

Crisis, financialization and regulation: The case of media industries in Portugal

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Abstract

This article examines the dynamics of Portuguese media groups in a context of worldwide financialization, and the new media regulation authority established in 2008. It considers the economic and financial performance of the major media groups, in an environment characterized by staff dismissals and decreasing advertising revenue. This focus on the dynamics of media groups is combined with the analysis of the performance of a new media regulator, established in 2006, which has been allocated specific powers to control ownership concentration. From documentary analysis I will highlight the acquiescence of the media regulator to the ‘media in crisis’ argument, the consequences of which include a concentration of local radio and a silence surrounding job cuts in otherwise profitable media groups. A disturbing consequence of the crisis concerns the vulnerability of this sector to capital investment funds, notably Angolan, whose ownership structure lacks transparency.

As business models in the media industries worldwide were challenged by new technological advances, Portuguese media groups experienced difficult times, particularly after 2000. In recent years, annual losses have been reported; redundancies have become an everyday word in newsrooms, and the internal financial difficulties of media groups have been publicly debated. This situation has been exacerbated by the financial and economic global crisis since 2007/2008, the effects of which have been felt worldwide (Claessens et al., 2010), particularly in the more peripheral economies of the Eurozone such as Greece, Spain and Portugal. Some of the key developments contributing to this crisis were “the emergence and proliferation of neo-liberal policy regimes, the globalization of financial activity, the financialization of Western capitalism, and the historic convergence of computer processing, telecommunications, and mass media technologies” (Hope, 2010: 649).

Financialization is a key process in regard to current trends in media industries. High levels of dependence on capital and indebtedness are evident as media industries have been unable to save themselves from the consequences of the global financial crisis (Almiron, 2010; Winseck, 2010). In different national economies, communication companies and groups affected by the crisis were

already facing the paradigm shift from analogue to digital technologies. The combination of these two factors had profound effects. Traditional media organizations were challenged by new business practices as the Internet-based new media affected the market positioning of newspapers and magazines. Old copyright models in cinema and music industries were challenged by social media corporations (Sparks, 2004).

The weaker economies of the Eurozone were particularly affected by the crisis, either because of banking system fragilities, as in Ireland or Spain or high sovereign debts, as in Greece and Portugal. Foreign intervention was required, with the International Monetary Fund and the European Union setting up programs to stabilize those economies. As the crisis affected the availability of credit, and indebted governments were pressured into austerity budgets, many economic sectors were affected. In a context of increasing financialization, an institutional-level assessment is required in order to gain a more thorough understanding of the effects of the crisis upon media groups.

The aim of this article [1] is to assess the status, performance and regulation of the media in Portugal, a peripheral economy dependent on overseas capital. In 2006, a new media regulator, the Entidade Reguladora para a Comunicação Social (ERC) was established. The ERC was given new powers, specifically in regard to ownership, concentration and market behavior. Building upon a documentary analysis of the regulator's reports, as well as those of other relevant social actors, such as the journalists' union, I will provide an overview of Portuguese media sector from 2008/09 onwards.

Financialization of media in the context of a world crisis

Financialization has been a crucial concept in explaining the difficulties faced by major media industries in the course of the crisis. It highlights "the extraordinary growth in the size of the financial sector and financial assets relative to the industrial and other sectors of the economy over the past 25 years and especially since the mid-1990s" (Winseck, 2010). For instance, Almiron and Segovia (2012) argue that the major Spanish media group, Prisa, faced a severe crisis partly caused by the group's financialization. Fitzgerald (2012) also draws on the concept to theorize the development of the biggest media groups worldwide, notably Time Warner, Bertelsmann and News Corporation.

Besides the internal problems in media groups caused by high debt levels, a more comprehensive concern has emerged. Resources that might otherwise be allocated to production and newsgathering are being diverted to meet the high costs of capital (Winseck, 2008). When they are unable to fulfill financial obligations, media groups have to renegotiate capital structure arrangements in ways that are unaligned with the principles of journalism and public service.

The theory of digital capitalism proposed by Chakravartty and Schiller (2010: 672) ascribes a central role to information technology in a situation characterized by "systemic overcapacity which, coupled with capital's growing financialization, has plunged the market system into crisis". Previously, concentration and internationalization were major trends in the cultural and media industries (McChesney, 2000), with technological imperatives and logics of synergy identified as the foremost drivers. However, in more recent years, pressure on board administrations to meet financial objectives has become "the 'first instance' of strategy formulation in the cultural industries" while "the rapid growth of these corporations has come at a price of servicing large-scale debt, combined with the pressing need to ensure competitive levels of market capitalization" (Fitzgerald, 2012: 40).

Financialization is therefore a key concept in understanding why media are in crisis at the same time as particular enterprises are challenged to maintain their traditional business models (Couldry, 2009; Sparks, 2004) alongside journalistic ideals (Mancini, 2013). Readership levels are low, and newspaper circulation is dropping, due to the competition of online news sites and other social media. Television and radio are likewise being faced with new consumption habits that undermine the traditional positioning of these media.

The result has been a dying business model. Profit margins of news organizations are decreasing and, in some cases, unable to meet the expectations of shareholders and the requirements of signed financial contracts. News has lost value in the eyes of advertisers as online platforms have decoupled advertising revenues from mass media news content. Meanwhile, small ads have migrated to online sites, thus depriving newspapers of an important source of income (Fenton, 2011). The result has been job-cuts in media organizations and the shutdown of many newspapers.

From a sectoral perspective, however, it should not be assumed that the media is in crisis (Winseck, 2010). The media universe is growing, not just in terms of the number of channels, but also in terms of the money involved. There has been a growing fragmentation and diversification of channels, both in the case of mass media forms, such as satellite television, and of new digital platforms, such as online streaming services. The media universe is undergoing a revolution, as social media platforms like Facebook or Twitter capture new users and as messages exchanged between users redefine the environment in which they live. However, this does not mean that people are better served as far as the quality of information and its contribution to the health of democracy are concerned. Fenton (2011) is rather critical of the new media ecology: “The depreciation of the current business model together with increasing commercial pressures is, as a result, devaluing the pursuit of news journalism that is in the public interest and impacting in particular on original newsgathering and investigative reporting as well as on local news” (64). Karpinnen (2009) also argues against a naïve conception of pluralism in the new digital world, as concentration is also taking place in the new environment, while Winseck (2008) points out that more outlets do not mean different outlets. Concern over the nature of media pluralism, therefore, remains relevant in the era of digital plenty. The drive to increase economic efficiency in the media sector has led to the dismissal of journalists, leaving newsrooms slightly emptier but with the same outputs to meet. Fewer reporters to do the same amount of work means less investigative and time-consuming journalism, less on-site reporting and more dependence on official sources and professional press releases (Fenton, 2011).

In other respects, the ‘crisis’ has become an argument that legitimizes the restructuring strategies of media groups. In some cases, even in traditional media sectors, commercial performance has been sustained (Nieminem, 2009; Mateo et al., 2010), thus showing that overgeneralizing the plight of media industries can be misleading. However, public discourses tend to suggest that the difficulties of particular companies stand for the sector as a generic whole. The fact that some companies are facing a declining market demand does not necessarily mean that they are all suffering losses. Nevertheless, media groups still have to prove their value to shareholders. The strategy, then, has been to cut costs (and jobs) in order to maintain profitability. However, news discourses on the economic crisis and, more specifically, the crisis in the media sector, have served to minimize public disapproval of these strategies. The downsizing of operations is legitimated by the prevailing discourse on the need to cut costs. The extent to which the “media in crisis” argument has been accepted by policy-makers and regulators serves to support media groups’ corporate strategies (see Winseck, 2010).

The Portuguese Media environment: crisis, group performance and dismissals

Portuguese media are characterized by a dual system. In audio-visual terms, there is a public television and radio service (for national and international audiences) and private groups operating in television (Media Capital and Impresa, both with an open-access television channel and subscription services). In private radio, Media Capital is the more prominent, followed by the RR - Renascença Group which belongs to the Catholic Church. In the press domain, Cofina and Controlinveste own daily titles, and Impresa have a weekly newspaper and a magazine.

Broadcasting services operated within a public service framework up to 1992, when the first of two national terrestrial private television services was launched. Private channels rapidly gained audience leadership, which, coupled with the challenge of financially driven policy frameworks within the state sphere, served to put the public service under continuous pressure. As Sousa and Silva (2009) observe, “The present-day configuration of the media system in general and the broadcasting sector in particular is strictly intertwined through the growth of multimedia groups in the country” (90). Rules on the concentration of ownership have been loosening since the democratic revolution in 1974, with the adoption of a more qualitative approach to interpreting statutory limits. As a result, multimedia groups have established themselves and consolidated their position without significant debate or opposition from the regulators (Silva, 2007). As Sousa and Silva duly note (2009), “despite the occasional political rhetoric, successive governments have acted as if media concentration should be allowed and even encouraged” (97).

Portugal currently has five major private media groups. Two of them can be considered historic players: Impresa and Rádio Renascença (RR). The former began with the launch of a weekly newspaper in 1973 and later consolidated as a multimedia group when it won one of the licenses to a terrestrial television channel. RR, meanwhile, is a group with links to the Catholic Church, that operates mainly in radio, after failing to secure the second private television channel license, (which was acquired by Media Capital). Although originating in the press sector, Media Capital is now mainly an audio-visual group, with a strong presence in the radio sector and the second terrestrial television private channel. Cofina is a group with press interests in daily news, finance and sports news. The configuration of Controlinveste is the result of already-held outlets in news and sports (subscription TV and a newspaper) combined with the 2005 buyout of news media outlets within an historic group, Lusomundo (which had holdings in radio, press and cinema). Lusomundo had been bought out by the Portuguese telecom group in 2000.

The financialization of the Portuguese media is particularly visible in the case of the Controlinveste group, which had to contract debt in order to buy the former Lusomundo media outlets. However also, in the case of Impresa, financial difficulties in coping with large-scale debts have been identified as a reason for the restructuring processes. Media Capital has also been in the spotlight because the majority of its capital is held by the Spanish group Prisa, which is itself facing large financial problems (Almiron and Segovia, 2012). The centrality of finance capital in the managerial strategies of the Portuguese media groups was reinforced by the financial crisis that has affected the country since 2008. As it is still a young democracy in the European context, Portugal (which lived under a dictatorship from 1926 to 1974) has an economy considered to be fragile and not very productive. In 2011, for the third time since the establishment of its democratic system, Portugal was forced to seek external assistance. The ‘troika’, comprising the International Monetary Fund, the European Financial Stabilization Mechanism and the European Central Bank, imposed a

policy of austerity that led the country into recession, with high unemployment rates, cuts in wages and growing family poverty [2].

The Portuguese news media were particularly affected by the adverse economic conditions; advertising and subscription income declined as noted in the Annual reports of the major media groups [3]. According to the agency providing data on advertising market shares, advertising spend declined by an estimated 11% in 2011, and between 15–20% in 2012 [4]. Nevertheless, the overall market positions of major media outlets in Portugal remained unaltered from 2008 to 2011. Despite decreasing circulation, the most popular newspapers maintained their market share, while the most popular radio stations likewise preserved their position over that period. In regard to free-access television, the public service broadcaster, RTP, saw its funding mechanism damaged by governmental cuts as the country faced the transition to digital transmission. However, this change did not lead to the development of new television stations and has even resulted in a loss of terrestrial coverage and the growth of subscriptions to pay television (Denicoli and Sousa, 2012).

However, the apparent continuation of most media services does not mean that the sector experienced non-turbulent times. From 2008 to 2011, according to the journalists' union [5], as many as 484 journalists lost their jobs—and this figure only refers to regular posts, not freelancers or reporters with precarious job security working on a regular basis at newsrooms. In 2009, one year after the beginning of the crisis, there was a 47% increase in the number of newly unemployed journalists. The problem with job retention might be expected to stem primarily from the small scale of some media companies such that they would account for most of the unemployment. However, from 2009 to 2011, 62.6% of reporter redundancies (in regular job positions) originated in the five major Portuguese media groups (Cofina, Controlinveste, Impresa, Media Capital and RR) [6].

It is important to note that these hard times for journalism professionals did not directly reflect losses in the media companies' revenue, as they were not especially severe over this period (see Table 1). In fact, from 2009 to 2011, when the effects of the crisis were most acute, only two companies reported an annual loss: RR in 2010 and Impresa in 2011. In the case of RR, losses have not been explained, and since it is not a publicly listed company, no annual reports are publicly released [7]. However, during 2010, the group conducted an internal reorganization, reducing the number of employees. Impresa's losses, meanwhile, appear to stem from an accounting situation. The group attributed the losses to asset impairments, meaning that the accounting value of some assets depreciated due to the economic and financial crisis.

Cofina (mainly a newspaper group) reported profits for all three years from 2009 and 2011 yet was responsible for 15% of reporter redundancies in that same period. Media Capital (part of the Spanish group Prisa), who faced a significant reduction of its revenues (from 244 million euros in 2009 to 193 million euros in 2011), also reported positive profit figures, but was responsible for 7.5% of the newly unemployed journalists in that period. Except for Media Capital, none of these groups faced a significant reduction in their revenues.

Table 1. Portuguese media groups' revenues (results in millions of euros)

Groups/ Year	2009		2010		2011	
	Revenues	Net profit results	Revenues	Net profit results	Revenues	Net profit results
Media Capital	244	19	224	14	193	2
Impresa	248	8	268	10	247	-35
Cofina	118	17	120	5	114	5
RR	22	1,3	22	- 3.9	23	1

Source: Own elaboration from Entidade Reguladora para a Comunicação Social annual reports [8]

Controlinveste, one of the most significant Portuguese media groups (with two of the major daily newspapers, a major news radio station and a presence in pay-tv), was responsible for 26% of journalistic redundancies. Because it is not a publicly listed company consolidated figures for the group are not publicly available. However, the data that can be accessed points to losses ranging from 4 million euros in 2009 to 17 million euros in 2011, in the subsidiary firm that controls both newspapers (DN and JN) [9]. News of an unsustainable debt is widely alleged rather than confirmed [10] so it is not possible to gain in-depth knowledge of Controlinveste economic performance. The current configuration of the group, (which until 2005 was a relatively minor player in the media sector), resulted from the leveraged buyout of news outlets in the Lusomundo company (newspapers and a radio station), which in turn belonged to Portugal Telecom, a major Portuguese telecommunications company. Significant debt was incurred in the context of economic crisis and the decline in readership and advertising. Controlinveste thus faced deep financial problems, and part of its equity was sold, with 27.5% being acquired by the Angolan trust fund of António Mosquito [11].

Within the Controlinveste universe, another tendency worth mentioning is the internal reorganization of its specialized product offerings, such as photojournalism and financial/ economic information. Arguing for the need to improve cost and resource efficiency, the group established a centralized newsroom to produce economic information for all the different titles of the group and a photo agency to provide images for all the group titles.

Controlinveste is not the only case where Angolan capital has taken a stake in Portuguese media groups. Other examples include the weekly newspaper Sol (a minority interest within the Cofina media group) and the establishment of a consortium for the acquisition of magazines from the Media Capital group, part of the financially troubled Prisa universe (Almiron and Segovia, 2012). A recent newspaper article focused on the presence of Angolan capital in Portuguese media groups, highlighting the fact that most of the shares were minority holdings [12]. Nevertheless, one Angolan group stands out in this respect; namely, Newshold, which owns the weekly newspaper “Sol”, 15% of Cofina and 1.7% of Impresa. Newshold has also expressed an interest in the possible buyout of the Portuguese public television service, an initiative that was under consideration by the Government [13]). Moreover, these changes in private media groups came at a time of government disinvestment in public services (television RTP and the Lusa news agency), which resulted in job, cuts as well as wage reductions.

During this period, the only entity that showed any concern over the possible loss of quality in journalism and press functions was the journalists' union. Cost reductions and job losses have been accepted as normal in the economic crisis environment, and little concern has been apparent either in civil society or within the media regulator entity. When requested to deliberate on Controlinveste's proposed redundancy of 122 journalists in 2009, the Portuguese regulator, Entidade Reguladora para a Comunicação Social (ERC), stated that it was not their task to evaluate media management strategies. However, the ERC's viewpoint only considered media operations in terms of a market economy; losses in advertising were assumed to be unavoidable. Their consequences in regard to the likely decline in the quality and diversity of information, according to the ERC, would have to be evaluated by the readers. The ERC also stated that content sharing (photos and economic information) between different publications within the Controlinveste group was not a matter that the journalists could oppose, thus rendering this restructuring strategy legitimate [14].

Crisis and regulation

When a new law was passed in 2005, the ERC had a new configuration—with the new board/council entering into operation in 2006. The rationale for the new architecture of media regulation was to give it more legal powers and to raise its legitimacy by stressing the ERC's independence. The first mandate of the ERC (2006–2011) corresponded with a period in which Portugal faced one of the worst economic and financial crises in its history. This mandate was particularly important because of the implications for media ownership and concentration (over which the newly-configured ERC had jurisdiction).

Law 53/2005 establishes that the ERC is obligated to ensure the non-concentration of ownership of entities pursuing media activities, with the aim of safeguarding pluralism and diversity. However, Portugal has no pluralism or concentration law with a specific mechanism for limiting concentration, and the wording of the 53/2005 law is merely qualitative (see Silva, 2007). This limits the scope of the ERCs remit, as it is very unspecific, but in principle, it could also be transformed into an advantage if the council board were to assume a more comprehensive interpretation of the law.

In regard to concentration and ownership, the ERC did issue one major decision with the aim of favoring pluralism at a national level, at the expense of the economic interests of private actors. This happened with a newcomer group in the Portuguese scenario, Ongoing (which had holdings in business newspapers and pay-tv in Portugal and Brazil, and also a 25% share of Impresa). Ongoing wanted to buy Media Capital (to be sold by Prisa). The ERC found that the accumulation of holdings involved was potentially harmful to pluralism as both groups (Impresa and Media Capital) held strong positions in the television market. However, in 2009, the ERC decided not to approve the launch of a fifth free access channel. According to the regulator, none of the projects applying for the bid fully met the stated objectives, and thus the market was not opened to further competition. This decision was in line with the interests of established players in the television market, which contended that there was no advertising space for another free channel.

Apart from overseeing concentration in the media sector, the ERC does not have much room to manoeuvre when it comes to ownership. The regulator's jurisdiction applies only to media activity subject to licenses, such as terrestrial television or radio. Press initiatives are free, as is any launch of pay-tv, net-tv or any other form of journalistic content on the Internet. Those outlets are only

subject to registration with the regulatory entity. In that matter, the ERC [15] registered a reduction of publications in Portugal: in 2011, there were 3169, down 17% from 2008 (2656). In that same period, cancellation of publications outpaced new registries. This was particularly evident in local publications where cancellations (113 in 2011) were three times as frequent as new registries (30 in 2011). National publication cancellations (230 in 2011) were double that of new registries (102 in 2011). In contrast to the significant reduction of paper publications, there was a notable increase in the number of television services. Between 2008 and 2011, 25 new subscription television services were launched, as well as six new television services for international communities—which resulted mainly from the retransmission of content previously produced for national audiences.

The ERC's primary responsibility in respect to ownership is to make rulings on changes in the control of media companies, by authorizing the sale and transfer of radio frequencies or by renewing terrestrial radio and television licenses. From 2008 to 2011, ERC conducted a radio license renovation, involving 331 processes. Of those, only 20 licenses were revoked, due mainly to bureaucratic technicalities, such as failure to meet deadlines or submit the required documentation to demonstrate that the local radio companies had no debts to the Portuguese State (via tax or social security). These economic aspects of radio activity were over-emphasized and the purposes of radio for local communities were not evaluated at all. There was no assessment of the importance of local radio in providing local information and promoting local identity.

The ERC's website displays the processes and decisions adopted by the board. In respect to pluralism, a file compiling the decisions on control and designation of media outlets shows that there were 105 processes between 2006 and 2011. Approximately 90% of those processes related to radio, a sector that appeared very dynamic in this period. Portugal is rather peculiar when considering radio licenses, as the number of national or regional frequencies is very low, and radio activity is based mostly on local frequencies. National radio brands exist, but they are broadcast using a retransmission chain through local frequencies that are "rented" or bought by national multimedia groups.

This is why assessing changes in radio designation/programming is important, as it is not only a matter of naming radio stations. Different names usually meant that these stations assumed the name of another, centrally transmitted radio service. Thus, changes in radio names effectively meant the transfer of the radio frequency such that programming could be centrally broadcast by a major radio provider. Therefore, most of the ERC's decisions dealt with authorizations for the retransmission of national radio content or programs on local channels. These were generally requested on the grounds of market difficulties and falling advertising revenue. The argument of local radio owners/managers to justify the retransmission was, mostly economic: the need to 'lower the costs', the change being 'in the interest of local advertisers', or due to the 'shortcoming of advertising market' or to the 'current national and international crisis'.

In the period analyzed (see Table 2), the ERC issued 42 authorizations to retransmit centrally broadcast content on local frequencies. The weight of national media groups has increased over this period, displaying their increasing interest in the consolidation of their audience at a national level. Since national or regional frequencies are legally unavailable to new projects, the only possible way to broadcast radio nationally is to create a network retransmission chain using local radio licenses. Because the transmission agreements do not take into consideration formal ownership arrangements, the creation of national radio networks using local frequencies provides a mechanism through which the legal limits to concentration of media ownership can be circumvented. Between 2001 and 2010, each radio group had a limit of five frequencies, but some

major groups acquired a wide share of the territorial coverage. This was particularly apparent in the strategy adopted by Media Capital, from which two-thirds of the applications originated. Seven authorizations (16%) were also given to RR, which launched a new service, radio SIM (aimed at elderly audiences). Thus, RR acquired extended broadcasting coverage.

Table 2. Processes involving changes in radio programming or ownership analyzed by the regulator

Year	2006	2007	2008	2009	2010	2011
Changes in ownership	0	5	14	4	5	14
Changes in radio services	4	6	6	15	16	8
Involvement of major multimedia groups [17]	25%	45%	50%	80%	76%	81%

It becomes clear that the ERC allowed the increased concentration in radio broadcasting to occur—in some cases, with formal ownership transfer, but in others just by authorizing an agreement between central radio and local companies. All the authorizations were issued according to the existing law, and each one may be unquestionable in terms of its formal adherence to the legislation. However, it is clear that the regulator did not adopt a general overview of local radio in Portugal, and neither did they promote a framework to conceive radio in terms of the plurality and diversity of local services. Concentration of ownership has always been positively considered in terms of political discourse (Sousa and Silva, 2009; Silva, 2004) and the Portuguese tradition in that respect is not to interfere. This is a legacy that ERC seems to have found difficult to resist. Local diversity is thus reduced, and even if local radio stations do have a daily news service, this is not sufficient to guarantee locally oriented information. The editorial control of these services is, most often, centrally organized according to the media group's news values and routines. The loss of local distinctiveness can be problematic when one considers that “locally produced content enables local citizens to access producers directly, so that content can better reflect local distinctiveness and cultural diversity, promote audience involvement in local discourse and thereby stimulate local participation and democracy [...] Distinctiveness may be expensive compared to the relative cheapness of generic imaging and content, but the preservation of heritage—both cultural and radiophonic—may yet be worth considerable effort and expenditure as well as political will” (Starkey, 2012: 168/178).

Again, there has not been any public concern expressed on this *de facto* media concentration, with the exception of the journalists' union criticizing this trend and the ERC's agreements [16]. In newspaper articles, reports on community protests over the end of their local radio can rarely be found. Indeed, there has been no national debate on radio (even less about local radio) suggesting that this has been a mostly silent process driven by an economic rationale, at the expense of local diversity and cultural pluralism.

The movement towards increased concentration of local radio is likely to accelerate in the following years because there has been a legal change to the limits on ownership holdings in the radio sector. As noted earlier, up to the end of 2010, each group was limited to five radio broadcasters and a maximum of 25% of overall broadcaster holdings in the same municipality. In December 2010, a new law was passed which relaxed the restrictions on concentration of ownership to 10% of the total licenses awarded in the country. This means that a group can now own more than 30 local broadcasters and up to 50% of the licenses awarded at the municipal level. The radio

sector used to be the most restrictive in Portuguese media law, as far as constraints on concentration of ownership are concerned, but the clear trend, in the years since Portugal has been a democracy has been to expand those limits (Silva, 2005).

The profile of the processes in 2011 (Table 2) highlights this reality: for the first time, the number of changes in operations of control, with regard to ownership transfer, has been greater than the changes in radio designation and programming (i.e. entailing particular arrangements between the owners of local radio and centrally broadcast radio). When the December 2010 law opened up the opportunity for transforming this informal control into an official ownership transaction, the media groups immediately took their chance. Of the 14 operations for control acquisition, six were not authorized by the ERC, but this occurred only because the law also established a two year period where no changes in the programming services could occur. Since this time restriction had not been observed (because changes in programming were made in the two previous years), ERC did not authorize these media groups to buy out the local radio stations. However, the media groups are clearly interested in pursuing this strategy and, after the period established by law, changes will most probably occur.

Concluding remarks

The Portuguese media universe is expanding, especially in regard to subscription and social media platforms. An internationalization of TV channels has also taken place during this period, with the ERC registering six new television services to international communities whereas only one existed prior to 2008. This raises questions about the real dimension of the crisis in the media universe. However, this does not mean that Portuguese media are not facing disturbing challenges.

The ostensibly expanding Portuguese media universe has not led to more plural or diverse offerings in the range of media outlets. On the contrary, it is apparent that media groups are abandoning innovation and creative risk-taking in traditional media content. In fact, the main strategy in the period discussed here has been the replication of existing content forms. In radio, this has been exemplified by central retransmission of services, while in pay-tv national services have been launched to international audiences. In the newspaper sector, as seen in the case of *Controlinveste*, the drive for cost reduction and economies of scale drove the centralization of both economic reporting and photo newsrooms. However, pluralism and diversity, the principles that ostensibly guide the rationale for media regulation, seem to be increasingly at risk.

One trend, that becomes apparent as far as radio is concerned, is the gradual disappearance of local media, with the complicity of the regulatory body. The ERC permitted the emergence of a concentration of local radio channels, under the retransmission framework, and this, when combined with the net loss of local publications, represents bad news for the provision of local information. More generally, this critical trend is reinforced by the fact that, until now, local subscription television services are very limited and are constrained by audience size, while local web-TV services have not yet emerged in the Portuguese media ecology. Starkey's observation that "one of the great strengths of local media content is that it can—and often still does—express and support cultural, socio-political and economic distinctiveness" (2012: 168) raises concerns that the local character of the media ecology is being eroded in Portugal.

In the recent crisis scenario, the ERC has been sensitive to the 'media in crisis' and the 'international and national crisis' rhetoric deployed by media groups. However, they have been unsympathetic to the principles of pluralism and diversity and so have undermined their regulatory

mandate. The regulator's institutional acquiescence to the media industry's economic rationale is also apparent in their rhetoric concerning job cuts in Controlinveste, in its decision not to renew radio licenses, and also in its silence about media group redundancies (even when these media groups have not reported losses in their annual accounts).

This crisis period and its aftermath has also been critical in regard to the increasing lack of transparency concerning ownership, patterns and financial processes. Considering the economic and financial context of the country, the need for capital in the Portuguese media has evidently been exacerbated—as is apparent in the cases of Impresa and Controlinveste. This, in turn, advances the influence of financialization on Portuguese media groups. A key problem here is that the shortage of credit and capital investment [17], due to banks' lack of liquidity since the economic and financial crisis, makes domestic media groups vulnerable to overseas capital located in overseas trust funds. The ownership of the Angolan funds that have taken a stake in Portuguese media is not transparent because they are not subject to domestic disclosure rules, despite the fact that transparency in media ownership is ostensibly protected by law in Portugal. This may be the most worrying consequence of financialization, which has been worsened by the financial crisis. It is likely to have wider implications that will need to be addressed by media regulators and the researchers of media corporations.

Author Bio

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Endnotes

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[2] Information on the economic performance of Portugal can be found in OCDE (2012), *Étude Économique de l' OCDE: Portugal 2012*, Éditions OCDE.

[3] More advertising losses than expected are, for instance, the reason why Impresa had to issue an explanation of the impairments declared for the first semester of 201: see <http://bit.ly/1KIPRly>.

[4] Official figures for advertising investment in Portugal do not sustain these proclaimed losses in advertising revenues because they are calculated in terms of insertions within media formats at market prices. In this context, media companies are offering discounts on official market prices that are not disclosed openly and that do not allow us to confirm effective losses.

[5] Data on reporters' dismissals were made public by the journalists' Union, which issued documents, such as Sindicato dos Jornalistas (2012) *Desemprego dos*

jornalistas – alguns dados, várias preocupações e 12 alertas. Available at: <http://bit.ly/1DyNY2V>.

[6] As well as these five major Portuguese media groups, the regulator also covers Zon and Soanecom, but these two groups act mainly in television distribution, with less interest in content.

[7] In Portugal, non-listed companies are obliged to deposit and register their annual accounts, but these are not freely available to the public. Some company figures can be found in the Amadeus business database. However, there is no associated management report to explain the figures, such as reasons for the losses registered in 2010.

[8] Annual reports can be found at <http://www.erc.pt>.

[9] Amadeus database does not present consolidated figures for the Controlinveste group. In terms of the subsidiary firm for the newspaper business, Global Notícias, where dismissals were much more prominent, the database shows decreasing revenues for the period under analysis (87.5 million euros in 2009, 72.8 million in 2010 and 72.4 million in 2011) and increasing losses (4 million in 2009, 11.2 in 2010 and 17.2 in 2011).

[10] Several news articles on this media group were published, such as in the newspaper Público: <http://bit.ly/1tYmJhV>. The group also produced its own press releases, such as <http://bit.ly/18IHYeh>.

[11] Costa, António (2013) Bancos, Mosquito e Montez acordam com Oliveira venda da Controlinveste, *Diário Económico*, 26 November. Available at: <http://bit.ly/1CTW2ga>.

[12] Lopes, Maria (2013) Angolanos nos grandes media portugueses embora com quotas minoritárias, *Público*, 6 June. Available at: <http://bit.ly/1BYoZ97>.

[13] The privatization of the Portuguese public service broadcaster was included in the electoral programme of the political party PSD, who won the election in June 2011. The issue was debated in the public sphere until 2013 and then indefinitely postponed. The main reasons seem to be the lack of agreement within the governmental coalition (with PP, the other political party in power, not agreeing to the proposal) and the protest of the private channels who argued there was not enough advertising revenue for another commercial TV station.

[14] ERC (2009) Deliberação 3/DJ/2009. Available at: <http://bit.ly/1tYmJhV>.

[15] Data for ERC registries were presented at its annual conference. PowerPoint presentations are available at: <http://www.erc.pt/pt/noticias/v-conferencia-anual-da-erc>.

[16] Sindicato dos Jornalistas (2012) SJ contra ataques às rádios locais. Available at <http://www.jornalistas.eu/?n=8941>.

[17] Primarily Media Capital and RR, which both have radio interests, but also two other radio groups, Música no Coração and NFM (which are not major groups but are

considered here because their holdings include stations across multiple regions and thus have a nation-wide presence).

[18] The 70 billion euro bailout to Portugal was also used to re-capitalize banks, which received, out of that amount, 12 billion euros, thus showing the lack of capital within the Portuguese financial system.

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