the political, social, cultural, economic and other peculiarities of a country. Therefore, there is also no standardized point in the triangle, describing the ideal situation for a broadcasting system. Even this ideal point differs from country to country. However some statements can be made. For instance it is difficult to imagine a democratic society for whom the ideal broadcasting system would be totally provided by the state or by the market. The equally mixed broadcasting system would be a more realistic alternative.

It should be noted that the possibility for the broadcasting system of a country to be completely financed by a single revenue source is very little. An example of that is the Soviet Union with its completely state-financed broadcasting. Nowadays due to the complexity of economic and political institutions as well as due

<sup>24</sup> KOPS (2007), p. 37-41

to an integration of countries into the global political and economic system, a pure revenue-based broadcasting system is very seldom.<sup>25</sup>

#### 2.4.2 Conditions, influencing the sources of revenues and broadcasting systems

The broadcasting system of every country exists within the political, social, economic and legal systems of this country, thus being influenced by these factors. Therefore various broadcasting systems are never the same as they depend on the peculiarities of their own countries. The sources of revenues, through which broadcasters are being financed, also depend on many factors like the legal framework within the country, political systems and the country's democratization degree, the openness of economy, the technical possibilities etc. In this work, the four conditions, which can influence the nature of broadcasting revenues as well as of broadcasting systems, will be viewed. They are socio-political, economic, legal and technical conditions.

1. The socio-political conditions are concentrated on the political and social processes within the society, the country's political structure, the state's policy concerning mass media, and the society's demand for the independent broadcasting. The broadcasting landscape can vary a lot due to the political and social peculiarities of different countries.
2. The economic conditions describe the country's economic situation and its influence on the mass media. Additionally the mass media and advertising market as well as their ability to provide quality products, to fulfill the demand and to operate effectively will be viewed in the work. Thus the possibilities of market-based revenues will be investigated.
3. Technical conditions describe the technical possibilities of broadcasting such as technical coverage within a country, satellite and cable broadcasting, internet opportunities etc. The technical status of broadcasting depends directly on the economic situation, political willingness and priorities. At the same time high technical standards in the broadcasting of the country increase the incentives for investors, thus contributing to the mass media and advertising markets growth.
4. Legal conditions define the legislative framework for the broadcasting revenues. Through legislation a state might restrict or enlarge the possibilities for several revenue sources for broadcasting. It can also make advertising and mass media market more or less attractive for the participants and potential investors.

The above mentioned conditions are often interconnected and influence each other reciprocally. They are important for understanding the possibilities for broadcasting revenue sources, in order to evaluate the country's broadcasting system and to make predictions for its future development.

---

<sup>25</sup> This might be possible in the dictatorship or an authoritarian country, like e.g. North Korea.



### 2.5. Causality between revenue structure and output of a broadcaster

It was assumed in part 2.4.1. that the sources of revenues (input) influence the program content and schedule (output), as they provide certain incentives to the broadcaster's staff to act in ways that maintain the source of financing further. In the reality it is not always so. For instance, in modern Russia there are examples of broadcasters which are completely financed by advertizing revenues but are still representing an opinion biased for state. Likewise, the journalists of the state-owned broadcasters can sometimes afford to direct their critique towards the state.

The funding structure (input) is not determining the program output in a direct and mono-casual manner.<sup>26</sup> Other drivers should also be taken into account. In order to estimate the other influential factors on the output, a model developed by Donsbach will be presented and adjusted.

Donsbach explored the factors which are influencing the program output, i.e. the decisions of the journalists concerning the programs: which programs and with which content to broadcast. He detected variables which influence the offered program content. They are variables, situated in four "spheres": subject, profession, institution, society. The variables which concern a journalist as a person (e.g. his political ideas, professional motives) belong to the sphere of subject. The sphere of profession describes the characteristics and values, which are typical for the whole profession of a journalist, e.g. ethical basis, professional values). In the sphere of institution the factors are concerning characteristics of the medium (e.g. economic structures of the media, journalist freedom in the country). And the last sphere – society – combines the variables, resulting from the society structure (e.g. political culture).<sup>27</sup>

The above mentioned influential variables can be also structured in another way. A first group of variables could describe personal journalistic values and beliefs. A second group could combine variables describing the mass media market and advertizing market. A third group of variables can combine the characteristics of the political system and climate in the country. A last group describes the civil society of the country: people's need for independent news, peoples' political activity and culture. The following scheme in Figure 4 sums up the results.

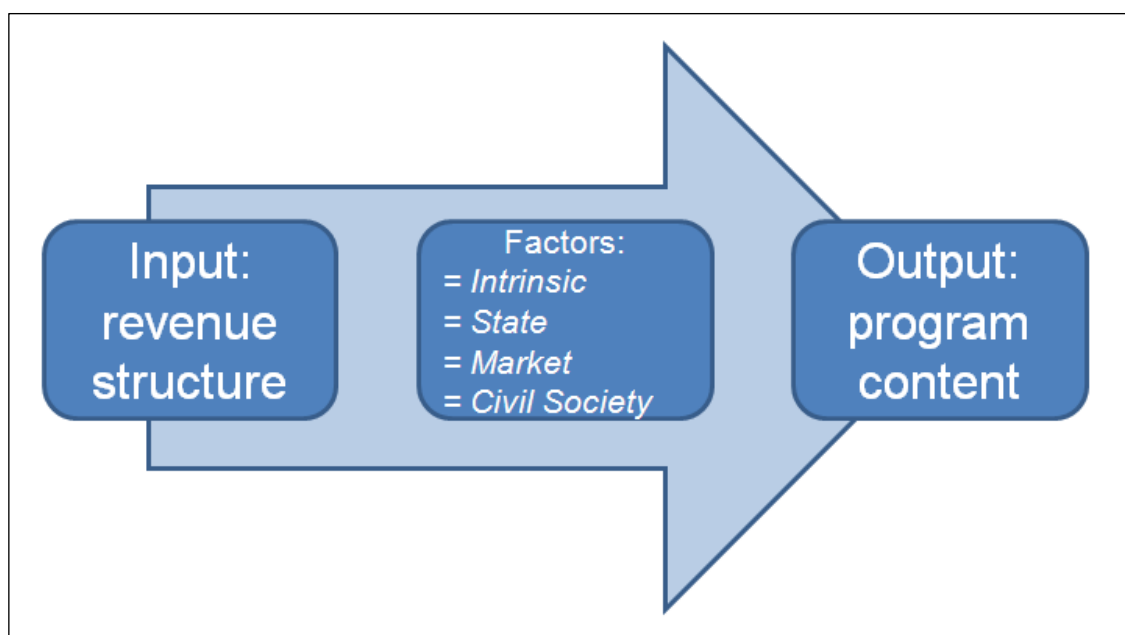
---

<sup>26</sup> KOPS (2007), p. 20

<sup>27</sup> DONSBACH (2003), p. 108-110



Figure 4:  
Causality between revenue structure and output of a broadcaster



Source: own illustration

The factors market, state and civil society are corresponding to the poles of the revenue-based model for classification of the broadcasting systems, which was described in part 2.4.1. Thus, when estimating the optimal broadcasting system for a country through the revenue-based model it is necessary to examine the poles. The calculated results of the country's overall broadcasting system should be corrected considering the three following influential factors: state, market and civil society. The intrinsic factor is very subjective and therefore it is impossible to estimate its influence on the overall broadcasting system. For this reason it will be excluded from the calculation.

## 2.6. Regulation forms of broadcasting

Broadcasting due to the functions it is fulfilling in the society has a big impact on different fields of the country's development. In the modern societies the state regulation of the broadcasting is a known thing and is legitimized by several arguments. First, from technical point of view analog broadcasting needs regulation as one sending frequency can transfer only one channel and the number of the frequencies is limited. Also in the digitalized landscape the need for technical regulation exists, especially in the distribution field as the distribution companies decide about dispersion of channels.<sup>28</sup> Second, economic reasons – failures on the broadcasting market – are speaking for regulation as well. They were thoroughly discussed in part 2.3.2.1. A last justification for state regulation is

---

<sup>28</sup> PUPPIS (2007), p. 65-66



socio-political due to the social, cultural and political importance of mass media. In this case the regulation of broadcasting helps to maximize social welfare.<sup>29</sup>

In general, regulation can be defined as “all state measures, which are aiming at influencing prices, sales and production decisions of private enterprises”. With the help of these measures the public interest should be promoted and protected.<sup>30</sup> There are several possibilities to regulate broadcasting. One of them is regulation of broadcasting infrastructure, which means for example rules about the ownership structure. Another way is to regulate the media companies’ access towards the frequencies. Regulation is also possible on the content level.<sup>31</sup> However, this can be substituted by the regulation of the financing structures of the broadcasting. As it was shown above, the program content (output) is in most cases dependent on the input – revenue sources of broadcasters. Therefore, regulation on the financial level can prevent further regulation on the content output.

---

<sup>29</sup> *ibid*, p. 84

<sup>30</sup> KIEFER (2005), p. 282

<sup>31</sup> PUPPIS (2007), p. 85

### 3. Russian television system in the period between 1950s and 2008

In the present chapter the Russian TV broadcasting system will be reviewed with the help of political, economic, legal and technical conditions and further on evaluated according to the model represented in the theoretical part. First, however, a short introduction to the Russian Federation will be made.

Russian Federation is the biggest country in the world. It has an area of 17.1 million square kilometers, contains 11 time zones and shares borders with 16 countries. Russian Federation consists (data for 01.01.2008) of 84 federation subjects (*subyekt federazii*): 21 republics (*respublika*), 8 regions (*krai*), one autonomous region (*awtonomnaya oblast*), 5 autonomous areas (*awtonomniy okrug*), 47 regions (*oblast*) and two federal cities Moscow and St. Petersburg. According to the Constitution, the type of the Russian state is that of a federal president republic with a president as a head of the state. The representative body in the country is a parliament with 2 chambers: State Duma and Council of the Federation. The members of the State Duma and the President are elected directly by the people every four years. The Council of the Federation represents the federation subjects and consists of two representatives for each subject. Only 2.3 % of the world's population lives in the Russian territory. The population of Russia continuously falls since the break-up of the Soviet Union and in 2008 amounts to 142 Million people. Russia is a multinational state with more than 160 nationalities. The biggest group (around 80 %) is the Russians. There are 11 cities with the population over 1 Million people, the biggest of them are Moscow (over 10.5 Million) and St. Petersburg (over 5.6 Million).<sup>32</sup>

#### 3.1. Soviet television from 1950s through to 1991

The modern Russian television system has its origins in the Soviet period when the television first came into the life of the Russian people. Starting from the amateur usage of television in 1930s, TV broadcasting grew immensely and in 1990 the TV signal was already covering 96 % of the Russian population.<sup>33</sup> Television became a tool of propaganda in the hands of the CPSU. Furthermore television became a truly national media available to almost everyone in the country. In 1980s in spite of censorship, television played an important role in dismantling the Soviet Union, although its role was not as big as that of the press.

##### 3.1.1. Socio-political conditions

Television was developed and established in Russia in the era of communism and therefore it was used in a specific way to serve the country's interests. After the Second World War the CPSU under the leadership of Stalin faced big challenges. The country was devastated and had to be rebuilt within a short time.

---

<sup>32</sup> The following data from RUSSIAN FEDERAL STATE STATISTIC SERVICE (2008) and BRADE/SÜNNEMANN/ANZ (2004), p. 11-27

<sup>33</sup> KOLESNIK (2004), p. 418

An even more difficult task was on the ideological level: to persuade the population that the communist way of development is the only correct one. It became more difficult as during the war many soldiers who had been abroad saw an inconsistency between the actual Western way of life and the picture painted by Soviet propaganda. At the same time CPSU, who partly lost control over society, needed to regain it and to persuade that capitalism as opposed to the communist system was leading to a dead end. Additionally Stalin got a huge country to rule – 22.5 mln square kilometers, populated by 265 million people. The USSR was a multinational state with over 120 languages spoken natively.<sup>34</sup> The task of the CPSU was to unify all these nations ideologically into one state. The process was complicated as some of the states were taken into the USSR later than others and perceived it as an occupation force. Some others had little to do with the „Slavic“ culture which was imposed by the government.

Television seemed to be the perfect means to fulfill the above mentioned tasks. Therefore the state took broadcasting under its control from the very beginning and didn't spare any resources for further development and expansion of broadcasting. The state could execute the control through several means, primarily, via creation of a strictly centralized structure of broadcasting. The State Committee for Radio and Television Broadcasting was founded already in 1931 and since then changed a lot of names and grew in power. Its most known name was Gosteleradio (founded in 1970). The Committee was in charge of radio and television, defining the policy of broadcasters and coordinating the central, republican and local channels. In this strongly centralized system it was easy to implement censorship. Every editorial department on TV had its own censor and the decisions were taken already by the production responsible persons. The censorship was of two types: ideological (correspondence of the content to the ideology of the CPSU) and “factological” (based on facts) (prohibition of facts which could threaten the Communist regime's safety).<sup>35</sup>

Another possibility for the state to control broadcasting was personnel transfer. This meant participation of the employers of Gosteleradio in different groups and unions of the CPSU, thus being subordinates to the party directly. For example, the chairman of the Gosteleradio Committee was at the same time a member of the Party Central Committee. The third possibility to control broadcasting was to use sanctions towards journalists and media managers. Negative sanctions could be dismissal, exclusion from the CPSU, jail and even extradition from the Soviet Union. Positive sanctions were aimed to create incentives for faithful work towards the Communist party's ideology. They could be promotions and certain privileges.<sup>36</sup>

As time went by, television was gaining ground against press as means of spreading propaganda. In 1960s TV was ranked third after radio and newspapers as the major source of information on current affairs, in 1980s it became

---

<sup>34</sup> W. A. (1982), p. E90

<sup>35</sup> AMELINA (2006), p. 143, 149 and PARSADANOVA (2002), p. 7-8

<sup>36</sup> AMELINA (2006), p. 151-152

the first one.<sup>37</sup> Accordingly the share of socio-political programs on the Soviet television increased from less than 1 % in 1941 to 53 % in 1984.<sup>38</sup> There were several reasons for it. First, television presented a “created” reality through pictures which made it more authentic and attracted viewers. Second, there were still some illiterate people for whom television was the only possibility to get official information. Third, due to the vast territory of the country, lack of infrastructure and adverse climate conditions some areas were “cut from the civilization” and the newspaper delivery there was difficult and/or irregular. Usage of satellite for remote parts of the Soviet Union allowed coverage of 86 % of the whole Soviet territory with the frequency signal.

When Gorbachev came to power in 1985 his main task was to partly reform the existing state socialism. He started a political transformation process under two slogans: glasnost (openness) and perestroika (restructuring). Glasnost policy meant a gradual exposure of the public sphere to measured doses of honesty, whether about the Soviet past under Stalin, its true economic situation, or levels of public corruption under Brezhnev.<sup>39</sup> Mass media played a key role in this process. The chairman of Gosteleradio Aksenov defined it in 1988 as “tool for renewal of society, influencing millions of people, formation of public opinion, and development of healthy tastes”.<sup>40</sup> However, television, although raising the actual topics, was still lagging behind the press. Censorship still existed and the program schedule was cautiously prepared. The television experienced more pressure from the state as it had more influence on the public opinion due to its being wide spread. At the same time television was strongly centralized and managed by Gosteleradio. So it represented a very robust and clumsy organization which was slow to adapt to any changes.<sup>41</sup>

The end of 1980s was marked by a confrontation between the Soviet government under the head of Gorbachev and the government of Russian Soviet Republic, which was headed by Yeltsin. The Soviet government was criticized for a too slow pace of reforms. Because of the confrontation, the government of Russian Soviet Republic was interested in the creation of its own TV channel. This was done in May 1990 when the state-owned Russian channel RTR was founded. It started broadcasting in April 1991 and became the second available channel.<sup>42</sup>

### 3.1.2. Economic conditions

The Soviet economic order was built up during the years after the Revolution of 1917 and was based on the socialist ideology, i.e. belief in common (state) ownership of the capital and land as the ideal system for an orderly and stable

---

<sup>37</sup> DINGLEY (1989), p. 7

<sup>38</sup> KUSNETSOV et. al. (2002), p. 63

<sup>39</sup> DOWNING (1996), p. 47

<sup>40</sup> DINGLEY (1989), p. 6

<sup>41</sup> ZVICK (2004), p. 77

<sup>42</sup> AMELINA (2006), p. 184 and RANTANEN (2002), p. 94



society. The common ownership over the means of production was managed by the Communist Party, the representative of the working and peasant class. Since the prices and quantity of products were not defined by the supply and demand as on the free markets, a central production planning was necessary in order to meet the needs of suppliers and buyers. This was provided by the Communist Party and was normally developed for periods of five years (*pyatiletki*) at a time. The state (Communist Party) possessed the whole production means (land, capital) and defined the quantities and prices of the products to be produced, thus replacing the market relationships between the economic actors.

The country's transition to the plan economy was launched in 1928 by Stalin and lasted several years during which the agricultural and other property was collectivized and foreign investments were stopped. After the Second World War, the Communist Party enhanced the ideology of "soviet patriotism" which helped to build up the devastated economy and infrastructure. The economic growth in 1950s and 1960 was quite impressive, around five to six per cent a year.<sup>43</sup> However in the 1970s the situation changed and the country's economic power started decreasing. There were two main reasons for that:

1. In order for the Soviet Union to compete with America in the military field, the country's budget was surcharged by high military expenditures (15-20 % of the domestic output).<sup>44</sup>
2. The Soviet economy while growing and becoming more elaborate stopped being efficient and faced severe problems on the supply side: the produced goods were of poor quality, had limited product range and were short in supply. Therefore, the consumer sector was suffering from black market and corruption in product distribution.<sup>45</sup> This happened because of the two structural problems of communism: a coordination problem and an incentive problem.<sup>46</sup> With the growing size of economy it became more difficult to coordinate the supply and demand because of the lack of information. The production, as well as the investment activities for every enterprise was planned by the state which didn't have a full picture of the market therefore making the plans inefficient and unrealizable. The second big problem was the lack of incentives. In the plan economy the employees' salaries were not differentiated by personal performance and the companies' attempt towards lean production were not rewarded by higher revenues through higher sales of the product.<sup>47</sup> Every economic subject was obliged to fulfill its own plan given by the Communist party and was rewarded or punished accordingly.

In the 1980s the country faced economic difficulties caused by the reasons mentioned above. Gorbachev after coming to power tried to modernize the plan

---

<sup>43</sup> WEIGL (2008), p. 125

<sup>44</sup> *ibid*, p. 127

<sup>45</sup> *ibid*, p. 127

<sup>46</sup> *ibid*, p. 111-112

<sup>47</sup> AGANBEGYAN (2002), p. 24

economy through the introduction of some market elements: allowance of individual work and enterprise production beyond the plan. Unfortunately the state still controlled the product prices. Therefore companies had to sell their products for prices lower than the production costs.<sup>48</sup> The conducted modernization didn't show any impressive results, on the contrary the economic situation in the Soviet Union faced deterioration. The main reason was that many administrative controls were eliminated without them being replaced by market mechanisms.<sup>49</sup> In the beginning of 1990 CCCP invited academics to draft major systemic proposals on how to develop market structures within the Soviet economy.<sup>50</sup> The idea was to mix socialist and private economy through a combination of social and private property as well as plan and market systems.<sup>51</sup> Half a year later the famous "500 day program" was publicized. It included a quick transformation from Soviet to market economy as well as privatization of the state property. However the reform program, including privatization, was not officially implemented. At the same time adopted laws about private property<sup>52</sup> opened the ways for spontaneous privatization through insiders. On its turn this increased the economic criminality in the country.<sup>53</sup>

Television in the Soviet Union as the rest of the enterprises "belonged to everyone" (to the state) and was managed by the CPSU. No private ownership existed at that time therefore no privately-owned broadcasters could be founded. The television system was under control of the state and completely funded by the budget money. No other revenue sources were possible. The advertizing market didn't exist as the concept of real market was missing in the country. However, some ads could be still found on TV and in the press. They were brief announcements, specifying the prices of goods for sale and the addresses, where it was possible to buy them. Such advertizing was used to supplement government policy as most of the advertized goods were the ones, which no one wanted to buy. The ads volume was very insignificant. For example in 1967 the estimated advertizing expenditure of household consumption was 0.03-0.07 %.<sup>54</sup>

The broadcasting didn't have to meet the bottom line as it was a „biudjetny“ organization, i.e. financed completely by the state from the government budget. Moreover television managing directors could always ask for more money from the state. The Communist Party realized the importance of television in "repre-

---

<sup>48</sup> TCHEKOEV (2005), p. 15-19

<sup>49</sup> SUTELA (2001), p. 135, TCHEKOEV (2005), p. 36, 38 and COOK (2007), p. 60

<sup>50</sup> APPEL (2004), p. 73

<sup>51</sup> HÖHMANN (2001), p. 121

<sup>52</sup> Law „About property in the USSR“ of March 6, 1990; law „About enterprises in the USSR“ of June 4, 1990; law „About enterprise and entrepreneurial activity in the USSR“ of December 25, 1990.

<sup>53</sup> HÖHMANN (2001), p. 121

<sup>54</sup> RANTANEN (2002), p. 109



senting reality” and guiding the public opinion as well as in reaching as much of the population as possible.<sup>55</sup>

With the introduction of market mechanisms into the plan system, the private property and extra revenues were partly legalized. This opened new possibilities also on the mass media and advertizing markets. The first real advertisement appeared on TV in 1987. After that many television schedules started placing ads between various program segments. The price for one minute of advertizing was 78 rubles (the average monthly Soviet salary was around 120 rubles).<sup>56</sup> At the same time the legal conditions were created for the rise of privately-owned broadcasting. In 1990 Gorbachev signed a decree allowing Gos-teleradio to offer broadcasting time to non-state broadcasters. In the same year Gosteleradio supported the foundation of a commercial daughter company 2X2. This broadcaster was financed completely through advertizing revenues.<sup>57</sup> This was the starting point for the changes in the mass media market. After the Soviet Union break-up private broadcasters grew immensely and expanded all around the country. Thus, the commercialization of the broadcasting market started already before the Soviet Union break-up.

### 3.1.3. Legal conditions

The first state documents concerning the development of television appeared after the Second World War. In 1946 the Soviet government defined the future expansion of television as a state policy.<sup>58</sup> Although before the war only 300 TV devices existed in the Soviet Union, CPSU already foresaw the power and advantages with the expansion of broadcasting.<sup>59</sup>

In the time of Khrushchev television officially got the status of a propaganda means. Its main tasks were to propagate the decisions of CPSU and to fight for peace on the international level, mobilizing the Soviet citizens for building up the communism and exposing the bourgeois ideology.<sup>60</sup>

In 1970 the State Committee for Broadcasting and Radio – Gosteleradio – was founded. It had a strong vertical structure, controlling all Soviet broadcasters. Its main task was to ensure the spreading of the communist ideology on radio and television. Gosteleradio got the functions of a ministry und was subordinated to the CCCP directly.<sup>61</sup> This administrative system successfully existed in the USSR for almost 20 years without any main changes.

---

<sup>55</sup> MICKIEWICZ (2008), p. 37

<sup>56</sup> RANTANEN (2002), p. 115, 122

<sup>57</sup> AMELINA (2006), p. 184, 214

<sup>58</sup> „The law about five-year plan of restoration and development of the Soviet Union national economy for the period of 1946-1950“

<sup>59</sup> PAPSADANOVA (2002), p. 6-7

<sup>60</sup> AMELINA (2006), p. 139-140

<sup>61</sup> AMELINA (2006), p. 143, 150



In the end of 1980s the state control over the television was weakened. A total control over the media output, would question the credibility of the new party course for perestroika and glasnost. Therefore dismissal of a journalist or ban of material was not that simple anymore. The final abolishment of state control happened in August 1990 when the law “On the Press and Other Mass Media” came into power. This law was based on three main ideas: complete liquidation of censorship, allowance of private property in mass media and independence of journalists and editors from owners of the media.<sup>62</sup> The work on this law was ongoing for almost three years and the initiative was started by the society.<sup>63</sup> The law was a milestone in the Russian history as for the first time mass media got separated from the state. The elimination of the article 6 of the USSR Constitution,<sup>64</sup> which guaranteed the CPSU’s guiding role in the country also contributed to the start of Soviet media structure transformation.<sup>65</sup> Thus the basis for further reforms in mass media legislation was put already in the Soviet time.

#### 3.1.4. Technical conditions

The idea of television existed long time before TV itself was invented. The wish to see on distance was incorporated in many, also Russian, fairy tales and folk stories. But only much later the technical progress allowed it to become a reality.

Russian scientists contributed a lot to the research and invention of television. The name “television” was firstly used by a Russian engineer-electrician Perskiy in his report “Electronic television” in 1890 in Paris.<sup>66</sup> Another Russian scientist Rosing from the St. Petersburg Technological University is considered to be the founder of the modern analog television as he in 1907 developed and patented both in Russia and abroad the principle which is used up to now in an analog TV device: a cathode electronic-radial tube is used for converting the electric signals into the luminous picture.<sup>67</sup>

Although the development of television in Europe and USA began in 1920s, the first trial-broadcasting of an image in the Soviet Union happened on the 29<sup>th</sup> of April 1931. At that day an image of a live person was mutely broadcasted from Moscow to Leningrad<sup>68</sup>.<sup>69</sup> The first program of regular television was launched in 1934 in Moscow and in 1938 in Leningrad. The broadcasting, interrupted by the war, started again in 1945 in Moscow and in 1948 in Leningrad.<sup>70</sup>

---

<sup>62</sup> ZASSOURSKY ET AL. (2002), p.157

<sup>63</sup> W. A. (2007a), vol 2, p.15-18

<sup>64</sup> DE SMAELE/ROMASHKO (2001), p. 364

<sup>65</sup> KOLESNIK (2004), p. 417

<sup>66</sup> MAMATCHEV (2007), p. 8.

<sup>67</sup> KUSNETSOV/ZVICK/JUROVSKY (2002), p. 55

<sup>68</sup> The city was founded in 1703 as St. Petersburg. In 1914 it changed its name to Petrograd and in 1924 to Leningrad. In 1991 the city got to its initial name St. Petersburg.

<sup>69</sup> PARSADANOVA (2002), p. 5-6

<sup>70</sup> KUSNETSOV/ZVICK/JUROVSKY (2002), p. 57-59

In the 40s and 50s Soviet citizens had limited access to television. The signal reception was possible only on a limited distance (100 m to 10 km) in the zone of a television tower visibility. Despite the word “central” in its name the first Moscow Central Television Studio was really local as its signal could be received only on the territory around the television tower. Such television studios were emerging in different sites all around Soviet Union and in 1960 there were 83 studios in the whole country.<sup>71</sup>

However, this system of spreading a signal didn’t allow the CPSU to have monopoly on presenting the situation in the country. Moreover, the local studios and their schedule could be controlled by the center only with big obstacles. In order for the central government to reach every citizen of a huge country, technical changes were necessary. In 1957 the first Soviet satellite was sent to space. This allowed the connection of satellites with terrestrial stations and till the 70s the whole Soviet state was covered by the television network. So the programs from Moscow could be broadcasted all around the country. Another technical problem was solved in 1956 with the development of two-channel broadcasting. In 1967 television already had four programs.<sup>72</sup> These two inventions shaped the form of the television system as well as defined its functions up to nowadays.

Color television started regular broadcasting in the Soviet Union on the 1<sup>st</sup> of October 1967, along with France.<sup>73</sup> The Soviet television spread quickly and in 1980s 86 % of this huge country was covered by a television network. The growth of television stations and private devices is shown in the table below.

Table 1:  
Growth of television stations and devices in the Soviet Union

Year	1960	1970	1980	1986
Television stations	275	1233	3447	7401
TV devices	4.8 million	34.8 million	66.8 million	82.5 million

Source: AMELINA (2006), p. 143

At the end of 1980s the Soviet television represented a complicated unified technical system, combining cable lines, converter lines, satellites and earth stations. It had time shift in 6 time zones and was available to 93 % of the Soviet population.<sup>74</sup>

Soviet television went through a complicated process of formation and ultimately took the outlines of a modern Russian broadcasting. This development could come true not only due to the decision of the CPSU to use TV as a consolidating medium for propaganda and reality presentation, but due to the aris-

<sup>71</sup> ZVICK (2004), p. 52-55

<sup>72</sup> *ibid*, p. 54-55

<sup>73</sup> MAMTCHEV (2007), p. 9

<sup>74</sup> W. A. (1982), p. E93, AMELINA (2006), p. 143 and DINGLEY (1989), p. 7

ing of new technical opportunities as well. The mutual influence of the technical progress and the political targets of the Communist Party can be stated. The Communist leaders realized the necessity and importance of spreading the correct propaganda information from the center to the regions. This was possible only with the appropriate technical development. And vice versa technical progress was financed by the government and was used by it as a new method of broadcasting the official information from Moscow to the regions.

### 3.1.5. Temporary resume and positioning of television within a theoretic a framework

The Soviet Union period was crucial for the Russian television. In this time the broadcasting was founded and developed further. Already in the Soviet period television became the main source of information for the citizens and maintains this position up to now. The technical basis of modern Russian TV, its organizational structure and the program content have their origins in the Soviet television.

The Soviet Union central television was represented by 5 channels. They all belonged to the Gosteleradio structure as did any regional or local channel. Local and regional television stations were operational only on 60 % of the USSR. Thus 40 % of Soviet population received a maximum of 3 channels.<sup>75</sup> The first and second central programs on TV were characterized as social-political broadcasters and were reaching around 95-98 % of the Soviet population. Program One was a Union-wide main channel. It carried a wide range of programs, reaching more than 260 million people. It was made in Moscow and relayed by satellite 13.5 hours a day. Program Two, also a Union-wide channel since 1982, showed school and other educational programs during the daytime and offered films, sport and news in the evening. It could be received by 190 million people.<sup>76</sup>

Program Three was covering the population of Moscow and its suburbs. Program Four served as an educational channel and was broadcasting on the European part of the Soviet Union. Program Five was a regional Leningrad channel, covering the city itself, its suburbs and 30 big cities in the USSR.<sup>77</sup>

In the end of the Soviet period two more channels appeared on the central level. The first private channel 2X2 was created in September 1990. It was broadcasting for Moscow and the suburbs on the frequency of the third program from 8 a.m. till 6 p.m. Although the channel was a daughter of Gosteleradio, it was completely financed by advertizing revenues. Another channel was founded in 1990 and started broadcasting in 1991. It represented a state republican channel of Russian Federation and was called Vtoroy Kanal (the Second Channel). The channel represented the result of the confrontation between the Soviet government and the government of the Russian Federation Republic

---

<sup>75</sup> KOLESNIK (2004), p. 418

<sup>76</sup> DINGLEY (1989), p. 7 and DE SMAELE/ROMASHKO (2001), p. 366

<sup>77</sup> AMELINA (2006), p. 138

(see part 3.1.1). It broadcasted 6 hours a day on the frequency of the Program Two, thus covering 95-98 % of the population.<sup>78</sup>

The program output of Soviet television was dependent on the role which mass media was given by the CPSU. And this role was changing with the time. In the Soviet time before perestroika and glasnost, mass media was perceived by the ruling party as a powerful means for mobilization and ideological consolidation of the society. Vladimir Lenin described the function of the press as collective “propagandist, agitator and organizer”. His perception of the press function was also applied to the broadcasting in general. The main role of the Soviet TV was to “inform” and educate or “re-educate”, but not entertain. Under the “information” and “education” function “propaganda” and “agitation” was understood. Therefore information programs were full of stories of economic and political achievements of the USSR and decadence (unemployment, strikes and crises) in the Western countries. Films were also ideologically corrected. Purely entertainment programs like soaps, talk shows games and so on were neglected. However, the educational programs for kids and adults, cultural programs about literature, music and folks art were promoted and supported on television.<sup>79</sup> The Soviet citizens also got possibilities to communicate their problems and difficulties. Already in the 70s programs appeared which were pointing out problems and tried to attract the attention of the authorities for their solving. For instance, in one of such programs a journalist conducted a report from a tram, which was full because of the broken tram line. As a result the tram line was repaired.<sup>80</sup> The television served as a complaint box. In most cases people’s complaints were heard and the problems were solved. However, since TV was completely owned and controlled by state it had to present the ideological position of the CPSU. Therefore unsuitable facts or events were never broadcasted on TV. Thus the Soviet television system had fulfilled only some public obligations: maintaining the cultural identity of the people and providing quality educational and cultural programs.<sup>81</sup>

With the beginning of glasnost the Soviet government encouraged a liberalization of mass media in order to gain citizens’ support for the conducted reforms. Therefore the program output also was changed. Television was able to raise sensitive topics from present and past. In 1987 live broadcasting started. Before, all the programs were carefully prepared in advance and broadcasted from tape. With the live broadcasting the citizens got the chance to watch uncensored programs, to hear the opinions of the moderators and journalists and to participate themselves in the political talk shows. Television started fulfilling its function to give possibilities to the society for feedback.<sup>82</sup>

---

<sup>78</sup> *ibid*, p. 178-179

<sup>79</sup> DE SMAELE/ROMASHKO (2001), p. 363, 365

<sup>80</sup> KUSNETSOV/ZVICK/JUROVSKY (2002), p. 78

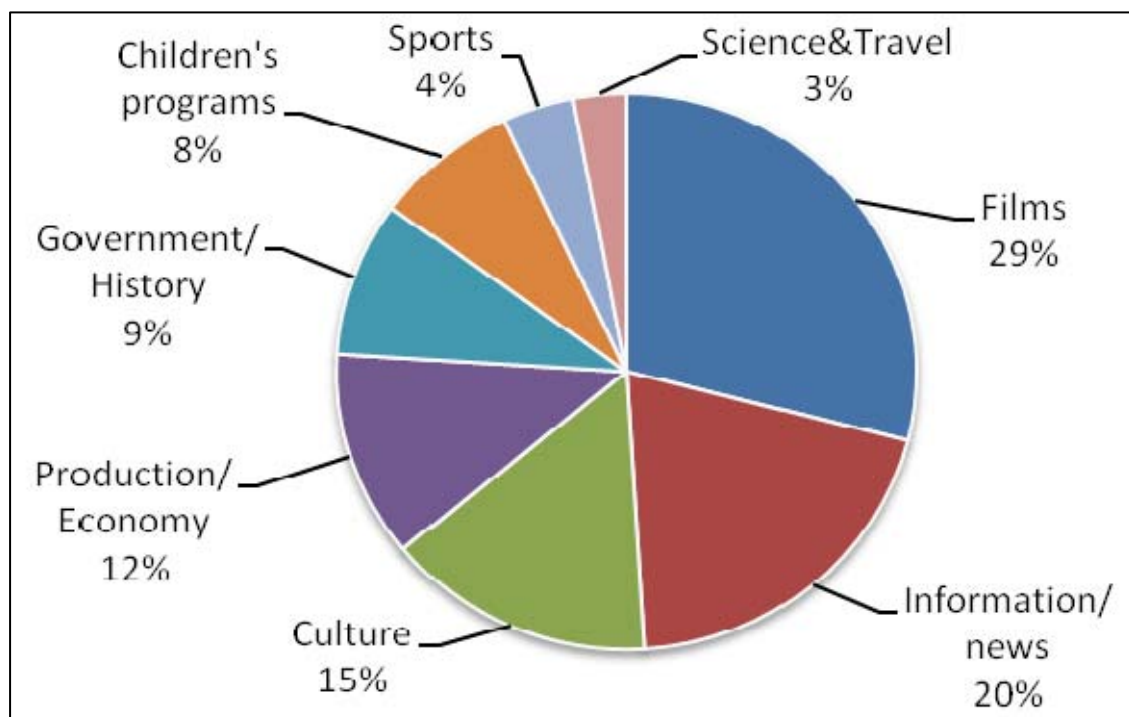
<sup>81</sup> VARTANOVA (2004), p. 81

<sup>82</sup> DE SMAELE/ROMASHKO (2001), p. 367

Soviet television was a state television according to its ownership and financial structure. It was strictly controlled and regulated by the CPSU. It was also financed completely from the state budget and CPSU was not sparing any means for it. For instance in 1990, in the time of economic difficulties, Gosteleradio got ruble 2.7 bln (an average salary at that time was 120 rubles).<sup>83</sup> There was no need for the broadcasters to make revenues as they had another task to fulfill: to agitate and propagate in favor of the communist regime. It is interesting to notice that from 1922 till 1962 a system of television user fees existed. However it was abolished in 1962 and instead a small tax was raised by every purchase of a TV device.<sup>84</sup>

Regarding the input (revenues), the Soviet broadcasting system can be classified as a purely state-financed system and therefore it should be placed in the left part of triangle with the revenue vector of (0, 100, 0). It should be mentioned that channel 2X2 is not regarded in the Soviet period as it appeared only one year before the Soviet Union break-up and was an exception in the whole Soviet history of television. However, regarding the content's quality some remarks should be made. Here is an example of the program output of the First Program in 1986.

Figure 5:  
Program schedule on the Program One in 1986



Source: own illustration, following RANTANEN (2002), p. 97

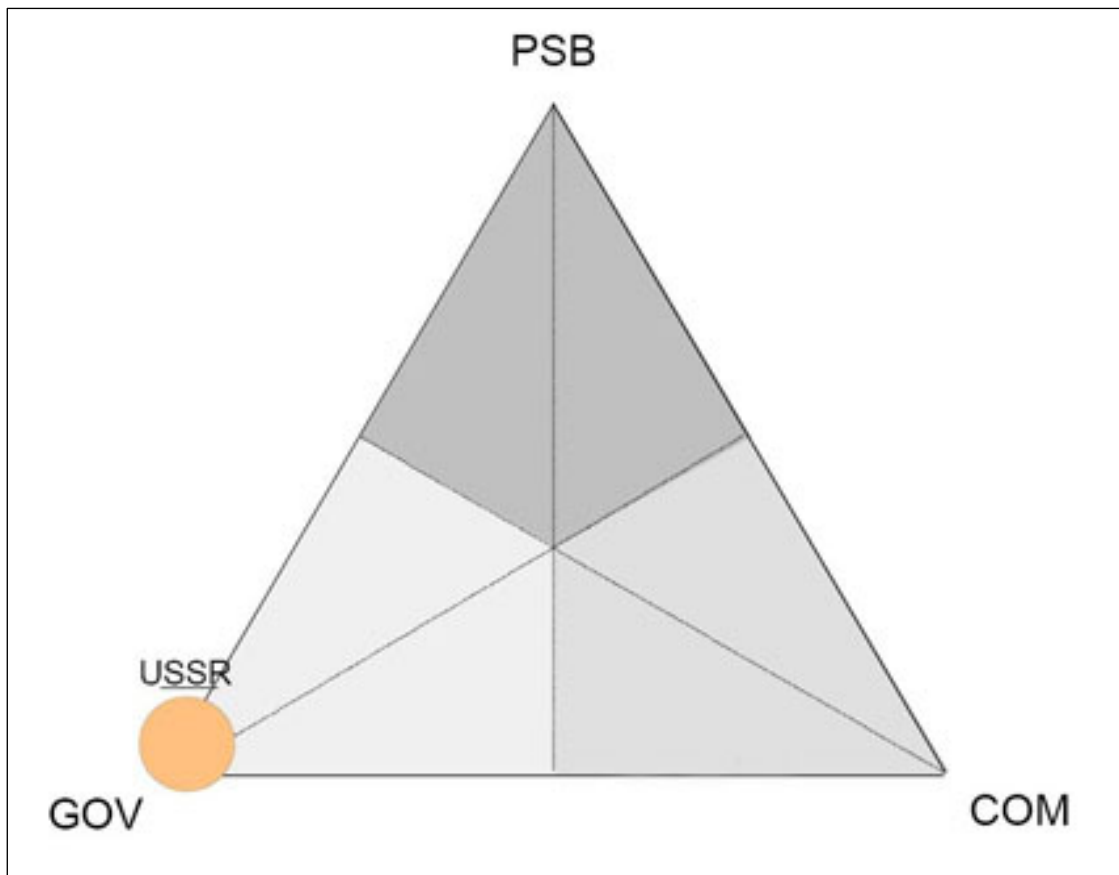
The program schedule looks quite balanced as it represents diverse types of programs for which society can have demand. However, since broadcasting was state financed and controlled, it was only partly maximizing the society wel-

<sup>83</sup> TRAUTMANN (2002), p. 226

<sup>84</sup> DE SMAELE/ROMASHKO (2001), p. 364

fare. Television offered quality educational and cultural programs. On the other hand it didn't fulfill its function as a means for communication between authorities and society as well as for providing independent and diversified information. The situation became a bit better in the period of glasnost. The entertainment (soaps, games and so on) was also missing on TV screens. It is necessary to notice that the level of freedom on TV was defined only by the interest of the state, not by the society's wish. The diversity of information, which was on screen during glasnost was allowed and encouraged by the state policy for fulfilling state targets. TV stayed biased for the governmental policy to the extent that this was needed for the government. Thus the Soviet television system was state-controlled according to the revenues and the output. No correction is necessary to be conducted in the revenue-based model while considering the output and the factors, influencing it. The Soviet television system has a vector (0, 100, 0) on the left corner of the triangle.

Figure 6:  
Revenue-based evaluation of television system in the Soviet Union



Source: own illustration, following KOPS (2007)

### 3.2. Russian television in its „golden age“ in 1991-1995

The period of 1991 to 1995 can be named as „the golden age“ of Russian journalism. After the break-up of the Soviet Union in August 1991 Russian mass media became de facto independent and could truly and freely express their opinions. Mass media was even called „the fourth power“ – a power equal with legislative, juridical and executive powers, as its task was to control and criticize authorities if necessary. The television, press, and radio got rid of the strict control from above. However, the end of the „golden age“ came quickly already before the presidential election in 1996. The main reason for it was the economic situation.<sup>85</sup>

#### 3.2.1. Socio-political conditions

The system change through perestroika and glasnost brought the giant Soviet Union in a deep crisis. In 1990 the economic and political situation in the country was dramatic. The population faced reduction of state subsidies, high inflation and problems with goods supply. The government was trying to cover the high budget deficit by taking more profit from the state enterprises. The situation caused grievance in the society. The Soviet republics were fighting with the central government for more independence. The Soviet government was losing control over the huge territory. The main reasons for such a development were the failed economic reforms, which eliminated the Soviet control mechanisms and didn't provide any other to replace them. At the same time the policy of glasnost also contributed to the dismantling of USSR. This provided possibilities for those forces which were against the Soviet regime.<sup>86</sup>

The time until December 1991 was characterized by the confrontation between the Soviet president Gorbachev (since 15 March 1990) and the president of RSFSR Yeltsin (since 12 June 1991). Yeltsin was interested in controlling at least one channel which would help him to fight against the Soviet government and Gorbachev. All that time the Russian republic was the only one in the USSR which didn't have any broadcaster of its own, but only the central ones. Therefore in August 1990 the All-Russian State Television and the Radio Broadcasting Company (VGTRK) was founded. However, officially it was just an organizational unit based on Gosteleradio. The first broadcaster of this company, RTR, went on air on the Program Two first in summer 1991 because of the long-lasting fight between Goseleradio and VGTRK over personnel and usage of buildings, TV frequencies and equipment.<sup>87</sup>

Gorbachev realized the decentralizing tendencies in all spheres of life in the country. Therefore he tried to transfer the power from the CPSU to the newly created government of the Soviet Union. This also concerned media. After the abolishment of the leading and the guiding power of the Communist party in

---

<sup>85</sup> ZASSOURSKY (2008), p. 6

<sup>86</sup> NOLTE (2003), p. 371

<sup>87</sup> TRAUTMANN (2002), p. 228

1990 (Art. 6, Constitution of the USSR),<sup>88</sup> Gorbachev issued a decree, prohibiting any political party or group to take control over the mass media. This was done in order to keep the unified information space of the Soviet Union under the control of the Soviet government.<sup>89</sup>

None of the efforts of the Soviet leaders could rescue the Union. In December 1991 USSR was officially abolished. Russian Soviet Federated Socialist Republic was renamed into Russian Federation and became the country-inheritor of the USSR. The centrally-organized system of Gosteleradio also fell apart. Russia inherited 75 television studios and centers out of 115 existing in the Soviet Union.<sup>90</sup> Also the central television station Ostankino was transferred into the hands of RF. Russia inherited a lot from the Soviet television: equipment, stations and studios, journalistic traditions, but most importantly – the almost universal geographical and technical access that the population had to television broadcasting.<sup>91</sup> Therefore also in the new Russia television remained the key medium for governing public opinion.

The first post-soviet years were characterized by difficult economic situation, attempts to modernize the economy, to adjust legislative, executive, and judicative institutions and to develop state regulatory mechanisms. The situation could be described as rather chaotic. The state-owned mass media was under control of president Yeltsin and the Supreme Soviet of Russian Federation (parliament elected still in the Soviet time). Although censorship was officially banned, the Russian authorities could still control the state media via financing and people transfer. In 1992 a Federal Information Center was created with the task to coordinate the work of state mass media and to convey the state policy. However, its main task was to ensure faithfulness of the state media policy to the president and his activities. The control happened through telephone briefings of the directors of the state media.<sup>92</sup> Thus the state media were missing a deep analytical and critical approach towards the situation in the country.<sup>93</sup> However, at this time new private channels started emerging and one of them, NTV, served as a gathering place for professional journalists from the state channels, who were not agreeing with the authorities' control over their work.

The year 1993 was characterized by a confrontation between Yeltsin and the Supreme Soviet. A big part of the Supreme Soviet was represented by the Communists, which were against the conducted reforms. The reforms were not successful. The president had lost support from the society, who faced huge inflation and poverty.

---

<sup>88</sup> DE SMAELE/ROMASHKO (2001), p. 364

<sup>89</sup> *ibid*, p. 228-229

<sup>90</sup> KUSNETSOV/ZVICK/JUROVSKY (2002), p. 83 and ZVICK (2004), p. 56

<sup>91</sup> VARTANOVA (2004), p. 81, 83

<sup>92</sup> AMELINA (2006), p. 226-227

<sup>93</sup> SHKONDIN/VITCHUB/FROLOVA (2008), p. 66



During the spring of 1993 an All-Russian referendum concerning trust towards the presidential politics was conducted. The state mass media was successfully used by the president apparatus in order to get a positive outcome for Yeltsin. The airtime was split between Yeltsin and the parliament in favor of the president. There were a lot of commentaries, analytical reports and materials in the state mass media, biased for Yeltsin. As a result, he managed to gain the society's support to the reforms.<sup>94</sup> It should be mentioned that at that time, qualitative private television channels just started emerging and they didn't yet have the same influence and coverage as the state broadcasters. On the contrary, the president and his apparatus possessed two powerful control mechanisms over the state channels: financing and personnel transfer.

Despite the referendum result the fight between Yeltsin and the parliament, to gain control over the country, continued and ended up in military confrontation in autumn 1993. It led to a defeat of the parliament and a change of constitution. Noticeably, during the confrontation the first place where the tanks headed to was the television center Ostankino. Parts of the center got destroyed during the severe fighting.<sup>95</sup> On the 12<sup>th</sup> of December 1993 a new constitution was adopted via referendum and Russia became a presidential republic. In that way the power got concentrated mostly in the hands of the executive power.

In the years 1993 – 1995, qualitative private broadcasters appeared in the mass media landscape. The state could not exercise control over them via the old means: financing, personnel transfer and direct censorship. But also the journalist collectives of the state broadcasters became more difficult to be controlled due to development of journalistic ethic, self-awareness and civil position. Thus during the first Chechen war in 1994-1995 all the channels except for Ostankino criticized governmental actions.<sup>96</sup>

The culmination of this period came during the parliamentary and especially the presidential elections of 1995 and 1996 accordingly. Shortly before the parliamentary elections political advertizing was allowed per law. This widened the possibilities for governing the public opinion. The presidential election campaign was very difficult for Yeltsin. Because of the unsuccessful economic policy (unfair privatization, high inflation, abolishment of many subsidies, delay of wages, high criminality and corruption) only an estimated 5 % of the society supported Yeltsin.<sup>97</sup> The position of the Communist leader Zughanov was stronger than ever.

Yeltsin found support on the side of the newly emerged oligarchs – owners of financial-industrial companies. The oligarchs, directly interested in the preservation of their economic power, were ready to support Yeltsin during the presidential elections of 1996. Not only had they financed the presidential campaign, but also provided support of mass media, which were under their control. However,

---

<sup>94</sup> SHKONDIN/VITCHUB/FROLOVA (2008), p. 67 and AMELINA (2006), p. 227

<sup>95</sup> JOHNS (1998), p. 77

<sup>96</sup> AMELINA (2006), p. 229-230

<sup>97</sup> HOFFMAN (2007), p. 374

a lot of journalists themselves were supporting Yeltsin.<sup>98</sup> In this case the interest of power and media matched. For many intelligent people Yeltsin embodied the further democratic development of the country, freedom of speech and free market development. His competitor, the communist leader Zughanov, was perceived as the one, leading the country back to the Soviet times with strong state regulation in multiple fields, including freedom of speech. The oligarchs were mostly motivated by economic reason when supporting Yeltsin. Four more years of his presidency would ensure continuation of the same economic course. This allowed a stable development of the oligarchs' business and further possibilities for profitable acquisition of the state property. Furthermore, quite simply many rich people were afraid to be prosecuted for their previous business activities if the power would be changed in the country.<sup>99</sup>

The fight for the Russian presidential chair had some peculiarities. The political system of Russia remained weak. Competing parties, which were nominating the candidates for the presidency, didn't have a rich political history, except for KPRF. They were all founded in the 1990s and were not widely known in the whole country. Additionally, the constituents didn't have big experience in comparing and choosing the political parties. During the election campaign the economic program of the parties didn't play a crucial role. Instead the parties were associated with their presidential nominees. The charisma of the candidates, the oratorical skills and the ability to persuade the constituents during open debates with the competitors were more important than any economic or political program behind.<sup>100</sup> Therefore, television represented a perfect medium for directing the public opinion towards one or another candidate. Additionally television due to its penetration and availability represented the main source of information. According to the polls of Public Opinion Foundation 82 % of the Russians were getting the information about the presidential candidates from central television.<sup>101</sup>

Influential TV channels, both state and private, were biased towards candidate Yeltsin. His opponent Zughanov hardly got any prime-time on TV for the pre-election speeches. The journalists tried to find and publicly present any hurtful information about him. There was a clear preponderance of the pro-Yeltsin position on the news and public affair programs.<sup>102</sup> As a result in 1996 Yeltsin became the Russian president for the second time.

### 3.2.2. Economic conditions

After the break-up of the Soviet Union the Russian economy was collapsing as it was fundamentally unstable and destabilized by unsuccessful political and economic reforms during the perestroika time. A group of young liberal-oriented

---

<sup>98</sup> CASTELLS/KISELEVA (2000)

<sup>99</sup> HOFFMAN (2007), p. 368-369, 374

<sup>100</sup> SHKONDIN/VITCHUB/FROLOVA (2008), p. 75

<sup>101</sup> PUBLIC OPINION FOUNDATION (1996)

<sup>102</sup> RANTANEN (2002), p. 32

economists under the lead of Yegor Gaidar developed a rapid program for economy transformation, so called “shock therapy”. This meant undertaking as much reforms as possible within the shortest time.<sup>103</sup> On 2<sup>nd</sup> January 1992 the prices got decontrolled, the foreign trade was liberalized, the standardized foreign exchange rate was introduced and private entrepreneurship was allowed. With the taxation laws, coming into force, VAT, purchase, income, and corporate taxes were introduced. A bit later in March 1992 the federation subjects got autonomy from the center in taking fiscal decisions.<sup>104</sup> Although the undertaken measures succeeded to abolish the centrally planned economy, they didn’t manage to stabilize the economic situation in the country.

The privatization process was declared to be the key element of the economic reforms.<sup>105</sup> However, it was not going smoothly and took much longer time than initially planned. The results of privatization are also contended. The spontaneous privatization (illegal appropriation of enterprise’s property by industrial directors) started already in the end of Perestroika time on a wide scale.<sup>106</sup> The first privatization program was publicized in July 1992. It covered the transfer of state property to the population through vouchers. The program, although a result of long, severe discussions and fights between the interested parts, represented a forced quick reaction to the poor economic situation, wide-spread spontaneous privatization and growing dissatisfaction with the reforms between the Russians.<sup>107</sup> Pro-forma, the privatization program was socially fair, as every Russian got a voucher (over 144 Million vouchers in total) and could sell it or buy enterprise shares. However, the real value of a voucher was only \$5-10, which didn’t allow for any big investments. Additionally ordinary people were not acquainted with the market mechanisms so they could not become real actors of the privatization process, preferring just to sell their vouchers.

The mass privatization, completed by 1994, was formally a success as it allowed a rapid systematic change – 40 % of the state-owned companies became private.<sup>108</sup> However, the state lost a lot on privatization. The value of the privatizing companies was fixed in 1991-1992. Due to the huge inflation of the next years the state enterprises got depreciated and could be bought cheaply. The main winners of mass privatization turned out to be enterprise directors who legally and illegally gathered as much vouchers as possible and officially got control over enterprises.<sup>109</sup> The society even renamed privatization in “prikhvati-zation” (from Russian “prikhvatit”, meaning “unfair seizing of property”), thus showing the illegal and unfair character of the denationalization process.

---

<sup>103</sup> WEIGL (2008), p. 127-128 and APPEL (2004), p. 77

<sup>104</sup> HARTER ET AL. (2003), p. 37-38, p. 40

<sup>105</sup> TCHEKOEV (2005), p. 57

<sup>106</sup> TCHEKOEV (2005), p. 39 and APPEL (2004), p. 81-82

<sup>107</sup> APPEL (2004), p. 82, 84

<sup>108</sup> OECD (2001), p. 31

<sup>109</sup> TCHEKOEV (2005), p. 88, 93, 108-112, 117

In spite of mutual tax reforms during 1990s, taxation didn't bring a lot of revenues in the budget. Different and only partly correlated tax legislation in the regional and federal level often caused obscurities concerning the tax rate for individuals and companies. The work of tax authorities was not correlated. Due to the unclear and partly contradictory tax laws, the tax collectors had some latitude of judgment in the tax issues and could make the life of tax payers easier or more difficult.<sup>110</sup> This led to high corruption and attempts from the tax subjects' side to avoid taxation.

The results of the first era of reforms in Russia were not satisfactory. The state faced a budget deficit and inflation amounted to 10-30 % every month. High inflation was the main reason for the production downturn, the investment collapse and the extreme wealth decline within the population.<sup>111</sup> More than 40 % lived under poverty line.

The TV market was also undergoing crucial changes together with the country's economy. The mass media market appeared in Russia due to the introduction of private property. It contained broadcasting companies, producer companies (which only produced programs) and distribution companies (which only distributed programs). The number of private, mostly regional and local channels grew immensely. Although the estimates are varying, the number of non-governmental television stations fell somewhere within the range of 500-750. The Federal Television and Radio Service issued 1987 broadcasting licenses from 1992 until 1998. Only 10 % of the licenses were acquired by state broadcasters. The rest was granted to private broadcasters, though many of them never used these licenses. Some of them got several licenses and some didn't get any, but were still broadcasting.<sup>112</sup>

Apart from terrestrial broadcasters the cable television sector also began to develop in the 1990s. Cable systems often operated on a semi-legal basis, offering a variety of previously unknown programs: cheaply pirated American movies, pornographic programs, entertainment, music, and so on.<sup>113</sup> According to the estimates the black market of cable television was serving around 1 million households in 1995.<sup>114</sup>

Due to price liberalization and the emerging of the consumer market the advertisement market also arose in Russia. Since then the advertizing market emerged and kept growing at least 30 % a year (see Annex, Table 4). Already in 1995 7000 advertizing agencies (producers of advertisement) were operating in Russia and 2000 of them in Moscow. However, only 130 out of 2000 agencies in Moscow could be classified as professional.<sup>115</sup> The flourishing advertiz-

---

<sup>110</sup> PLEINES (2003), p. 309, 320-321

<sup>111</sup> SUTELA (2002), p. 87 and HARTER ET AL. (2003), p. 45

<sup>112</sup> DE SMAELE/ROMASHKO (2001), p. 375

<sup>113</sup> VARTANOVA (2004), p. 84

<sup>114</sup> IP (1996), p. 273

<sup>115</sup> AMELINA (2006), p. 207

ing market was contributing to the development of private broadcasting in the regions as well as of cable and satellite TV (as the advertizing time on the main terrestrial TV channels was limited). Thus some channels emerged, which were oriented only on advertizing revenues.<sup>116</sup>

The TV advertizing market in 1991-1995 can be described as highly corrupt and unstructured.<sup>117</sup> Since an advertizing regulation was lacking until 1995 the channels could broadcast ads without any restrictions. This led to the emergence of a partly legal advertizing business related to the state channels. Producing teams of the first channel Ostankino got de facto independent, i.e. they could produce programs using the state equipment, buildings and define the content of the programs by themselves. Ready programs were offered to Ostankino in exchange for advertizing time in these programs. This meant that the programs were produced using the state means, i.e. free of charge. However, the producing teams could sell the advertizing time on the market and get real money for it.<sup>118</sup> At that time one minute of advertizing time cost \$40-50 thousand.<sup>119</sup> When Vladislav Listyev, a famous journalist and director of the Program One, tried in 1994 to redistribute the advertizing flows, he was assassinated only a couple of months later.<sup>120</sup>

The legalization of the illegal advertizing flows ended with the stabilization of the advertizing market, definition of its main players, and adoption of the Law on advertizing and the in-part denationalization of channel Ostankino.

As a result of the transformation in the broadcasting field, new ownership structures emerged. The channels could belong not only to the state as in the Soviet time but also be in private hands or have a mixed state-private ownership structure. The revenue sources of broadcasters also changed. The state channels were not getting enough financing from the budget due to the difficult economic situation in the country. For example, ORT (Ostankino till 1994) claimed that it didn't get a cent from the state money in 1995.<sup>121</sup> Therefore one of the main sources of revenues for both private and state companies became advertizing. The Russian advertizing market continued being shaped until 1996. The two main players, Russian advertizing agencies Premier SV and Video International, practically split the advertizing market of the main central channels. ORT, TV-6 and St. Petersburg Channel 5 were working together with Premier SV, and Video International was an official partner of RTR, NTV and 2X2.<sup>122</sup> These two agencies controlled around \$750 mln. per year in 1995-1996.<sup>123</sup>

---

<sup>116</sup> ZVICK (2004), p. 88

<sup>117</sup> JOHNS (1998), p. 80

<sup>118</sup> AMELINA (2006), p. 219-220 and ZVICK (2004), p. 90-91

<sup>119</sup> W. A. (2007a), vol. 1, p.38-39

<sup>120</sup> ZVICK (2004), p. 106

<sup>121</sup> DE SMAELE/ROMASHKO (2001), p. 382

<sup>122</sup> TRAUTMANN (2002), p. 213 and IP (1996), p. 273

<sup>123</sup> JOHNS (1998), p. 80



### 3.2.3. Legal conditions

Passing of mass media laws in the Post-Soviet Russia was done coherently with the political and economic development of the country. After the Soviet Union break-up, the Russian authorities and society inherited the soviet system of laws. The system was not suitable for the market economy as a lot of basic principles were not regulated there, for example ownership rights and entrepreneurship activities. Naturally the country needed a stable legal framework with modern and harmonized standards for ensuring the stable economic market development of the country.<sup>124</sup> Several legislative steps were done already in the late 1980s in order to introduce the market economy elements and basic political freedoms in the Soviet Union. However, the supreme Russian law – the Constitution – was first adopted by National Referendum on 12 December 1993.

#### 3.2.3.1. The Russian Constitution

The Constitution is a legislative document as it establishes the framework for political structure and governing system of the country as well as defines the basic rights of the citizens. Any other law is subordinate to the Constitution.<sup>125</sup> The governing system of Russia contains three branches: legislative, executive and juridical powers.

The legislative power is represented by the Russian Parliament, its upper chamber – Federation Council and its lower chamber – State Duma. The Federation Council consists of 178 members – 2 representatives of executive and legislative powers of each Federal Subject. The State Duma has 450 elected deputies. Half of them are directly elected by popular vote; another half is filled proportionally by the representatives of the parties. The parliament is elected by direct elections every four years. The parliament may produce draft laws and is obliged to review the drafts and adopt them when necessary. The draft becomes a law when the president signs it.<sup>126</sup>

The executive power is headed by the president who is directly elected every four years. The president determines the directions of Russian foreign and domestic policy and represents the Russian state home and abroad. He is also a commander-in-chief of the Russian army. The other part of the executive power is the government. Normally in Russia the president influences the government formation and not the parliament. As Russia is considered to be a presidential republic, the government has a low political weight of its own.<sup>127</sup> The president has the president administration – a staff of round 2000 people who helps him to fulfill his presidential duties.<sup>128</sup>

---

<sup>124</sup> MCKENNA (2002), p. 21 and BAUER-MITTERLEHNER (2004), p. 219

<sup>125</sup> Constitution of the Russian Federation

<sup>126</sup> MCKENNA, (2002), p. 23

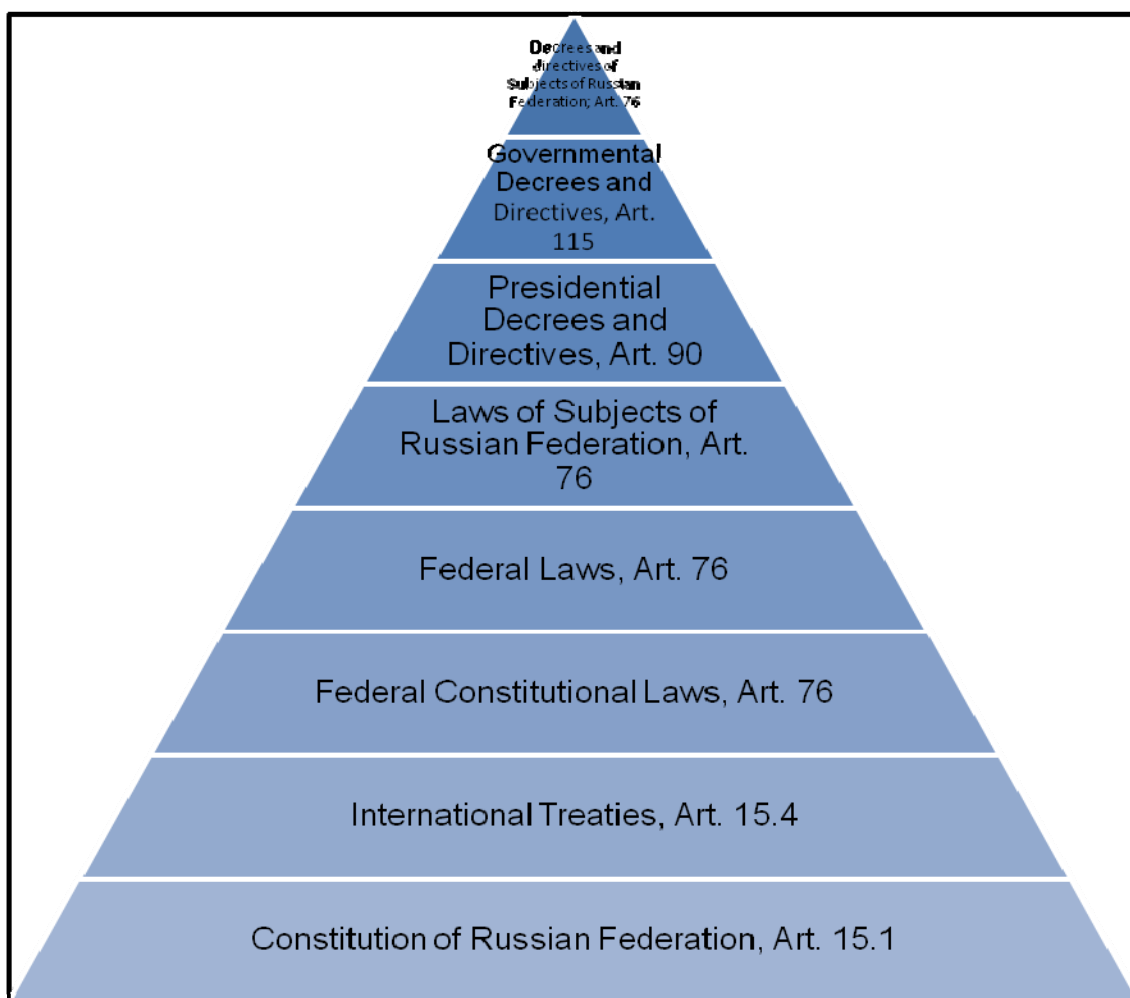
<sup>127</sup> FLEMMING (2002), p. 31-33

<sup>128</sup> *ibid*, p. 31

The juridical system is split into three branches: the courts of general jurisdictions with the Supreme Court at the top, the commercial arbitration courts with the High Arbitrazhniy Court as the supreme body, and the Constitutional Court.<sup>129</sup>

All the three powers in Russian Federation are represented on the Federal level and on the regional level by the subjects of the Russian Federation. The structure of the subjects corresponds to that of the Federation. Although many powers are being granted to the subjects<sup>130</sup>, they still stay subordinate to the federal authorities. This can be seen on the hierarchy of laws.

Figure 7:  
Hierarchy of laws in Russian Federation



Source: own illustration, following the Constitution of the Russian Federation

The Constitution represents a supreme law and all other legal acts can not contradict it. Priority is given to the federal laws and other federal legal acts. The Laws of a subject are valid only within the subjects. If regional and federal laws are contradictive, the federal laws will prevail, except for the case when the issue concerns only a federal subject.

<sup>129</sup> MCKENNA, (2002), p. 24

<sup>130</sup> For example, tax collection, establishment of budget, issuing laws on the regional level.



### 3.2.3.2. The first laws about mass media

The mass media legislation in the period of 1991-1995 can be characterized by a big amount of key laws passed. After the Soviet Union broke up, the old mass media legislation needed adjustment to the new economic and political challenges. According to the Soviet law, mass media shares could belong only to the state as well as be financed only by the state, ads market didn't exist. The mass media needed a modern legislative framework in order to participate in the market economy. At the same time the political heritage of the Soviet Union like censorship and state control over the mass media work should also have been legislatively eliminated through the new laws. Finally, the "iron curtain" fell and Russia as a new state was seeking acceptance by and integration in the international community. In the mass media field this could be done through development of the legislative framework and acceptance of the international norms. Thus, the political and economic development of Russia strongly influenced the content and quantity of the mass media laws, which were passed.

Yeltsin's confrontation with the parliament till 1993 was also reflected in the mass media legislation. Every side wanted to gain points within the citizens through passing media laws and thus proving the commitment to the freedom of media. For instance, when the parliament founded supervisory boards for providing freedom of speech, Yeltsin signed a decree dissolving the Ministry of press and instead creating the Federal Information Center and the State Inspection for Protection of Press Freedom and Mass Information.<sup>131</sup>

After the defeat of the Russian parliament in 1993 Yeltsin didn't have any direct competitors for the power. The parliament became constitutionally very weak. The period of 1993-1995 was mostly characterized by the conduction of the economic reforms and privatization. The latter allowed ownership of the enterprises, including TV channels. The Program One Ostankino was partly privatized by the decree of Yeltsin on 29 November 1994.<sup>132</sup>

The television advertizing market appeared in 1992 but until 1995 the advertizing activities were not legislatively regulated. This caused criminalization and illegalization of advertizing revenues. The first Russian Federation Law on Advertizing in July 1995 stopped this process. The Law defined advertizing, restricted advertizing time in total as well as in particular programs and regulated advertizing of alcohol, tobacco, weapons and medicine and provided instruments for public and state monitoring of advertisement.<sup>133</sup>

After the Soviet Union break-up, Russia tried to get integrated in the international community (membership in the Council of Europe and G7). Therefore, some fields of legislation were also adjusted in order to get international acceptance. Concerning mass media legislation, the Law "On Copyright and Adjacent rights" was adopted in 1993. The Law correlates with the international legisla-

---

<sup>131</sup> ZASSOURSKY ET AL. (2002), p. 158

<sup>132</sup> ZASSOURSKY ET AL. (2002), p. 159-160 and ZASSOURSKY (1999), chapter 4

<sup>133</sup> McCORMACK (1999), p. 200



tion in this area but in Russia it is often being violated.<sup>134</sup> Another example is the decree „The minimum standard of requirements to the television and radio broadcasting“, which was approved by Yeltsin in 1993. Among the necessary requirements was the existence of information market, freedom of opinions, professional responsibility, information balance etc.<sup>135</sup>

In 1995-1996 Yeltsin was competing for the presidential chair. Since his popularity was low, he urgently needed support from mass media, which he also got. As a result, loyal television and press were rewarded by the state's financial support of both state-owned and private-owned media companies (the Federal Law “On the State Support for the Mass Media and Book Publishing of the Russian Federation”, adopted on October 18, 1995).

The legislation about broadcasting licensing was also developed in this period. The basic framework was provided by the Federal Law on Mass Media. The issuance, regulation and annulment of television broadcast licenses were supposed to be explicitly regulated in the specific Law on Broadcasting. This Law is not passed yet. Up to now the broadcasting activities are regulated by the decrees of the president and the government. The manifold decrees are causing an unstable and uncertain situation where arbitrariness can flourish<sup>136</sup>.

The Period of 1991-1995 is characterized in the history of TV broadcasting by the adoption of two important laws: the Constitution of the Russian Federation and the Law on Mass Media. The Article 29 of the Constitution has a crucial meaning for mass media as it claims freedom of speech, bans censorship and declares the right “to freely look for, receive, transmit, produce and distribute information by any legal way” (Art. 29, Constitution of RF). Another fundamental document is the Federal Law on Mass Media, which was passed on 27 December 1991 and did not undergo any significant changes during the next 16 years. The Law on Mass Media reinforces the freedom of information and bans censorship, regulates the funding, ownership and use of mass media as well as the relations between mass media and citizens/organizations. The law limits the rights of foreign investors. It allows private broadcasting.<sup>137</sup> Every broadcaster, also private, requires license from authorities. An independent authority should have been created and its rights and tasks should have been specified in the Law on Television and Radio Broadcasting. Unfortunately, this law has not been passed yet.<sup>138</sup>

#### 3.2.4. Technical conditions

With the Soviet Union break-up, state financing of channels and their technical development was limited. However, private actors started investing in the cable

---

<sup>134</sup> *ibid*, p. 200

<sup>135</sup> ZASSOURSKY ET AL. (2002), p. 159

<sup>136</sup> DE SMAELE/ROMASHKO (2001), p. 369

<sup>137</sup> KACHKAEVA ET AL. (2006), p. 14

<sup>138</sup> LANGE, p. 157-158



and satellite television in Russia. In 1991 the satellite broadcaster Kosmos TV appeared on the market. It was a joint venture of the American telecommunication company MITI (Metromedia International Telecell Inc.) and the Russian Main Center for Broadcasting and Television.<sup>139</sup> First, it offered 8 international channels for a subscription fee.<sup>140</sup> Later the company became one of the leading on the Russian market. In the reviewed period of time, satellite television was rather exotic for the Russians. Most of them just couldn't afford any satellite television financially.

On the contrary the cable television was spreading around very quickly. The first cable network was established in Moscow in October 1990 and got the name NIKA TV.<sup>141</sup> Till the end of 1995 there were around 500 cable channels in Russia. However, the number of illegal cable channels was much higher and was estimated to around 1500 channels.<sup>142</sup> The cable television developed using the particular technical infrastructure of the late Soviet period, when collective cable systems were built in many apartment blocks. Most of the cable systems were operating very locally, serving only several apartment blocks. Around 15 % of the residents of the provincial cities were watching cable television. Cable networks represented a serious problem for the major television channels: interference with broadcasting transmission.<sup>143</sup>

#### 3.2.5. Description and economic evaluation of Russian Television system in 1991-1995

The Russian mass media landscape consisted of six central channels. Ostankino (Program One in the Soviet time) was the first state channel which got partly privatized. By the decree of November 1994 Yeltsin eliminated the state owner company GTRK Ostankino and created ZAO ORT, which owned ORT (former Program One). 51 % of the TV channel remained in state ownership and 49 % belonged to private investors, the biggest of whom was Boris Bezesovskiy's Logovaz with 8 %.<sup>144</sup> Probably the denationalization of the main channel had both political and economic reasons behind. Due to the difficult economic situation in the country, the Russian budget was lacking money. Ostankino was financed by the state and had become a burden for a budget. In 1995 the state provided only 19.3 % of the yearly budget of ORT. This was the last financial transfer from the state. The rest was provided by the private investors. However, the state contributed in non-monetary ways: by transferring all the production sources (studios, equipment etc.) to ORT and by granting preferential tariffs for the broadcasting signals. Additionally Ostankino inherited the old clumsy and ineffective structure of Gosteleradio. In the new market conditions the channel

---

<sup>139</sup> ZASSOURSKY ET AL. (2002), p. 54

<sup>140</sup> Information from [www.kosmostv.ru](http://www.kosmostv.ru)

<sup>141</sup> DE SMAELE/ROMASHKO (2001), p. 380

<sup>142</sup> JOHNS (1998), p. 80-81

<sup>143</sup> VRTANOVA (2004), p. 84 and DE SMAELE/ROMASHKO (2001), p. 380

<sup>144</sup> ZASSOURSKY (1999), chapter 4

could not operate on a competitive basis thus staying dependent on the state funds.<sup>145</sup> At the same time the advertizing and production activities on the channel were only partly legal (see part 3.2.2.). Big financial flows from these activities were not fully controlled by the management of the channel. Thus a paradox situation arose when the channel was full of ads but almost didn't make any money on them. The political target while creating ORT was to improve the image of the channel and to gain the trust of the viewers.<sup>146</sup> Even after the Soviet Union break-up, most of the population perceived Ostankino as a loud-hailer of the Kremlin and its information as the point of view of the president and government.<sup>147</sup> Therefore the new channel got a sonorous name: Public Russian Television (ORT). Although it had nothing to do with a real public broadcasting, it was supposed to make an impression of a channel, acting in the interests of the whole society. More trust to the broadcasted information by the public was necessary for Yeltsin, who used the channel in order to win presidential elections.

The private channel NTV started broadcasting on October 10, 1993 on the fourth All-Russian channel. In the beginning NTV didn't have a permanent frequency. It was allowed to use fourth's frequency only in the evening. During the day the fourth channel was broadcasting educational programs. The situation changed after the presidential elections of 1996 when NTV was granted the complete frequency of the fourth channel.<sup>148</sup> Although NTV belonged to the oligarch Gusinsky, the channel was supporting Yeltsin in the presidential elections. Independent of the rivalry between Gusinsky and Beresovsky, they both managed to unite in 1995 in order to support Yeltsin, thus ensuring further development of their businesses and future advantages. The channels, which were under their control, managed within half a year to increase the rating of Yeltsin from 6 % to 50 % and ensured his victory<sup>149</sup> In 1995 NTV could reach about 62 % of the population and became one of the most popular channels in Russia. Its programs were characterized by Western-style objective news reporting and first-rate American movies. NTV attracted the most-educated, well-paid and liberal minded residents of the big industrial centers, thus creating an image of itself as the most professional channel in Russia.<sup>150</sup> Initially the channel was financed by Gusinsky, but quickly it became a popular place for advertizing.

In 1993 another private channel TV-6 Moskva started broadcasting. First it covered only 500 000 people but in the middle of 1996 67.7 million Russians could watch TV-6; that was around 48 % of the population. The biggest part of the

---

<sup>145</sup> McNAIR (2000), p. 151

<sup>146</sup> RICHTER/GOLOVANOV (2006), p. 31

<sup>147</sup> ZVICK, (2004), p. 120

<sup>148</sup> JOHNS (1998), p. 78

<sup>149</sup> VARTANOVA (2004), p. 82

<sup>150</sup> VARTANOVA (2004), p. 82

content was American films and information programs.<sup>151</sup> TV-6 was a completely privately financed channel.

Another state channel, RTR, was created in the last years of the Soviet Union (see part 3.2.1). It inherited a big part of Ostankino's technical equipment as well as a network of correspondents all around the world. The channel was completely state-financed and therefore more dependent on the authorities concerning its content. However, because of the economic difficulties the budget of RTR was getting only around 30 % of the necessary means from the state.<sup>152</sup> The rest had to be covered by the advertizing revenues and loans.

Three more main channels should be mentioned on the media market: St. Petersburg channel, 2X2 and Russian Universities. The last one had a technical penetration of 50 % and was broadcasted on the 4<sup>th</sup> frequency together with NTV. It was officially financed by the state but was also dependent on advertizing money. 2X2 was the first Russian private channel and in 1995 had a technical penetration of 24 %. The program schedule was populated mostly by foreign products like movies, cartoons and news. St. Petersburg channel had a technical penetration of 63 % and was broadcasting on the 5<sup>th</sup> frequency.

The main broadcasting revenues in 1995 came from advertisement. It should be stated that the revenue data are very difficult to get and sometimes vary a lot in different sources. Unfortunately, the Russian broadcasters were not obligated to publicly disclose their financial statements. But even if some official information about revenues and expenses of the broadcasters is available, this doesn't mean that it corresponds with the reality. It can be clearly seen in the article of Svetlana Svetlitskaya, who was working on the ORT in 1990s.<sup>153</sup> Immense cash flows were operated outside the official data. Analogous problems arise when estimating the budget means, spent for the television. The common practice in 1990s was granting a much lower amount to the channels than it was foreseen in the state budget. For example RTR received only 30 % of the promised budget money from the government in 1996.<sup>154</sup> However, the state companies inherited a solid technical television basis after the Soviet Union break-up. Another problem is the calculation of the budget funds, dedicated to television. The data in official budget documents are represented in rubles. However, a strong currency fluctuation is characteristic for 1992-1995. For instance on a single Tuesday in 1994 the ruble was devaluated by 40 %.<sup>155</sup> Therefore, it is rather difficult to estimate how much value existed behind the numbers. All these factors should be considered while calculating the revenues of the broadcasters.

The ORT revenue structure is taken mostly from the Svetlitskaya report. Due to problems with the strong currency fluctuation the data for revenues, will be kept

---

<sup>151</sup> AMELINA (2006), p. 216

<sup>152</sup> RANTATNEN (2002), p. 96

<sup>153</sup> SVETLITSKAYA (2000)

<sup>154</sup> RANTANEN (2002), p. 96

<sup>155</sup> VERETENNIKOV (2004)

in percentage. In 1995 ORT got from the budget rubles 148 bln, which was only 15 % of the necessary budget. The rest came from advertizing (around \$40-50 mln)<sup>156</sup> and other sources like bank loans, and shareholder funds. These sources all together can be viewed as market revenues as they didn't come from the state. There were no funds from the society, like donations and license fees. Therefore the revenue vector for ORT in 1995 is (0, 15, 85).

However, this vector should be corrected considering the program output and other peculiarities. Although ORT belonged to the private investors by 51 % its property and equipment were inherited from the Soviet time, and its value was estimated to rub 5.1 bln. The privateers got this property and equipment free of charge. Therefore the state had more influence on the channel as it provided the partly privatized company with means of production. Additionally the program content of the channel was more state-biased than of any other channel. This can be seen on the examples of biased coverage of the first Chechnya war and presidential elections. Therefore the revenue vector should be corrected by around 10 % in favor of the state revenues: (0, 25, 75).

The financial structure of RTR is also pretty obscure as there are no transparent data. However, it will be assumed that the state financed RTR up to 25 %. This assumption is made based on the fact that in 1996 RTR received 30 % of the promised budget funding. RTR was a totally state-owned company and therefore the state funding for RTR should be equal to the RTR budget. The number is corrected to 25 % as in 1995 the state had to finance both RTR and ORT. In 1996 however, the cash flow went only to RTR as ORT was partly belonging to external investors.<sup>157</sup> RTR advertizing revenues in 1995 amounted to \$93 mln.<sup>158</sup> Such a difference in advertizing revenues between RTR and ORT (was mentioned above) can be explained by the new advertizing policy of ORT since 1995. As it was mentioned before ORT tried to get the illegal advertizing flows on the channel under control. Vladislav Listyev introduced a moratorium for advertizing in 1995 in order to restore the order in that field. For four months the channel lived without advertizing revenues until the assassination of Listyev.<sup>159</sup> The predicted advertizing revenues for ORT in 1995 were \$170 mln.<sup>160</sup> According to the assumptions above the revenue vector for RTR looks as following: (0, 25, 75).

The channels NTV, TV-6 and 2x2 were privately-owned and accordingly got their revenues from non-governmental sources: loans, donations of their owners<sup>161</sup> and advertizing. Therefore the revenue vector for these channels is

---

<sup>156</sup> Data from SVETLITSKAYA (2000) and IP (1996), p. 273, 281. \$50 mln is calculated as following:  $\$315.5 \text{ mln} * 0.757 * 0.16 = \$37.97 \text{ mln}$

<sup>157</sup> RANTANEN (2002), p. 96

<sup>158</sup> IP (1996), p. 273, 281. \$93 mln is calculated as following:  $\$315.5 \text{ mln} * 0.757 * 0.39 = \$93 \text{ mln}$

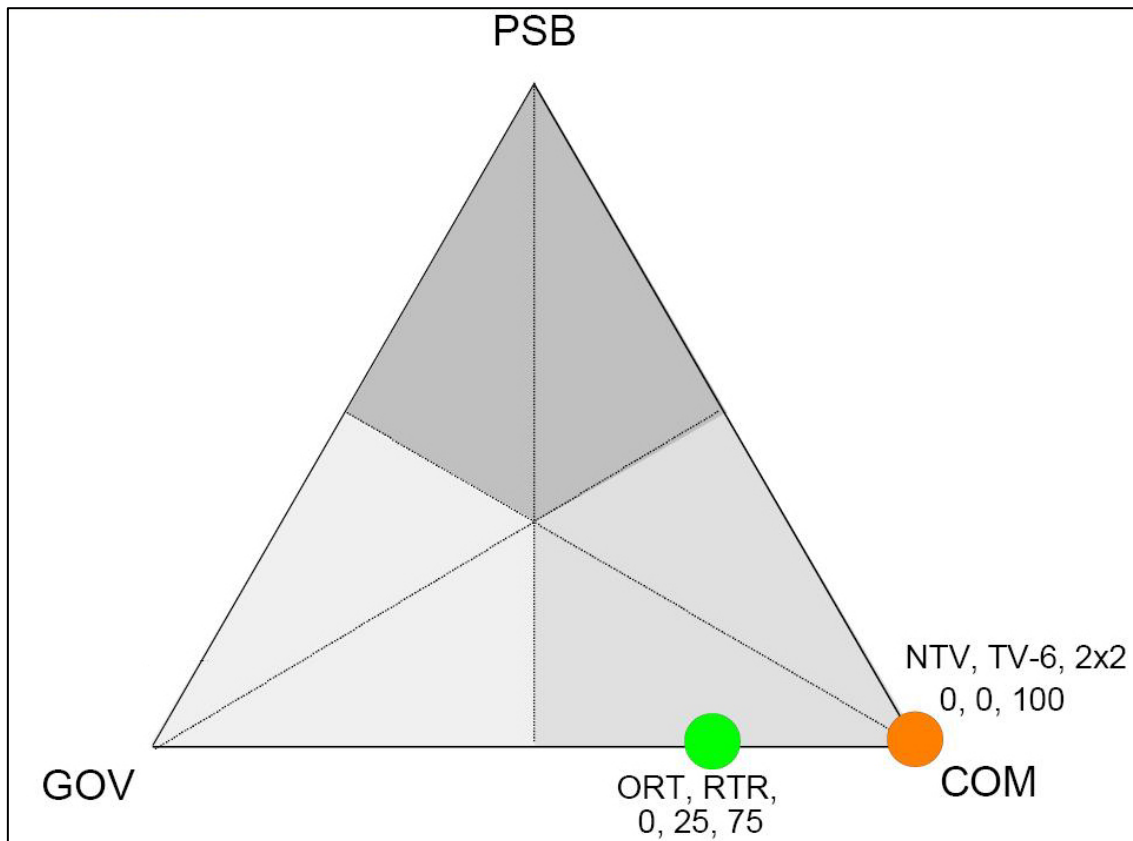
<sup>159</sup> SVETLITSKAYA (2000)

<sup>160</sup> TRAUTMANN (2002), p. 170

<sup>161</sup> HOFFMAN (2007), p. 197

(0, 0, 100). No correction is necessary concerning the program output on NTV. Although the channel strongly supported Yeltsin during the presidential elections this was done according to the will of the channel owner Gusinsky and the journalists. The Kremlin didn't exercise any pressure over the channel. Thus the above mentioned channels can be represented as following in the revenue-based scheme (Figure 8).

Figure 8:  
Russian main channels in 1991-1995



Source: own illustration, following KOPS (2007)

The classification of the entire system of Russian broadcasting in the period of 1991-1995 represents quite a difficult task. Several assumptions are again needed. The TV advertising revenues for 1995 vary between \$200 mln and \$313.5 mln.<sup>162</sup> In 1995 the state planned rub1 589 657.8 mln expenses for TV and radio broadcasting in the budget.<sup>163</sup> When converting the amount at a currency rate for 15.03.1995 (1\$=4725ruble)<sup>164</sup> one gets \$337 mln. Unfortunately not all these money were transferred to the broadcasters. The state was permanently under-financing TV channels as it has been demonstrated by the aforementioned examples. Therefore it is difficult to distinguish the real state

<sup>162</sup> IP (1996), p. 281 and Annex, Table 4

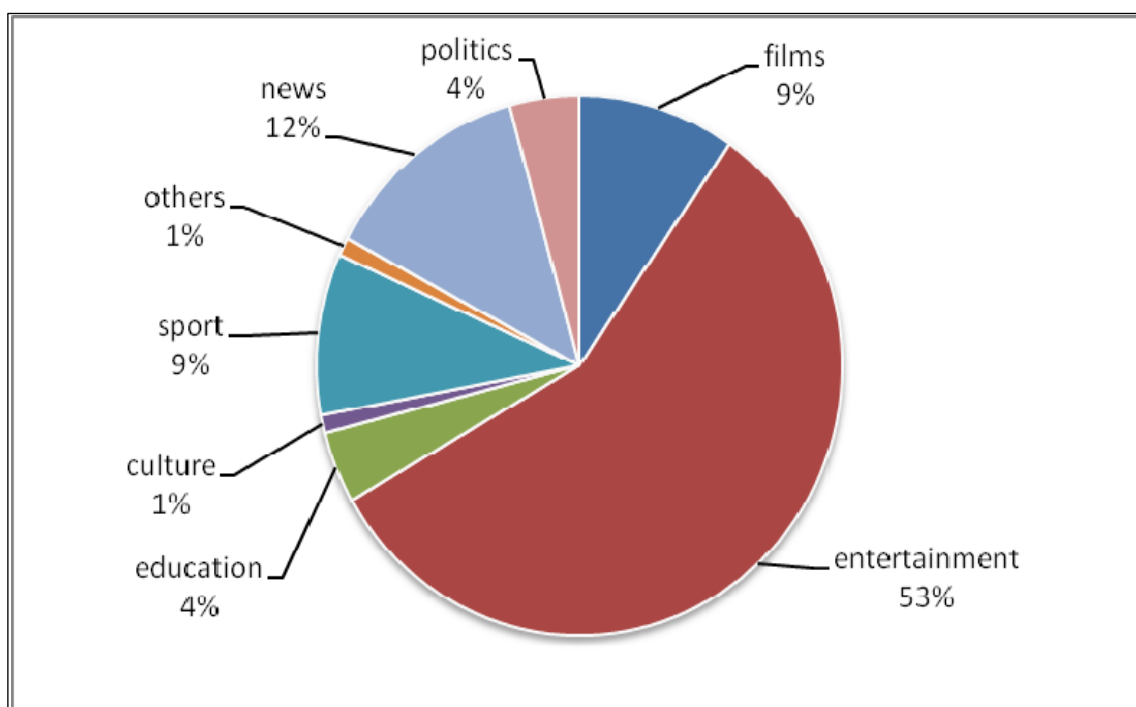
<sup>163</sup> Federal Law about Federal Budget of RF for 1995, 23.03.1995

<sup>164</sup> Official exchange rate of Bank of Russia, in: [http://www.cbr.ru/eng/currency\\_base/daily.asp?C\\_month=01&C\\_year=1995&date\\_req=15%2F01%2F1995&d1=15](http://www.cbr.ru/eng/currency_base/daily.asp?C_month=01&C_year=1995&date_req=15%2F01%2F1995&d1=15) (24.11.2008)

contribution to the funding of broadcasters. Another unknown factor is the sources of the revenues, coming from the market side: shareholders' investments and loans. Since the advertising revenues prevail, the state funding and an unknown amount of other market funding should be added to the market revenues. It can be concluded that the market revenues were definitely higher than state revenues in the Russian TV system in 1995.

When considering the program output it should be mentioned that the broadcasters were in general independent, except during election time. However, even in this case the ideas of journalists were coinciding with the ideas of the media stakeholders (see part 3.2.1.). In the program schedule there is a clear shift towards entertainment. This can be seen for example by the ORT, when comparing the schedules for 1986 (see Figure 5) and 1996.

Figure 9:  
Program structure of ORT in on 15-21 January 1996



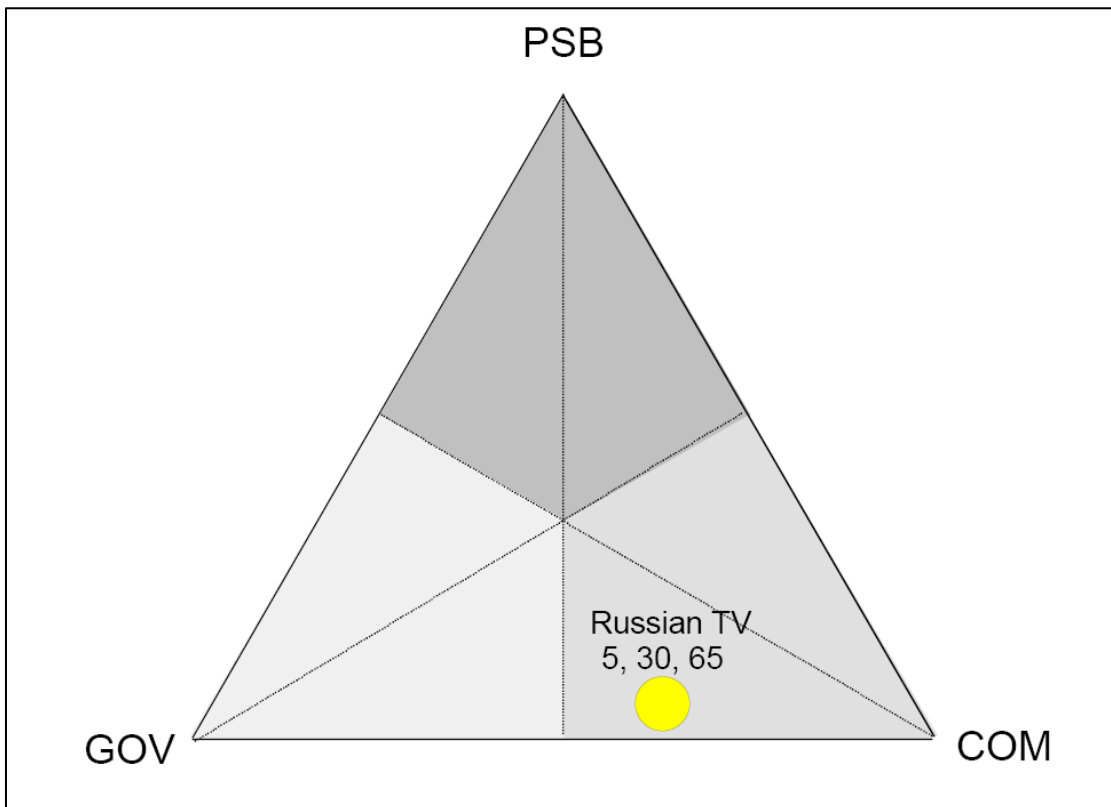
Source: TRAUTMANN (2002), p. 262

Needless to say that most of the private companies had similar program schedules as their main revenues were coming from advertising. Thus the broadcasters had to capture the taste of the viewers precisely and react on the changes quickly. According to the poll of Public Opinion Foundation the most popular programs on TV were the ones that "cheered up the viewers", i.e. entertaining programs. The reason behind this popularity is that the viewers can be deflected from the difficult reality while watching these programs.<sup>165</sup> Thus the advertising revenues were prevailing in the Russian broadcasting system and they will be granted 65 % on the revenue vector.

<sup>165</sup> PUBLIC OPINION FOUNDATION (2000)

Broadcasting was fulfilling some of its functions to the society. Unfortunately the education function decreased in comparison to the Soviet time. However, broadcasting became a place for debates and was able to enable the society to give feedback to the authorities, for example when the society's negative attitude to the Chechnya war was presented on TV. It should also be mentioned that the stakeholders (oligarchs) hardly intervened into the life of media in this period but instead purely financed it. This can be seen as a kind of private donations. However, it is very difficult to calculate this amount. Therefore, although there are no revenues coming from the public sector, 5 % can be attributed to this source of revenues. Considering all the facts mentioned above the revenue vector for the Russian television system in 1995 can be estimated as following: (5, 30, 65).

Figure 10:  
Russian television system in 1995



Source: own illustration, following KOPS (2007)



### 3.3. Russian television during media wars 1996-2000

In the period from 1996 to 2000 the corporate-authoritarian mass media system was established in the country. Since the middle of 1990s the biggest part of Russian mass media was financially, administratively and ideologically controlled by financial-industrial groups. Two main competitive groups of oligarchs were conducting information wars widely using the controlled media for it. Thus this period is characterized by the media wars and the decreasing reputation of mass media within the society.<sup>166</sup>

#### 3.3.1. Socio-political conditions

After Yeltsin won the presidential elections of 1996, the power of the oligarchs that were supporting him increased. They got multiple remunerations for their loyalty. Thus oligarch Berezovskiy secured his positions in ORT (in the end of 1990s he was already controlling 49 % of the channel, the rest 51 % belonged to state) and was appointed to the position of deputy to the secretary of the Security Council of Russia.<sup>167</sup> Another oligarch Gusinskiy got the daytime slot<sup>168</sup> for NTV on the fourth channel for only 730\$.<sup>169</sup> Thus NTV could completely broadcast on the 4<sup>th</sup> channel. The broadcasting license which Gusinskiy got for NTV could alone generate a fortune as the advertizing market was still very poor. This was confirmed by I. Malashenko, a key person on the NTV, by stating that “to get a television license meant to get access to the money printing machine”.<sup>170</sup>

The oligarchs managed to gain control over the biggest central mass media in Russia. Such concentration of power on the mass media market allowed them to conduct their own information policy.<sup>171</sup> In its turn, this private information policy allowed them to influence the public opinion and make the government/president take the “necessary” political decisions, which would be in favor of the oligarchs. Thus the big businesses of the oligarchs invested heavily in mass media outlets in order to reap political dividends and economic profits outside the media market, in their core business areas.<sup>172</sup> The industrial-financial groups, who were controlling mass media in 1990s, were operating in strategically important and exclusively profitable sectors of Russian economy: energy and resources. It was there that the main group profits were made. Prof-

---

<sup>166</sup> ZASSOURSKY ET AL. (2002), p. 6 and ILTCHENKO (2008), p. 12

<sup>167</sup> ZASSOURSKY ET AL. (2002), p. 6

<sup>168</sup> Before NTV was broadcasting only after 6 p.m. The daytime slot belonged to the educational channel Rossiyskiye Universiteti.

<sup>169</sup> ZASSOURSKY (2007), p. 45

<sup>170</sup> KOLESNIK (2004), p. 421

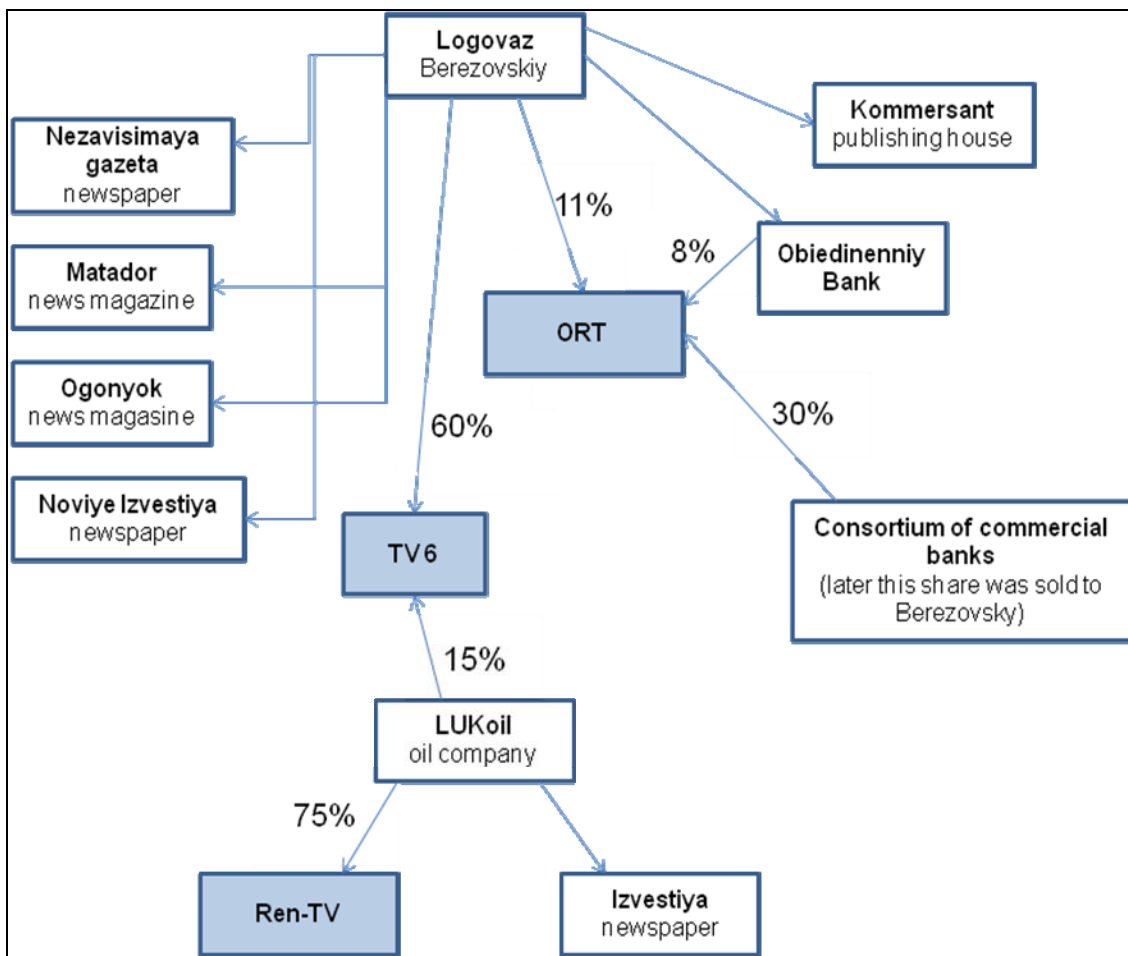
<sup>171</sup> ZASSOURSKY ET AL. (2002), p. 95

<sup>172</sup> SOLDNER (2008), p. 155

its on the media market were certainly desirable but less significant than those coming from the oligarchs' main economic activities.<sup>173</sup>

The two biggest media empires in Russia in 1990s belonged to oligarchs Berezovskiy and Gusinskiy. Both of them had a close relationship with Yeltsin and his surrounding and supported him during the presidential elections of 1996. Berezovskiy's main business interests were in the automobile, financial and oil industries; therefore his activities on the mass media field didn't have any clear policy and were loosely structured.<sup>174</sup> His ownership schema of media actives is represented below.

Figure 11:  
The media empire of Berezovskiy



Source: own illustration, following TRAUTMANN (2002), p. 152 and DE SMAELE/ROMASHKO (2001), p. 385-386

Gusinskiy had business activities in the financial sector but later concentrated on the media. His MediaMost Group was almost exclusively engaged in the media business and made most of its revenues there.<sup>175</sup> He was following a developing strategy within the mass media business and managed to establish

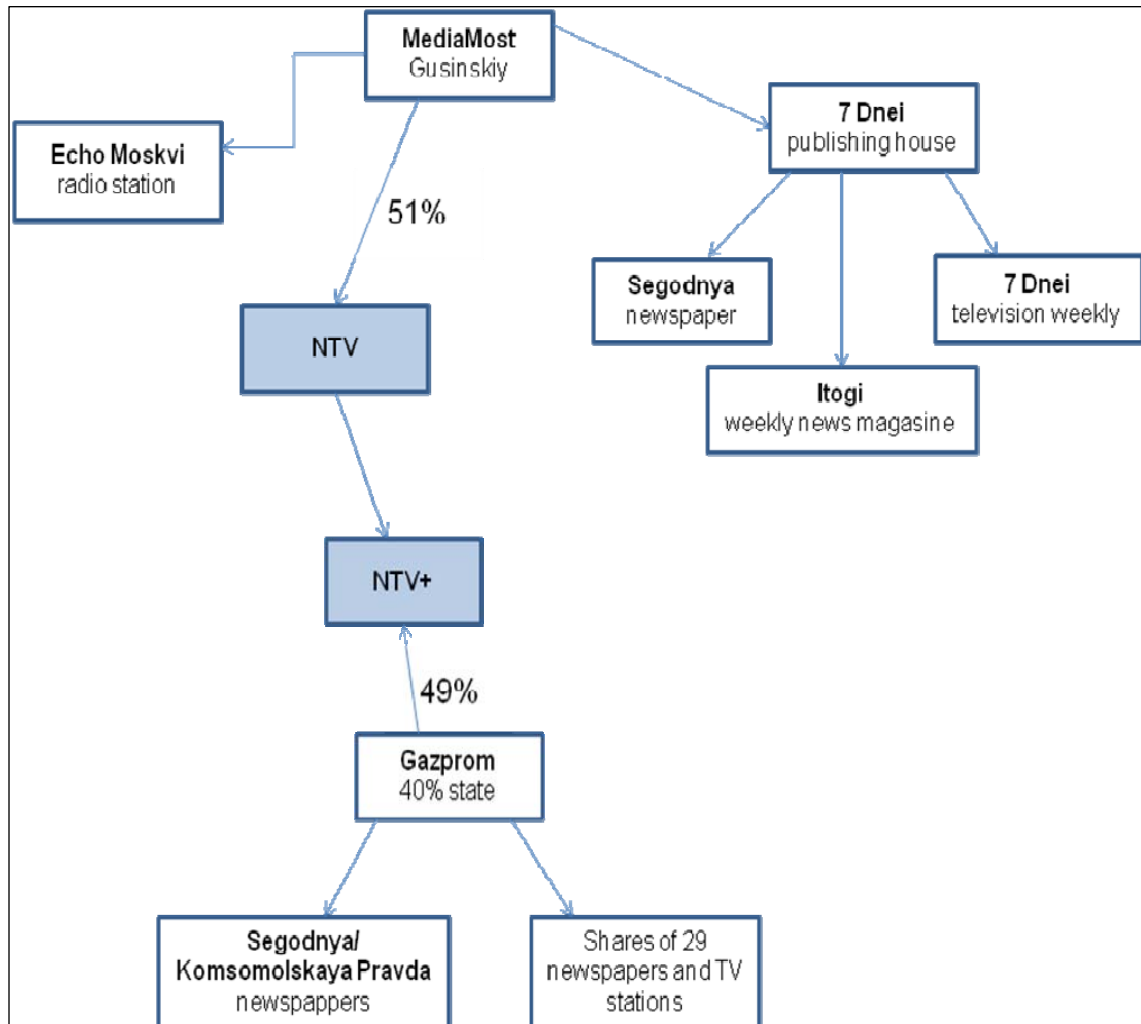
<sup>173</sup> FOSSATO (1997)

<sup>174</sup> AMELINA (2006), p. 249 and DE SMAELE/ROMASHKO (2001), p. 386

<sup>175</sup> SOLDNER (2008), p. 157

a real press, television and information concern.<sup>176</sup> His ownership structure is represented in Figure 12.

Figure 12:  
The media empire of Gusinskiy



Source: own illustration, following TRAUTMANN (2002), p. 152 and DE SMAELE/ROMASHKO (2001), p. 385-386

The third important player on the mass media market was the mayor of Moscow Yuriy Luzkov. The city hall and companies close to it were controlling channel TV Center.

The common front of oligarchs that was formerly united for the election of Yel-tsin in 1996 was split after the privatization of the communication company Svyasinvest. A group of oligarchs, unsatisfied with the privatization outcome started media wars against the other group and the government.<sup>177</sup> The main objective when conducting a media war was to guide the public opinion, by representing an oligarch or a member of the government in a good or bad light.

<sup>176</sup> DE SMAELE/ROMASHKO (2001), p. 386

<sup>177</sup> HOFFMAN (2007), p. 432-440



The common way of vilifying a person was a kompromat<sup>178</sup>, which was published in a newspaper or presented on TV. Therefore the oligarchs strongly used all kinds of sub-controlled media to run a corporate war against competitors. In 1997 the oligarchs' wars reached its peak so that Yeltsin had to invite the six biggest financial and media magnates to Kremlin, where he asked them to stop fight and "sling mud" at each other and especially at the members of the government through the media. Thus Yeltsin indirectly acknowledged that financial-industrial groups controlled the content output of the Russian media.<sup>179</sup>

In 1999 and 2000 Russia faced regular parliamentary and presidential elections accordingly. Yeltsin could not be reelected again according to the Constitution. The ruling elite (the Kremlin administration, the Yeltsin "family" and oligarchs close to them) were afraid of defeat during the elections. In the case that they would not manage to bring the proper candidate to presidency thus staying in power, not only would they lose their preferential economic and political positions, some of them could even be called criminally liable for their activities in the 1990s. The Kremlin had to found a party in order to win the parliamentary elections. It had to find a proper, loyal candidate who could win presidential elections and to discredit the strong competitors popular in the society.<sup>180</sup> One of them was Evgeniy Primakov, who was appointed prime-minister after the crisis in August 1998. He was extremely popular in the society due to the decisive anti-crisis measures, which helped to revive Russian economy. His electoral block OVR was expected to get 29 % on the parliamentary elections in December 1999. Another popular candidate for presidency was Gennadiy Zuganov – lead of the Communist Party. His party was predicted to get 21 % on the parliamentary elections. The Communists were very popular within the society as they didn't blacken themselves with the failed reforms in 1990s.<sup>181</sup> The ordinary Russians ascribed the poor economic situation of the end of 1990s to the governmental reform policy. Within less than 10 years the Russian national product decreased by 40 %, industry production fell over 50 % and every fourth Russian was living under the poverty line.<sup>182</sup>

The business magnates didn't manage to agree on support of a single candidate or party as it was in 1996.<sup>183</sup> This time the oligarchs' front split into two sides: one – supporting Primakov and another – Putin. Vladimir Putin was the president of the Federal Security Services and got appointed by Yeltsin as the prime-minister in summer 1999. He was a candidate for presidency supported by the Kremlin.

---

<sup>178</sup> Kompromat (from compromising materials) – a form of grey propaganda used in information wars in Russia. It is normally obtained from the businessmen or security services and it targets to ruin the reputation of the person against whom kompromat is. The information might be true, half-true or false.

<sup>179</sup> FOSSATO (1997)

<sup>180</sup> YASIN (2005), p. 105-106 and ENIKOLOPOV ET AL. (2007), p. 5-6

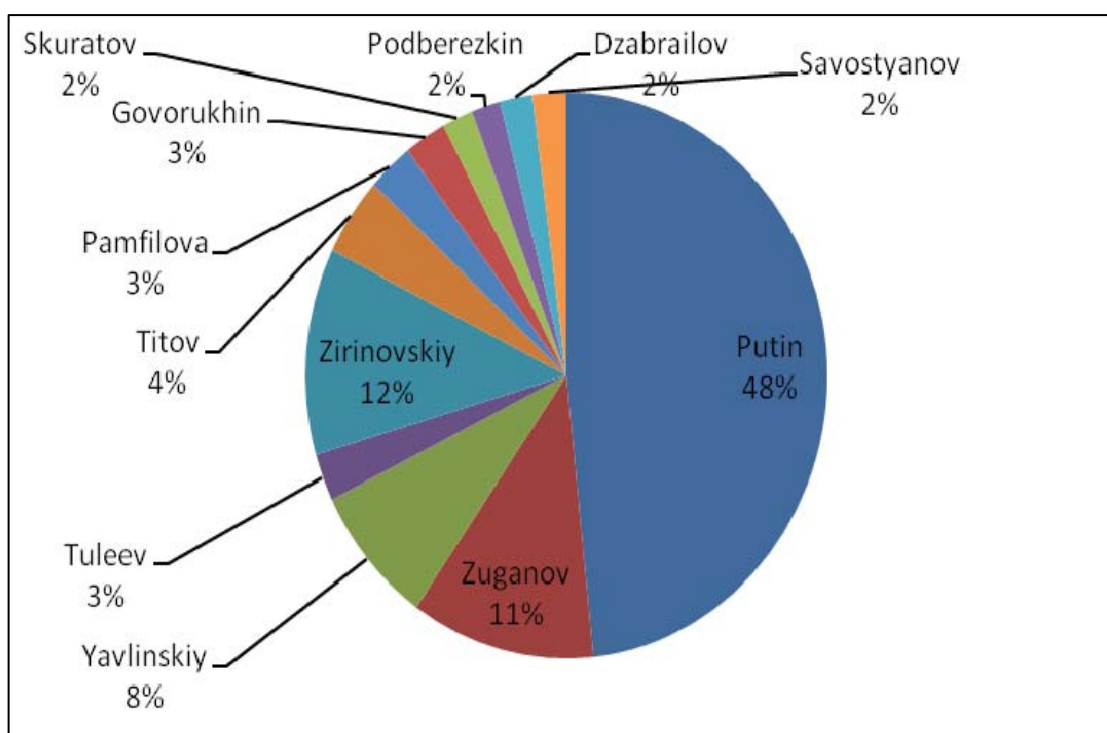
<sup>181</sup> ENIKOLOPOV et. al. (2007), p. 5-7

<sup>182</sup> CHERKASOV (2002), p. 86 and RINCK (2001), p. 160

<sup>183</sup> SOLDNER (2008), p. 164

Mass media, especially television, played again a crucial role in governing the public opinion and getting the necessary results. Primakov was supported by the mayor of Moscow Luzkov and Gusinskiy, thus having channels NTV, TNT and TV-Center on his side. Putin was supported by the Kremlin and oligarchs close to it, thus having such resources as ORT, RTR and TV-6.<sup>184</sup> Basing themselves on the national survey, Oath and White came to conclusion that television was “the single most important source of political information and the most important source of information when voters made their choice”.<sup>185</sup> Therefore communist Zuganov although having a stable electorate was not a real competitor for the presidency as he didn’t have any strong media resources, backing him.<sup>186</sup>

Figure 13:  
Mentioning of candidates for presidency on TV



Source: own illustration, following ZASSOURSKY ET AL. (2002), p. 107

During the pre-election parliamentary campaign ORT, TV-6 and RTR were biased towards Edinstvo (Unity) and NTV, TNT and TV-Tsentr were biased towards OVR. As a result the Kremlin party Edinstvo, which had only 2 % of population support in October 1999 got 23 % during the elections two months later. The favorite OVR got only 13 %.<sup>187</sup> Primakov refused participating in the presidential election. As a result Putin became a new president in March 2000. It is noticeable that in August 1999 more than 80 % of the population didn’t have

<sup>184</sup> ZASSOURSKY ET AL. (2002), p. 104-105

<sup>185</sup> SOLDNER (208), p. 172

<sup>186</sup> ZASSOURSKY ET AL. (2002), p. 105

<sup>187</sup> ENIKOPOLOV ET AL. (2007), p. 5-7

any opinion about Putin, but in March 2000 more than 60 % had a good opinion about him. Such a change can be attributed to a permanent positive coverage of Putin's activities in the media while being a prime-minister. During the presidential campaign Putin's name was also dominating on TV as Figure 13 shows.

As a result Putin became a president with 52.94 % of votes.<sup>188</sup> However, half a year later a respected English-language newspaper The Moscow Times turned up evidences that 2.2 million stolen or falsified votes were decisive in the victory.<sup>189</sup>

### 3.3.2. Economic conditions

The political and economic system which was built in 1990s can be described as "political capitalism". In this system the gains are not made in a competitive market environment but by exploiting all sorts of political domination and the resulting distortion of the rules of the market respectively. The profit-seeking behavior of the economic actors is being replaced by the rent-seeking behavior, i.e. activities which are exploiting the monopoly position and gaining access to the government subsidies.<sup>190</sup>

The Russian political capitalism had two main features. First the big economic actors in Russia were interested in keeping the status quo in Russian political, economic and legislative system. They profited from the partly reformed economy, market distortions, lack of legislation, weak civil society, highly selected privileges and so on. Second, the political actors could convert their power into economic wealth. This led to a close interdependence and collaboration of businessmen and politicians so that it was almost impossible to distinguish between "economic actor" and "political actor". The position of the entrepreneurs was dependent on their connections with the authorities and the position of the latter ones was dependent on their ability to provide support and help to their friends in business. Thus the struggle for power could be viewed as a sort of competition.<sup>191</sup>

After the Soviet Union break-up the newly emerged Russia was missing political, economic and legislative systems. The state needed to define the new rules and regulations. Because of weakness of the state this was done in a low democratic and non-transparent process. As a result the Russian state "got privatized" and the strategic actors tried to bend or even annul the mechanisms of the market in order to get even more possibilities for rent-seeking.<sup>192</sup>

The "privatization" of the Russian state took place mostly during the second stage of privatization (from 1995) which was considering mainly the interests of the Yeltsin family, his team, new bankers and industrialists. The privatization is

---

<sup>188</sup> W. A. (2007b)

<sup>189</sup> SKILLEN (2003), p. 139

<sup>190</sup> SOLDNER (2008), p. 158

<sup>191</sup> *ibid*, p. 158-159

<sup>192</sup> *ibid*, p. 159-160

known as “loans-for-shares” auctions or “collateral auctions”. The shares of the largest Russian companies (mostly energy, commodity and telecommunication sector) were transferred from the state to a consortium of banks as trustees (these banks belonged to the financial-industrial groups). In return the consortium provided loans to the state and partly paid off the transferred companies’ debts. The consortium was supposed to be chosen via auction: the bank that bids the highest loan would win. The banks kept the shares as collateral for the loans within one year. If the state failed to repay the loan in one year time the bank could auction off the shares keeping 30 % of the profit of the shares.<sup>193</sup>

This privatization process was highly criticized both in Russia and abroad. The auctions were not competitive because their organizers and bidders were closely related if not the same party. The significantly higher bids of independent banks were disqualified for different reasons. The competition was won by the bids which were insignificantly higher than the started minimum bid but were offered by banks related to the government: Oneximbank, Menatep, Stolichniy and Imperial. As a result the industrial enterprises were sold for ridiculously low prices. For instance, Norilsk Nickel with value of tens of billions of dollars and with yearly revenues up to \$3 billion was sold for \$170 million to Oneximbank. 70 % of state enterprises were privatized between 1992 and 1998 and only \$20 billion was earned by the state.<sup>194</sup> The lead of Alfa-bank admitted that in all the big deals the winner was known from the very beginning. Both the government and the bidders knew that the state will not be able to repay the loan. Basically it was about making millionaires or even billionaires out of people connected to the state.<sup>195</sup>

In 2000 eight oligarch clans controlled almost all of the 64 leading companies in Russia. Their gains were 50 % higher than an annual Russian budget.<sup>196</sup> In order for them to keep the status quo they needed to invest into the Russian mass media market in order to use broadcasting and outlets as political resource. In the end of 1990s the whole Russian mass media market was split between various Russian financial-industrial groups, except for a few central magazines and newspapers left.<sup>197</sup>

The failed processes of privatization, weak guarantee for property rights and overall bad market conditions as well as lack of reforms and economic decisions, which were made in the interest of big business, were some of the reasons of the financial crisis in August 1998. The world conjuncture also contributed to the crisis development in Russia: low commodity prices, especially for oil, and the Asian crisis of 1997, which made many investors withdraw money from Russian market. But the activator of the default of 1998 was the system of Russian Short-Term State Bonds (GKOs) which were supposed to raise money

---

<sup>193</sup> APPEL (2004), p. 96 and OECD (2001), p. 148

<sup>194</sup> APPEL (2004), p. 98-101

<sup>195</sup> SHKONDIN/VITCHUB/FROLOVA (2008), p. 79-80

<sup>196</sup> VOSWINKEL (2003)

<sup>197</sup> SOLDNER (2008), p. 157, 161



for the state budget. The state bonds provided the Russian government with money to cover a huge budget deficit. For instance, in May 1998 the gap in the budget was around \$5 billion.<sup>198</sup> The interest rate which the Russian state promised to pay on GKO's was high. This attracted a lot of investors as well as forced the government to keep issuing new bonds in order to pay out the interest for the old GKO's. In fact, it was a financial pyramid, a bubble, which exploded in 1998 and the system failed.<sup>199</sup>

Because of all the above mentioned reasons the ruble course nosedived dramatically on the stock exchanges on August 17, 1998. The reaction of the government was to introduce a payment moratorium, to devalue the currency and to stop payments for the governmental loans (default).<sup>200</sup>

The "bankruptcy" of the Russian state influenced negatively the Russian mass media and advertising market. The advertising revenues of the broadcasters and print media fell immensely. Since the Russian consumer market was very dependent on the products from abroad the biggest advertising customers were the foreign producers. However, after the devaluation of the ruble, the purchasing power of the Russians reduced several times therefore people had to switch from foreign products which became expensive to the cheaper home produced goods. The positive effect was that this gave a chance for the Russian producers to position themselves advantageous on the home market. The Russian consumer industry mostly profited from the crisis.<sup>201</sup> However, there was also a negative effect: the Russian advertising customers could not pay the same money for advertising as their foreign competitors. This led to high losses in the advertising revenues of the mass media.<sup>202</sup> Another negative effect of the crisis was an even stronger growth of power concentration as well as an increasing state participation on the media market.<sup>203</sup>

The financing of broadcasters was restricted not only by the decreasing advertising revenues, but also from the stakeholder sources. The media magnates as well as the state could not financially support mass media on the same level. For example, the state owned channel RTR didn't pay salary to some journalists for around one year in 1998-1999.<sup>204</sup> Being faced with a difficult financial situation, mass media tried to earn money in another way in order to resolve economic problems. The alternative sources of revenues became political advertising, concealed public relations or articles and news reports commissioned for money. In those years the term "killer-journalists" appeared, describing the journalists who were ruining the reputation of some famous politicians or business-

---

<sup>198</sup> HARTER ET AL. (2003), p. 47-51

<sup>199</sup> MELLONI (2006), p. 66

<sup>200</sup> HARTER ET AL. (2003), p. 47-51

<sup>201</sup> BRADE/SÜNNEMANN/ANZ (2004), p. 68

<sup>202</sup> TRAUTMANN (2002), p. 438

<sup>203</sup> GLADKOV (2001), p. 167

<sup>204</sup> BRILEV (2008)



men, in exchange for money.<sup>205</sup> The revenues which mass media got from political advertizing were estimated at around \$400-600 million in 1999.<sup>206</sup>

The Russian economy managed to recover quickly after the August crisis. This happened partly due to the reasonable economic policy of the new prime-minister Primakov and his team. But the economic revival is partly owed to other factors. After the strong devaluation of the ruble the prices for import goods increased a lot, thus the import volume was strongly reduced. The huge inflation which was a consequence of devaluation reduced the real wages up to 30 % and the real pensions up to 50 %. Primarily this provoked a decrease in consumption and an alternation from demand on import products to the home made products. As a result of the strong demand for Russian products, the production grew in 1999, together with GDP and later investments. The Russian exports became cheaper due to the currency devaluation and lower production costs. Additionally the world demand on commodities grew, and export of Russian oil and gas became more profitable. With the production development and high revenues from export of commodities the private consumption increased.<sup>207</sup> As a result the Russian GDP increased drastically in the next years, the economic situation stabilized and the personal income started growing.

### 3.3.3. Legal conditions

The second period of Yeltsin presidency was characterized by a status quo situation. The journalists enjoyed quite a high level of freedom, but the executive power and particularly the president were playing a main role in mass media regulation. The Kremlin believed that since mass media have enough level of freedom, no additional legislation is necessary and the emerging mass media problems could be solved by the state institutions and not by the law. Therefore, during this period a few laws concerning mass media and broadcasting in particular were passed. Some crucial laws like the Law on Television and Radio Broadcasting were still not accepted.<sup>208</sup> The lack of specific broadcasting regulation provided more room for unrestrained use of TV and radio for political purposes.<sup>209</sup> Thus, in the absence of broadcasting law the government and the president acted by decree, deciding about many issues. For instance the directors of the main channels ORT and NTV as well as of state regional companies were appointed by presidential or governmental decrees. The level of findings was also determined by the executive power.<sup>210</sup>

The system of broadcasting licensing, which was supposed to be regulated by the vetoed Law on Television and Radio Broadcasting, became even more complex and nontransparent. Not an independent body but a governmental in-

---

<sup>205</sup> SKILLEN (2004), p. 124-125

<sup>206</sup> TRAUTMAN (2002), p. 189

<sup>207</sup> DIW/IfW (2002), 29-31

<sup>208</sup> ZASSOURSKY et. al. (2002), p. 161-163

<sup>209</sup> VARTANOVA (2004), p. 81

<sup>210</sup> LANGE (1997), p. 159

stitution Federal Service of Russia for Television and Radio Broadcasting became responsible for license issuing. According to the governmental order of December 1994 both private and state broadcasters needed to obtain two licenses: a broadcast license issued by the Federal Service and a frequency license, which was issued by the Ministry of Communication and allocated a specific frequency and a number of broadcasting hours.<sup>211</sup> The licenses were supposed to be given in a competitive procedure; however the criteria for competition were defined obscurely and not concretely. This allowed interpretations and in practice led to sales of the broadcasting frequencies.<sup>212</sup> In order to reduce the abuse of license issuance the unification, detailed description and transparency of license issuance procedure were necessary.<sup>213</sup> Unfortunately this was still not done, even later in the period of Putin.

Another characteristic of this period was enforcing the state presence and accordingly control over mass media. Partly it was done in order to ensure the smooth run of the presidential election in 2000, and partly because of the poor financial situation of some broadcasters after the default in 1998. On May 8, 1998 Yeltsin per decree created a state media holding VGTRK, which united channels "RTR", "Kultura", 4 radio stations, information agency RIA Novosti, 86 regional broadcasters and technical centers which were producing and distributing programs.<sup>214</sup> On July 6, 1999 Yeltsin per decree reorganized the management system of media. A newly created Ministry for Press, Television and Radio Broadcasting and Mass Communications absorbed the Federal Service and Ministry of Communication thus getting a monopoly in license issuing. Its head was appointed, a media magnate close to Yeltsin, Mikhail Lesin, a former head of RTR and an owner of the biggest Russian advertizing agency "Video International". He didn't leave his main business even after the appointment.<sup>215</sup> The state could use the concentration of power during the elections of 1999-2000. So, the Ministry of Communication issued a warning about withdrawing frequencies to the channels ORT and TV-Tsentr, which were not supporting the pro-Kremlin party and candidate.<sup>216</sup> The Law on Fight against Terrorism passed in 1998 was also used for the control over the media content, especially concerning the information about the second Chechen war.<sup>217</sup>

---

<sup>211</sup> DE SMAELE/ROMASHKO (2001), p. 369-370

<sup>212</sup> W. A. (2007a), vol. 2, p. 32-39

<sup>213</sup> SHEVERDYAEV (2004), p. 326-328

<sup>214</sup> ILTCHENKO (2008), p. 16

<sup>215</sup> ILTCHENKO (2008), p. 17-18 and DE SMAELE/ROMASHKO (2001), p. 370

<sup>216</sup> ZASSOURSKY ET AL. (2002), p. 101

<sup>217</sup> RICHTER (2004), p. 125

### 3.3.4. Technical conditions

Both satellite and cable television successfully developed further in Russia. In the year 2000 around 3000 legal cable systems were operating in Russia, although the real number of cable systems should be much higher and is impossible to estimate.<sup>218</sup> 14.5 % of all the Russian households (7.3 million) had technical asses to cable, but the number of connected households is not clear.<sup>219</sup> Emerging cable channels influenced the program policy of the central channels a lot. The latter in order to compete with the cable system, offering mostly entertainment and films, had to expand the program schedule through qualitative entertainment and films. At the same time most of the cable channels introduced license fees, which reduced their audience and increased the interest into the free of charge local channels.<sup>220</sup>

The satellite market was also growing in 1996-1999 although it covered only 1.5 % of the households in Russia (760 000 families).<sup>221</sup> Most of the satellite users were from Moscow and suburbs and normally had high income. The market was represented by two main actors: Kosmos TV and NTV+ which was founded in 1996 by the holding MediaMost, the stakeholder of NTV. Kosmos TV offered more than 30 international channels and several channels of own production. This was a typical example of Pay TV. The audience of the channel amounted to around 200.000 households from Moscow and its area. Technological restrictions didn't allow Kosmos TV to broadcast to any other regions.<sup>222</sup> The channel NTV+ represented a project of the first national satellite television. The digital signal was being spread by the company's own satellite, which could translate up to 48 digital channels. Therefore NTV+ offered a variety of programs also of own production. However for this project to become profitable and national around 1.3 million households should have subscribed to it. This was not possible because of the poor economic situation of the most Russians.<sup>223</sup> In 1999 NTV+ had only 150.000 subscribers.<sup>224</sup>

Internet came to Russia in the second part of 1990s and started growing quickly. In 2000 there were already 2.5 million people who were actively using internet (see Annex, Figure 29). However, Russia was lagging far behind the USA and European countries concerning internet users. When in Europe and the USA more than 50 % of the population had access to the internet, in Russia it was only 6.5 %. The main barriers for internet expansion in Russia were of

---

<sup>218</sup> ZASSOURSKY ET AL. (2002), p. 54

<sup>219</sup> IP (2000), p. 370

<sup>220</sup> ZASSOURSKY ET AL. (2002), p. 54

<sup>221</sup> IP (2002), p. 370

<sup>222</sup> ZASSOURSKY ET AL. (2002), p. 55

<sup>223</sup> *ibid*

<sup>224</sup> ZASSOURSKY (2003), p. 191

technical nature: lack of telephone and cable lines in the country. Additionally the Russian telephone market was suffering from monopoly.<sup>225</sup>

To sum up, in 1999 such alternative ways of information and entertainment like satellite, and cable TV as well as internet were still at the beginning of their development and could not compete with analog television.

### 3.3.5. Description and economic evaluation of Russian television system in 1996-1999

In the second period of Yeltsin presidency the media landscape underwent changes concerning the quantity of the broadcasters, their financing and program content. At the end of 1999 the Russian electronic media landscape contained around 100 state-owned and approximately 150 private TV companies. The number of regional channels varies from 700 to 1000.<sup>226</sup> The TV penetration in Russia was almost total but only three channels operated nationwide: the state-owned channels ORT and RTR covered 98 % and 94 % of population accordingly, and the private channel NTV 70 %. These channels were also the most popular between the Russians: 97.7 % watched ORT, 91.1 % – RTR, 76.4 % – NTV and 23 % – TV-6.<sup>227</sup> In the late 1990s some significant commercial broadcasters emerged on the media market. They were CTC, Ren TV and TV-Tsentr.

ORT as before stayed the most viewed channel in the country, partly because of its overall penetration. As described in part 3.3.1. the channel was owned by the state with a 51 % of shares and by Boris Berezovsky with 49 %. Although the state remained the main shareholder, ORT got no budget money from 1996 to 2000. The broadcaster was completely financed by the advertizing revenues, loans and stakeholder's money. However, the company was enjoying significant tax remissions provided by the state.<sup>228</sup>

The year of 1999 was difficult for ORT. The broadcaster finished it with a loss of rub823.6 mln (\$32.9 mln accordingly). The ORT advertizing revenues also fell dramatically from \$139.5 mln in 1998 to \$38.3 mln in 1999. Partly this happened because of the financial crisis and low demand for advertizing. But partly the lack of advertizing money could be attributed to the complicated and corrupted relationship between ORT and the advertizing agencies. ORT should have got at least twice as much for the sold amount of advertising time. The missing money was replenished by the loans. Thus the ORT debt increased 8-fold from 1995 until 1999 and amounted to rub1151.3 mln (\$46.1 mln accordingly). In 1999 ORT got a \$100 mln loan for one year from Vnesheconombank for repaying the old loans.<sup>229</sup> However, this didn't improve the situation.

---

<sup>225</sup> ZASSOURSKY ET AL. (2002), p. 55-58

<sup>226</sup> W. A. (2003)

<sup>227</sup> BERNER (2000), p. 35

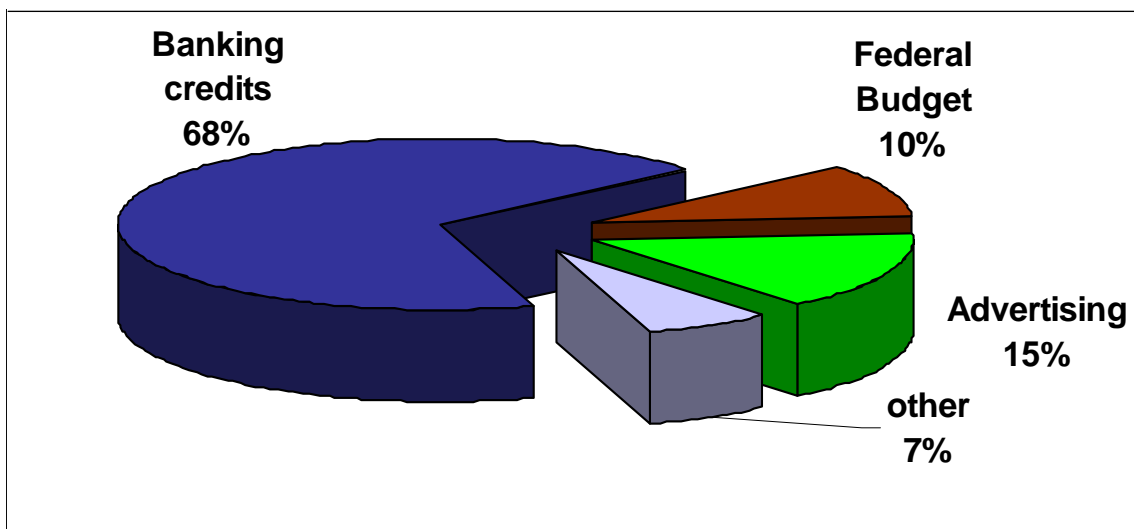
<sup>228</sup> Bulletin of the Accounts Chamber of Russia, № 1(37)/2001

<sup>229</sup> Bulletin of the Accounts Chamber of Russia, № 1(37)/2001

Considering the information above, the revenue structure of ORT should be fully market-financed, thus having a revenue-vector  $(0, 0, 100)$ . However, this is not completely the case. There was some indirect, non-financial support for ORT from the state side. First, ORT enjoyed significant tax remissions. Second, for long time ORT didn't pay any license fees and fees for communication services to the state. This money composed the biggest part of the ORT debt.<sup>230</sup> Additionally the program content of ORT should be considered. As 96 % of the ORT profit was coming from the advertizing, the main criteria while planning the schedule and buying programs was the rating of a program and thus its potential advertizing revenues. This led to the prevalence of entertaining programs in the schedule.<sup>231</sup> At the same time ORT was obliged to broadcast around 15 % of children programs, 45 % of informative, educative and cultural programs and 15 % of other region-relevant broadcasting programs. These rules were often violated. During the parliamentary and presidential elections of 1999-2000 ORT was biased towards the pro-Kremlin party and candidate. However, this doesn't mean that the state was putting pressure on ORT. The main owner of the channel, Berezovsky, was supporting Kremlin during the elections and therefore information on the channel was state-biased. The state itself could not have had high impact on the broadcaster. Considering the indirect economic support of the state and state-biased information on the channel the revenue vector has to be corrected by 10 % in favor of the state and looks as following  $(0, 10, 90)$ .

Another main channel, RTR, was a fully state-owned channel. However, the budget means were only a minor contribution to the RTR revenues.

Figure 14:  
RTR Funding in 1999



Source: FEDOTOV (2005)

<sup>230</sup> Bulletin of the Accounts Chamber of Russia, № 1(37)/2001

<sup>231</sup> Bulletin of the Accounts Chamber of Russia, № 1(37)/2001 and KUZNETSOV/ ZVICK/JUROVSKY (2002), p. 88

The biggest income of RTR came from banking credits. In 1999 their amount in the revenues was around 68 % – \$70.788 mln. The interest on the credits was the second biggest post of the broadcaster's expenses and amounted to 26 %. The Federal Budget contributed moderately to the company's revenues and amounted only to \$10.41 mln. The total RTR revenues in 1999 were around \$104.1 mln.<sup>232</sup>

In order to calculate the revenue vector for RTR some explanations and assumptions will be made. The means coming from banking credits will be considered as belonging to the market, as a company which is taking a loan is aiming at generating revenues in order to pay it off. 7 % of the other revenues will also be referred to the market as they couldn't come from the budget means or the voluntary sector. Due to the difficult economic situation neither the society nor the few existing public organizations could support RTR financially. Thus the revenue vector for RTR looks as following (0, 10, 90).

The program schedule of RTR consisted of a wide range of programs, however the entertainment ones started prevailing as the channel had to look for additional sources of financing.<sup>233</sup> The program content was strongly biased towards the Kremlin. In the early 1990s RTR was considered one of the most "democratic and independent" channels in Russia. RTR even allowed stark criticism of the Kremlin's policy concerning the first Chechnya war. However, after that the new management was appointed to the channel by Kremlin, the broadcaster switched to a pro-Kremlin information policy.<sup>234</sup> Considering the pro-Kremlin position of RTR the revenue vector will be adjusted by 10 %, thus looking as following: (0, 20, 80).

Except the above mentioned main channels, there were other channels that were private and didn't get any budget means. The state could hardly intervene to their policy. They became state-biased only when the interests of the broadcaster's owners corresponded with those of the state. All these channels have a revenue vector (0, 0, 100) and they will be briefly viewed below.

NTV is definitely the most impressive example of a private channel. Being founded in 1993 the channel became very popular within the 90s. The channel was appreciated for its high quality entertainment, information programs and its creativity. Of course the high quality broadcasting cost money and could not be financed only by advertizing revenues (around \$50 mln in 1999<sup>235</sup>). Additional funding was achieved through loans, most of which were provided by the state oil company Gazprom. Thus the broadcaster's debt grew and reached \$110 mln in 2000.<sup>236</sup>

---

<sup>232</sup> FEDOTOV (2005) and Bulletin of the Accounts Chamber of Russia, № 3(39)/2001

<sup>233</sup> KUZNETSOV/ZVICK/JUROVSKY (2002), p. 88

<sup>234</sup> ZASSOURSKY ET AL. (2002), p. 101

<sup>235</sup> MALIKHIN (2000), calculated the following: 26.28 % (channel's share in ads market) \* \$190 mln (the TV ads revenues for 1999)

<sup>236</sup> TCHARKIN (2001)

Channel TV-6 was founded as a joint-venture between Ted Turner's TBS and a pool of leading businessmen, including Berezovsky and the government of Moscow. It was broadcasting to around 380 cities in Russia and became quite popular. Half of the offered schedule was of its own production and very creative.<sup>237</sup> The main revenue source of the channel was advertizing. In 1999 it got around \$9 mln.<sup>238</sup> The biggest part of the investments which were made into the channel and its re-equipment came from the Russian oligarchs as the Americans were tentative.<sup>239</sup>

Channel TV-Tsentr was created in May, 1997. Its 100 % stake belonged to the Moscow administration under the lead of the Moscow mayor Yuri Luzkov. By the end of 1997 the channel already covered more than 40 Russian regions and a couple of years later it became one of the 6 national channels and covered the whole territory of Russia except Kamchatka and Sakhalin. The channel could be considered as the most pluralistic out of the Russian national channels as its policy was to show polarized opinions in order to attract viewers.<sup>240</sup> In 1999 the channel got around \$7.2 mln from the advertizing.<sup>241</sup> The company's debt was estimated to around \$12 mln.<sup>242</sup>

The commercial channels CTC and Ren TV were founded in 1996 and 1997 respectively. They were mostly offering entertainment programs and were not widely spread during the 1990s. However, CTC already in 1999 managed to cover all its expenditures from advertising revenues (\$5 mln), thus becoming profitable.<sup>243</sup>

The revenue vector for all the private channels was identified as (0, 0, 100). However, it was mentioned before that some of the channels like NTV and TV-Tsentr were offering wide political debates. Thus these channels could partly fulfill the targets which are normally fulfilled by the voluntary broadcasters in the society. But the open political fight which could be seen on the TV channels was not real. It was not conducted to the interests of the society but to the interests of the owners of the channels.<sup>244</sup> Therefore broadcasters were fulfilling their function as a society communication platform, only in a restricted manner, i.e. in the cases when it was necessary for the oligarchs and authorities. The political activity on the channels was caused by the interests of the stakeholders and

---

<sup>237</sup> McCORMACK (1999), p. 232

<sup>238</sup> MALIKHIN (2000), calculated the following: 4.55 % (channel's share in ads market) \* \$190 mln (the TV ads revenues for 1999)

<sup>239</sup> ZVICK (2004), p. 94

<sup>240</sup> McCORMACK (1999), p. 233

<sup>241</sup> It is calculated the following: 3.76 % (channel's share in ads market) \* \$190 mln (the TV ads revenues for 1999)

<sup>242</sup> MALIKHIN (2000)

<sup>243</sup> *ibid*, calculated the following: 2.63 % (channel's share in ads market) \* \$190 mln (the TV ads revenues for 1999)

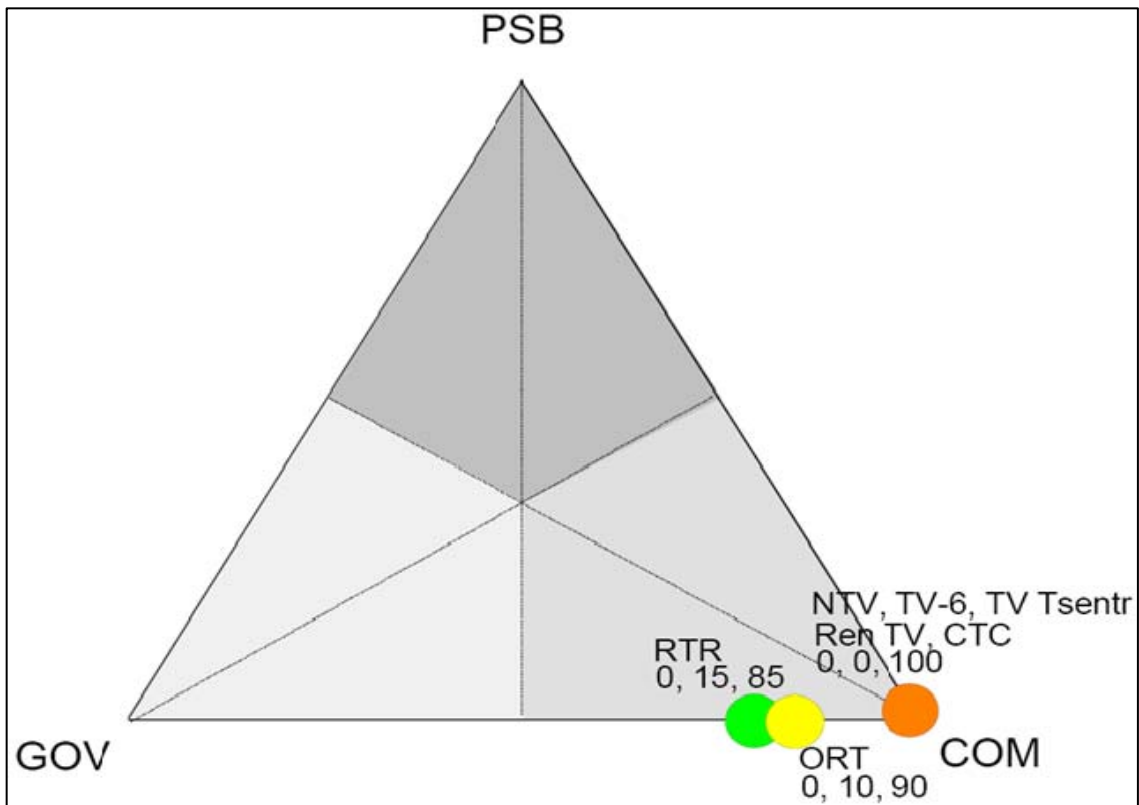
<sup>244</sup> ZVICK (2004), p. 94

<sup>244</sup> SHKONDIN/VITCHUB/FROLOVA (2008), p. 67

thus cannot indicate that the broadcasters were fulfilling their important social function of information and providing a communication platform. The restrictive censorship also indicated this. The journalists had little freedom in expressing their opinions concerning a topic, which could be important for the owners of the mass media. An illustrative example is the case of the leading newspaper Izvestiya, which sold the control package of its shares to the oil company Lukoil in 1996. Izvestiya got a prohibition from the owner to reprint an article from “Le Mond” about the acting prime-minister Tchernomirdin, who was accused of accumulating a fortune. The editor-in-chief even managed to get hold of the president Yeltsin and asked for his support. But this didn’t help and soon he was dismissed. The financial-industrial groups were tending to control the media coverage of topics, which were crucial for their main business, e.g. privatization of mass communications, appointments to the federal and regional governments etc.<sup>245</sup> Considering the facts above, the revenue vector of the private broadcasters will not be corrected towards the voluntary sector and stays (0, 0, 100).

As a result, the main Russian broadcasters are placed within the economic model as presented in the Figure below.

Figure 15:  
Russian main broadcasters in 1996-1999



Source: own illustration, following KOPS (2007)

<sup>245</sup> CASTELLS/KISELEVA (2000)





In order to place the Russian broadcasting system of 1996-1999 within an economic model, some calculations are needed. The advertising revenues of all the TV broadcasters in 1999 dropped to \$190 mln because of the default of 1998 (Annex, Table 4). The state was aiming to spend rub1.528 bln (around \$61 mln) on television as it was indicated in the Russian budget for 1999.<sup>246</sup> There were no means coming from the public sector to the broadcasters. However, the channels got a lot of loans from the banks especially in 1999 in order to cover the lack of revenues because of collapse of the advertizing market. Unfortunately, it is not possible to figure out how much bank loans and money from shareholders were transferred to the channels. As it was mentioned above, ORT got a \$100 mln bank loan in 1999 and RTR – \$70.8 mln. Additional money for RTR came from the other non-state sources and amounted \$7.3 mln. Definitely other broadcasters also got loans in 1999. Only NTV accumulated a debt of \$100 mln in 2000. TV-6 had also a debt although much lower – \$5 mln.<sup>247</sup> The debt of TV-Tsentr was \$12 mln.

Considering the numbers above, the revenues, which Russian broadcasters got from the market, can be calculated. They amount to a minimum amount of \$368 mln (\$190 mln from TV advertizing + \$70.8 mln (RTR loan) + \$100 mln (ORT loan) + \$7.3 mln (RTR – the other revenues)). The loans of other channels, including NTV are not considered here because of lack of data. In reality, the revenue amount from market should be higher. The revenues which the broadcasters got from the state in 1999 were around \$61 mln. Thus, the revenue vector for the Russian broadcasting system in 1999 can look as following (0, 14, 86).<sup>248</sup> However, considering the missing data for the loans, the vector should be corrected by at least for 4 % in favor of the market (0, 10, 90).

---

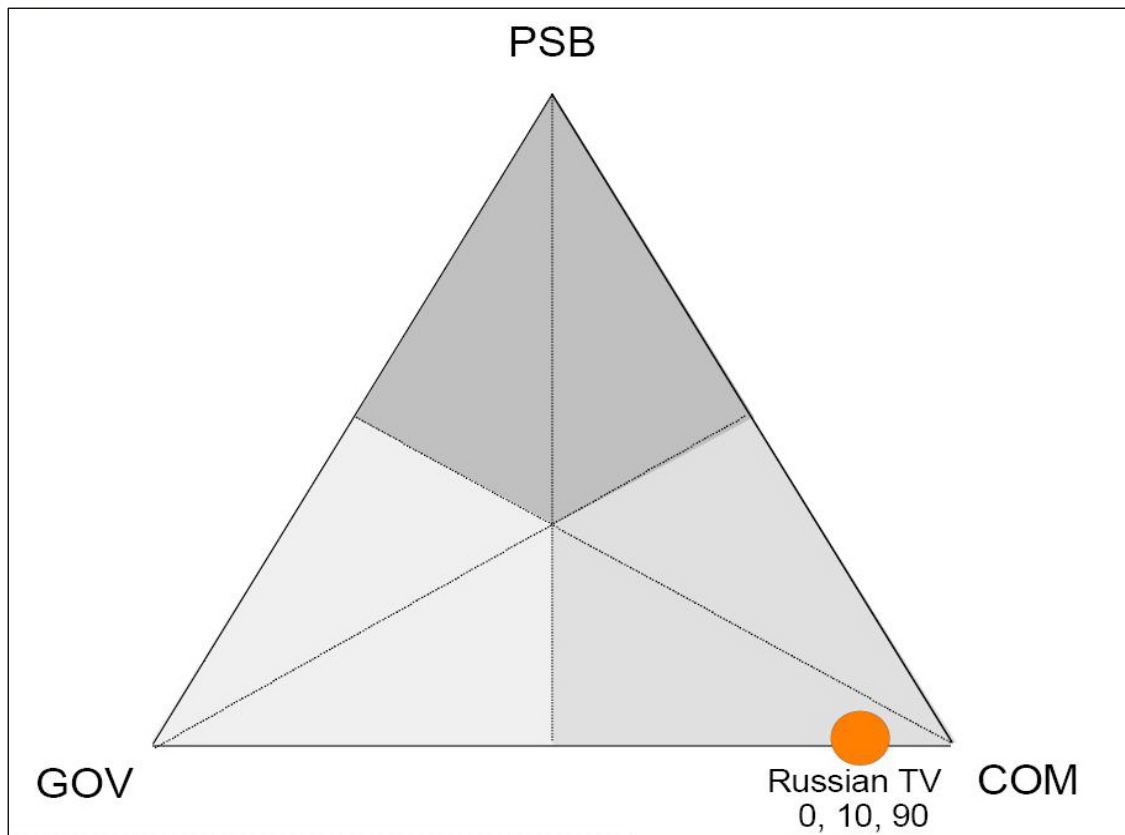
<sup>246</sup> Annex N 18 to the Federal Law of 22 February 1999 “About Federal Budget for year 1999”

<sup>247</sup> BOHLEN (2001)

<sup>248</sup> It is calculated the following: 14 % = \$61 mln / \$429.1 mln



Figure 16:  
Russian television system in 1996-1999



Source: own illustration, following KOPS (2007)

### 3.4. Television in the era of cleptocracy 2000-2007

The period of 2000-2007 is defined by the presidency of Vladimir Putin and big changes in the political, economic and social life of the country. Putin managed to consolidate a great amount of power in his hands and mass media was an important instrument for consolidation.

#### 3.4.1. Socio-political conditions

Putin became president in a very difficult but at the same time advantageous period for him. The ordinary Russians were disappointed and tired of the unsuccessful reforms in 1990s, of the weak and unrepresentative president Yeltsin and of the oligarchs' wars. Putin's image represented a politician with whom many Russians could identify themselves. He embodied a liberal democrat, soviet patriot and first of all a person who promised law and order after the turbulent 1990s.<sup>249</sup> The successful job of image makers as well as wide administrative resources helped Putin come to power.

<sup>249</sup> MOMMSEN/NUßBERGER (2007), p. 54

Officially Putin and his environment claimed to build “guided democracy” in Russia. The aim of this policy was to get the possibility to conduct necessary political, legal and economic reforms in the country. According to the theory of Kremlin ideologists the Russian democratic and legal institutions were still weak and couldn’t provide the democratic development of the country as well as the conduction of necessary reforms. Therefore, a democracy guided from above (i.e. from Kremlin) was necessary in order to indicate the correct direction of country’s development. When the democratic and legal institutions would become stable, the Kremlin would abstain from the policy of “guided democracy”.<sup>250</sup> This theory helped to justify the enforcement of the state role in all fields of life.

Putin’s activity during the first presidential period up to 2004 was aimed at strengthening his position and eliminating any possible danger, stemming from either political or economic elites. On the political level he successfully abandoned any power centers on the federal and regional levels, which could compete with the Kremlin. In May 2000 by presidential decree Russia was split into seven Federal Districts headed by the Plenipotentiary Representatives appointed by the president. Their task was to be an additional layer of administration between the center and the regions. Further on, regional executive and legislative heads stopped being members of the Federation Council. Instead they merely got the right to delegate and recall representatives to the upper house of the Russian parliament.<sup>251</sup> Thus Putin disempowered strong political actors from the regions who could become potential competitors on the presidential or parliamentary elections. With the time the role of the Federation Council degraded from a representation of regional interests to a forum of economic lobbyists. The places in the Federation Council are being distributed through informal auctions for high remuneration.<sup>252</sup> In 2004 Putin replaced the direct elections of the governors in the regions by presidential appointments. Officially this change was aimed at battling against the terrorism after the Beslan hostage drama.<sup>253</sup>

Changes happened also in the lower chamber of the Parliament. Under the influence of the president administration the power balance in Duma changed in favor of the pro-Kremlin party Edinstvo. The latter merged with OVR into Edinaya Rossia and overhauled delegates from other parties. At the end of Putin’s presidency the Kremlin party Edinaya Rossia had an absolute majority in Duma (Annex, Table 5). The registration requirements for parties were strengthened and the hurdle for parties’ entry to the elections was increased to 7 %. The direct deputy mandates were abolished, thus only party members could be representatives in Duma.<sup>254</sup> These measures and a biased TV policy for the Kremlin party eliminated any liberal opposition in Duma. As a result, the times of con-

---

<sup>250</sup> AMELINA (2006), p. 276 and PAPP (2005)

<sup>251</sup> MANGOTT (2004), p. 67

<sup>252</sup> MOMMSEN/NUßBERGER (2007), p. 37-38

<sup>253</sup> W. A. (2006a) and KIESS (2007), p. 171

<sup>254</sup> SCHNEIDER (2006), p. 22

frontation between Duma and the president were gone. The speaker of the 4th Duma (2003-2007) Boris Gryzlov even claimed that “the parliament was not a place for any discussions”.<sup>255</sup> The legislative power was always ready to cooperate with the Kremlin, thus, the necessary bills were passed quickly.<sup>256</sup> If during the next elections in 2011 Edinaya Rossia gets a constitution majority this will mean that a one-party system will be introduced in Russia again. Unfortunately in comparison to CPRF, Edinaya Rossia is lacking any kind of ideology except of its “unconditional love not even to a president but exclusively to Putin.”<sup>257</sup>

Putin also made steps to gain control over the NGOs (approximately 20 mln people were involved in NGOs in Russia). In 2002 the distinction between profit and non-profit organizations was eliminated. The income of NGOs (donation, allocations etc.) became taxable. Thus the Kremlin got control over the money flow. The NGO Act was passed in 2005 and introduced an NGO supervisory authority which decided about approval and closure of NGOs without any court decisions as well as got information about the activities and finance of NGOs.<sup>258</sup>

Additionally, the power of Moscow center was increased through several other laws which transferred control over different fields from the regions to directly to the center: Law about juridical registration (2002), Law about licenses (2001), Law about police activity (2001), centrally organized taxation control through tax police etc.<sup>259</sup> Within a short time Putin managed to eliminate any political opposition and relocate power on the centre-regional axis<sup>260</sup> thus creating a “verticality of power” – a pyramidal system where all political institutions in the country are subjugated to the Kremlin.

A new political elite, which came to power with Putin’s presidency, became an important element in the verticality of power. In the Yeltsin time the country was practically ruled by eight oligarch clans (look at 3.3.2). Putin after being elected a president in 2000 started changes in the governmental apparatus and presidential administration. The key positions were taken by people close to the president, which he knew from his studies (St. Petersburg University, faculty of law) and his previous work (KGB and St. Petersburg mayor administration). These people can be roughly split into two groups: liberal “jurists” and *siloviki*.<sup>261</sup> The term *siloviki* comes from Russian *sila* – power – and describes the present or former employees of the 22 enforcement agencies – military, interior, security, guard, intelligence, prosecutor office, secret police and others (further information on *siloviki* can be found in the Annex).<sup>262</sup> Before the era of Putin the

---

<sup>255</sup> LEVTCHENKO (2007)

<sup>256</sup> MOMMSEN/NUßBERGER (2007), p. 39

<sup>257</sup> W. A. (2007b)

<sup>258</sup> NEUGEBAUER (2006), p. 39

<sup>259</sup> KIESS (2007), p. 170-171

<sup>260</sup> MANGOTT (2004), p. 68

<sup>261</sup> MOMMSEN/NUßBERGER (2007), p. 66

<sup>262</sup> ILLARIONOV (2007b)

military-security officers (siloviki) were weakly represented in the power constituting only 13 % of the federal authorities. In 2003 this number already became 25 %, and in 2008 a minimum of 42 % (up to 70 % according to estimates).<sup>263</sup>

As a result of the eight years of Putin's presidency the power was seized by a state bureaucratic corporation (also called kleptocracy) for which the institution of power became a mechanism for realizing its own interests and rents.<sup>264</sup> The number of bureaucrats doubled in comparison to the Yeltsin period and reached approximately 3 mln people.<sup>265</sup> Accordingly, the expenses for the authorities exploded from \$4 bln in 2000 to \$93 bln in 2008.<sup>266</sup> The new political elite gained control over the assets, or more precisely, financial flows, redistributed from the oligarchs of Yeltsin times, and were therefore very much interested in maintaining the existing status quo, i.e. their secured place in the halls of power and the existing political regime.<sup>267</sup>

Media played an important role, first during the enforcement of the state, accumulation of the power in the hands of a small group under the lead of Putin, and later in maintaining the status quo. From the beginning of his presidency Putin exactly understood the power and the danger of broadcasting. Television represented still the main source of information for 85 % of the Russians<sup>268</sup> and thus suited perfectly for transmitting the necessary picture of the world. On the other hand television in private hands could be used for "fight against the state and disinformation".<sup>269</sup> Therefore in spring 2000 after the presidential elections the Kremlin tried to gain control over the private mass media. One common scheme was used for several channels: first it was announced that a broadcaster had financial difficulties paying off the debt mostly to the state-owned or state-affiliated companies. After that the broadcaster was closed down by court decision and its assets were transferred to the creditor. As a result the state got control over the main Russian channels: Perviy Kanal (former ORT), RTR, TV-Tsentr, NTV and Ren-TV.<sup>270</sup> All important press and radio also went under the state control.

In most cases the public calmly accepted the transformation of the media ownership and the enforcement of the state control. Such a reaction has several reasons. In 1990s mass media managed to lose trust within the society, when serving to the interest of the owners and those who were financing it. Journalists got involved in the mass media wars, delivered paid kompromates and conducted black and hidden PR. The professional journalism turned into some kind of service, attending the interests of the owners and payers by any means, also

---

<sup>263</sup> KRYSHANTANOVSKAYA (2008)

<sup>264</sup> SHEVTSOVA (2006), p. 308

<sup>265</sup> KRASILOVA (2008)

<sup>266</sup> NEMTSOV/MILOV (2008)

<sup>267</sup> SHEVYSOVA (2006), p. 307-308

<sup>268</sup> YAKOVLEVA (2006)

<sup>269</sup> PUTIN (2000)

<sup>270</sup> MOMMSEN/NUßBERGER (2007), p. 48



immoral. This led to high criticism within the society. The majority of the Russians supported the idea of either nationalization or at least strict regulation of mass media through which they believed some sort of moral order could be implemented in the media.<sup>271</sup> The second reason for the calm acceptance of state enforcement in the mass media was an improving economic situation of the Russians. The improvement of living standards was caused by the permanently growing oil prices but with help of television it was instead ascribed to the policy of the president and the government. The Russians were tired after the economic difficulties in 1990s and were welcoming the improvements of living standards and the opening of possibilities to earn money, which came with the high oil prices. The state and the public closed a silent agreement: the Kremlin is working at the improvement of living standards of ordinary people and for this economic freedom they give up their political freedom.<sup>272</sup> The society gets part of the oil money and for that tolerates the Kremlin activities of redistribution of property rights and big businesses, nationalization of companies, freedom constraints, growth of bureaucracy, privileges of authorities and so on.<sup>273</sup> Therefore the enforcement of state control over mass media didn't cause big protests between the Russians.

The state-controlled media became the main source for guiding the country as claimed by the liberal politician Ryzhkov. Television became an important part of the "verticality of power".<sup>274</sup> It manipulated people's perception of the reality by transmitting the "necessary" picture of the world. According to journalist Rogov's slightly humorous description, the Kremlin's world picture transmitted through television contained three main elements. Firstly, television broadcasted about the enemies of the Russian young state: American imperialists, Georgian spies, marginal Russian liberals, Islamic terrorists and others who could be dangerous for the stability of Russia and its citizens. Second, TV permanently presented examples of the growing prosperity of the Russians and the revival of Russia in general. Third, the broadcasters presented the picture of Putin's activity as a president who contributed to the prosperity of the Russians and protected the country from the outside enemies.<sup>275</sup> For instance, over 92 % of political information offered on TV had a propaganda character in favor of Putin.<sup>276</sup> Due to this world picture those Russian citizens, who experienced sort of prosperity, could trace it back to the wise management of the country. Those, who faced financial difficulties, could ascribe them to the intrigues of the Russian enemies.<sup>277</sup> However, the picture of the world as presented on TV strongly differed from the reality. For example, in spite of the era of stability and prosper-

---

<sup>271</sup> KOLESNIK (2004), p. 422-424

<sup>272</sup> FISHMAN (2000)

<sup>273</sup> PARKHOMENKO (2008)

<sup>274</sup> MOMMSEN/NUßBERGER (2007), p. 53

<sup>275</sup> ROGOV (2008)

<sup>276</sup> MOMMSEN/NUßBERGER (2007), p. 53

<sup>277</sup> ROGOV (2008)

ity which was propagated on TV, 50 % of the middle-class Russians were disagreeing with this statement and 60 % believed that situation of stability may change any time.<sup>278</sup> Half of the Russians described the situation as tense, 9 % as explosive and only 28 % believed it was calm. 47 % of the Russians perceived that Russia was not on the right track.<sup>279</sup>

As a result of the status-quo policy, the bureaucratic corporation turned out to be in a vacuum. Elimination of the opposition and NGO's as well as usage of controlled TV only for propaganda purposes and not for communication<sup>280</sup> brought the power to isolation and misunderstanding of the needs of the society.

### 3.4.2. Economic conditions

Never in its history was Russia as prosperous, and never before were the Russians living in better conditions and in more stable environment as in this period.<sup>281</sup> The economy has shown a stable growth the whole eight years. GDP calculated in dollars grew almost 5 times since 2000. Net capital flow in the country reached \$82.3 bln in 2007. The population income grew 1.9 times for the last 6 years and the share of middle class reached 20 % in the Russian society.<sup>282</sup>

There is a set of reasons for such a development. Due to devaluation of the national currency in the crisis of 1998 Russian products became cheaper than the imported ones. This allowed Russian industry to position itself strongly on the home market. The wages were growing year by year, thus increasing the purchasing power of the population. But the most important reason which strongly contributed to the economic flourishing is the upward world economic trend for energy sources and commodities, i.e. high oil prices. With the economic stabilization Russia became an attractive location for foreign investments. The investment activity grew drastically after the crisis of 1998 and in 2003 foreign investments in Russia exceeded the Russian investments abroad for the first time, so that the negative tendency of capital flight was broken. However, the biggest part of investments into Russia is repatriated money coming back from the Russian businessmen. For example, in the case of Cyprus these are 90 % of all investments.<sup>283</sup>

Putin came to power in fact without any pre-election economic program. It became ready later in spring 2008 and is known as "Gref-program". It was aiming at the modernization of the Russian economy in different fields.<sup>284</sup> One of its key

---

<sup>278</sup> EU-Russia Centre (2008), p. 5-6

<sup>279</sup> SHEVTSOVA (2006), p. 311

<sup>280</sup> The information was delivered only from the state channels to the citizens and not the other way around.

<sup>281</sup> LYNE (2006), p. 6

<sup>282</sup> GROTECK Co. Ltd. (2008), p. 17

<sup>283</sup> PONOMAREV (2004), p. 197-198

<sup>284</sup> NERRE (2002), p. 67, 71



priorities was restructuring of complex and ineffective tax system. Corporation tax was reduced to 24 % for every company. The income tax rate became 13 % and flat for all. This stimulated transparency of personal and corporate income and increased tax revenues in the budget.<sup>285</sup> Many big Russian companies adopted IFRS and thus could be listed on the world's stock exchanges.<sup>286</sup> It increased their competitiveness and attracted foreign investors. New legislation in the areas of business registration, licensing, inspections, certification and others also improved the investment climate.<sup>287</sup>

Another milestone in the Gref-Program was the reform of natural monopolies (e.g. Gazprom, RAO UES, Svyazinvest Group) in order to make them more competitive and attractive for investors. However in reality the state increased its share and thus, monopolistic control, in the strategic energy companies. The prices on the internal energy market didn't get liberalized.<sup>288</sup>

The reform of the pension system became also crucial. In 1990s pensions were originated from the current taxes paid by the companies. As the taxes were not regularly paid to the budget and the number of pensioners per worker was growing due to negative demographic development, the pension system turned out to be ineffective and caused pensioners' misery. The reform of a transition to an accumulative pension system (each worker is saving up his pension during the working life) failed and the pre-reform pension system was kept.<sup>289</sup> The reform of social benefits also failed. In the beginning of 1990 the state gave different benefits to pensioners, families etc. but could not finance them as their annual amount was bigger than the whole country budget. The only way out was to restrict the preferred circle to the people who really needed state support and to make the benefits monetary. However, a bad organization of the reform caused delays of money to the beneficiaries and as a result – mass protests. The authorities had to cancel the reform.<sup>290</sup>

The economic results of Putin's presidency are in whole deplorable. The huge opportunities for a country modernization which appeared due to the "oil money rain" were not used. The country has simply been "eaten" through the oil revenues. Army, pension, health and education system as well as infrastructure degraded compared to the end of 1990s.<sup>291</sup> Corruption increased and changed in nature from mass- and low-scale to a high level corruption (Annex, Table 6).<sup>292</sup> The corruption volume was estimated at around \$350 bln per anno, and 87 % of all the business bribes<sup>293</sup> were given to the representatives of the executive

---

<sup>285</sup> *ibid*

<sup>286</sup> McGEE/PREOBRAGENSKAYA (2005), p. 27

<sup>287</sup> COOLIDGE (2002), p. 102

<sup>288</sup> W. A. (2007b)

<sup>289</sup> *ibid*

<sup>290</sup> *ibid*

<sup>291</sup> NEMTSOV/MILOV (2008)

<sup>292</sup> BUTRIN (2007)

<sup>293</sup> Business bribes amount to 98 % of all the bribes, see Annex, Table 6



power. The main corruption groups are considered to be the representatives of the Federal Security Services (former KGB), partly the ministry of the Interior of Russian Federation, Committee of Inquiry of Attorney General's Office of Russian Federation and partly the President Administration.<sup>294</sup> As a result Russia dropped to the 147<sup>th</sup> place out of 180 countries in the corruption index. The multiple public anti-corruption campaigns failed as many of them were used for fights between different political clans and elimination of the competitors.<sup>295</sup> In spite of a permanent flow of new anti-corruption set of laws being passed, more than half of the Russians did not believe in successful results of any anticorruption activities.<sup>296</sup> As a result 68 % Russians didn't feel protected by the law because they couldn't expect unbiased and honest court decisions due to high corruption (42 %) and privileged groups staying above the law (45 %). People's trust to the state is also low: 59 % consider authorities and officials to be way above the law and only 3 % believed that there was no one above the law. Around 40 % of Russians believe that the right to own private property in Russia was not guaranteed and only 4 % thought the opposite.<sup>297</sup>

The enforcement of corruption and the resulting erosion of state institutions can be attributed to the consequences of "Dutch" disease<sup>298</sup> when the authorities' efforts are not spent on the modernization of the economy but on the fight for the natural rent. After coming to power Putin filled out the state positions with his own people who soon overtook the power from the business oligarchs who were close to the Kremlin in 1990s. A redistribution of the profitable energy sector was conducted in favor of the state and the new class of apparatchik oligarchs got control over the assets without owning them or bearing any responsibility for them.<sup>299</sup> Through a demonstration process over YUKOS a clear message was sent to the oligarchs of the 90s: they should stay equidistant from the politics.<sup>300</sup> As a result the Russian economy can be characterized by its high concentration level and a decisive state role. For example, five banks control 45 % of all bank assets in Russia and ten largest companies out of 400 have a share of 44 % in sales proceeds. The government became the key player in the oil and gas industry increasing its share from 3 % (2003) to 60 % (2006). The main Russian banks also belong to the state.<sup>301</sup>

---

<sup>294</sup> KABANOV (2008)

<sup>295</sup> W. A. (2005b)

<sup>296</sup> Data of Public Opinion Foundation, from <http://www.echo.msk.ru/news/551538-echo.html> (08.11.2008)

<sup>297</sup> EU-Russia Centre (2007), p. 17-18

<sup>298</sup> "Dutch" disease is an economic concept which tries to represent the connection between the exploration of natural resources and the decline in the manufacturing of the country as well as moral fallout of the population.

<sup>299</sup> SHEVTSOVA (2006), p. 308 and MOMMSEN/NUßBERGER (2007), p. 68-70

<sup>300</sup> SHKONDIN/VITCHUB/FROLOVA (2008), p. 80

<sup>301</sup> GROTECK Co. Ltd. (2008), p. 24-25

The mass media and advertizing market was reflecting the tendencies in the economy. Mass media market could be characterized by concentration and informal nationalization as well as merge of business and state. Two media oligarchs Gusinsky and Berezovsky had to deliver their channels NTV and ORT to state control and to emigrate from Russia. The downfall of the main media payers opened the way to other actors – new oligarchs loyal to Kremlin, and directly or indirectly state controlled corporations.<sup>302</sup> ORT officially belongs to the aluminum and oil companies but unofficially is controlled by the president administration. The state controlled corporation Gazprom seems to have become the most notable actor on the media market. It owns MediaMost of Gusinsky, including the popular channel NTV and some other radio stations and print media (see Annex, Figure 26). Ren TV which slowly changed its profile from entertainment-oriented to political also went under state control: 52.5 % of the shares are controlled by a subsidiary of the bank Rossia which appears to be very close to Putin. As a result during Putin's presidency all the electronic media with nationwide significance and politically relevant content went under direct or indirect state control.<sup>303</sup>

The advertizing market has shown an impressive growth of at least 30 % year on year (Annex, Table 4). In spite of permanently increasing advertizing revenues the channels were experiencing lack of money and had to use additional financing from the stakeholders, either state or private persons. For instance in 2007 almost €2 bln were spent by the Russian state on media support.<sup>304</sup> The reason is the poor measurements of the program ratings as well as the possibility for corruption. For 142 million people there are only 1200 devices in around 1600 households measuring the program ratings. Thus they are representing the tastes only 0.001 % of population. Such an imperfect system of measuring the viewers' tastes doesn't reflect the real ratings of the programs. The lack of clear criteria for defining the popularity of the programs allows corruption and grey schemes on the television market. The production of programs by companies, close to the leads of TV channels, can serve as an example of a grey income scheme. These programs are later purchased by the channel for prices higher than on the market. The heads of the channels as well as the monopolists on the advertizing markets are not interested in the correct estimation of the program ratings.<sup>305</sup> Such situation is not contributing to the mass media market development. Another negative characteristic of the Russian mass media market is the widespread black political and commercial advertizing on TV, which amounts to around 30 % of all the channels' revenues and is not included in the official revenues. According to the estimations black political advertizing amounts to around \$60 mln a year.<sup>306</sup>

---

<sup>302</sup> SOLDNER (2008), p. 166

<sup>303</sup> *ibid*, p. 167-168

<sup>304</sup> RABITZ (2007), p. 3

<sup>305</sup> KESHISHEV (2003)

<sup>306</sup> KESHISHEV (2003)

### 3.4.3. Legal conditions

The legislative changes of 2000-2007 were aimed at tightening the state control over media and primarily over television broadcasting. The Law on Television and Radio Broadcasting was still not passed although its draft caused strong discussions in the legislative power and the society. The first step for strengthening the administrative grip over mass media was the approval of an "Information Security Doctrine of the Russian Federation" by the Security Council in September 2000. Later on, further legislation, which was restricting operations of mass media, was accepted. Part of it was the Law on Counter-Extremism, which came into force in July 2002. In the article 11 it prohibits dissemination of extremist materials via mass media and their participation in extremist activities. This law provides one more excuse to terminate the activity of a mass media outlet. In July 2006 this law was revised and the definition of extremist activity was broadened to "public slander directed toward individuals fulfilling the state duties of the Russian Federation or one of its subjects". These restrictive measures were justified by the necessity to fight with the Chechen terrorists who conducted several attacks in the end of 1990s and the beginning of the 21<sup>st</sup> century. In reality it helped to cut off the media access to the information about Chechen war, the Chechen terrorists and terrorists' attacks.<sup>307</sup> The Laws on State of Emergency (2001) and on State of War (2002) also allow restriction of the mass media access to information sources as well as censorship on the journalist output.<sup>308</sup>

The danger in the above mentioned and other legislative acts is their vagueness which can be used by the authorities for political purposes. For example official warnings were issued to several newspapers which were violating the Law on Counter-Extremism: to *Nezavisimaya gazeta* for printing an interview with the Chechen rebel leader, and to popular web site *gazeta.ru* for publishing an interview with the leader of a banned National Bolshevik Party.<sup>309</sup> In 2004-2005 over 80 warnings were issued to the TV broadcasters.<sup>310</sup>

The licensing system still remains an unresolved problem. As before, a broadcaster needs to acquire a communication license (the right to use a frequency band for broadcasting) and a broadcasting license (the right to distribute media programs over a certain territory on a certain frequency). The lack of a Federal Law on Television and Radio Broadcasting, and instead a sub-legislative regulation through decrees, reduces the level of protection available to broadcasters.<sup>311</sup>

The TV advertizing legislation underwent some changes as the Law on Advertizing passed in 1995 became obsolete. The enforcement of the law was nec-

---

<sup>307</sup> SOLDNER (2008), p. 169-170

<sup>308</sup> RICHTER (2004), p. 126-127

<sup>309</sup> SOLDNER (2008), p. 169

<sup>310</sup> KACHKAEVA ET AL. (2006), p. 21

<sup>311</sup> KACHKAEVA ET AL. (2006), p. 20

essary as advertisement became more sophisticated but also more intrusive and irritating to the TV viewers.<sup>312</sup> The new law which came into effect on 1<sup>st</sup> July 2006 became closer in line with the European standards and limited the advertizing volume up to a maximum of 20 % per day and 15 % per hour.<sup>313</sup> According to this law the maximum length of any advertizing block is 4 minutes. Some restrictions were introduced on the advertizing of beer (prohibition of advertizing from 7 a.m. to 10 p.m.), pharmaceutical products and usage of children's images.<sup>314</sup>

In 2005 the Ministry of Culture and Mass Communications of Russia issued a Concept Paper on the Development of Broadcasting for the period of 2006-2015. This document represents a long-term strategy for the development of TV and radio broadcasting industry and covers legal and technical areas. The Concept Paper pointed out the lack of legislation in the broadcasting area and suggested to fill the gap by adopting federal laws on public broadcasting, federal licensing commission, and cable TV.<sup>315</sup> This document represents the first attempt of the state to rationalize its broadcasting policy. However the critics of the document claim that it is too detailed and that it was never discussed with the broadcasters themselves.<sup>316</sup>

The Concept Paper was complemented by the New Concept for Development of TV and Radio Broadcasting, issued per governmental decree on 29 November 2007. According to this paper the issuing of licenses remains as before in the hands of the executive power and is the key mechanism for broadcasting regulation. The state will offer a free of charge set of channels for all the Russians, which will contain a news channel, one or two infotainment channels, children, culture and sport channels as well as one regional channel, different for each Russian Federation subject. The rest of the offer present on channels should be regulated by the market demand.<sup>317</sup>

#### 3.4.4. Technical conditions

During 2000-2007 several changes happened in the TV technical facilities and the state policy concerning them. The Concept Paper on the Development of Broadcasting for the period of 2006-2015 also focused on the technical development. It suggested transition to digital broadcasting by 2015, which would cost approximately €900 mln and would be financed from federal, local and private investments. Concrete steps for transition were suggested: for example to stop issuing licenses for analogue broadcasting in 2008, stop selling TV sets

---

<sup>312</sup> *ibid*, p. 22

<sup>313</sup> Before, the advertizing volume was limited to 20 % per day without any limitation per hour.

<sup>314</sup> IP (2007), p. 329

<sup>315</sup> EUROPÄISCHE AUDIOVISUELLE INFORMATIONSTELLE (2006), 251

<sup>316</sup> KACHKAEVA ET AL. (2006), p. 39

<sup>317</sup> RICHTER (2008)

without digital decoders by 2010 and so on.<sup>318</sup> The reason for this modernization is the physical and technological outdate of the TV and radio broadcasting facilities as the technical infrastructure was inherited from the Soviet times and already used in some cases up to 100 % of its work life resources. As it was stated in 2005 at the Board meeting of the Federal Agency for Press and Mass Communication, the further delay of modernization could endanger the distribution of state television and radio programs.<sup>319</sup> This again indicates the importance of broadcasting as a means for state propaganda. The main reasons for switching to the digital terrestrial TV are political and macroeconomic but not commercial.<sup>320</sup>

The favorable economic situation not only allowed to the government to plan the above described modernization of the technical facilities but also improved the equipment of the population with TV devices as well as helped the development of cable and satellite television. The number of households with only one TV device decreased to 60 % and with two and more TV devices increased to 32 % in 2004.<sup>321</sup> In regards to network access, only 1.2 % of the Russians don't have any access to the terrestrial broadcasters, 98.8 % of the population can watch one channel, 96.2 % – two channels, 73.1 % – three channels, 62.3 % – four channels, and 33 % – five channels accordingly.<sup>322</sup> The cable, satellite and digital TV markets have also been growing in the last 7 years. 33 % of the Russians were regularly watching at least one non-terrestrial channel and half of them (15 % of the households) were already subscribers to digital TV.<sup>323</sup>

Almost 10 % of Russian households (4.7 mln households out of 49 mln TV households) were using digital TV in the end of 2007. All the satellite TV signals were broadcasted in digital format (2.5 mln subscribers by the end of 2007). 2 mln of cable TV subscribers could receive digital signal in the end of 2007. 100.000 households were getting the terrestrial digital signal as they were in the pilot zones for DVB-T standard which is supposed to be introduced all around Russia by 2015 according to the Concept Paper. Over 200.000 mobile TV subscribers and Cosmos TV subscribers were also getting the digital signal.<sup>324</sup>

---

<sup>318</sup> EUROPÄISCHE AUDIOVISUELLE INFORMATIONSTELLE (2006), p. 251

<sup>319</sup> KACHKAEVA ET AL. (2006), p. 76-77

<sup>320</sup> GROTECK Co. Ltd. (2008), p. 14

<sup>321</sup> KACHKAEVA ET AL. (2006), p. 76

<sup>322</sup> GROTECK Co. Ltd. (2008), p. 37

<sup>323</sup> *ibid*, p. 38

<sup>324</sup> *ibid*, p. 13-14



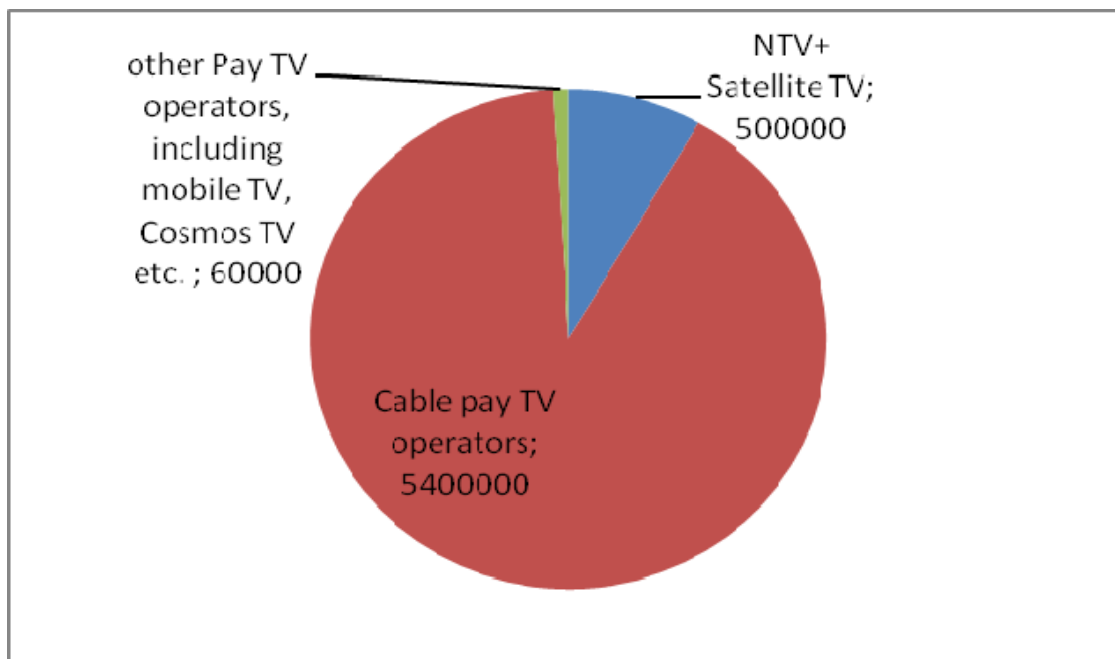
Table 2:  
Number of Digital TV subscribers in Russia

Delivery	Households (million)	Digital households (million)	Level of digitization
Terrestrial TV	48,5	0,1	0,2%
Cable TV (incl.: MMDS)	~17	2	11,8%
Satellite	2,5	2,5	100%
Mobile	0,2	0,2	100%
<b>TOTAL:</b>	<b>49</b>	<b>~ 4,8</b>	<b>~10%</b>

Source: GROTECK Co. Ltd. (2008), p. 14

The whole market of Pay TV in Russia contained around 6 mln households in 2006 (11 % of all Russian households<sup>325</sup>) and is represented below in Figure 17.

Figure 17:  
Number of household subscribers to the Pay TV in Russia in 2006

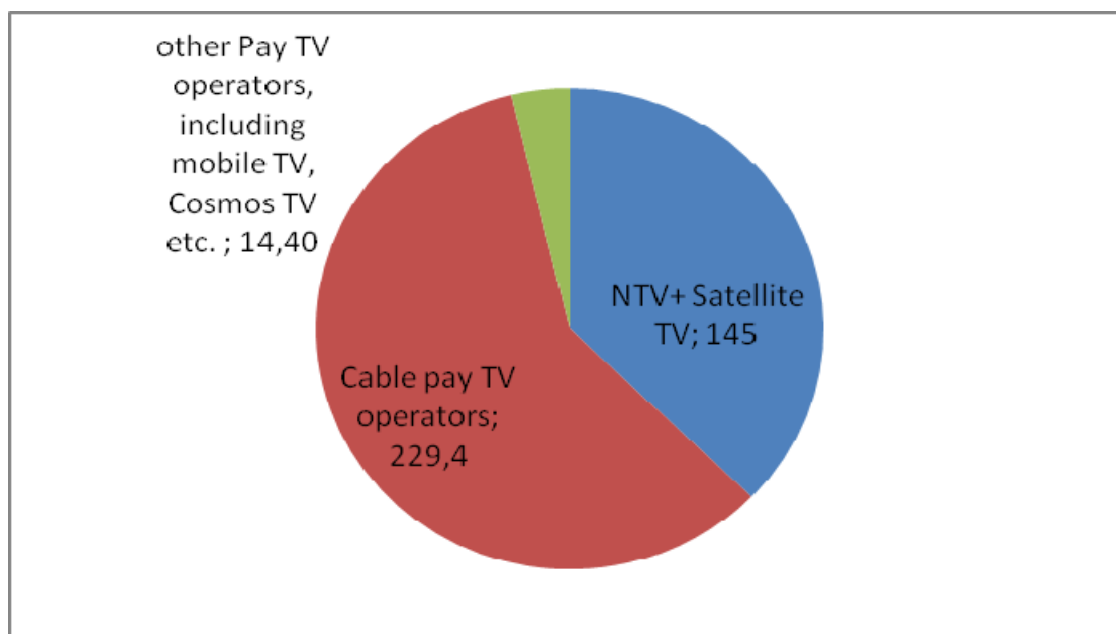


Source: own illustration, following GROTECK CO. LTD. (2008), p. 43

The turnover of the Russian Pay TV market in 2006 amounted to \$388.8 mln and was spread between the main participants as following (Figure 18):

<sup>325</sup> According to IP (2007), p. 330 there were 52, 9 mln households in Russia in 2006: 6 mln / 52.9 mln \*100 % = 11 %

Figure 18:  
Turnover of the Russian Pay TV market in 2006, in \$ mln



Source: own illustration,  
following GROTECK CO. LTD. (2008), p. 43 (p. 37 Russian version)

In 2007 the number of households using a cable TV system for watching Pay TV or normal terrestrial TV channels reached 14 mln households (28 % of all TV households). 2.5 mln households (5 % of all TV households) had access to the programs of satellite TV.<sup>326</sup>

The major hindering factor in the development of cable TV is the underdeveloped cable infrastructure, which is mainly situated in large cities and consists of old systems designed for collective reception of terrestrial channels and controlled by a local monopolist – a state-run communication provider. Another reason is the Russian habit to a relatively qualitative free of charge terrestrial TV with the monthly costs of €0.16 – 0.56 (0.08 % of the general average household costs)<sup>327</sup>. Therefore the cable operators have difficulties with finding subscribers and thus financing any investments in broadband networks and content diversity. The large gap in the legislative regulation of cable TV is another limiting factor.<sup>328</sup> The main obstacle for the development of satellite TV in Russia is its costs, and the lack of exclusive content.<sup>329</sup>

As well as on the market of terrestrial channels consolidation can be also seen on the market of Pay TV. The largest players on the market for Pay TV are Nafta, AFK Systema, Svyazinvest and others.<sup>330</sup>

<sup>326</sup> GROTECK Co. Ltd. (2008), p. 38

<sup>327</sup> *ibid*, p. 37

<sup>328</sup> KACHKAEVA ET AL. (2006), p. 79

<sup>329</sup> *ibid*, p. 82

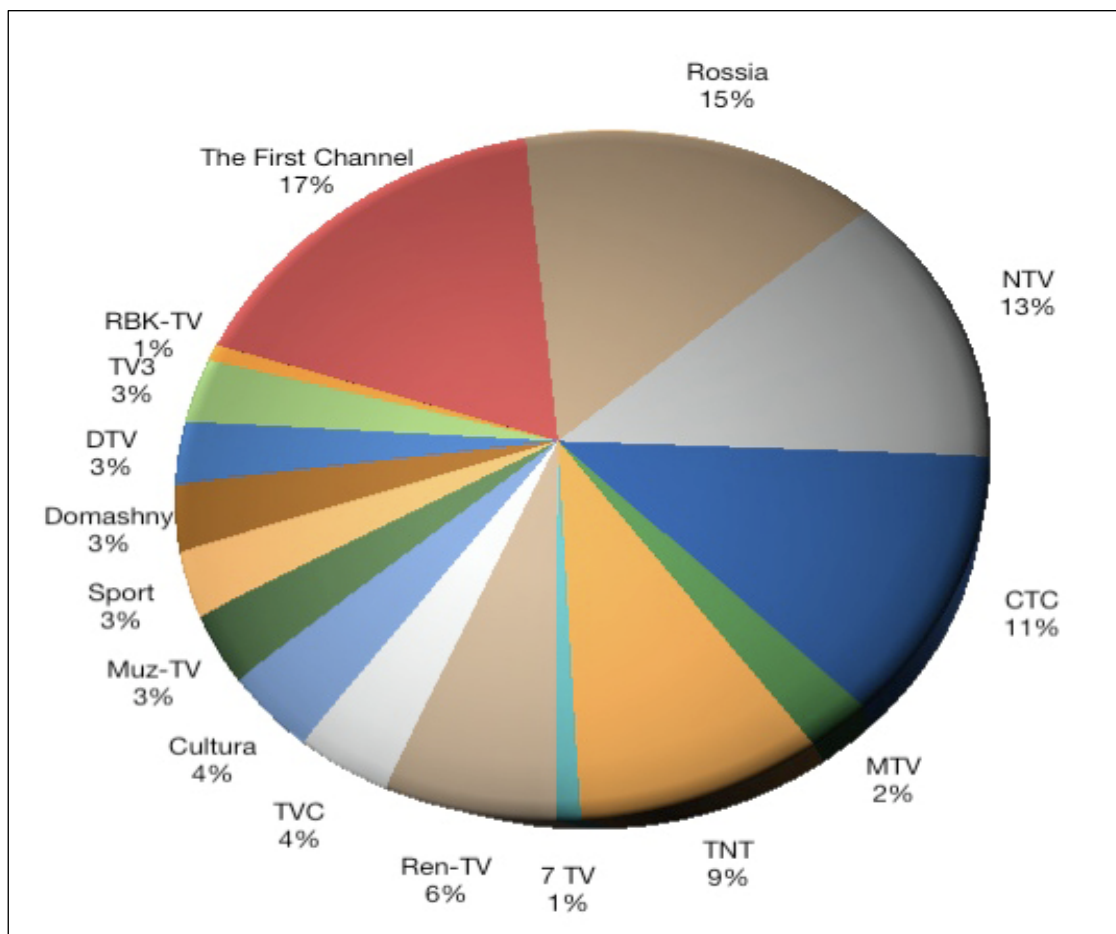
<sup>330</sup> GROTECK Co. Ltd. (2008), p. 68 and 133



### 3.4.5. Description and economic evaluation of Russian television system in 2000-2007

There has been a sustainable increase in the broadcasting companies in Russia in 2000-2007. On 1 January 2006 there were 66931 registered media companies of which 14290 were broadcasting companies.<sup>331</sup> However, these numbers don't reflect the actual number of operating broadcasting companies. An expert estimate expects the number of broadcasters not to be exceeding 1500, and around 1000 of them not belonging to the state according to their ownership system.<sup>332</sup> The main players on the Russian TV market stayed almost the same: Perviy Kanal (former ORT), Rossia (former RTR), NTV, Ren TV, CTC and new TNT. Perviy Kanal, Rossia and CTC has reached over 80 % of the national territory and NTV, REN-TV and TNT – over 70 %.<sup>333</sup>

Figure 19:  
Yearly audience share of the main terrestrial channels



Source: GROTECK CO. LTD. (2008), p. 59

<sup>331</sup> EUROPÄISCHE AUDIOVISUELLE INFORMATIONSTELLE (2007), 252

<sup>332</sup> KACHKAEVA ET AL. (2006), p. 43

<sup>333</sup> *ibid*



Channel ORT (was renamed into Perviy Kanal – the First Channel – in 2002) kept its ownership structure (51 % state shares and 49 % private investors shares) but changed the owners. Boris Berezovsky, the owner of 49 % of the channel, used his position in ORT to help Putin to come to power in 2000. However, after the election Berezovsky joined the opposition to the Kremlin. Thus, control over the main channel in the country was at the center of a harsh political conflict.<sup>334</sup> Berezovsky had to leave the country and settled down in London in exile. In 2001 his 49 % of shares were sold to the Kremlin-connected Russian oligarch Roman Abramovich. Berezovsky got \$170 million for this deal. However according to the estimates the market value of the share was \$500 million. Later the shares package was split between two companies, whose fate since is unknown. The Kremlin got control over the channel not de jure but de facto. The channel's board of directors consists only of state representatives.<sup>335</sup> The program policy is also being strictly controlled by the state.

Perviy Kanal, although controlled by the state didn't get any money from it except for some subsidies for broadcasting the signal in regions with less than 200 000 population. In 2006 its TV advertizing revenues amounted to \$580 mln (18 % of the TV ads market).<sup>336</sup> The whole operating revenues of the channel were around \$620 mln.<sup>337</sup> Unfortunately it is not known where the difference is coming from, but could be resulting from selling the broadcasting rights. The channel didn't get any money from the state directly, only subsidies for broadcasting the signal in the urban and rural areas.<sup>338</sup> At least 94 % of all the revenues of Perviy Kanal in 2006 came from advertizing. However, a correction should be done considering the strong state control over the channel's program grid. (State control over broadcasters will be described later in this part.) It is difficult to measure it, but it will be assumed that state controls the channel at least up to 50 % as it became one of the main distributors of Kremlin propaganda. Thus, the revenue vector for the Perviy Kanal looks (0, 50, 50).

Channel Rossia (former RTR) is the only one controlled by the state not only de facto but also de jure. It belongs to the state media holding VGTRK, which strengthened its position on the media market and currently includes the national channels Kultura and Sport, several national radio broadcasters, information portals in the internet and 89 regional state owned TV stations. (Annex, Figure 25) The programming grid of Rossia is less "aggressive" and "yellow" than the other channels. 40 % of the grid is taken by films, mostly made in Russia. The channel also offers the news program Vesti, game shows, documentaries and sports.<sup>339</sup> Channel Rossia is together with Perviy Kanal one of the main

---

<sup>334</sup> *ibid*, p. 46

<sup>335</sup> ILCHENKO (2008), p.18, BRUNMEIER (2005), p. 22, KACHKAEVA ET AL. (2006), p. 46

<sup>336</sup> SOBOLEV/BORODINA (2007)

<sup>337</sup> EUROPÄISCHE AUDIOVISUELLE INFORMATIONENSTELLE (2007), p. 256

<sup>338</sup> GROTECK Co. Ltd. (2008), p. 41 and SOBOLEV/BORODINA (2007)

<sup>339</sup> KACHKAEVA ET AL. (2006), p. 47-50

players on the advertizing market. Combined they got around 50 % of all the TV advertizing revenues in 2006. The advertizing revenues of channel Russia amounted to \$468 mln in 2006. The additional source of revenue was sale of broadcasting rights – \$71.6 mln. Thus total revenues in 2006 were \$539.6 mln. The only officially state-owned channel Russia is getting no money from the state budget. It is completely financed by ads revenues. However, the media holding VGTRK gets budget help. In 2006 it was \$320.8 mln although none of this money was used for channel Russia.<sup>340</sup> So formally Russia is a market financed channel with the revenue vector (0, 0, 100). Due to the strong state control over the information policy of the channel corrections should be made. Again it is difficult to find a quantitative data for correction and therefore it will be assumed that the revenue vector looks as (0, 50, 50), considering that the state control over the channel's policy is very strong.

NTV is another popular broadcaster which went under indirect control of the Kremlin. Its former owner Gusinsky didn't support the Kremlin candidate on the presidential elections of 2000. Soon after the elections, the holding MediaMost started experiencing problems with its main creditor Gazprom. The authorities argued that the attack on the holding had merely economical reasons, Gusinsky argued the contrary. In June 2000 he was arrested and after spending three days in jail left the country. His holding MediaMost including NTV went under the control of Gazprom-Media, i.e. the state. In 2001 the most professional journalists from NTV left to channel TV-6, which however had to stop broadcasting already after a year, following a range of law suits and the decision of the Minister of Press. With financial help of some businessmen the NTV journalist team created a new channel TVS, which was declared bankrupt and closed within a year.<sup>341</sup> NTV once famous as an informative-political channel is currently moving towards tabloid journalism, broadcasting wide range of gossip and crime programs. All the political and analytical programs which were critical to the authorities were closed.<sup>342</sup>

In 2006, the holding Gazprom-Media got \$883.2 mln revenues before taxes (taxes maximum 18 %). The main contributor was of course the channel NTV, which earned 40 % of this amount – \$353.28 mln before taxes. This money corresponds to the advertizing revenues, i.e. the channel didn't get any other sources of revenues.<sup>343</sup> Again the revenue vector needs correction due to strong state control over the channel and will look the following (0, 50, 50).

Another channel of Gazprom-Media holding is TNT (Annex, Figure 26). It started broadcasting in 1998 with initial costs of the project amounting to \$100 mln. The channel focuses on "infotainment" and produces many of its own programs such as talk shows, reality shows etc. TNT targeted the young and active viewer segment and managed to increase its audience share up to 9 % (Figure

<sup>340</sup> GROTECK CO. LTD. (2008), p. 39-40, data in dollars from the Russian version, p. 34

<sup>341</sup> W. A. (2007a), vol. 2, p. 40-47

<sup>342</sup> KACHKAEVA ET AL. (2006), p. 52

<sup>343</sup> W. A. (2008a)

19).<sup>344</sup> TNT is earning money through advertizing and in 2006 its revenues were more than \$177 mln (more than 20 % of all Gazprom-Media revenues).<sup>345</sup> As the channel is oriented only on entertainment and financed through ads its revenue vector is (0, 0, 100).

Another popular channel CTC is keeping 11 % of the audience share and is the fastest-growing national TV network in Russia. It concentrates only on entertainment having no news programs and it is broadcasting popular movies, shows, series and cartoons made in Russia and abroad.<sup>346</sup> The channel belongs to Modern Times Group (40 %), "Alfa-Group"<sup>347</sup> (26 %), Foundation Baring Vostok Capital Partners (9 %) and 25 % of shares are offered for sale at NASDAQ. In 2006 the total operating revenues of the CTC Media amounted to \$370.8 mln: \$357 mln (96 % of the revenues) were earned through advertizing, \$11 mln – through sublicensing and \$2 mln came from other sources.<sup>348</sup> The revenue vector should look as (0, 0, 100).

Ren TV which was established in 1997 became a popular channel with 6 % of audience share. Its main audience is young and middle age working people from the urban area. Ren TV is of the odd one out of the Russian media scene, in the same way that NTV has been the odd one out in the year 2000. Its analytical and informative programs are less biased towards the authorities than those of the rest of the channels. The news moderators on Ren TV were raising some of the prohibited topics, e.g. case of YUKOS.<sup>349</sup> However the channel is slowly getting under the state control. Prior to 2005 the channel was owned by RAO UES of Russia (70 %) and by its founders Irene and Dmitry Lesnevsky (30 %). It should be mentioned that the energy company RAO UES didn't intervene in the program policy of the channel. In 2005 the channel got new owners: the German Media holding RTL Group (30 %), Severstal (steel company) and Surgutneftegaz (energy company) (35 % each accordingly). From December 14, 2006 the limited company IK Abros became the main stakeholder of the channel (51 %). The company is a subsidiary of the Rossia Bank, whose co-owner Kowaltchuk is a close friend of Putin. The political analyst Dmitry Oreshkin commented on the situation that the channel would become controlled and managed gradually, just as it happened with NTV.<sup>350</sup> The advertizing revenues of the channel were \$170 mln in 2005 and the turnover – \$70 mln. In 2006 the turnover is expected to reach \$100 mln.<sup>351</sup> Ren TV didn't get any financial aid from the state therefore its whole revenues are coming from the market (0, 0, 100), corrected considering the program output to (0, 20, 80). Correction

---

<sup>344</sup> KACHKAEVA ET AL. (2006), p. 51, 54

<sup>345</sup> W. A. (2008a)

<sup>346</sup> KACHKAEVA ET AL. (2006), p. 55

<sup>347</sup> Alfa-Group is one of the largest multi-profile holdings in Russia.

<sup>348</sup> CTC (2006), p. 8

<sup>349</sup> LEPINA (2005)

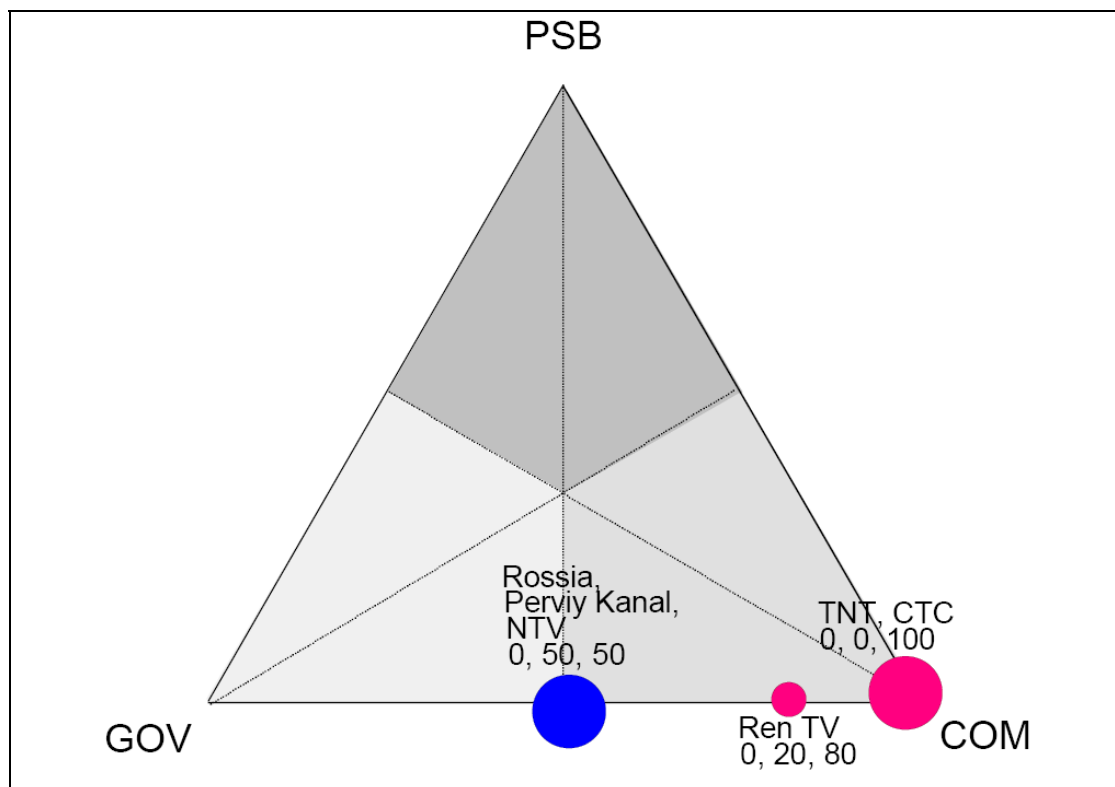
<sup>350</sup> IP (2007), p. 329, KACHKAEVA ET AL. (2006), p. 53 -54, COALSON (2008)

<sup>351</sup> W. A. (2006b)

in favor of the state sector is lower compared to other main channels, as Ren TV is less state-biased and tries to present a bit more pluralistic opinions.

The above mentioned channels can be represented in the economic model as following:

Figure 20:  
Main Russian channels in 2000-2007



Source: own illustration, following KOPS (2007)

The Russian broadcasting system in 2000-2007 grew and contained an impressive number of broadcasters. The total revenues from TV advertisement which the Russian broadcasters got in 2006 were \$3.1 bln, which includes \$2.5 bln revenues of federal and regional terrestrial channels.<sup>352</sup> The revenues, coming from the growing Pay-TV market should also be considered: \$467.28 mln in 2006.<sup>353</sup> The state expenses on the broadcasting in 2006 amounted to ca. \$500 mln (rub12.7 bln), of which \$320.8 mln were spent on support of VGTRK.<sup>354</sup> There is no information about broadcasting revenues coming from voluntary sector.<sup>355</sup>

<sup>352</sup> GROTECK CO. LTD. (2008), p. 41, data in dollars from the Russian version, p. 35

<sup>353</sup> *ibid*, p. 43, data in dollars from the Russian version, p. 37

<sup>354</sup> *ibid*, p. 39, data in dollars from the Russian version, p. 34 and W. A. (2006c)

<sup>355</sup> Considering the political situation in the country and the level of development of civil society (see part 3.4.1.) the revenues from the voluntary sector were not possible.

The revenues however will be corrected considering the broadcasting and country's peculiarities. Although the Kremlin owns directly only VGTRK and its channels, it controls all the federal channels in the country. Igor Yakovenko, the chairman of RUJ claimed that the Russian mass media turned into Russian propaganda media and this was already a fact. According to the analysis 92 % of all the political information on TV turned out to be propaganda in favor of Vladimir Putin.<sup>356</sup> Although censorship is prohibited by law, the indirect censorship is widely spread in Russian mass media. The vice-head of the president administration Vladislav Surkov had weekly meetings with the leaders of the main federal channels in Kremlin. Additionally Putin established the tradition to invite selected TV journalists and managers for meetings. These meetings happen behind closed doors without any information about them. The panel of participants is defined by the Kremlin.<sup>357</sup> There are no banned topics but there are some which are taboo, for example political changes (liquidation of the governors' elections etc.), Chechnya war, YUKOS case, political opposition.<sup>358</sup> The state uses different forms to gain control over the private broadcasters: selective use of bureaucratic regulations, passing of vague laws, politically motivated criminal investigations and a system of economic privilege, which includes state subsidies and non-budgetary help and is for many mass media outlets a question of survival. There is also information privilege, like participation in the Kremlin journalist pool, in different governmental conferences, possibility to take interviews from the state authorities etc.<sup>359</sup> Journalists who are raising taboo topics become outcasts of their professional environment.<sup>360</sup> Such situation creates self-censorship in the media. The journalists don't raise particular topics as they are afraid to lose their job, be put into prison through fabricated evidence or assassinated. Russia has been the third deadliest country in the world for journalists for the past 15 years, behind only the conflict-ridden countries of Iraq and Algeria.<sup>361</sup>

Such a policy towards mass media influences the program grid. The entertainment formats became not only profitable but also politically "safe" for mass media. Thus the modern Russian TV is characterized by entertainization.<sup>362</sup> Of course, the main reason for entertainization is the commercialization of the Russian TV. The channels have to finance themselves, which causes a prevalence of commercial motives in the program grid as they can attract advertising money. Therefore during prime-time the channel management tries to substitute the low-rating programs (mostly children and cultural programs) with the high-rating ones. For example, in 2005 the main channels infringed the law about the

---

<sup>356</sup> W. A. (2006c)

<sup>357</sup> ROSTOVA (2007)

<sup>358</sup> POZNER (2008) and POZNER (2005)

<sup>359</sup> PETZOLD (2008), p. 25

<sup>360</sup> POLITKOVSKAYA (2007)

<sup>361</sup> WORLD PRESS FREEDOM REVIEW (2007)

<sup>362</sup> DEGTEREVA (2007), p. 218

necessary 7-10 % share of kids programs per day. The kids programs amounted to 3 % on Perviy Kanal, to 0.4 % on NTV, to 4 % on TV-Tsentr and to 4.5 % on Kultura.<sup>363</sup>

According to the above description no adjustment will be taken in favor of the voluntary sector. Due to the strong state control over the mass media, a correction is necessary in favor of the state. It is difficult to quantitatively measure the state influence therefore it will be assumed that half of the revenues are stemming from the state side and another half – from the market side. The results are represented in the table below. The table is not split in the groups of voluntary, state and commercial broadcasters as the first doesn't exist and the revenue sources of the latter two are pretty much the same. Additionally it is very difficult to identify whether a broadcaster is state or privately owned. The ownership system doesn't mean control, e.g. the private channel NTV is controlled by the state. At the same time the state channel Rossia doesn't get any money from the budget and is completely financed by the ads revenues. However, it conducts state propaganda.

Table 3:

Corrected revenue sources of the Russian broadcasting system in 2006 (in \$ mln.)

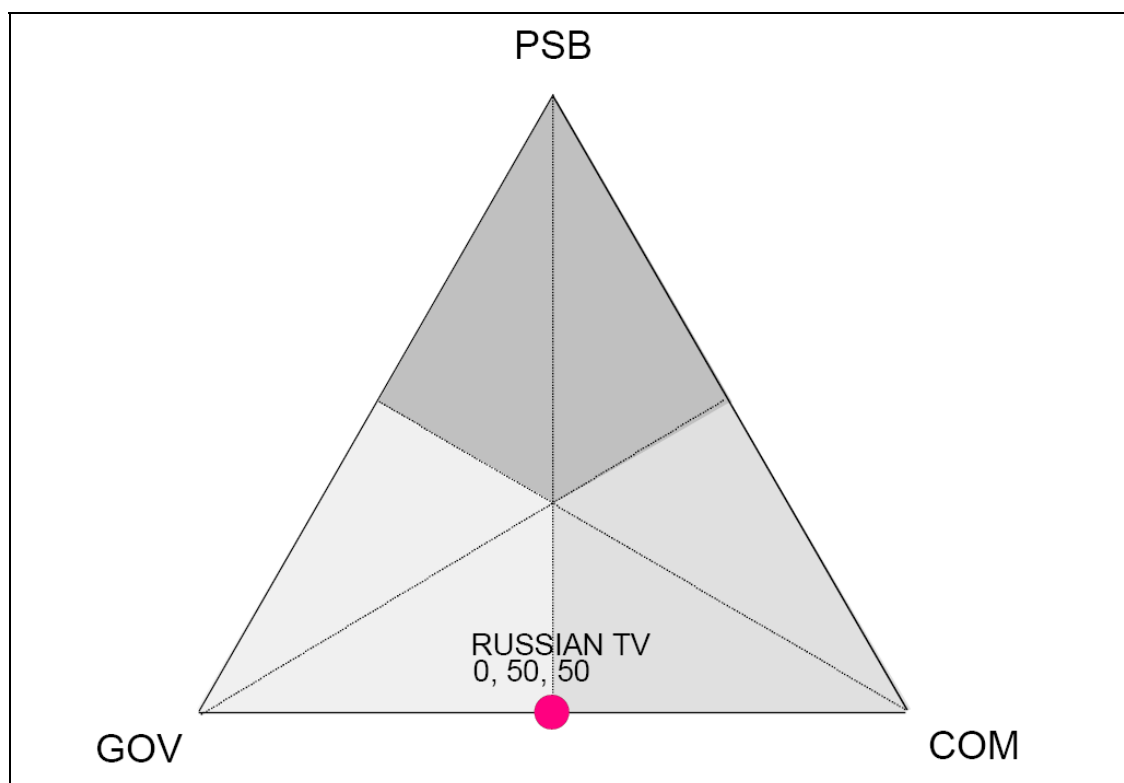
Broadcasters	Budget	Voluntary revenues	Corrected voluntary revenues	State revenues	Corrected state revenues	Market revenues	Corrected market revenues
Federal and regional terrestrial channels	<b>3,000</b>	0	<b>0</b>	500	<b>2,033.64</b>	2,500	<b>966.36</b>
Pay TV, cable channels	<b>1,067.28</b>	0	<b>0</b>	0	<b>0</b>	1,067.28	<b>1,067.28</b>
Total	<b>4,067.28</b>	0	<b>0</b>	500	<b>2,033.64</b>	3,567.28	<b>2,033.64</b>

Source: own illustration, following KOPS (2007), p. 42 and KHABYK (2004), p. 47

Based on the table above, the Russian television broadcasting system in 2006 can be presented in the triangle with a revenue vector of (0, 50, 50).

<sup>363</sup> ZURAVLEVA/NAZAROVA (2005)

Figure 21:  
Russian television system in 2000-2007



Source: own illustration, following KOPS (2007)

### 3.5. Television after the presidential elections of March 2008: current issues, and trends for future development of Russian broadcasting system

*“What is representative of the Russian TV today? It is a fancy mixture consisting of blood-stained bodies, continuous shooting, humor, which is at the intelligence level of sick labrador, inexhaustible laugh, which is interrupted by high-pitched cries of people who are subject to tortures by sadists, and vulgar and nauseated interviews given by the so called stars.” Vladimir Pozner<sup>364</sup>*

In 2008 modern Russian television continued its development according to the tendency of the previous years: enforcing state control over mass media, entertainization and concentration. The development of TV system in Russia is strongly linked to the country's own development. The year of 2008 was full of events which exposed the country. In March the new president Dmitriy Medvedev was elected and television played an important role in the pre-election campaign. As usually the Kremlin candidate got the maximum of the election-related airtime: 32 % on Perviy Kanal, 26 % on Rossia, 35 % on TV-Tsentr, 43 % on NTV and 21 % on Ren TV. The other three official candidates got be-

<sup>364</sup> POZNER (2005)



tween 0.1 % and 6.8 % of the airtime.<sup>365</sup> Medvedev was appointed by Putin as a potential successor to the presidency and thus the elections became just a formality. Any potential opposition was prevented from election participation. The Kremlin candidate got support from all levels of authorities and due to Putin's high ratings and a professional TV campaign he also got support from the population.<sup>366</sup> In 2007 the state budget for mass media increased to 64 % and amounted to around \$800 mln (rub 20bln). Officially the money was given to the main channels, including private ones, for supporting TV signal coverage in low-populated areas. However, the chairman of RUJ claimed that the money would be used for the TV pre-election campaign of the Kremlin.<sup>367</sup> The State Duma deputy Illuchin complained that in this way the tax payers would carry the costs for the pre-election campaign of the Kremlin but only the pro-Kremlin parties and candidates would be able to use the mass media resources.<sup>368</sup>

After being elected the new president in spite of the announced adherence to freedom of speech and political freedom of the citizens changed the Constitution for the first time, by prolonging the presidential term up to 6 years and the State Duma deputy term up to 5 years.<sup>369</sup> Mass media also experienced stronger control from the state. The parliament started working on the changes to the existing Law on Mass Media. If they are passed they might complicate the work of journalists due to restrictions on getting the information. Additionally, a mass media outlet can be closed if it is suspected of conducting propaganda of terrorist or any other extremist activity. The draft of the law contains other similar vague formulations which will allow the executive power to influence mass media even more if it is passed.<sup>370</sup>

In the meantime the executive power implements other mechanisms to control mass media. Prosecutor General's Office is increasingly being used for supervision over mass media instead of supervision to adherence to the laws. This role became especially demonstrable during the financial crisis of autumn 2008. Although in the beginning the Russian crisis was part of the world crisis, the later deep downfall of the economy and the stock market was caused by internal institutional problems in the country. Russian stock market lost 52 % of its value in comparison to the global average losses of 12.4 %.<sup>371</sup> The economic activity decreased for the first time since 1998.<sup>372</sup> Within October and November 2008 one fourth of population faced dismissals and delay in receiving wages.<sup>373</sup> In spite of the indicators for the economic crisis in the country the government

---

<sup>365</sup> COALSON (2008)

<sup>366</sup> W. A. (2007c)

<sup>367</sup> W. A. (2006c)

<sup>368</sup> RODIN/VARSHAVTCHIK (2006)

<sup>369</sup> MEDVEDEV (2008)

<sup>370</sup> ROSTOVA (2008a)

<sup>371</sup> ILLARIONOV (2008a)

<sup>372</sup> ILLARIONOV (2008b)

<sup>373</sup> LEVINSON (2008)



maintained the claim that the Russian economy represents a quiet harbor and all the negative effects in the economy are caused by the world crisis. For strengthening this belief within the population who has already faced the real consequences of the economic decrease and slow devaluation of the currency, the government declared war to the “information provocateurs”. The main television channels covered the topics concerning financial crises very carefully and selectively. Some of the mass media outlets which conducted discussions about the crisis got warnings from the Prosecutor General’s Office. The authorities have chosen to put the blame on the journalists and the USA instead of accepting that the Russian crisis has partly an institution character and reflects the Russian economic and political problems.<sup>374</sup>

The worsening economic situation of the country and some unpopular governmental decisions (e.g. rise of import duties on the used foreign cars) in the end of 2008 caused mass protests and strikes in some areas of Russia. For the first time in 8 years harsh political demands were expressed during the protests: step down of Putin, cease of media censorship, cancellation of the changes to constitution. According to a survey of 15<sup>th</sup> December 2008 60 % of adults in Russia feel uncertain about the future, 88 % consider the condition of the economy to be from “fair” to “very bad”.<sup>375</sup> Instead of establishing communication with the society for getting feedback and finding solutions in the crisis time the government has chosen a policy of repressions. Mass protests are being prohibited and dispersed by the police. The journalists who are covering these events and protestors are being arrested and beaten up.<sup>376</sup>

The Russian television being completely under state control reacts on the events by increasing entertainment programs and eliminating informative-analytical programs from the grid. According to Pozner,<sup>377</sup> there are no real informative-analytical programs on the present Russian TV, which conduct deep analysis of political and economic events. Such analysis would raise all those problems on the surface which the authorities prefer to conceal. A certain degree of self-censorship among the journalists prevents them from expressing their opinions freely. Additionally the programs covering unpleasant topics can be corrected or even completely taken off from broadcasting<sup>378</sup>. It means no possibility for any message of journalists to reach the audience. These circumstances exclude any deep analysis of the political, economic and social situation in the country.

---

<sup>374</sup> ILLARIONOV (2008a), SAMIGULLINA/ARTEMYEV (2008) and W. A. (2008b)

<sup>375</sup> RYZHKOV (2008)

<sup>376</sup> RUSSIAN UNION OF JOURNALISTS (2008)

<sup>377</sup> POZNER (2008)

<sup>378</sup> The latest example can be named ban of report of weekly program on NTV „Profession Reporter“. Journalist Andrey Loshak made a report about destruction of historical buildings in the center of Moscow and St. Petersburg. However, it was banned for broadcasting with the official explanation that legal consultations were necessary before broadcasting.



It is very difficult to predict the future development of the Russian TV system. According to Pozner it will be very much dependent on the political course of the country. If the government continues its course towards isolation and authoritarianism, the television will continue being strongly controlled by the Kremlin administration.<sup>379</sup> As opposed to European broadcasting, Russian broadcasting is still strongly linked to the political system of the country. It is not perceived as an independent fourth power either by the authorities or by the society. The Russian society underestimates the role of the independent mass media in the positive development of the whole country.<sup>380</sup> The authorities are interested in keeping the status-quo: mass media is under state control and used as means of propaganda and control over society. In this case it is hardly possible to imagine that authorities by their own initiative will allow any changes towards pluralism and enforcement of a more active mass media role in the country's life. A more realistic variant is a demand from the society for more unbiased information and thus independent mass media. Hardly would this demand appear in the 8 rich years when the oil revenues were extremely high and allowed some quality of life for all the strata of the population. The world crisis and low oil prices in 2008 disrupted the fragile balance in the society and the silent agreement between society and power was broken as a consequence. (see 3.4.1.) If the economic situation in the country and the living standard of people keep worsening in 2009, the civil position of the society can become more defined. Then there will be demand for unbiased information and thus independent mass media. The possibility that the Russian state will encourage the development of independent mass media and civil society institutions is very low, but it still exists. This can happen if the government realizes the ineffectiveness of the authoritarian model compared to the modern global economy.

To sum it up, with the world crisis of 2008 the Russian television system got a chance to gain a more balanced and unbiased character thus moving closer towards an optimal point. Whether this change will happen or not is strongly dependent on the political and economic situation in the country.

---

<sup>379</sup> POZNER (2008)

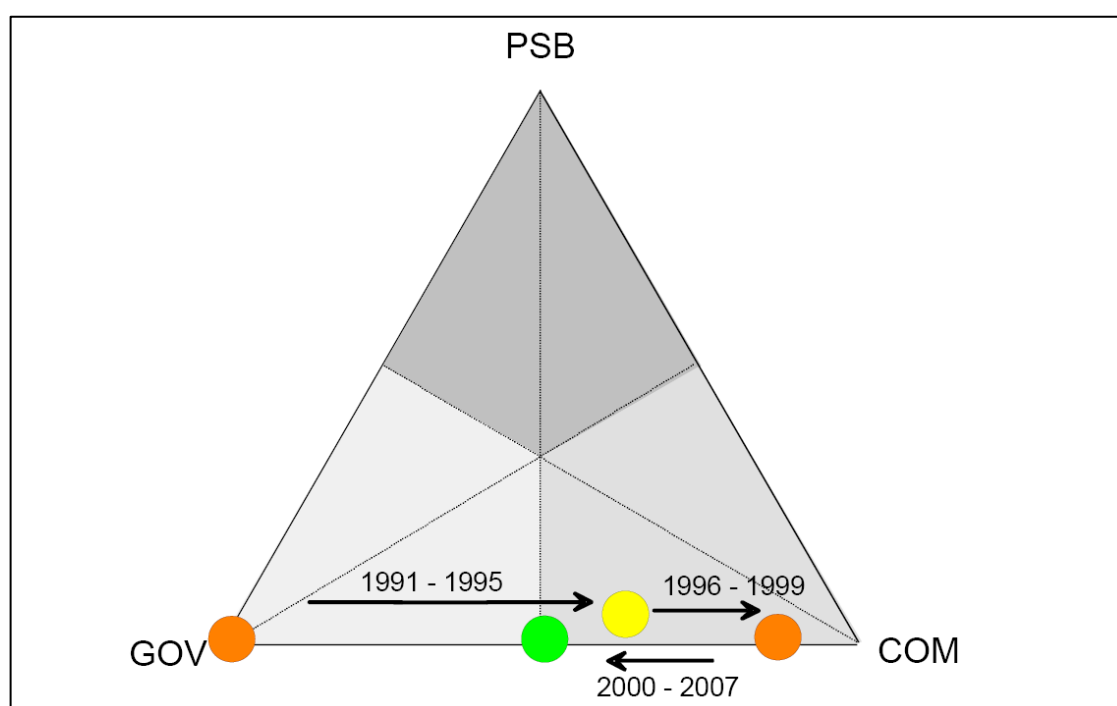
<sup>380</sup> GUTIONOV (2005)

## 4. Current challenges and possible solutions

### 4.1. Consolidation of existing results and identification of the current challenges of the Russian broadcasting system

In chapter 3 the Russian broadcasting system was viewed and evaluated with the help of the revenue-based economic model. The Russian broadcasting system underwent big changes which were reflected in its positioning within the economic model. The summarized development of Russian broadcasting system is represented in Figure 22. It covers the period from the end of the Soviet time until 2008.

Figure 22:  
Development of Russian TV broadcasting system 1991-2007



Source: own illustration, following KOPS (2007)

It can be seen from the results that currently Russia has a mixed broadcasting system, which is dominated both by the state and by the market (see Figure 3). Because of peculiarities (ownership, indirect state control, revenue sources etc.) which were thoroughly described in chapter 3, it is difficult to define which actor dominates the system more: the state or the market. However, the system, its advantages and disadvantages can be classified.

Obviously the voluntary sector as a provider of broadcasting programs is missing on the Russian television field. But an existing mixed market-state broadcasting system should be able to provide the society at least with qualitative and demanded entertainment content as well as with necessary educational, children and other social programs. However, this is not the case. Russian television is far away from fulfilling its social tasks also concerning education and entertainment. As it was mentioned in part 3.4.5 the kids' programs are being ne-



glected in favor of high-rating programs. Television also doesn't represent any optimal entertainment for society. The mayor of Moscow Luzkov characterized Russian television as being full of "blood, violence, sex and cheating".<sup>381</sup> Indeed in 2003 41 % of all broadcasted films on TV contained scenes with violence. Russian news programs show double as much violence as in Great Britain and Germany.<sup>382</sup> So, neither the market nor the state manages to provide the product which they were supposed to be good at. This occurs because the Russian state, market and voluntary sector differ in their character from the poles of the model.

In the political economy, the market represents a system which provides individuals with incentives to produce goods and services for other people and rations scarce resources among all those who want them. The market system is important as it increases efficiency and brings both social and private benefits, however only when it functions intact.<sup>383</sup> The economic actors are assumed to act rationally maximizing their satisfaction. If their spheres of interests intersect, potential conflicts may arise. These conflicts can be alleviated by property rights<sup>384</sup> (define the limits of social behavior) and, as an addition to them, by state regulation.<sup>385</sup> The market by itself without any institution looks like a wild jungle, full of violence. The institutions, e.g. antimonopoly service, quality standards, etc. put the frames and make the market more "civilized". Institutions which are not rooted in the society become bureaucratic, and sources of oppression.<sup>386</sup> The Russian market suffers from lack of guarantee for property rights (in chapter 3 cases of media business misappropriation are described) and of state regulation (e.g. in advertizing field). The media regulation institutions can also be used for oppression of media outlets. As a result the Russian media market differs from its counterparts in democratic countries and partly fails to deliver products with entertainment content. Russian state also doesn't fully provide the media market with media goods of social and educational content. As opposed to a democratic state the Russian state is not controlled by the society. There are no mechanisms to influence the state actions. Therefore the state actors behave in a way that maximizes their own benefits and not the ones of the society. The Russian civil society is very weak or doesn't exist at all. This is a result of the state's policy to dismantle civil society institutions but also due to historical and transformation peculiarities of Russia. The Russian society has always been characterized as rather passive and long suffering but with a

---

<sup>381</sup> W. A. (2005c)

<sup>382</sup> PETZOLD (2008), p. 44, 109

<sup>383</sup> McKENZIE/TULLOCK (1978), p. 131-132, 144

<sup>384</sup> Here definition of property rights is understood for *private* and not for public goods.

<sup>385</sup> McKENZIE/TULLOCK (1978), p. 77, 80

<sup>386</sup> CASTELLS/KISELEVA (2000)

revolutionary potential. The absence of social movements<sup>387</sup> and the passivity can be explained by a disillusion within the society. The switch from the Soviet regime to a free country in 1990 happened unanimously as the Russians wished to implement freedom and democracy and hoped for a better life. Instead, real democratic institutions were substituted by facades, politicians gave fraudulent promises and pursued only their own targets, the country suffered from poverty, huge criminality and corruption. This caused society's disappointment in the pseudo-democratic institutions (the real ones were never established in Russia) and an indifference towards political activity as people believed that they hardly could influence something with their votes.<sup>388</sup> Therefore the state enforcement during the Putin era didn't meet any mass protests.

The above description of the three poles of the model: market, state and voluntary sector shows that they differ a lot from the ones found in a democratic society. This shows that even if Russian broadcasting system reaches the ideal area NRP in Figure 3, it will not automatically mean that the system is balanced and fulfills its role in the society. In the following chapter several scenarios will be viewed on how the Russian TV can improve towards more balanced and socially functional.

#### **4.2. Possible solutions and evaluation of the potential of their successful implementation**

##### **4.2.1. Introduction of public service broadcasting**

The problem of lopsidedness of Russian TV system can be solved by the introduction of a public service broadcaster. The latter would take the function of a communication platform between the society and the authorities, raise acute topics and represent the interests of diverse society groups, including minorities. Russia as a member of the Council of Europe also experiences perseverance from that direction. According to its opinion the PSB is a vital element of democracy in Europe and it is recommended to implement this concept.<sup>389</sup> The scenario of implementation of a PSB is shown in the Figure below.

---

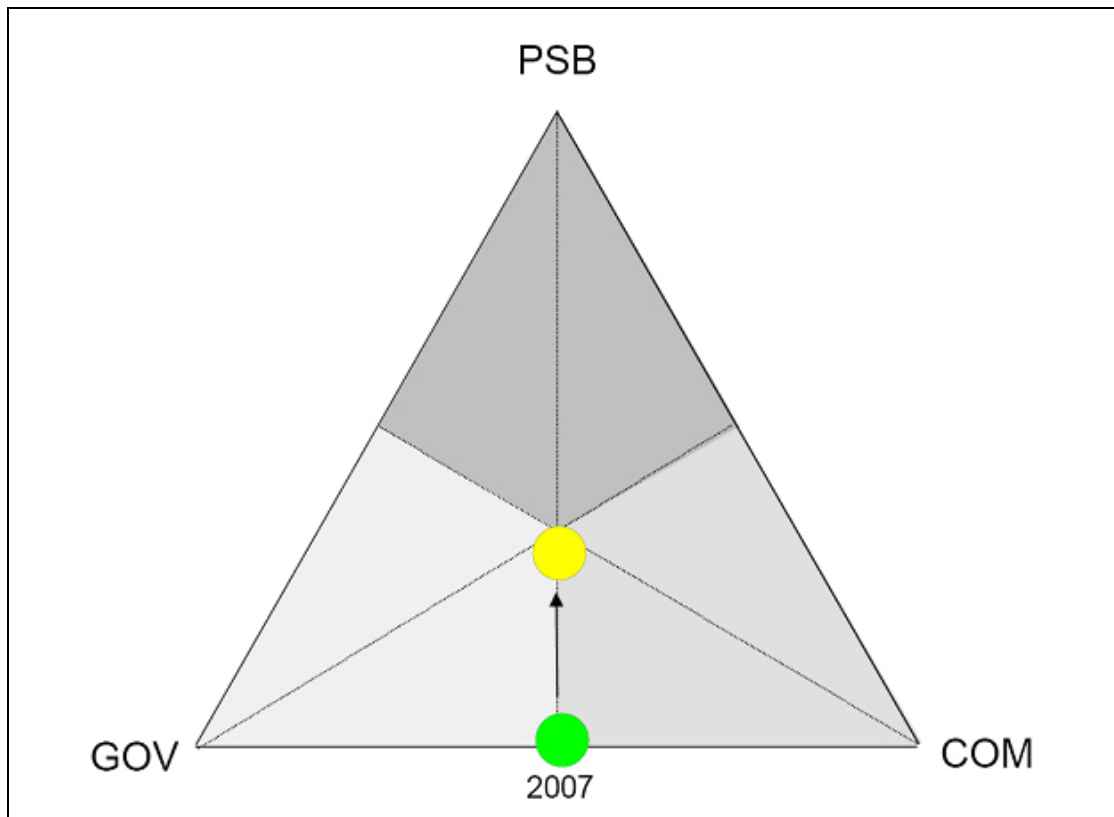
<sup>387</sup> Social movement – loosely organized but sustained campaign of a social goal, typically the implementation or the prevention of a change in the society's structure or value. The social movements result from the more or less spontaneous coming together of people whose relationships are not defined by rules and procedures but who merely share a common outlook on society (from Encyclopedia Britannica).

<sup>388</sup> CASTELLS/KISELEVA (2000) and SKILLEN (2004), p. 125

<sup>389</sup> PARLIAMENTARY ASSEMBLY (2004)



Figure 23:  
Development of Russian TV broadcasting system  
if PSB concept will be implemented



Source: own illustration, following KOPS (2007)

However, PSB needs financing in order to provide high quality programs and get spread around the country. One of the sources of finance could be the state budget. It is a common practice in Russia to support the main influential broadcaster from the state money. However, this is done for the authorities' and not society benefits. Russian authorities need a strong political will in order to avoid the same thing happening with the PSB, otherwise it will turn into another state-controlled channel financed from the tax-payers money. PSB could also be financed from the donations of the big business. However, even the oligarchs need some strong restrains in order to keep distance and not intervene in the policy of a channel, as it was widely spread in the 90s. Additionally the Russian government will not welcome the activity of the business elite in mass media as it considers media being an influential and strategic resource. Sponsorship may be seen as an attempt to create an oppositional resource and take over the power in the future. Most probably this will not be tolerated by the authorities. An illustrative example is a public organization "Otkritaya Rossia" which was created and financed by Mikhail Khodorkovsky and other businessmen. The organization supported a project aimed at development of civil society in Russia and in 2006 was closed down after the big pressure from the authorities.<sup>390</sup>

<sup>390</sup> Information from the official site of Mikhail Khodorkovsky, in: [www.khodorkovsky.ru/openrussia/1815.html](http://www.khodorkovsky.ru/openrussia/1815.html) (07.01.2009)

The other possibility to finance PSB would be license fees paid by the population. Here are several problems as well. The state should allow this way of financing and accept the independence of the program output of the PSB. But also the society should have a need for public broadcasting. The Russians are accustomed to the available for everyone pretty qualitative television (the monthly money spent on analog TV is up to €0.56 per household).<sup>391</sup> Considering the moderate personal income of the Russians (only 26 % of the Russians in 2007 had income higher than €400 per month)<sup>392</sup> even a low license fee of e.g. €10 will be a significant expense for most of the population. According to the information from conducted interviews people are not acquainted with the concept of PSB and don't trust it, believing that license fees will be collected but no real service will be provided. Nor does the majority understand the contribution of PSB to the country's development. According to a public survey of 2005 only 36 % supported creation of PSB and only 24 % were ready to finance the channel from their own means. 17 % were ready to pay a license fee of maximum rub500 (around €15) for PSB.<sup>393</sup>

Considering the description above there is only a low possibility for the creation of a PSB. The main reason is that "the state doesn't allow and the society doesn't want". However as it was mentioned in part 3.5 with the decreasing standards of living and increasing state control over the society's life the situation can change. The Russians unsatisfied with the growing corruption, criminality and rent-seeking of the authorities have already started creating self-organizations and clubs e.g. for help against the police arbitrary rules. These are the first steps for the formulation of a civil society. Additionally, when the Russian TV turned into the means of state propaganda and profitable source of advertizing revenues, the quality and diversity of program output strongly decreased. According to information of the conducted interviews more and more people are getting ready to pay for a qualitative channel, covering culture, social and political problems.

#### 4.2.2. Adjustment of market sector and the state sector

Another possibility for balancing the Russian broadcasting system can be adjustment of the programs provided by market, i.e. the market partly takes over the tasks of PSB. Some part of the multiple private channels could be turned into public broadcasters. The PSB could be financed from one or several of the three sources described in part 4.2.1. Other financial schemes are also possible: e.g. financing of a public broadcaster through allocation of advertizing revenues of some channels (like it is the case with channel Rossia and Kultura, described in part 3.4.5).

Again the will of the state and society is missing for implementation of this idea. Noticeably, Russia could have implemented PSB and have switched to a bal-

---

<sup>391</sup> GROTECK CO. LTD. (2008), p. 31 (Russian version)

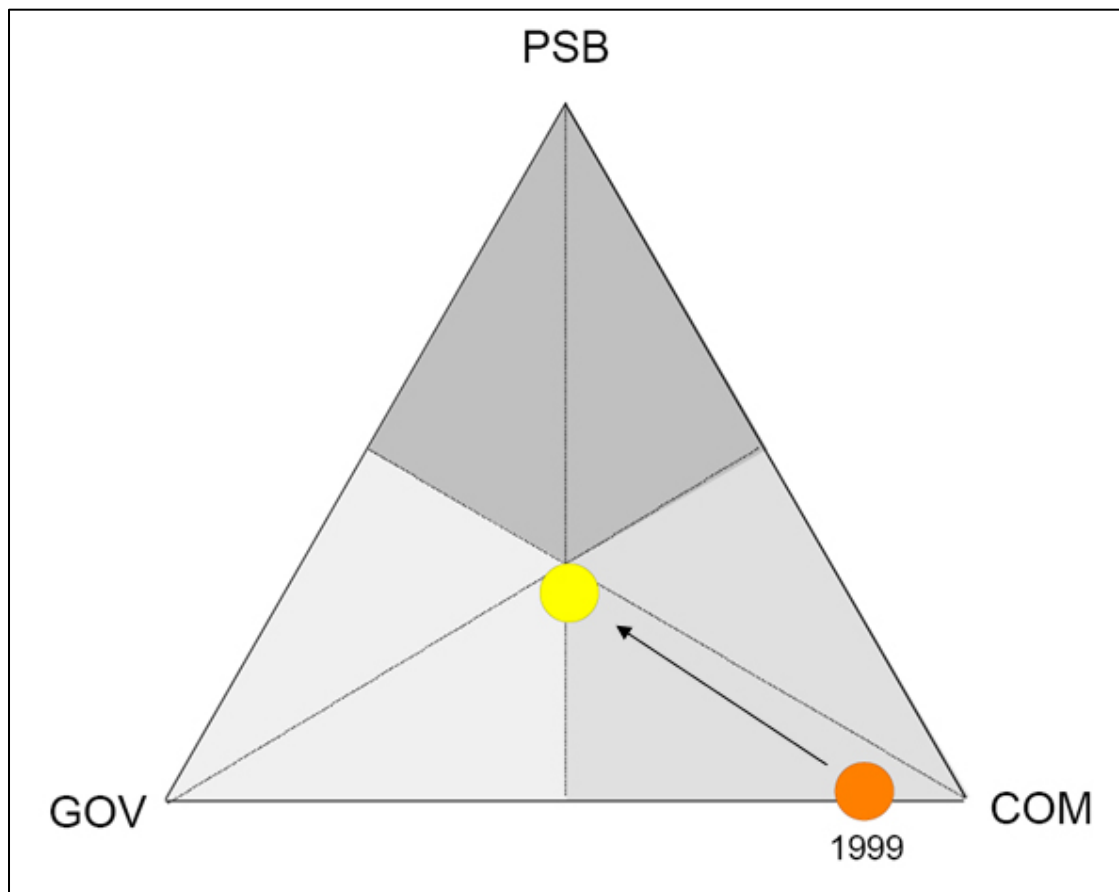
<sup>392</sup> GROTECK CO. LTD. (2008), p. 27

<sup>393</sup> VTSIOM (2005)



anced broadcasting system in the end of 1990s but missed the chance. At that time most channels were not under control of the state. If the initiative came from the society the creation of a public broadcaster could happen. The state could also become a driver for reducing the private channels and implementation of PSB.<sup>394</sup> A possible development of the situation is represented in Figure 24.

Figure 24:  
Possible development of Russian TV broadcasting system in 1999



Source: own illustration, following KOPS (2007)

Currently there is hardly a possibility for the market to become a driver force in balancing the Russian TV system. There is a very low pressure and demand from the society, and the advertizing revenues and political risks of implementing the PSB are too high.

Theoretically the state sector could also become the driver for implementing the PSB. The existing state channels could take on responsibilities of creating communication platforms between the society and the authorities as well as provision of social, cultural and educational programs. However, considering the role of mass media in the state policy it is rather an impossible scenario right now. Even if this idea is going to be implemented, for example as it is foreseen in the Concept Paper on the Development of Broadcasting for the period of

<sup>394</sup> KOLESNIK (2004), p. 420



2006-2015 issued in 2005 (see part 3.4.3.), there is no guarantee that a state channel with PSB functions will not become just another facade.

#### 4.2.3. Other possibilities for creating balance within a Russian broadcasting system

Another possibility to balance the Russian broadcasting system is usage of other means than terrestrial broadcasting, e.g. Pay TV and internet TV. So it is again the market which should take on the responsibilities of PSB. The problematic of it was discussed above. Additionally, non-terrestrial broadcasting is still lagging technologically compared to the terrestrial one. For instance, although the internet market was strongly growing the latest years (Annex, Figure 29) and reached 40 million people in 2008<sup>395</sup> most of the population still stays uncovered by the world net. But even many of those who have access don't use internet often and for getting information. In 2006 out of 25 % using the internet only 5 % used it daily, another 8 % did so a few times a week, 6 % a few times a month and 4 % only occasionally. As before 85 % of the Russians got the information from the main channels and only 13 % – from the internet.<sup>396</sup>

Unfortunately the penetration level of Pay-TV and internet-TV is not enough to compete with the main terrestrial broadcasters. The main reasons are technical limitations, high fees for most of the population and new technology, unfamiliar to many Russians, especially those from the older generation. This is in spite of the state's attempts to control this media (especially the internet) and to develop a regulation for it.<sup>397</sup>

---

<sup>395</sup> LEBEDEV (2008)

<sup>396</sup> YAKOVLEVA (2006)

<sup>397</sup> MICKIEWICZ (2008), p. 4



## 5. Conclusion

In this work, the Russian television system was viewed and evaluated. This was done with the help of the theoretical framework which was developed in chapter 2. First the role of the broadcasting in the society and its main functions were identified. They are not only “educate, entertain and inform” but also to provide the communication platform between the society and authorities. Afterwards, the alternatives of provision of broadcasting were described. Due to the peculiarity of broadcasting as at least partly a public good, market alone is not the ideal provider. Neither is the state an ideal provider, due to the influential potential of broadcasting. The necessity of a third player – voluntary sector – was shown. As the interdependency between the revenues of a broadcaster and its program output were identified, the revenue-based economic model was taken for evaluation of the Russian broadcasting. Consecutively the necessity of results’ adjustments was described as the revenue structure didn’t determine the program output in a direct way.

Chapter 3 was devoted to the examination and evaluation of the Russian broadcasting system within four periods. The observation of the system was done with the help of conditions: socio-political, economic, technical and legal. Their immense influence on the broadcasting system can be seen in the different evaluation results for the considered periods. For all the periods it can be holding true that the state and its affiliate groups are defining the vector of broadcasting development. This has a negative effect on the broadcasting development and prevents the appearance of a balanced broadcasting system, which would contribute to the social welfare. The Russian society with its weak and passive civil position also doesn’t demand a more balanced broadcasting system. Many don’t realize the power of the television as well as its constructive potential for solving the social and political problems.

Advertizing and mass media markets first emerged after the Soviet Union breakdown and have shown an impressive growth. But the state arbitrary and bad provision of property rights prevents the normal functioning and development of the market. The private broadcasters can grow and bring profit only if they accept the conditions of the state and adjust themselves.

Legal regulation in the mass media field was also developed in the years after the Soviet Union. The lack of legislation can be still seen up to now. The political actors are not interested in its development as it allows them to keep the status quo and to control mass media. On the contrary the laws, which could enforce state influence over mass media are being elaborated. The legislative power together with the market defines the broadcasting development only limited, to the extent that the state allows them.

Technical progress has defined the broadcasting development already in the Soviet times but was boosted only so far it was necessary for authorities. The same holds true for present Russia. However, with the growing personal income in 2000-2008 the demand for qualitative television and new technical functional-



ities (e.g. mobile TV) is also growing. This boosts the mass media and advertising markets.

The Russian broadcasting market, when evaluated with the help of the revenue-based economic model went through a big development path: from state-owned and state-financed, to a mixed state- and privately owned model with mostly market financing and direct and indirect control of the state. The state TV channels are mostly financed with the market revenues but are still used as a means of propaganda. The same happens to the private broadcasters which are financed only with the market revenues. Therefore the evaluation results of Russian broadcasting system had to be adjusted.

Some trends for the future development of Russian broadcasting were identified. As the state defines the development of broadcasting to a big extent, most probably no changes will happen as the state is interested in keeping the present status quo. Demand for changes in the broadcasting system coming from the society was not possible in the recent time. However, with the financial and economic crisis of 2008 and the increasing state enforcement in many spheres, the Russians started slowly realizing the necessity of presenting independent opinions. It is still not clear how the situation will develop but the period of crisis can give a chance for changes within the political and economic system as well as mass media.

In chapter 4 the results of the research in chapter 3 were summarized and their peculiarities were explained. The Russian broadcasting system was identified as overbalanced towards state and market. On the contrary the voluntary sector is not participating in the broadcasting system of Russia at all. Three possible solutions were presented in order to correct the situation. However, they look realistic only if the state will approve or at least not forbid them. So, the further development of Russian broadcasting system depends on the political and economic development of the country.

## ANNEX

### The brief history of Siloviki

The term *Siloviki* (from Russian *sila* – power) describes those who are or have been employed in enforcement agencies of different kinds – military, interior, security, guard, intelligence, prosecutor office, secret police (in total 22 agencies).<sup>398</sup> The emergence of the current nature of siloviki dates back to the 1990s. At that time the emerging group of businessmen (or young oligarchs) needed various support for their activities: personal guard, threatening of the competitors, protection from the flourishing organized criminality and Russian mafia. The oligarchs created their main capital without any coercion but through controlling the state financial flows and reallocation of the state property. In the 1990s the siloviki successfully managed to use their state contacts and their personal influence in order to protect the oligarchs and their interests. The siloviki, working for business, stayed within the state structures but got financial remuneration and career development for their services from businessmen. Realizing their potential, the siloviki started building groups between themselves and taking control over the business, primarily small and medium businesses. In the 1990s the most profitable model for enrichment was the control of financial flows: GKO, issuing of the money surrogates by the authorities etc. In the crisis year 1998 the budget “was stolen”, there was hardly money for social expenditures and foreign debt servicing – the country had to declare bankruptcy. After 1998 a positive framework was created for the economic development of the country especially in the production area. Profits could be made by taking over the production facilities. The wars for production property were conducted with the help of the state instruments, including commencement of proceeding. The use of state instruments turned siloviki into one of the main participants of the process.<sup>399</sup> In the end of 1990s the Yeltsin family (also named the Kremlin family – the group of new oligarchs and bureaucrats, who had a direct influence on Yeltsin) was interested in keeping the status-quo and in co-ruling together with the next president. Their vital interest was to find a loyal successor for the presidency who turned out to be the silovik Putin.

---

<sup>398</sup> ILLARIONOV (2007b)

<sup>399</sup> DELYAGIN (2008)






Table 4:  
Volume of advertizing market in Russia in 1992-2008

Year	Television		Internet		Total advertising market	
	Volume, \$, mln	Growth, %	Volume, \$, mln	Growth, %	Volume, \$, mln	Growth, %
1992	10				50	
1993	80	700%			270	440%
1994	250	212.5%			700	160%
1995	200	-20%			870	45%
1996	400	100%			1300	50%
1997	550	37.5%			1800	38%
1998	480	-12.7%			1755	-2.5%
1999	190	-60.4%	2		760	-57%
2000	270	42%	3	50%	1100	45%
2001	510	78%	6	67%	1775	54%
2002	920	76%	11	83%	2210	51%
2003	1240	35%	18	64%	2890	31%
2004	1700	37%	35	67%	3910	33%
2005	2330	37%	60	71%	5030	28%
2006	3160	36%	100	67%	6490	29%
2007	4140	31%	192	92%	8177	26%

Source: own illustration, following RUSSIAN FEDERAL AGENCY OF PRESS AND MASS COMMUNICATIONS (2006), (2007), (2008); ZENITHOPTIMEDIA (2008a), (2008b), (2008c); RUSSIAN ASSOCIATION OF COMMUNICATION AGENCIES (2004); Russian Association of Communication Agencies: Information on the volumes of the Russian advertisement market; PRICEWATERHOUSECOOPERS (2007)

Table 5:  
Distribution of State Duma seats, by party/block

Number of delegates					
Affiliation	1993	1995	1999	2003	2007
Communist Party of the Russian Federation	48	157	113	54	57
United Russia	-	-	-	224	315
LDPR	64	51	17	36	40
Spavedlivaya Rossiya	-	-	-	-	38
Rodina National Patriotic Union (bloc)	-	-	-	36	-
Unity	-	-	73	-	-
Our Home is Russia		55	7	-	-
Fatherland – all Russia	-	-	68	-	-
Union of Right Forces	70	9	29	3	-
Yabloko	23	45	20	4	-
Agrarian Party	33	20	-	2	-
Women of Russia	23	3	-	-	-
Delegates from other parties	39	32	9	20	-
Independent (self-nominated) candidates	141	78	105	68	
vacant	9	-	9	3	-
Total	450	450	450	450	450

	Liberally orientated parties
	Communist Party, always an opposition to the Pro-Kremlin parties
	Pro-Kremlin parties

Source: own illustration, following MANGOTT (2004), p. 74 and Central Election Commission of the Russian Federation

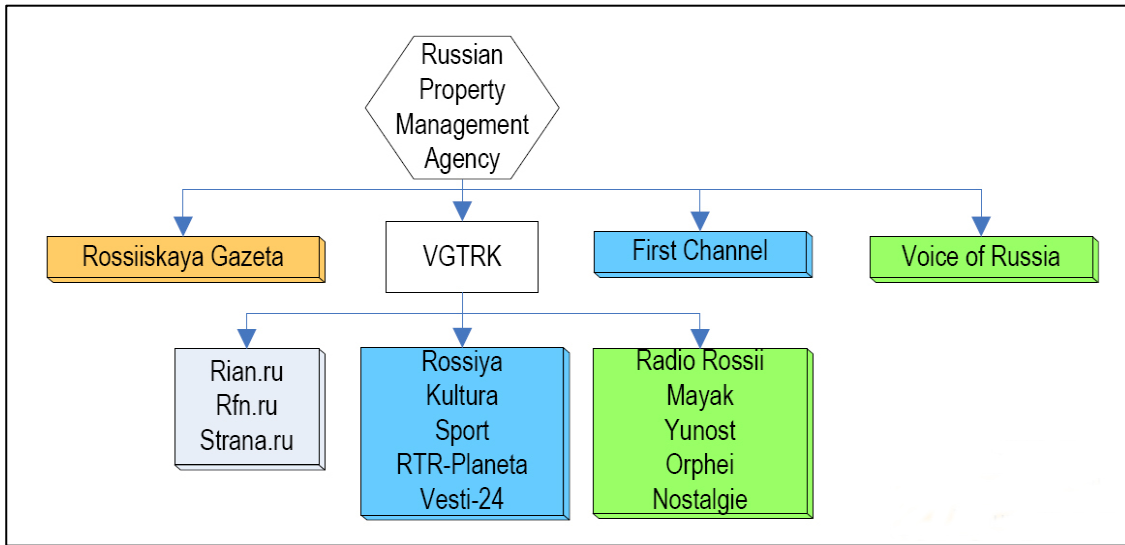
Table 6:  
Increase of corruption and change in its nature

Annual volume of	2001	2005
mass corruption (low-scale)	\$2,8 billion	\$3,0 billion
business corruption	\$33,5 billion	\$316 billion

Source: own illustration, following INDEM (2005)

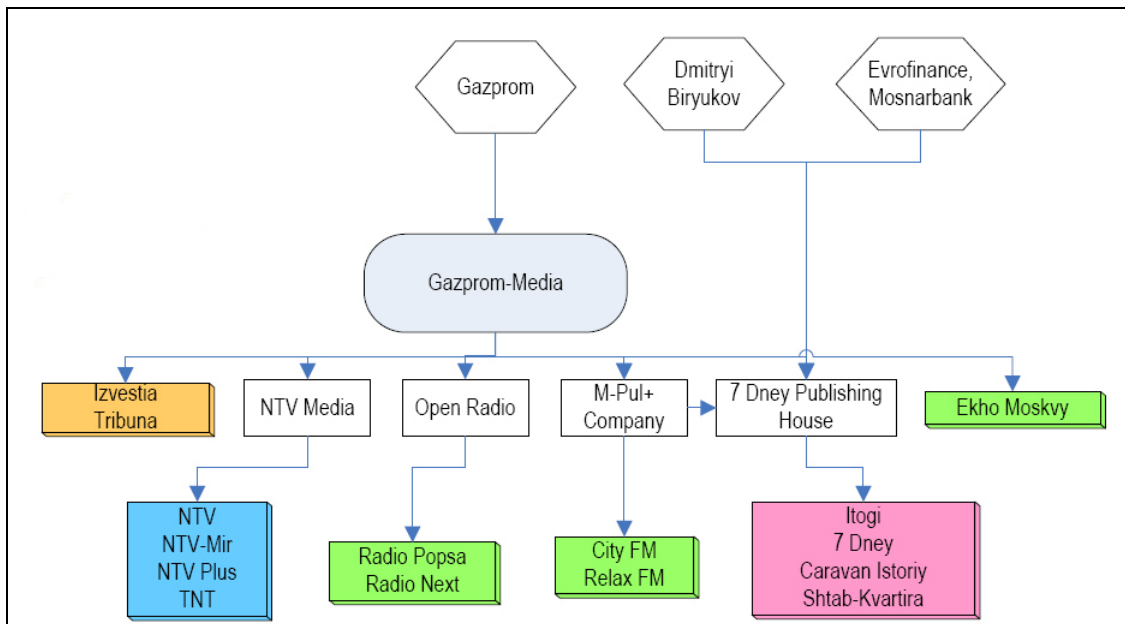


Figure 25:  
The ownership of Perviy Kanal, Rossia and Kultura



Source: EU-RUSSIA CENTRE (2007), p. 34-35

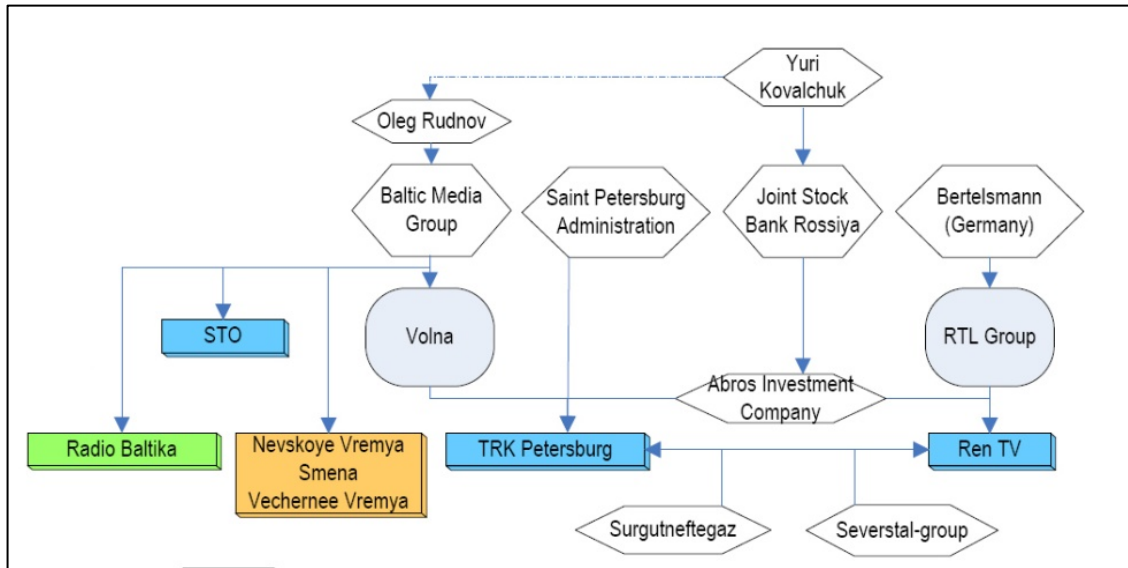
Figure 26:  
The ownership of NTV and TNT



Source: EU-RUSSIA CENTRE (2007), p. 34-35

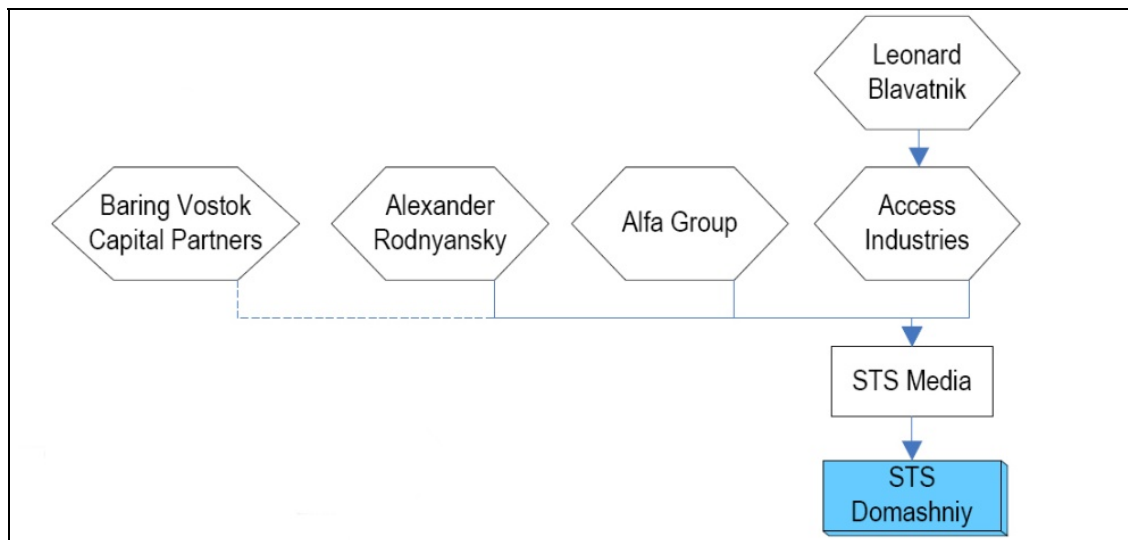


Figure 27:  
The ownership of Ren TV



Source: EU-RUSSIA CENTRE (2007), p. 34-35

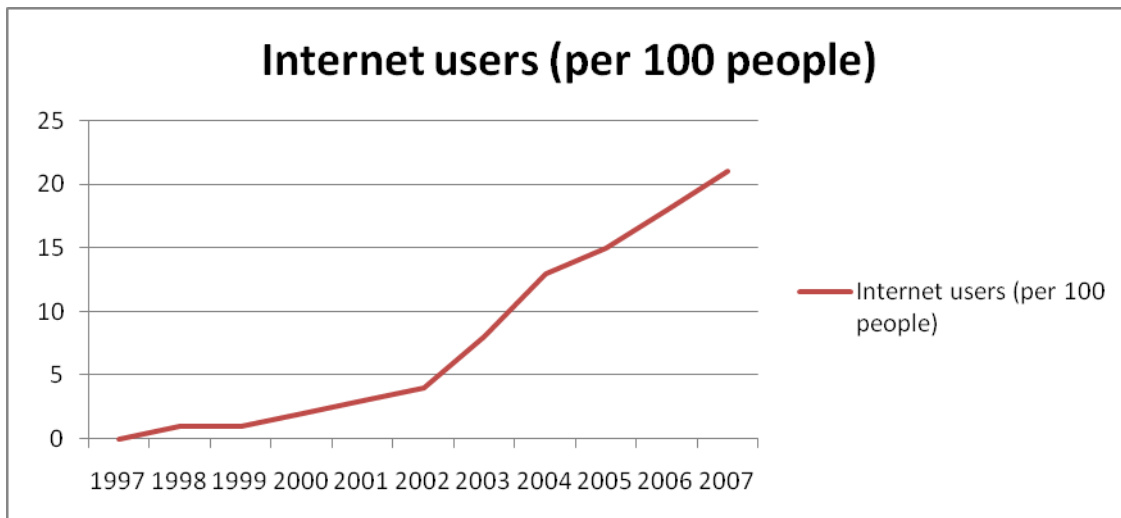
Figure 28:  
The ownership of CTC and Domashniy



Source: EU-RUSSIA CENTRE (2007), p. 34-35

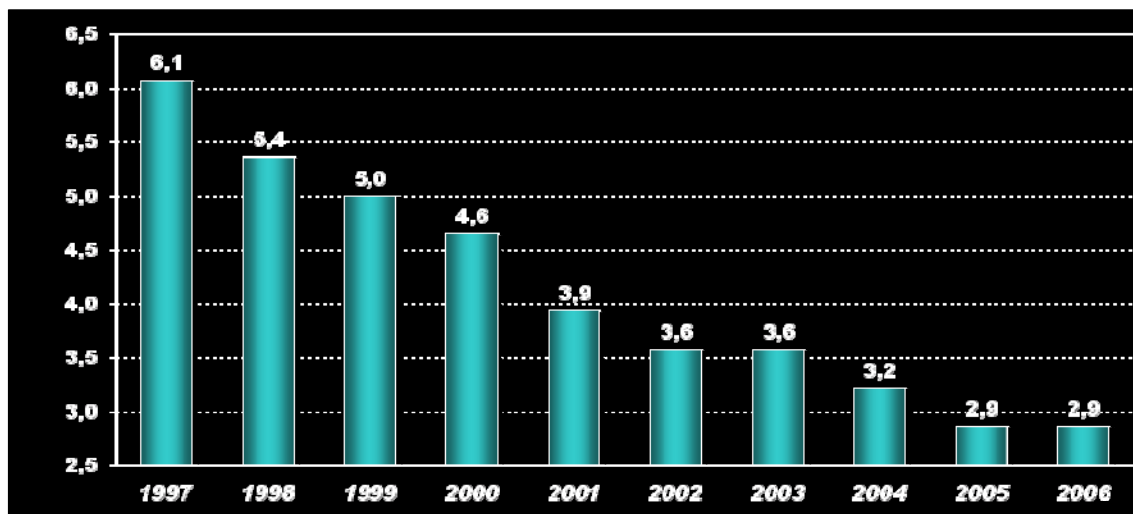


Figure 29:  
Growth of internet users, 1997-2007



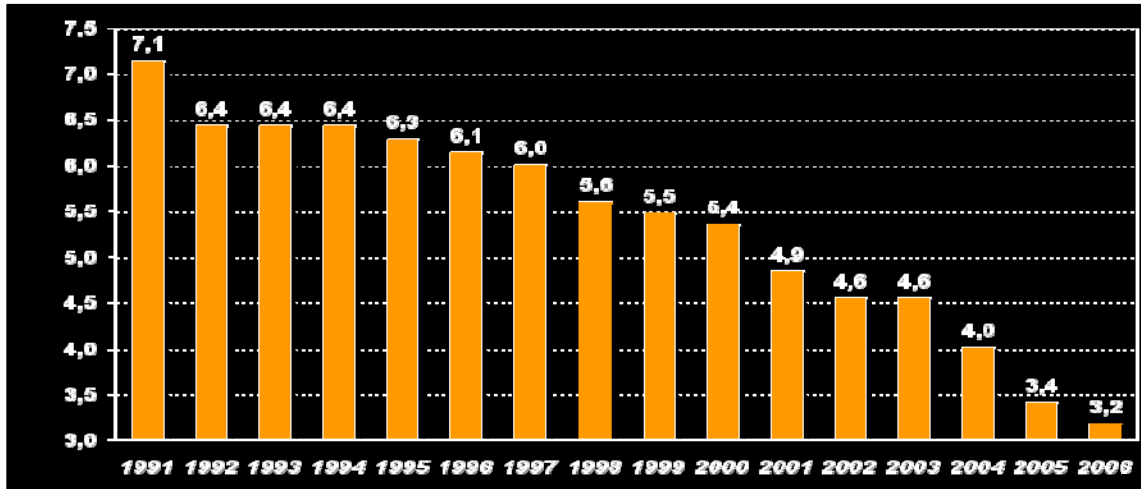
Source: own illustration, following World Bank: Data and Research

Figure 30:  
Deterioration of Independent Media Index in Russia, 1997-2006



Source: ILLARIONOV (2007b)

Figure 31:  
Civil Liberties and Political Rights Index (CLPRI) in Russia, 1992-2006



Source: ILLARIONOV (2007b)



## Bibliography

- Aganbegyan, Abel: Transformation, Marktreformen und Wettbewerbspolitik in Russland, in: Duwendag, Dieter (ed.): Reformen in Russland und die deutsch-russische Wirtschaftsbeziehungen, Nomos Verlagsgesellschaft, Baden-Baden, 2002, p. 23-33
- Amelina, Anna: Propaganda oder Autonomie? Das russische Fernsehen von 1970 bis heute, transcript Verlag, Bielefeld, 2006
- Annex N 18 to the Federal Law of 22 February 1999 "About the Federal Budget for the Year 1999", in: <http://www.budgetrf.ru/Publications/1999/Adoption/Federal/Npd/Budgetlaws/Budget/36FZ22021999/36FZ22021999140.htm> (13.12.2008)
- Appel, Hilary: A New Capitalist Order. Privatization and Ideology in Russia and Eastern Europe, University of Pittsburgh Press, USA, 2004
- Aristotle: Politics, in: <http://classics.mit.edu/Aristotle/politics.6.six.html>, (16.11.08)
- Bauer-Mitterlehner, Ingeborg: Recent Developments in Russian Economic Law and Its Implementations in Practice, in: Hinteregger, Gerald, Heinrich, Hans-Georg (eds.): Russia – Continuity and Change, Springer-Verlag, Wien, 2004, p. 219-239
- BBC: Building Public Value. Renewing the BBC for a Digital World, 2004, in: [http://www.bbc.co.uk/foi/docs/bbc\\_constitution/bbc\\_royal\\_charter\\_and\\_agreement/Building\\_Public\\_Value.pdf](http://www.bbc.co.uk/foi/docs/bbc_constitution/bbc_royal_charter_and_agreement/Building_Public_Value.pdf), (16.11.2008)
- Bohlen, Celestine: The World: Defining a Free Press; the Unique Evolution of Russian TV, in: The New York Times, 11.12.2008, in: <http://query.nytimes.com/gst/fullpage.html?res=9903EEDA1139F93AA15757C0A9679C8B63&sec=&spon=&pagewanted=1> (13.12.2008)
- Berner, Benedicte: Broadcast Media, in: Monitoring the Media Coverage of the March 2000 Presidential Elections in Russia. Final Report by the European Institute for the Media, August 2000, in: <http://www.media-politics.com/EIM%20reports/Rus%202000%20final%20.pdf> (04.11.2008)
- Brade, Isolde/ Sünemann, Arne/ Anz, Michel: Russland: aktuelle Probleme und Tendenzen, Selbstverlag Leibnitz-Institut für Länderkunde e.V., Leipzig, 2004
- Brilev, Sergey: We Have Been Living without Salary for One Year, Interview on TV channel Russia, 21.02.2008, in: <http://www.rutv.ru/rnews.html?id=131019&cid=37&d=0> (15.11.2008)
- Brunmeier, Viktoria: Das Internet in Russland. Eine Untersuchung zum spannungsreichen Verhältnis von Politik und Runet, Verlag Reinhard Fischer, München, 2005
- Bulletin of the Accounts Chamber of Russia, № 1(37)/2001 in: <http://www.ach.gov.ru/bulletins/2001/01-4.php> (11.12.2008)



- Bulletin of the Accounts Chamber of Russia, № 3(39)/2001 in:  
<http://www.ach.gov.ru/bulletins/2001/3-7.php> (11.12.2008)
- Butrin, Dmitriy: The Program of Building “Less Evil”, Бутрин, Дмитрий:  
Программа строительства «меньшего зла», gazeta.ru, 30.07.07, in:  
<http://www.gazeta.ru/column/butrin/1966894.shtml> (08.11.2008)
- Castells, E., Kiseleva, M.: Russia and Networking Society, report at the conference “Russia in the End of 20<sup>th</sup> century” in Stanford University, Кастельс, М., Киселева, Е.: Россия и сетевое общество, 1998, in: Mir Rossii, N1, 2000,  
[http://www.hse.ru/journals/wrldross/vol00\\_1/castels.htm](http://www.hse.ru/journals/wrldross/vol00_1/castels.htm) (13.11.2008)
- Central Election Commission of the Russian Federation, in:  
<http://www.vybory.izbirkom.ru/region/izbirkom?action=show&global=1&vrn=100100021960181&region=0&prver=0&pronetvd=null> (07.11.2008)
- Cherkasov, Vitaly: Verwaltungsreformen und Wirtschaft, in: Duwendag, Dieter (ed.): Reformen in Russland und die deutsch-russische Wirtschaftsbeziehungen, Nomos Verlagsgesellschaft, Baden-Baden, 2002, p. 85-95
- Coalson, Robert: Russia: NTV’s Past Points toward Ren-TV’s Future, in: Radio Free Europe/ Radio Liberty, 01.03.2008, in:  
<http://www.cdi.org/russia/johnson/2008-46-25.cfm> (01.01.2009)
- Constitution of the Russian Federation, English translation, in: Media Law & Policy Institute, [http://www.medialaw.ru/e\\_pages/laws/russian/russian.htm](http://www.medialaw.ru/e_pages/laws/russian/russian.htm), 23.11.2008
- Cook, Linda J.: Post-communist Welfare States. Reform Politics in Russia and Eastern Europe, Cornell University Press, USA, 2007
- Coolidge, Jacqueline: Administrative Barriers to Investment in the Russian Federation, in: Terterov, Marat (ed.): Doing Business with Russia, Kogan Page and Contributions, USA, 2003, p. 102-111
- CTC: CTC Media Reports. 2006 Fourths Quarter and Full Year Results, in:  
[http://www.ctcmedia.ru/pdf/CTC\\_Media\\_4Q\\_FY\\_2006\\_Earnings\\_Release.pdf](http://www.ctcmedia.ru/pdf/CTC_Media_4Q_FY_2006_Earnings_Release.pdf) (31.12.2008)
- De Smaele, Hedwig/Romashko, Sergej A.: Russia, in Western Broadcasting at the Down of the 21<sup>st</sup> Century, editors d’Haenens, Leen and Saeys, Frieda, Berlin-New York, 2001, p. 363-393
- Degtereva, Elena: Changing Programming Strategies of State, Public and Commercial TV Channels, in: Vartanova, Elena (ed.): Media and Change, Media Mir, Moscow, 2007, p. 205-219
- Delyagin, Mikhail: Tchekism. Force Oligarchy as a Birthmark of Yeltsinism, Делягин, Михаил: Происхождение силовой олигархии, фрагмент книги «Реваш! Из России отчаявшейся будет Россия благословенная», 27.11.2007, in: <http://www.delyagin.ru/articles/2013.html> (09.11.2008)
- Dingley, James: Soviet Television and Glasnost’, in: Graffy, Julian, Hosking, Geoffrey (eds.): Culture and the Media in the USSR Today, Macmillan, London, 1989, p. 6-25

- DIW/IfW: Rußlands Aufschwung in Gefahr, in: Welfens, Paul, Wiegert Ralf (eds.): Transformationskrise und neue Wirtschaftsreformen in Russland, Physica-Verlag, Heilderberg, 2002, p. 29-69
- Donsbach, Wolfgang: Journalist, in: Noelle-Neumann, Elisabeth, Schulz, Winfried, Wilke, Jürgen (eds.): Das Fischer-Lexikon Publizistik/Massenkommunikation, Fischer Taschenbuch Verlag, Frankfurt am Main, 2003, p. 78-125
- Downing, John: Internalizing Media Theory. Transition, Power, Culture. Reflections on Media in Russia, Poland and Hungary 1980-95, Sage Publications, London, 1996
- Encyclopedia Britannica: Social Movements, in:  
<http://www.britannica.com/EBchecked/topic/551335/social-movement>  
(13.11.2008)
- Enikoplov, Ruben/Petrova, Maria/Zhuravskaya, Ekaterina: Television and Political Persuasion in Young Democracies: Evidence from Russia, Working paper N 113 of Center for Economic and Financial Research at New Economic School, December 2007, in:  
<http://www.cefir.org/index.php?l=rus&id=35&yf=2008> (4.11.2008)
- EU-Russia Centre: Voices from Russia, Review IV, 2007, in: <http://www.eurussiacentre.org/assets/files/Review4-Final.pdf> (22.12.2008)
- EU-Russia Centre: Voices from Russia II: What the Russian Middle Classes Think about their Own Country and about Europe, Review VII, 2008, in:  
[http://www.eu-russiacentre.org/assets/Review\\_September\\_2008.pdf](http://www.eu-russiacentre.org/assets/Review_September_2008.pdf)  
(22.12.2008)
- Europäische Audiovisuelle Informationsstelle: Fernsehen in 36 europäischen Staaten. Jahrbuch 2006, Band 1, Straßburg, 2006
- Europäische Audiovisuelle Informationsstelle: Fernsehen in 36 europäischen Staaten. Jahrbuch 2007, Band 1, Straßburg, 2007
- Federal Law about Federal Budget of Russia Federation for 1995, 23.03.1995, in: <http://wbase.duma.gov.ru/ntc/vdoc.asp?kl=743> (24.11.2008)
- Fedotov, Mikhail: Media in Modern Russia: between Love and Hate, presentation, 2005, Russian Union of Journalists, in:  
<http://www.ruj.ru/pravcenter/MEDIA%20BETWEEN%20LOVE%20AND%20HATE-demo.ppt> (11.12.2008)
- Fishman, Mikhail: The Logic of Transition Period, Фишман, Михаил: Логика переходного периода, 17.01.2000, in:  
<http://old.polit.ru/documents/465848.html> (05.01.2009)
- Flemming, William: The Political Environment, in: Terterov, Marat (ed.): Doing Business with Russia, Kogan Page and Contributions, USA, 2003, p. 30-39
- Fossato, Floriana: Russia: Media, Money and Power – Analysis, 09.09.1997, in  
<http://www.rferl.org/content/article/1086507.html> (24.11.2008)



- Fritsch, Michael/Wein, Thomas/Ewers, Hans-Jürgen: Marktversagen und Wirtschaftspolitik, 7. Auflage, Vahlen, München, 2007
- Gladkov, Sabine Alexandra: Macht und Ohnmacht der "Vierten Gewalt". Die Rolle der Massenmedien im russischen Transitionsprozess, Lit Verlag, Hamburg, 2001
- Groteck Co. Ltd. (ed.): Digital Television in Russia, European Audiovisual Observatory, Moscow 2008, in: [http://www.obs.coe.int/online\\_publication/reports/digitaltv\\_groteck.pdf.en](http://www.obs.coe.int/online_publication/reports/digitaltv_groteck.pdf.en), Russian version in: [http://www.obs.coe.int/online\\_publication/reports/digitaltv\\_groteck\\_ru.pdf.en](http://www.obs.coe.int/online_publication/reports/digitaltv_groteck_ru.pdf.en) (27.12.2008)
- Gutionov, Pavel: From the Notes of a Plumber, Гутионтов, Павел: Из записок водопроводчика, in: Журналистика и медиарынок, №4-5, 2005, in: [http://www.library.cjes.ru/online/?a=con&b\\_id=686](http://www.library.cjes.ru/online/?a=con&b_id=686) (04.01.2009)
- Harter, Stefanie/Grävingsholt, Jörn/Pleines, Heiko/Schröder, Hans-Henning: Geschäfte mit der Macht. Wirtschaftseliten als politische Akteure im Rußland der Transformationsjahre 1992-2001, Edition Temmen, Bremen, 2003
- Hoffman, David: The Oligarchs. Wealth and Power in the New Russia, КоЛибри, Москва, 2007
- Höhmnn, Hans-Hermann: Die „russische“ Marktwirtschaft: Übergangsordnung oder Wirtschaftssystem auf Dauer?, in: Höhmnn, Hans-Hermann, Schröder, Hans-Henning (eds.): Russland unter neuer Führung: Politik, Wirtschaft und Gesellschaft am Beginn des 21. Jahrhunderts, Agenda Verlag, Münster, 2001, p. 120-133
- Illarionov, Andey (2007a): Introduction to Catastrophe, Илларионов, Андрей: Пролог катастрофы, in: журнал «Большой бизнес», N11 (46), 2007, in: <http://www.bolshoybusiness.ru/archive/18/385/> (5.11.2008)
- Illarionov, Andrey (2007b): The Siloviki Regime in Russia, presentation on November 10, 2007, CATO Institute, Washington, USA, Institute of Economic Analysis, Moscow, Russia, in: [http://www.iea.ru/siloviki\\_model.php](http://www.iea.ru/siloviki_model.php) (08.11.2008)
- Illarionov, Andrey (2008a): Nature of the Russian Crisis, Илларионов, Андрей: Природа Российского кризиса, in: gazeta.ru, 02.10.2008, in: [http://www.gazeta.ru/comments/2008/10/01\\_x\\_2846502.shtml](http://www.gazeta.ru/comments/2008/10/01_x_2846502.shtml) (04.01.2009)
- Illarionov, Andrey (2008b): New Record of Decrease, Илларионов, Андрей: Новый рекорд падения, in: Эхо Москвы, 26.12.2008, in: <http://www.ryzkov.ru/publications.php?id=8006> (10.01.2009)
- Iltchenko, S.N.: Domestic Television of the Post-Soviet Period, Ильченко, С.Н.: Отечественное телевидение постсоветского периода: история, проблемы, перспективы, СПБИВЭСЭП, Санкт-Петербург, 2008
- INDEM: Corruption Research, Во сколько раз увеличилась коррупция за 4 года: результаты нового исследования фонда ИНДЕМ, 2005 in: [http://www.indem.ru/corrupt/2005diag\\_press.htm](http://www.indem.ru/corrupt/2005diag_press.htm) (08.11.2008)



- IP: Television 1996, 1996
- IP: Television 2000, 2000
- IP: Television 2007, 2007
- Johns, Dirk Max: *Wirtschaftsmacht Fernsehen. Märkte und Mythen der Medien-industrie*, Fischer Verlag, Frankfurt am Main, 1998
- Kabanov, Ilya: *Corruption in Russia Replaced the System of State Governance*, Interview to Deutsche Welle, Кабанов Илья: *Коррупция в России заменила система государственного управления*, in: <http://www.dw-world.de/dw/article/0,2144,3294277,00.html> (08.11.2008)
- Kachkaeva, Anna/Kiriya, Ilya/Libergal, Grirogy: *Television in the Russian Federation. Organizational Structure, Programme Production and Audience*, European Audiovisual Observatory, 2006, in: [http://www.obs.coe.int/online\\_publication/reports/tv\\_russia\\_internews2006.pdf](http://www.obs.coe.int/online_publication/reports/tv_russia_internews2006.pdf) (11.11.2008)
- Keshishev, Sergey: *How to Turn the Domestic Television in a Real Business?*, Кешишев, Сергей: *Как превратить отечественное телевидение в реальный бизнес?*, in: *Отечественные записки*, №4 (12), 2003, in: <http://www.strana-oz.ru/?numid=13&article=618> (26.12.2008)
- Khabyuk, Olexiy: *Der Ukrainische Rundfunk zwischen Staat und Markt. Platz für einen dritten Weg?*, Arbeitspapiere des Instituts für Rundfunkökonomie an der Universität zu Köln, Heft 180, Köln, 2004
- Kiefer, Marie Luise: *Medienökonomik. Einführung in eine ökonomische Theorie der Medien*, Oldenbourg Wissenschaftsverlag, München, 2005
- Kiess, Johannes: *Kultur und Vertrauen in der russischen Wirtschaft. Blat, Kry-scha und kollektive Korruption*, Difo-Druck GmbH, Bamberg, 2007
- Kolesnik, Svetlana: *The Media System of the Russian Federation. Transformation of the State Role*, in: Hinteregger, Gerald, Heinrich, Hans-Georg (eds.): *Russia – Continuity and Change*, Springer-Verlag, Wien, 2004, p. 417-430
- Kops, Manfred: *A Revenue-based Methodology for the Classification and Comparison of Broadcasting Systems*, Lit Verlag, Berlin, 2007
- Krasilova, Nadezda: *Doubling of the Bureaucrats*, Красилова, Надежда: *Удвоение бюрократов*, in: *Новые Известия*, 20.08.2008, in: <http://www.newizv.ru/news/2008-08-22/96357/> (23.12.2008)
- Kryshtanovskaya, Olga: *lecture “Russian Elite on the Changeover”*, Крыштановская, Ольга: *лекция «Российская элита на переходе»*, 29.05.2008, in: [http://www.polit.ru/lectures/2008/07/31/rus\\_elita.html](http://www.polit.ru/lectures/2008/07/31/rus_elita.html) (09.11.2008)
- Kuznetsov/G.V, Zvick/V.L., Jurovsky, A.Y. (eds): *Television Journalism*, Кузнецов, Г.В., Цвик, В.Л., Юровский, А.Я.: *„Телевизионная журналистика“*, Учебник, 4-е издание, Издательство Московского Государственного Университета, Москва, 2002



- Lane, David: Russia's Asymmetric Capitalism in Comparative Perspective, in: White, Stephen (ed.): Media, Culture and Society in Putin's Russia, Palgrave Macmillan, Great Britain, 2008, p. 181-203
- Lange, Yasha: Media in the CIS. A Study of the Political, Legislative and Socio-economic Framework, the European Institute for Media, Brüssel, 1997
- Lebedev, Pavel: Russia Is Over-clicking Europe, Лебедев, Павел: Россия переключивает Европу, in: gazeta.ru, 16.07.2008, in: [http://www.gazeta.ru/techzone/2008/07/16\\_a\\_2784568.shtml](http://www.gazeta.ru/techzone/2008/07/16_a_2784568.shtml) (10.01.2009)
- Lepina, Marina: Mikhail Khodorkovsky Might Go to Court Again, in: Kommersant, 20.12.2005, in: [http://www.kommersant.com/p636898/Mikhail\\_Khodorkovsky\\_Might\\_Go\\_To\\_Court\\_Again.../](http://www.kommersant.com/p636898/Mikhail_Khodorkovsky_Might_Go_To_Court_Again.../) (01.01.2009)
- Levinson, Aleksey, in: Radio program Fume of Fatherland, Левинсон, Алексей, in: радиопередача Дым Отечества, Эхо Москвы, 21.12.2008, in: <http://www.echo.msk.ru/programs/smoke/560459-echo/> (21.12.2008)
- Levtchenko, Aleksey: Not a Place for Any Discussions, Левченко, Алексей: Не место для дискуссий, in: gazeta.ru, 15.11.2007, in: <http://www.gazeta.ru/politics/elections2007/articles/2311346.shtml> (22.12.2008)
- Lucht, Jens: Der öffentlich-rechtliche Rundfunk: ein Auslaufmodell?, Wiesbaden, 2006
- Luhmann, Niklas: Die Realität der Massenmedien, Westdeutscher Verlag, Opladen, 1996
- Lyne, Sir Roderic: Russia at the Crossroads: Again?, in: EU-Russia Centre: The EU-Russia Review, Issue One, A Report commissioned by the EU-Russia Centre, 2006, p. 6-11, in: [http://www.eu-russiacentre.org/assets/files/Review\\_May.pdf](http://www.eu-russiacentre.org/assets/files/Review_May.pdf) (22.12.2008)
- Malikhin, Mikhail: Model for Broadcasting, Малыхин, Михаил: Модель для эфира, in: Эксперт, №19 (232), 22.05.2000, in: <http://www.expert.ru/printissues/expert/2000/19/19ex-tvmarc1/> (13.12.2008)
- Mamtchev, G.V.: Basics of Radio and Television, Мамчев Г.В. „Основы радиосвязи и телевидения“, Горячая линия – телеком, Москва, 2007
- Mangott, Gerhard: Russia – the Emergence of a (Mis-)Managed Democracy, in: Hinteregger, Gerald, Heinrich, Hans-Georg (eds.): Russia – Continuity and Change, Springer-Verlag, Wien, 2004, p. 49-74
- McCormack, Gillian (ed.): Media in the CIS: a Study of Political, Legislative and Socio-economic Framework, 2<sup>nd</sup> edition, European Institute of the Media, Düsseldorf, 1999
- McGee, Robert W./Preobragenskaya, Galina G.: Accounting and Financial System Reform in a Transition Economy. A Case Study of Russia, Springer, USA, 2005

- McKenna, Cameron: The Legal Regime and Regulatory Environment, in: Terterov, Marat (ed.): *Doing Business with Russia*, Kogan Page and Contributions, USA, 2003, p. 21-29
- McKenzie, Richard B./Tullock, Gordon: *Modern Political Economy. An Introduction to Economics*, International Student Edition, McGraw-Hill, Japan, 1978
- McNair, Brian: Power, Profit, Corruption and Lies, Макнэйр, Брайн: Власть, выгода, коррупция и ложь, in: *Pro et Contra*, vol. 5 N4, 2000 in: <http://www.carnegie.ru/ru/pubs/procontra/55578.htm> (24.11.2008)
- Medvedev, Dmitriy: Annual President's Message to the Parliament, 05.11.2008, in: [http://www.kremlin.ru/appears/2008/11/05/1349\\_type63372type63374type63381type82634\\_208749.shtml](http://www.kremlin.ru/appears/2008/11/05/1349_type63372type63374type63381type82634_208749.shtml) (03.01.2009)
- Melloni, Nicola: *Market without economy. The 1998 Russian Financial Crisis*, ibidem-Verlag, Stuttgart, 2006
- Mickiewicz Ellen: *Television, power and the public in Russia*, Cambridge University Press, UK, 2008
- Mickiewicz, Ellen: Institutional Incapacity, the Attentive Public, and Media Pluralism in Russia, in: Gunther, Richard, Mughan, Anthony (eds.): *Democracy and the Media. A Comparative Perspective*, Cambridge University press, 2000, p. 85-121
- Mommsen, Margareta/Nußberger, Angelika: *Das System Putin. Gelenkte Demokratie und politische Justiz in Russland*, Verlag C.H. Beck, München, 2007
- Nemtsov, Boris, Milov, Vladimir: Putin. The Results, Немцов, Борис, Милов Владимир: Путин. Итоги, in: *gazeta.ru*, 08.02.2008, in: [http://www.gazeta.ru/politics/2008/02/08\\_a\\_2629573.shtml](http://www.gazeta.ru/politics/2008/02/08_a_2629573.shtml) (23.12.2008)
- Nerre, Birger: Rußlands neues Steuergesetzbuch aus steuerkultureller Sicht, in: Höhmann, Hans-Hermann, Fruchtmann, Jakob, Pleines, Heiko (eds.): *Das russische Steuersystem im Übergang*, Edition Temmen, Bremen, 2002, p. 56-75
- Neugebauer, Christian: NGOs in Russia, in: *EU-Russia Centre: The EU-Russia Review, Issue One, A Report commissioned by the EU-Russia Centre*, 2006, p. 38-40, in: [http://www.eu-russiacentre.org/assets/files/Review\\_May.pdf](http://www.eu-russiacentre.org/assets/files/Review_May.pdf) (22.12.2008)
- Nolte, Hans-Heinrich: *Kleine Geschichte Rußlands*, Philipp Reklam jun., Stuttgart, 2003
- OECD: *The Investment Environment in the Russian Federation. Laws, Policies and Institutions*, OECD, 2001
- Рарр, Anatoly: Guided Democracy, Папп, Анатолий: Управляемая демократия, 01.04.2005, in: <http://www.demos-center.ru/reviews/986.html> (15.12.2008)
- Parliamentary Assembly: *Public Service Broadcasting, Recommendation 1641*, 2004, in: <http://assembly.coe.int/Documents/AdoptedText/ta04/EREC1641.htm> (08.01.2009)



- Parsadanova, T.N.: Russian Television: History and Present Days, Парсаданова Т.Н.: Российское телевидение: история и современность, ВГИК, Москва, 2002
- Petzold, Thomas: Gewalt in internationalen Fernsehnachrichten: eine komparative Analyse medialer Gewaltpräsentation in Deutschland, Großbritannien und Russland, VS Verlag für Sozialwissenschaften, Wiesbaden 2008
- Pleines, Heiko: Wirtschaftseliten und Politik im Russland der Jeltzin-Ära (1994-99), Lit Verlag, Hamburg 2003
- Politkovskaya, Anna: From the Unpublished Article, Политковская, Анна: Из неопубликованной статьи, in: New Times, N14, 14.05.2007, in: [http://newtimes.ru/magazine/2007/issue014/art\\_0010.xml](http://newtimes.ru/magazine/2007/issue014/art_0010.xml) (01.01.2009)
- Ponomarev, Sergei: Investment Climate in Russia: an Indicator of the Confidence Level, in: Hinteregger, Gerald, Heinrich, Hans-Georg (eds.): Russia – Continuity and Change, Springer-Verlag, Wien, 2004, p. 197-218
- Pozner, Vladimir: About Television, Познер, Владимир: О телевидении, in: Esquire N7, декабрь – январь, 2005-2006, in: <http://www.esquire.ru/articles/07/pozner/> (22.10.2008)
- Pozner, Vladimir: Prospects for Our TV, (Pozner answers the questions of readers of Lenta.ru), Познер, Владимир: Перспективы нашего телевидения, 01.10.2008, in: <http://www.lenta.ru/conf/pozner/> (21.10.2008)
- PriceWaterhouseCoopers: Entertainment and Media Outlook: 2007–2011. Russian Market, (2007), in: [http://www.pwc.com/extweb/pwcpublishings.nsf/docid/25CDD3811E6F491C8025738C002D2FB7/\\$file/EM\\_outlook\\_2007-2011.pdf](http://www.pwc.com/extweb/pwcpublishings.nsf/docid/25CDD3811E6F491C8025738C002D2FB7/$file/EM_outlook_2007-2011.pdf) (13.10.2008)
- Public opinion foundation: “Almost Every Day Mass Media Informs about the Activities of Putin. What Is Your Opinion of Him?”, population poll from 19.04.2000, in: <http://bd.fom.ru/report/map/td0502> (18.10.2008)
- Public opinion foundation: Central Television Is the Main Source of Information about the Presidential Candidates, population poll from April 1996, in: <http://bd.fom.ru/report/map/of19961904> (18.10.2008)
- Puppis, Manuel: Einführung in die Medienpolitik, UVK Verlagsgesellschaft mbH, Konstanz 2007
- Putin, Vladimir: Annual President’s Message to the Parliament, 08.07.2000, in: Российская газета, №133 (2497), 11.07.2000, in: [http://www.rg.ru/anons/arc\\_2000/0711/1.shtm](http://www.rg.ru/anons/arc_2000/0711/1.shtm) (16.12.2008)
- Rabitz, Cornelia: Gelenkte Demokratie – gelenkte Medien. Beobachtungen im russischen Wahlkampf, in: Russlandanalysen, N 147, 02.11.2007, p. 2-8, in: <http://www.laender-analysen.de/russland/pdf/Russlandanalysen147.pdf> (26.12.2008)
- Rantanen, Terhi: The Global and the National: Media and Communications in Post-Communist Russia, Rowman&Littlefield Publishers, USA, 2002

- Richter, Andrey: Russland: Der "Krieg gegen Terrorismus" und die Medienfreiheit, in: Europäische Audiovisuelle Informationsstelle: Politische Rede und die Rolle der Medien, Strasbourg, 2004, p. 125-130
- Richter, Andrey/Golovanov, Dmitry: Public Service Broadcasting Regulations in the Commonwealth of Independent States, European Audiovisual Observatory, France, 2006, in: [http://www.obs.coe.int/online\\_publication/reports/publicservicebroadcasting\\_cis.pdf.en](http://www.obs.coe.int/online_publication/reports/publicservicebroadcasting_cis.pdf.en) (12.11.2008)
- Richter, Andrey: Russische Föderation. Neues Konzept für die Entwicklung des Rundfunks, IRIS Rechtliche Rundschau der Europäischen Audiovisuellen Informationsstelle, 2008, in:  
[http://merlin.obs.coe.int/search.php?s%5Btext%5D=&mnogo%5Bmode%5D=all&mnogo%5Bword%5D=wrд&s%5Ba%5D%5Bm%5D=month&s%5Ba%5D%5B%5D=year&s%5Bb%5D%5Bm%5D=month&s%5Bb%5D%5B%5D=year&action=show&st%5B%5D=205&sc%5B%5D=RU&s%5Bmode%5D=and&s%5Bmode\\_kod%5D=and&s%5Bresult%5D=short&action=show](http://merlin.obs.coe.int/search.php?s%5Btext%5D=&mnogo%5Bmode%5D=all&mnogo%5Bword%5D=wrд&s%5Ba%5D%5Bm%5D=month&s%5Ba%5D%5B%5D=year&s%5Bb%5D%5Bm%5D=month&s%5Bb%5D%5B%5D=year&action=show&st%5B%5D=205&sc%5B%5D=RU&s%5Bmode%5D=and&s%5Bmode_kod%5D=and&s%5Bresult%5D=short&action=show)  
(28.12.2008)
- Rinck, Sabine: Lebensstandard und soziale Sicherung, in: Höhmann, Hans-Hermann, Schröder, Hans-Henning (eds.): Russland unter neuer Führung: Politik, Wirtschaft und Gesellschaft am Beginn des 21. Jahrhunderts, Agenda Verlag, Münster, 2001, p. 159-169
- Rodin, Ivan/Varshavtchik, Sergey: „Freedom of Speech" Becomes More Expensive, Родин, Иван, Варшавчик, Сергей: «Свобода слова» обходится все дороже, in: Независимая газета, 05.09.2006, in:  
<http://www.ryzkov.ru/publications.php?id=7389> (03.01.2009)
- Rogov, Kyrill: The End of Television, Рогов, Кирилл: Конец телевизора, in: Новая Газета, №95, 22.12.2008, in: <http://www.novayagazeta.ru/data/2008/95/00.html> (22.12.2008)
- Rostova, Natalya (2008a): Accredited but Not Dangerous, Ростова, Наталья: Аккредитован, но не опасен, in: Новая Газета, N87, 24.11.2008, in:  
<http://www.novayagazeta.ru/data/2008/87/22.html> (04.01.2009)
- Rostova, Natalya: Putin and Journalists. Secret Meetings, Ростова, Наталья: Путин и журналисты. Секретные встречи, in: Новая Газета, N25(35), 05.07.2007, in: <http://www.novayagazeta.ru/data/2007/color25/01.html>  
(13.11.2008)
- Russian Association of Communication Agencies: Information on the volumes of the Russian advertisement market, in: <http://www.akarussia.ru/information/market/> (13.10.2008)
- Russian Association of Communication Agencies: Market data for 1998-2004, (2004), in: <http://www.tns-global.ru/rus/press/publication/2004/> (14.10.2008)
- Russian Federal State Statistic Service, in: <http://www.gks.ru/wps/portal/english>, also in: [http://www.gks.ru/bgd/regl/b08\\_11/lssWWW.exe/Stg/d01/05-01.htm](http://www.gks.ru/bgd/regl/b08_11/lssWWW.exe/Stg/d01/05-01.htm)



- and in: [http://www.gks.ru/bgd/regl/B08\\_11/lssWWW.exe/Stg/d01/02-02.htm](http://www.gks.ru/bgd/regl/B08_11/lssWWW.exe/Stg/d01/02-02.htm) (23.10.2008)
- Russian Federal Agency of Press and Mass Communications: Russian Periodical Press Market 2006. Trends and Forecasts, (2006), in: <http://www.fapmc.ru/Reports/item65.html> (14.10.2008)
- Russian Federal Agency of Press and Mass Communications: Russian Periodical Press Market 2007: Situation, Trends and Prospects, (2007), in: <http://www.fapmc.ru/Reports/item71.html> (14.10.2008)
- Russian Federal Agency of Press and Mass Communications: Russian Periodical Press Market 2008. Trends and Forecasts, (2008), in: <http://www.fapmc.ru/Reports/item102.html> (14.10.2008)
- Russian Union of Journalists (2008), in: [http://www.ruj.ru/news\\_2008/081222-6.htm](http://www.ruj.ru/news_2008/081222-6.htm) and [http://www.ruj.ru/news\\_2008/081229-1.htm](http://www.ruj.ru/news_2008/081229-1.htm) and <http://primamedia.ru/content/photo.php?id=87808> (04.01.2008)
- Rüthers, Bernd: Einführung: Medien als vierte Gewalt, in: Graevenitz, Gerhard, Köcher, Renate, Rüthers, Bernd (eds.): Vierte Gewalt? Medien und Medienkontrolle, UVK Medien, Konstanz, 1999, p. 11-19
- Ryzhkov, Vladimir: Putin's Biggest New Year's Wish, in: Moscow Times, 23.12.2008, in: <http://www.moscowtimes.ru/article/1016/42/373378.htm> (04.01.2008)
- Samigullina, Aliya/Artemyev, Alexander: Charge of Financial Optimism, Самигуллина, Алия, Артемьев, Александр, Заряд финансового оптимизма, in: [gazeta.ru](http://www.gazeta.ru/politics/2008/10/13_a_2855429.shtml), 13.10.2008, in: [http://www.gazeta.ru/politics/2008/10/13\\_a\\_2855429.shtml](http://www.gazeta.ru/politics/2008/10/13_a_2855429.shtml) (04.01.2009)
- Schneider, Eberhard: European Values and Russian Society, in: EU-Russia Centre: The EU-Russia Review, Issue One, A Report commissioned by the EU-Russia Centre, 2006, p. 22-25, in: [http://www.eurussiacentre.org/assets/files/Review\\_May.pdf](http://www.eurussiacentre.org/assets/files/Review_May.pdf) (22.12.2008)
- Seidel, Norbert/Schwartzel, Uwe: Finanzierungsmöglichkeiten für Fernsehunternehmen, in: Pethig, Rüdiger, Blind, Sofia (eds.): Fernsehfinanzierung: ökonomische, rechtliche und ästhetische Perspektiven, Westdeutscher Verlag, Opladen/Wiesbaden, 1998, p. 13-41
- Sheverdyayev, Stanislav: About Necessity of Reforming of Regulating Bodies in the Sphere of Broadcasting in Russia, Шевердяев, Станислав: О необходимости реформирования регулирующих органов в сфере телерадиовещания в России, in: Перспективы лицензирования телерадиовещания в России: правовой аспект, Москва, 2004, p. 324-346
- Shevtsova, Lilia: Russia's Ersatz Democracy, in: Current History, October 2006, p. 307-314, in: <http://www.carnegie.ru/en/pubs/media/74850.htm> (21.12.2008)

- Shkondin, M.V./Vitchub, G.S./Frolova, T.I. (eds.): Mass Media Problematics, Шкондин М.В., Вычуб Г.С., Фролова Т.И. (под ред.): Проблематика СМИ. Информационная повестка дня, Аспект Пресс, Москва, 2008
- Skillen, Daphne: Russia, in: Lange, Bernd-Peter, Ward, David (eds.), The Media and Elections: a Handbook and Comparative Study, Lawrence Erlbaum Associates, USA, 2004, p. 123-143
- Sobolev, Sergey/Borodina, Arina: The "First" is Not the Last One, Соболев, Сергей, Бородина, Арина: «Первый» не последний, in: Коммерсант, №206 (3782), 09.11.2007, in: <http://kommersant.ru/doc.aspx?DocID=823588> (30.12.2008)
- Soldner, Markus: Political Capitalism and the Russian Media, in: White, Stephen (ed.): Media, Culture and Society in Putin's Russia, Palgrave Macmillan, Great Britain, 2008, p. 154-177
- Sutela, Pekka: Überwindung der russischen Transformationskrise: ausgewählte Aspekte und Politikoptionen, in: Welfens, Paul, Wiegert Ralf (eds.): Transformationskrise und neue Wirtschaftsreformen in Russland, Physica-Verlag, Heilderberg, 2002, p. 83-95
- Sutela, Pekka: Wirtschaftspolitik. Etappen und Probleme, in: Höhmann, Hans-Hermann, Schröder, Hans-Henning (eds.): Russland unter neuer Führung. Politik, Wirtschaft und Gesellschaft am Beginn des 21. Jahrhunderts, Agenda Verlag, Münster, 2001, p. 134-144
- Svetlitskaya, Svetlana: How the Biggest PR Company Was Created on the First Channel of Former All-union Russian Television?, Светлизкая, Светлана: Как создавалась крупнейшая PR компания на первой кнопке бывшего Всесоюзного телевидения, in: Новая газета, №6, 14.02.2000, in: <http://2000.novayagazeta.ru/nomer/2000/06n/n06n-s06.shtml> (24.11.2008)
- Tcharkin, Anton: I will not do something which will not generate any revenues, Чаркин, Антон: Я не буду делать того, что не будет приносить доход, in: Ведомости, №119 (442), 09.07.2001, in: <http://viperson.ru/wind.php?ID=214751&soch=1> (13.12.2008)
- Tchekhoev, Soslan: Analyse der Privatisierung in der Russische Föderation. Ziele, normative Grundlagen, Verfahren und Folgen, Pro Universitate Verlag, Berlin, 2005
- Trautmann, Ljuba: Die Medien im russischen Transformationsprozess – Akteur oder Instrument der staatlichen Politik?, Peter Lang, Frankfurt am Main, 2002
- Vartanova, Elena: Television in Russia, in: Sinclair, John, Turner, Graeme (eds.): Contemporary World Television, British Film Institute, 2004, p. 81-84
- Veretennikov, Yuriy: "Black Tuesday" of Dollar, Веретенников, Юрий: «Черный вторник» доллара, in: Время Новостей, №186, 12.10.2004, in: <http://www.vremya.ru/2004/186/4/109591.html> (24.11.2008)



- Voswinkel, Johannes: Sehnsucht nach Ehrbarkeit, in: Die Zeit, 24.04.2003 N18, in: [http://www.zeit.de/2003/18/Oligarchen\\_neu](http://www.zeit.de/2003/18/Oligarchen_neu) (25.11.2008)
- VTSIOM: Public Television in Russia: Not That Many are Ready to Pay and Not That Much, population poll of VTSIOM, 01.0.3.2005, in: [http://wciom.ru/arkhiv/tematicheskii-arkhiv/item/single/1167.html?no\\_cache=1&cHash=24085f4477](http://wciom.ru/arkhiv/tematicheskii-arkhiv/item/single/1167.html?no_cache=1&cHash=24085f4477) (08.01.2009)
- W. A. (1982): Internationales Handbuch für Rundfunk und Fernsehen: 1982/83, Verlag Hans-Bredow-Institut, Hamburg, 1982
- W. A. (2003): Russian Mass Media: Quantitative Characteristic, Российские СМИ: количественная характеристика, in: Отечественные записки, №4, 2003, in: [http://magazines.russ.ru/oz/2003/4/2003\\_4\\_8.html](http://magazines.russ.ru/oz/2003/4/2003_4_8.html) (10.01.2009)
- W. A. (2005a): Can the Market Deliver? Funding Public Service Television in the Digital Age, UK, 2005
- W. A. (2005b): Corruption on Corruption, Коррупция на коррупции, in: gazeta.ru, 18.07.2005, in: [http://www.gazeta.ru/comments/2005/07/18\\_e\\_319353.shtml](http://www.gazeta.ru/comments/2005/07/18_e_319353.shtml) (08.11.2008)
- W. A. (2005c): Violence on TV and Violence over TV, Насилие на телевидении и насилие над телевидением, in: Коммерсант, 08.06.2005, in: <http://www.kommersant.ru/doc.aspx?DocsID=583951> (31.10.2008)
- W. A. (2006a): Cancellation of the Direct Governor Elections in Russia, Отмена прямых губернаторских выборов в России, in: онлайн-журнал избиратель.ru, 05.10.2006, in: <http://izbiratel.ru/vyboryros/2006/10/05/otmena.html> (07.11.2008)
- W. A. (2006b): Ren TV Changes Commercials, in: Kommersant, 13.09.2006, in: [http://www.kommersant.com/p704413/Ren\\_TV\\_Changes\\_Commercials/](http://www.kommersant.com/p704413/Ren_TV_Changes_Commercials/) (01.01.2009)
- W. A. (2006c): Russian Budget Expenses on Mass Media Will Increase to 64%, Затраты на СМИ в бюджете России возрастут на 64%, in: BBC, 22.09.2006, in: [http://news.bbc.co.uk/hi/russian/russia/newsid\\_5371000/5371504.stm](http://news.bbc.co.uk/hi/russian/russia/newsid_5371000/5371504.stm) (01.01.2009)
- W. A. (2007a): A, B, C: Encyclopedia of Life of Modern Russian Journalism, volume 1 and 2; „Аз, буки, веди: энциклопедия жизни современной Российской журналистики“, том 1 и 2, Издание союза журналистов России, Москва, 2007
- W. A. (2007b): 50 Big Events of Putin's Epoch, 50 больших событий эпохи Путина, in: журнал «Большой бизнес», N12 (47), 2007, in: <http://www.bolshoybusiness.ru/archive/19/434/> (05.11.2008)
- W. A. (2007c): All-Russian Compromises, Всероссийский компромисс, in: gazeta.ru, 10.12.2007, in: [http://www.gazeta.ru/politics/2007/12/10\\_a\\_2411069.shtml](http://www.gazeta.ru/politics/2007/12/10_a_2411069.shtml) (03.01.2009)



- W. A. (2008a): CEO of Gazprom Media Doesn't Rule out the Possibility of the Holding's IPO, Гендиректор "Газпром-медиа" не исключает выхода холдинга на IPO, in: RIA Novosti, 21.02.2008, in: <http://www.rian.ru/economy/20080221/99743760.html> (31.12.2008)
- W. A. (2008b): Official Instigators of Provocations, Официальные поставщики провокаций, in: gazeta.ru, 19.11.2008, in: [http://www.gazeta.ru/comments/2008/11/19\\_e\\_2888430.shtml](http://www.gazeta.ru/comments/2008/11/19_e_2888430.shtml) (04.01.2009)
- Weigl, Tobias: Strategy, Structure and Performance in a Transition Economy: an Institutional Perspective on Configurations in Russia, betriebswirtschaftlicher Verlag, Dr. Th. Gabler, Wiesbaden, 2008
- World Bank: Data and Research, in: [worldbank.org](http://worldbank.org)
- World Press Freedom Review: Russia, International Press Institute, 2007, in: [http://www.freemedia.at/cms/ipi/freedom\\_detail.html?country=/KW0001/KW0003/KW0078/&year=2007](http://www.freemedia.at/cms/ipi/freedom_detail.html?country=/KW0001/KW0003/KW0078/&year=2007) (30.10.2008)
- Yakovleva, Elena: The Internet and the Person: Where Russian Citizens get Their Information from, Яковлева Елена, Интернет-человек: откуда россияне берут информацию, in: Российская газета, N4192, 11.10.2006, in: <http://www.rg.ru/2006/10/10/novosti.html> (18.10.2008)
- Yasin, Evgeniy: Will Democracy Survive in Russia, Ясин, Евгений: Приживется ли демократия в России, Новое издательство, Москва, 2005, also in: <http://www.liberal.ru/demvross/democracy.pdf> (04.11.2008)
- Zassoursky, Ivan: Mass Media of the Second Republic, Засурский, Иван: Массмедия второй республики, 1999, in: <http://www.smi.ru/99/09/30/247115.html> (11.11.2008)
- Zassoursky, Yassen (ed.): Russian Mass Media, Засурский, Я.Н.: Средства массовой информации России, Аспект пресс, Москва, 2003
- Zassoursky, Yassen (ed.): Russian Mass Media, Засурский, Я.Н.: Средства массовой информации России, Аспект пресс, Москва, 2008
- Zassoursky, Yassen: Temptation by Freedom. Russian Journalism: 1990-2007, Засурский, Я.Н., Искушение свободой. Российская журналистика: 1990-2007, Издательство Московского Университета, Москва, 2007
- Zassoursky, Y.N./Vartanova, E.L./Zassoursky, I.I./Raskin, A.V./Richter, A.G.: Mass Media in Post-Soviet Russia, Засурский, Я.Н., Вартанова, Е.Л., Засурский, И.И., Раскин, А.В., Рихтер, А.Г.: Средства массовой информации в постсоветской России, Аспект пресс, Москва, 2002
- ZenithOptimedia (2008a): Advertising Expenditure Forecasts, in: <http://www.zenithoptimedia.com/gff/index.cfm?id=77> (13.10.2008)
- ZenithOptimedia (2008b): Prognosis for World Advertising Market Development, in: <http://gtmarket.ru/news/media-advertising-marketing/2008/04/04/1652> (05.12.2008)



- ZenithOptimedia (2008c): Russian Advertisement Market Slows Down, in:  
<http://www.advertology.ru/article66454.htm> (13.10.2008)
- Zuravleva, Elena/Nazarova, Tatyana: Bad Night, Kids!, Журавлева, Елена,  
Назарова, Татьяна, Беспокойной ночи, малыши!, in: Новые Известия,  
29.06.2005, in: <http://www.mediaguide.ru/?p=news&id=42c24dfc>  
(01.01.2009)
- Zvick, V.L.: Television Journalism. History, Theory, Practice, Цвик, В.Л.:  
Телевизионная журналистика: история, теория, практика, Аспент пресс,  
Москва, 2004



ISSN 0945-8999

ISBN 978-3-938933-63-3