REGIONAL OVERVIEW

Sandra B. Hrvatin and Brankica Petković
1. INTRODUCTION

Noam Chomsky repeatedly points out a simple conclusion that no conspiracy theory is needed for the analysis of media deviations in western countries. A handful of individuals and corporations that today own the majority of media outlets, acquired their holdings by openly supporting political elites in the countries in which their media operate. When Chomsky was asked years ago how corporate elites controlled the media, he answered: “That’s like asking how corporate elites control General Motors. They don’t have to control it. They own it” (quoted in Halimi, 2002: 41-2).¹

In order to be able to analyse media ownership, and resulting media concentration, one has to know the right questions. Media concentration as such is not a phenomenon exclusive to contemporary societies, but one of its new features is an almost “incestuous relationship between politics and the media.” Politicians use (and abuse) media for their own political purposes. Today it seems impossible to remain in power without the support of the media. On the other hand, media owners use their media to promote and disseminate their own political views, and exploit politicians to achieve their own (corporate) goals. By answering the question of who owns the media we also answer the question of who holds the reins of power.

The close interrelation of media, political and economic capital (sometimes in the hands of a single person) is a common feature of EU member states as well as the 18 countries included in this study. This book represents an attempt to delineate some of the basic characteristics of the media markets in post-socialist countries of South Eastern and Central-Eastern Europe (including new EU members), and to place these in the context of the decade-long debate over media concentration in Europe. It provides an overview of “media transition,” methods of media privatisation, legal frameworks, the current state of media markets, the largest media owners in these countries and their formal and informal political links. Most importantly, it highlights the implications of media concentration for the independence of the media.

In transforming their media systems, post-socialist countries looked for clear “European standards” regarding restrictions on concentration, protection of media pluralism, journalistic freedom and media independence, and in so doing, they turned to the solutions and models employed by established European democracies. But what, in fact, is the “European viewpoint” on these issues? What is the viewpoint of the European Parliament (EP), the European Commission (EC) and the Council of Europe? Indeed, these three European institutions pursue two different approaches.

It was the issue of media concentration that brought to light the differing opinions and interests of the EP and the EC. In the early 1990s, the EP first put forward certain require-

---

ments regarding media concentration. This was followed by two draft directives, extensive consultation and a number of public debates coupled with strong lobbying on the part of the media industry. Finally, in 1997, the EC had to admit failure of its media policy.

In its 1990 Resolution on Media Takeovers and Mergers,² the EP explicitly stressed that “restrictions on concentration are essential in the media sector, not only for economic reasons but also, and above all, as a means of guaranteeing a variety of information and freedom of the press”. This standpoint was confirmed by another resolution in 1994, in which it called on the EC to propose a directive regulating both the ownership structure and content of the industry at a pan-European level. The EP considered media pluralism “an essential element in the construction of the European Union in accordance with the requirements of democracy (EP, 1994: §N).³ In the opinion of the EP, the strengthening of the competitiveness of the European media should be accompanied by the strengthening of economic and cultural pluralism in this area. The EP repeatedly stressed that media concentration could affect the freedom of speech of the media as well as of every individual. The EP again alerted the EC to this issue in April 2004, when it published the Report on the risks of violation, within the EU and in Italy in particular, of freedom of expression and information.⁴ The report, describing the level of media pluralism in eight countries with a special stress on the dramatic situation in Italy, was written by the Committee on Citizens’ Freedoms and Rights, Justice and Home Affairs of the EP. It provoked a heated debate in the EP on April 21, 2004, which concluded with the EP calling on the EC to draft a directive on the protection of media pluralism in Europe.

Standards pertaining to this field do exist and are not specific to Europe but are universal. Article 10 of the European Convention on Human Rights guarantees freedom of expression and information with due respect for the principle of independence of the media. Provisions on media pluralism are contained in the Amending protocol to the European Convention on Transfrontier Television. Article 11, paragraph 2, of the Charter of Fundamental Rights of the European Union (2000/C 364/01) stipulates: “The freedom and pluralism of the media shall be respected.” Council of Europe Recommendation No. R(99) 1 of the Committee of Ministers to Members States on Measures to Promote Media Pluralism recommends that the “member states should consider the introduction of legislation designed to prevent or counteract concentration that might endanger media pluralism at the national, regional or local levels.”

Freedom of expression is a basic right of every individual. It is not geographically limited. It “belongs” equally to all citizens of EU member states as well as citizens of all other countries. There is no democracy without freedom of expression, nor without freedom of the media.
Why, then, is it necessary to regulate media ownership? Why must certain restrictions be in place? Media owners are in a position to influence media content, and the mere possibility that they would choose to exert such influence justifies restrictions. Their motives may be political, ideological, personal or commercial, but the outcome is the same. Media owners are those who dictate media content. In his book “Les nouveaux chiens de garde,” Serge Halimi asks whether it is possible to imagine someone buying an instrument that offers the prospect of influence, but foregoing the chance of influencing the orientation of such an instrument (Halimi, 2002: 52). Fewer owners means lesser diversity of content. A prerequisite for the diversity of content is a variety of owners, meaning that media pluralism can be guaranteed only by plural ownership. Media concentration has an impact not only on media content but on the manner of reporting as well. The media are overwhelmed with “servile” (Halimi) and market-driven journalism (McManus) where the interests of owners and advertisers take priority over the interests of readers. Certain kinds of media content are used only as a guise to promote sponsored texts or advertising. In this case, “censorship is much more effective, because the interests of the owner are miraculously the same as those of ‘information.’” (Halimi, 2002: 13) Investigative journalism and investigative articles are increasingly rare. Media owners tend to see journalists as non-essential items on their cost sheets, so streamlining in the media business is often accompanied by lay-offs, salary cuts and widespread disregard for collective agreements. Today, the independence of both the media and journalists rests in the hands of media owners, and, consequently, so does the freedom of expression of every individual.

The reports collected in this book analyse the media in eighteen European countries: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Kosovo/a, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Serbia, Slovakia and Slovenia.

Many reports in this book highlight the threat to pluralism posed by media concentration, a problem that is present in all European countries. For those who think that the situation in Western Europe is not near as bad as it is in post-socialist countries, there is one important message: De te fabula narratur. (This story speaks about you).5

2. LEGISLATION – PROTECTING THE INTERESTS OF THE STATE OR THE CITIZENS?

Following changes in the political systems of the late 1980s and early 1990s, post-socialist countries had to adopt new legislation and replace restrictive media laws. One fundamental issue was how to determine the new owners of media outlets formerly owned by
the state or political parties. The state and political parties had never been media owners in the real sense of the word, because their kind of ownership was not one driven by capital gain. The state had not been interested in profit but exclusively in having control over media content. In accordance with this goal, exercising of ownership rights took the form of appropriating the right of access to information. Therefore, media markets in these countries were not markets as we know them elsewhere. Market laws were dictated and controlled by the state and the instruments employed ranged from determining the price of newsprint and newspapers to setting the terms of distribution and a monopoly on broadcast license allocation. Circulation figures or data on the number of radio and television sets had only statistical value and were seen as proof that media were available (if only declaratively).

However, while the state was not interested in commercial gain, political gain i.e. influence, was certainly the focus of its attention. In most of these countries, private persons were legally prevented from founding media outlets (in most cases newspapers were subject to very strict licensing requirements); the appointment of editors was a mechanism designed to secure political loyalty and in the broadcast field, state-run radio and television broadcasters held a strong monopoly. To this list of hindrances we should add restrictions on freedom of expression (in fact, the state held a monopoly on public expression) that were implemented by way of various formal or informal interfering with the journalistic process. In practice, this censorship was effected through an intricate system of measures ranging from “legal prohibition of ‘hostile propaganda’ and dissemination of ‘upsetting news’ to ideological threats and psychological extortion of journalists and public speakers, etc.”

One would expect that changes in the political system would have prompted rapid changes in media legislation, but the reality was different. The adoption of new media legislation proved to be a long process and, more importantly, legislators lacked vision as to how this area should be regulated. This can be partly attributed to historical factors such as experience of restrictive legislation through which every organisational aspect and content of the media was controlled, and the role that the media (as representatives of civil society) played in political changes. In fact, there was a very short period of time in which the public interest was not in conflict with that of the state. As a result, the opinion that the newly acquired freedom of expression should not be limited by restrictive media legislation prevailed in most of these countries. Public debates were based on the assumption that media legislation was not necessary at all, that is to say, that the media should be left to be freely regulated by an ideologically and politically “neutral” market (as the media market was seen at that time). Therefore, most of these countries intervened in the media
sphere only when the effects of market forces became manifest. Unfortunately, this intervention came too late.

Oscillation between the two poles, i.e. strict regulation and deregulation (liberalisation), was best demonstrated by repeated amendments to existing laws. In Bulgaria, for example, the 1998 Law on Radio and Television was amended nine times – twice in 1999, once in 2001, three times in 2002, twice in 2002 and once in 2003. These interventions clearly demonstrated the state’s wish to (re)establish control over the media. Croatia amended its media laws eleven times in the past decade, with the law regulating public service broadcasting having been amended eight times. The current director general of the public service broadcaster, Hrvatska Radio Televizija (HRT), witnessed three legislative amendments in the course of his term in office. Some among these radically altered the composition of the HRT Council as the highest management and supervisory body – it changed from the Council whose members were appointed by political bodies, to the Council composed of individuals appointed by various civil associations (as representatives of the public interest), to the Council that represented a compromise between political interests represented in the Croatian Parliament. On the other hand, Estonia, for example, saw four bills pertaining to the media, but none of these was passed. These bills were drafted with different goals in mind – some attempted to define what media should do and others lay down requirements concerning objectivity and representation of the interests of various social groups. Although the Estonian media are (indirectly) regulated by ten different laws, only the Broadcasting Act passed in 1994 directly addresses the media sector. But the Broadcasting Act was adopted two years after the majority of the current broadcast media were established and, much like media legislation in other countries, it has undergone several amendments. The bill drafted by the Estonian Ministry of Culture in 1995, proposing a system of regulation (licensing) of new publications owned by foreigners, is just one example of abortive attempts to introduce media legislation. Opposition from within the media community was so strong that the bill never reached Parliament.

In Moldova, the Press Law passed in 1994 has gone through eight amendments. Most of these changes pertained to the regulation of ownership relations. The Moldovan Press Law and the Audio-visual Law do not include the concept of owner but instead use the terms founders or co-founders, meaning that these laws do not address the concepts of ownership and concentration. Out of a total of seventeen amendments, only one directly addressed the issue of ownership by prohibiting cross-ownership between telecommunications operators and broadcasters. This article was subsequently invalidated by the Constitutional Court with the explanation that it restricted freedom of expression. Chapter 12 of the Press Law entitled “Financing” was amended four times (in 1995, 1998, 1999 and 2001). According to the first (1995) amendment, support to the press provided by foreign
legal and natural persons was allowed. However, the 2001 amendment prohibited the governments of foreign countries from supporting the Moldovan print media except in cases where such support was regulated through collateral agreements. This legislative initiative was tabled by the new parliamentary majority. The Audio-visual Law (passed in 1995) was amended seven times. The most significant amendments were those of 1999, stipulating that 65 percent of all radio and television programming be in the official state language.

One could argue that in many cases these frequent amendments to media laws were not backed by a clear vision of the implications of these changes. But some changes resulted from the lack of political will to implement the existing laws, only aggravating the effort to create favourable conditions for an effective functioning of institutions responsible for the implementation of laws.

When speaking of the difficulties experienced by these countries, we should not overlook the fact that they were not prepared for the new conditions created by changes in the political sphere, and that this brought about additional problems. Some countries gave in to the conviction that media laws were not needed at all, while elsewhere, media laws turned out to be a mixture of provisions and solutions employed by “comparable” European countries. Nor were various European institutions any better prepared for this situation. From their perspective, the post-socialist countries looked like a kind of uniform “eastern system.” However, while it is true that the vast majority of these countries shared a communist or socialist past, their social systems were radically different in practice, as were their legal and media systems, and ultimately, their new governments and the pace of media democratisation. As a result, legislative models offered to those countries looking for “help” in adopting new media legislation were frequently inadequate. These were actually attempts to transplant to post-socialist countries various individual solutions (or complete media legislations) employed by EU member states. But these legislative proposals were unsuitable and, more importantly, not adapted to the needs of these countries. The case of Albania is a typical example of such an inadequate solution, a model that smoothly operates in the source country but causes difficulties in a country to which it is transplanted. The Albanian press law passed in 1993 was drawn up with the help of the German foundation, Friedrich Ebert. It was based on the recommendations of independent experts and modelled after the law of one of the German states. However, the makers of this law did not take into consideration the historical development and special features of Albanian society, i.e. the rudimentary media system that had been subject to total control in the past. The result was a law that the media community (which was excluded from the drafting process) assessed as restrictive. This law was replaced with a new one in 1997, and it included just one general provision: “The print media are free. Media freedom is protected by law.” In light of such circumstances, it is not difficult to understand
the words of Albanian poet and MP, Prec Zogaj, who concluded that the Albanian media found themselves in a situation in which there was “freedom of the press, but no free.” (Indexmedia, 2002 (1):39)

In contrast to the print media that were left almost entirely to market forces, the broadcasting sector continued to be influenced by the state. Most of the countries examined here introduced special authorities that were responsible for broadcast license allocation with a view to public interest, and for the supervision of radio and television stations i.e. their compliance with the applicable laws. The problem was that in many countries, these authorities were introduced too late, only after many important decisions had already be taken by the state. For example, all until 2000, when the Lithuanian Radio and Television Commission was established, the Lithuanian public broadcasting sector was strictly regulated, in contrast to the private/commercial sector that was subject to virtually no regulation. Until the establishment of the Commission, the majority of radio and television stations operated on the basis of their foundation certificates which, however, did not regulate their basic activity – radio and television broadcasting. In Slovenia, from 1990 until the adoption of the Mass Media Act in 1994, the national authority for broadcasting frequencies (Telecommunications Office) allocated broadcast licenses even though there was no legal basis for allocation. The issuing of licenses began in 1993 under the guise of democratisation and under public pressure, and most licenses were granted to commercial broadcasters. All the important licenses, that is to say, those covering the largest portions of the country, were distributed before the adoption of the Mass Media Act. Consequently, the newly founded supervisory body, the Broadcasting Council, which according to this law was responsible for license allocation, inherited an exhausted frequency fund, chaotic ownership relations and invalid (or non-existent) programming concepts that served as the basis for granting broadcast licenses. In other words, the law established a regulatory body that could no longer influence the future development of the country’s broadcasting sector.

Obviously, these formally independent institutions with wide authority, ranging from licensing and passing of decrees to supervising broadcasters’ operations, face numerous problems in their work. The method by which their members are appointed – one of the basic criteria in assessing the independence of such institutions – is just one among many controversial issues. In Albania, the seven-member council is confirmed by Parliament – one member is proposed/recommended by the head of the state and six by political parties (the ruling and opposition parties). In Bulgaria, members of the Electronic Media Council are nominated by parliamentary parties and the President. In Slovenia, the seven-member council is nominated by civil institutions (the university, the journalists’ association, the chambers of culture and commerce), but approved by Parliament. In Serbia, the implementation of the Broadcasting Law (passed in 2002) was delayed over the appoint-
ment of the Broadcasting Agency members. In fact, when appointing two members of the Agency, the previous Serbian Parliament, as the supreme legislative body, violated the provisions of the law that it itself adopted. Regulatory bodies nominated by political actors are primarily accountable to politicians and only later to the public whose interests they should be representing. Their independence can be restricted in various ways: by reducing their funds (Croatia, Slovenia), by refusing to confirm their annual reports (Albania, Poland), or by obstructing the implementation of public supervision (shortage of staff).

3. MEDIA PRIVATISATION

One of the basic questions related to the changes in media systems was the determination of the owners of existing media outlets. The media (radio and television systems) were the property of the state, political parties and associations, or, in the case of the former Yugoslavia, media outlets were socially-owned. While in principle there existed a political decision to leave the media to market forces, there was no such “consensus” regarding the method of privatisation. In most of these countries, privatisation began spontaneously, to be regulated by the state only later. Eventually, media were either sold off or ended up in the hands of the state or various state funds. To put it differently, in those countries in which media were socially-owned, state-controlled media were transformed into state-owned media.

In the Czech Republic, for example, the majority of the country’s media companies were privatised during the period of spontaneous privatisation (1990 to 1992), with the remainder during the period of state-controlled privatisation (1992–1994). In 1993, not a single media company in the Czech Republic remained in the hands of the state. The Czech Republic was also the first among the Central and Eastern European countries to allocate a television license with national coverage to a private owner (TV Nova received a national license in 1993). The new media owners who acquired their media shares in the period of spontaneous privatisation badly needed strategic partners to invest money in the development of these media, because they did not have capital of their own. Journalists and former employees of media companies who acquired media shares during this period sold these once their market value increased.

In Estonia, for example, the privatisation process of the state-run media lasted approximately five years (1991 to 1996). In 1997, the state held only a few print media targeted at specialised readership. The initial course of privatisation was partly induced by the inactivity of the state. The moment the state could no longer provide the print media with production essentials (e.g. newsprint), media companies established their own departments whose task was to generate revenue from advertising and provide money for the purchase...
of essential supplies on the grey market. These privately managed media naturally wished to be formally privatised. But although the state abandoned its responsibilities towards its own media, it did not completely surrender the opportunity to influence them – pressure on journalists continued. The opinion that prevailed among journalists was that, in order to protect freedom of expression and ensure independence, the best solution was to sell media to their editorial offices. This was what Postimes did, a newspaper that later evolved into the largest media company in Estonia, Eesti Media. In contrast to national dailies, the local and regional dailies in Estonia experienced an entirely different fate. Most of these were simply “handed over” to local governments to be managed by them. Their privatisation (until the end of 1996) was accompanied by a number of conflicts. Local politicians openly interfered with journalistic work. Some went so far as to appoint local politicians as editors in chief. The ultimate result of the privatisation of local newspapers was a sell-off, with most of these going to large foreign-owned media companies.

The privatisation process in Latvia was similarly spontaneous in the initial phase and only later regulated by the state. Spontaneous privatisation raised the issue of determining formal ownership rights. The “new state” took over all property of the “former state” (including state-owned media), but the issue of property of the former Communist Party and related organisations remained open. The privatisation of media previously owned by the Communist Party began and ended even before the state determined to whom these media actually belonged. The second round of privatisation began in 1992 with the adoption of the Law on Privatisation. The largest Latvian daily, Diena, was privatised in accordance with this law. Only six years later, in 1998, did the state commence with the privatisation of the country’s largest printing house. And it was precisely in the area of press distribution where concentration actually continued, despite the state monopoly’s never having been properly eliminated.

In Lithuania, the privatisation of the print media began in the 1990s when the Government discreetly agreed to stop interfering with the media. The majority of media outlets were privatised to journalists and employees. Several years later, when their price increased, most sold their shares to large publishing companies or foreign investors.

Privatisation in Hungary followed a similar path with the period of spontaneous privatisation having been followed by privatisation based on the newly adopted legislation. However, spontaneous privatisation, frequently labelled as “scandalous”, later proved to have involved fewer irregularities than state-controlled privatisation; the greatest scandals accompanied the legislation-based privatisation of the largest national media.

Unlike the majority of other post-socialist countries, Poland pursued the model of state controlled privatisation from the very outset. The privatisation of the largest publishing company RSW (The Workers’ Publishing Cooperative, “Press-Book-Ruch”) that had domi-
nated the Polish print media market for 40 years, may be taken as a model of print media privatisation in Poland. At the end of the 1980s, RSW was one of the largest media companies in Central Europe. The legal framework for the privatisation of RSW was laid down by the 1991 Act on Liquidation of The Workers’ Publishing Cooperative “Prasa-Książka-Ruch.” The process of privatisation was carried out by the liquidation commission appointed by the Prime Minister. In carrying out this privatisation process, the commission pursued three basic strategies: “assigning newspaper and magazines to staff co-operatives (this required approval from more than half the employees who were required to invest three-month’s salary in the purchase), selling off the press titles to private owners, and returning the remaining property to the control of state treasury.” At the beginning of its activities, the commission controlled the privatisation of 178 newspapers and periodicals, of which 71 were given over to editorial teams (including two leading news weeklies), 104 were sold to private owners and three were returned to the control of the state treasury. In 2000, the Commission submitted its final report (accepted by the Minister of Finance) and formally concluded its mission. It turned out that the primary result of the process was the dismantling of this media giant, but the goal of safeguarding media pluralism was not achieved.

In the case of Slovakia, it is not possible to speak about a specific model of privatisation. All print media had to struggle with the strong interests of the Government, both at the beginning of privatisation as well as later in connection with access to distribution networks and printing plants. The largest distribution network with a monopoly on the market was privatised in 1998 (six months ahead of elections). It was privatised to individuals very close to the ruling party.

Albania saw no privatisation of the media sector, so one cannot find journalists, editors or former media employees among the current media owners. Zerri i Popullit, the largest party daily in the previous system, is owned by the Socialist Party. The Albanian Directorate of Economic Competition, charged with exercising control over the price of newspapers, cannot exercise such control over party newspapers and magazines because these are exempt from the Law on Competition.

Early privatisation in Bosnia and Herzegovina was uncontrolled and the process is still underway. Local and cantonal authorities still have shares in the media and frequently use them to exert pressure on journalists.

According to official data, in 2003 the Croatian Government was the largest media owner, although the privatisation of media in Croatia began as early as the late 1980s. The Government still owns 83 media companies, among these two daily newspapers, tens of local and regional publications, a press agency, a printing company, the public broadcaster, Hrvatska Radio Televizija, and the public company, Transmitters.
4. MEDIA MARKETS

When comparing media markets in post-socialist countries we compare not only markets of different sizes, but primarily markets offering essentially different conditions for media operation. In certain countries, data on media business operations are not transparent – either no central register of companies exists, or data on ownership stakes supplied by media companies are not checked, or circulation figures are not available despite legal obligation to publish these (in some countries circulation data are treated as a business secret), or there exist no independent surveys of the readership or audience shares.

Despite these differences, it is possible to identify certain common denominators. Most of these markets are small and fragmented, hosting a great number of media, particularly broadcast media, or there are parallel markets divided along linguistic lines. Another feature shared by these markets is the existence of close links between the largest and the most influential media on the one hand, and local owners of capital and political parties on the other. This underlines the urgent need to have transparent ownership data. Public access to data on media ownership and owners' business and political links enables citizens to form an opinion on the editorial policy of a specific media outlet. Unfortunately, data on ownership stakes cannot reveal other potential forms of corporate linkage between companies that are not officially related or merged, although it is precisely these informal links (those not listed in any register) that may point to the conflict of interest or, indirectly, to editorial dependence of a particular media outlet.

Local media markets within these countries introduce a special kind of problem. These markets suffer the most serious consequences of media concentration and of the interplay of economic, political and media power concentrated in the hands of a single owner. Local media markets are particularly sensitive to various kinds of external pressures. Owing to the limited advertising potential (and local advertisers are also local entrepreneurs and politicians) and dependence on advertising income, it is journalists working for local media who are particularly exposed to strong pressure.

Private media outlets are frequently not seen as business undertakings but exclusively as tools for achieving economic or political power. For example, print media in Macedonia are not propelled by market laws. Advertisers do not buy advertising space on the basis of circulation figures or reach, but on the basis of media relations with influential political and business circles in the country. Those companies whose chairmen or executive directors are close to government circles or political parties place their advertisements with the media that support government policies. This politics-friendly advertising artificially keeps alive certain publications that would otherwise never be able to survive on their own.
A single owner thus frequently impersonates a combination of media, economic and political capital. One of the most powerful Macedonian businessmen, Ljubisav Ivanov, is the owner of Sitel Television. Officially, the owner of this television station is RIK SILEKS, a shareholding company of which Ivanov is the majority owner, chairman and general manager. This same shareholding company is the founder of eleven other companies operating in various fields ranging from mining, industry and agriculture to trade and finance. The example of the former Macedonian Minister of Finance, who is the owner of one of the largest local television stations, Kanal 5, also indicates close connections between politics and the media.

The co-owner and president of the Latvian radio station, swh, who was criticised for his open support for the liberal Latvia’s Way party during the run-up to the elections, claimed that on his radio station he could “do whatever he wants,” unless it scared away the audience.\(^8\) Foreign media owners buying media shares in post-socialist countries are well aware of the importance of local political “support”. Martin Pompadur of Murdoch’s News Corporation stated for the Bulgarian Capital weekly (February 6, 2000): “I cannot imagine us investing in newspapers. We own newspaper business in Australia, UK and a daily in USA, but outside the English-speaking world we would really feel uncomfortable in press business. In many countries newspapers have political affiliations, but we always insist on 100 percent independence.”\(^9\)

Bodo Hombach, CEO of the German media concern, WAZ, stated for the Macedonian Dnevnik weekly (1 November 2003) that WAZ ensured the independence of editors and journalists working for their newspapers. “The situation with the media in Southeast Europe is rather hard, but wherever we are, the media are stable. We watch journalists’ backs, so they can concentrate on their job.” WAZ appointed Srdan Kerim, a former diplomat and the former Foreign Affairs Minister in the VMRO-DPMNE–Liberal Party coalition government a member of the managing boards of all three Macedonian papers owned by WAZ.

Željko Mitrović, the owner of TV Pink, the most popular regional television station in the former Yugoslavia, was an MP in the former federal Parliament as a candidate of Mirjana Marković’s party (Slobodan Milošević’s wife). He described his involvement in politics as a pragmatic business move. In his words, he was never interested in having a political role but accepted it for business reasons – to protect his business.\(^10\)

Among the largest owners of the Albanian TV Koha one finds the Minister of Agriculture and the mayor of an important Albanian city. Most of the “local/domestic” media owners are also owners of other businesses, and these other businesses are the source of funds used to support media outlets. Therefore, advertising revenue is not an issue for these media companies. The main advantage of media ownership is the potential to exert
political influence. Media power is political power, so for media owners, media outlets are primarily a political lever of influence.

Some owners buy media in order to secure support for other lines of business. In Kosovo/a, for example, Ekrem Luka owns the most popular radio in Kosovo/a, Radio Dukagjini, TV Dukagjini, Dukagjini Publishing House and Dukagjini Printing Plant, a basketball team, a tobacco company, a construction company and an insurance company.

In Bosnia and Herzegovina, state subsidies and donations rather than distribution and advertising revenues continue to be the main sources of income for media companies. Since 1996, the U.S. Government alone has invested some USD 34 million to support independent broadcast and print media. Add to this the donations of the European Commission and various NGOs (e.g. Open Society), and it becomes obvious that the apparent media pluralism, albeit mainly external, is predominantly based on various forms of aid. "But it is a question how many media would be able to survive without this help. One consequence of their dependence on donations is demonstrated through their specific political dependence on institutions or countries that provide these funds. Experience has shown that the majority of sponsored media have been created as political projects and thus failed to achieve commercial success."

In Moldova, the Law on Sponsorship and Philanthropy does not differentiate between media outlets and other beneficiaries of sponsorship schemes. The share of sponsors’ money in some media amounts to as much as one-third of total revenue. But media sponsors, although likely expecting favours in exchange for their support, remain hidden. By definition, sponsorship means direct or indirect financing of media with the purpose of promoting the sponsor’s name, trademark or image. A media outlet that is sponsored but declines to publicly disclose the name of the sponsor, or identify content that is being sponsored, cannot claim any real credibility.

One form of interference with the media market is distribution or redistribution of various kinds of state aid. In Albania, for example, there is no portion of the state budget earmarked for the support of media pluralism, but the state does intervene in this field, for example, by renting office space at a price lower than that on the real estate market. However, given the lack of precise criteria and non-transparency of selection methods, this kind of intervention may be abused. When selecting media for state-sponsored advertising, which represents a considerable part of the total advertising revenue on the Albanian media market, the state opts for those media that are not critical of the Government and its policies.

Hungary also knows a “grey zone of subsidies” consisting of advertising money paid by government organisations, state-owned companies, municipalities and so on. While the amount of this sum is difficult to estimate, most experts agree that it accounts for 8 to 10 percent of the aggregate advertising spending (approximately EUR 500 million in 2002).
This kind of advertising is not driven by market forces, but given the total amount of money generated in this way, grey advertising is more important and more influential than other official sources of state aid.

One of the basic problems of media markets in post-socialist countries is monopolies over press distribution. In most of these countries, it was precisely the privatisation of distribution networks that demonstrated that by restricting access to distribution, it was possible to control the entry of new media. In Bulgaria, for example, the distribution network is in the hands of only a few owners. Two distributors have ownership links with the largest publishers (one is WAZ), so by setting unfavourable terms of distribution they can influence the market position of other print media. The third distribution network was bought by the consortium of the Bulgarian print media established exclusively for the purpose of this purchase with a view to securing better circumstances for the distribution of their publications. In Albania, distribution networks cover bigger cities. Add to this the fact that the monthly subscription to a daily newspaper amounts to 13 percent of the average salary, and it becomes obvious that the already limited market is subject to additional restrictions.

We have already said that media markets are not primarily driven by economic factors. A relatively large number of daily newspapers were launched with the intention of securing certain political interests. Hungary, for example, has four political dailies. According to industry analysts, the Hungarian market can sustain only two titles: the centre-left Népszabadság (49.97 percent owned by Ringier A.B., 17.68 percent by Bertelsmann A.G. and 26.5 percent by Free Press Foundation) and the centre-right Magyar Nemzet (its majority owner is a Hungarian who is also editor in chief).

The Polish print media market, dominated by foreign owners, is characterised by intense consolidation. There were 25 mergers in 2000, with this number rising to 31 in 2001. According to the 2002 report from Arthur and Andersen (Report on the Media Market in Poland), this represents 7 and 8 percent of all mergers in Europe respectively. The investment needed to launch a new daily is currently estimated at EUR 22 million, a sum approximately twelve times less than that needed to launch a new private TV channel with national coverage. Local and regional media markets are those that suffer the most serious consequences of media concentration, mergers and consolidation. As a result, the regional media market is almost completely in the hands of the two biggest market players, the Norwegian Orkla and Polska Press.

In the Czech Republic, foreign investors initially employed the strategy of media ownership expansion. Particularly active were smaller German publishers who acquired almost complete control of the local and regional newspaper market. And why did large media corporations such as WAZ or Alex Springer decide not to enter the Czech market? One possible explanation is that “big players” were primarily interested in the purchase
of national dailies, but at that time they were either unprofitable or already had owners that were not willing to sell their majority shares. Some time around the year 2000, the German investors reached a mutual agreement on the future of the Czech regional press. Today, the publishing house Vltava-Labe-Press, owned by the German Verlagsgruppe Passau, controls nearly all regional and local newspapers in the Czech Republic. VLP’s Bohemia division publishes 45 daily newspapers, and the Moravia division 9 daily newspapers. VLP also publishes the Prague evening paper Večerník Praha, 17 weekly papers as supplements to individual regional dailies, and 2 independent regional weeklies. New media are virtually prevented from entering the regional newspaper market.

The largest circulation daily in Kosovo/a is Koha Ditore, published by the private company Koha Group owned by Veton Surroi. The Koha Group portfolio also includes the Koha Print printing house, Koha Vision Television (KTV) with national coverage, and the Koha Net Internet Provider. The Koha Ditore daily can sustain itself, while the television station is financially supported by various NGOs (e.g. Open Society) and governmental organisations (e.g. USAID). Radio Television 21 (RTV 21) is a private multimedia company owned by the Saracini/Kelmendi family, comprising Television 21, Radio 21 and the web radio, Radio 21.net. Neither of the two television stations (KTV and Television 21) would be able to survive on the market without foreign aid. Neither can the newspaper market sustain all five dailies currently published in Kosovo/a (only Koha Ditore is self-sustainable). Furthermore, none of the weekly newspapers generates a profit. Of the five weekly newspapers currently published, only Zeri has a chance of surviving in the market.

To briefly recapitulate, the media markets covered by this study are defined by the strong presence of foreign owners and close links between owners and people wielding economic and political power. Their other common features include an expanding market for tabloid media, concentration of local and regional markets, and a great number of radio and television stations operating in haphazard broadcasting markets with weak public service broadcasters.

In the past decade, the broadcasting market changed at a slower pace and was more thoroughly regulated by the state. The majority of these countries inherited state-run monopolists in the radio and television broadcasting sector from the previous system. But these radio and television companies, scheduled to be transformed into public services, were not ready for change. The majority had inefficient organisational structures, were overstaffed, poorly managed and lacked vision or desire to change. The promises given by the new governments were only declarative commitments, but the authorities failed to create the essential conditions for the transformation of state-run companies. Consequently, one decade of change in the broadcasting market may be described as ending in the replacement of the state monopoly with the commercial sector monopoly.
In Slovakia, *tv Markíza* has ended up with no real competitor. Slovakia passed anti-concentration legislation only in 2000, but its implementation proved to be a problem. Not one ruling of the Council for Broadcasting and Retransmission issued by 2003 established a breach of anti-concentration provisions. The Council is elected by Parliament, so powerful media groups can influence the selection of candidates and prevent unfavourable consequences for their businesses.

In Hungary, the two national commercial television channels, *TV2* (80 percent owned by SBS) and *RTL Klub* (49 percent owned by CLT-Ufa s.a./Bertlesman, 25 percent by Matáv RT. and 20 percent by Pearson Netherlands b.v.) had a combined audience market share of almost 60 percent in 2003, and around 90 percent share of the advertising market. The situation on the radio market is not much different. The shares held by the two national commercial radio channels broadcasting under the brand names *Danubius* (100 percent owned by Advent International) and *Sláger* (Emmis Broadcasting International Corporation - 54 percent, Credit Suisse First Boston Radio Operating b.v. – 20 percent, and Szuper Expressz Kft – 15 percent) are estimated at some 50 percent of audience market share, and more than a 60 percent of advertising market share. The Hungarian Broadcasting Act was passed after long parliamentary debates in 1995. The only relevant changes to the Broadcasting Act of 1996 were legislated in 2002, but they did not touch upon anti-concentration provisions; the Competition Act of 1996 has been amended several times.

The Polish broadcasting market is divided between one strong public broadcaster (53 percent market share) and several private broadcasters (47 percent share). The television landscape in Poland was shaped during the first licensing period (1993–1994). The main goal was initial pluralism of broadcasters addressing different audiences instead of competing for the same audience segments. Accordingly, licenses were granted to 11 domestic broadcasters (one national – *Polsat*, one supra-regional – *Telewizja Wisła* and nine local) and one foreign broadcaster (pay TV – *Canal Plus*). This strategy envisaged a balanced development of the television broadcasting market in which the dominance of the public broadcaster, already offering two national channels (*TVP I, TVP II*), 11 regional channels, 1 satellite channel (*Polonia*) and a TV newspaper channel (*Telegazeta*), would be offset by a strong private sector. In 2000, Poland had 40 TV channels, among them two digital platforms, eight national and supra-regional domestic channels and nine local TV channels. The 2003 report by the National Broadcasting Council noted an increased capital concentration in the radio market, in particular the intensified activities of two owners of local radio station networks – Agora (in 2003 it owned 28 local stations) and ZPR (24 local radio station, 21 of these incorporated in the Eska network). More than half of the local radio stations operating in the 7 largest local markets in Poland are concentrated in the hands of these two owners.
Czech media legislation does not restrict foreign participation in media. The only limit on cross-ownership in the Czech media pertains to the broadcast media – under the Broadcasting Act of 2001, one company may hold only one nation-wide television or radio broadcasting license. According to the criteria of the Czech Office for the Protection of Competition, all mass media form a single market. In the market thus defined (the threshold is 30 percent), no publisher, broadcaster nor media company can have a dominant position on the “relevant market.”

The Macedonian broadcast market is highly segmented. Legal restrictions prevented concentration of media ownership. Under Macedonian law, a broadcasting concession may not be transferred to a third person. In practice this meant that it was not possible to buy an existing media outlet but prospective media owners had to establish new ones (i.e. apply for a frequency license). Understandably, pressure on the regulatory body, the Broadcasting Council, was very strong. It is possible to argue that in those countries that introduced clear legal provisions restricting concentration, and in which regulatory bodies adhered to the implementation of these restrictions, there was no significant media concentration.

Among the key instruments used to prevent concentration in the media market are general competition legislation (and, more importantly, its implementation) and special restrictions included in media laws. Most of these countries do have general competition laws and special “safety valves” incorporated in media legislation, but what presents difficulties is the application of general competition provisions to the media field (definition of the relevant market, dominant position and abuse of this position), a problem that is only augmented by the inefficiency of special institutions protecting competition.

Most of the competition protection laws define concentration as cases in which individual companies together with related persons control 40 percent of the relevant market. In Albania, for example, provisions are quite clear prohibiting the reduction of prices if the aim is the elimination of competition; damaging of reputation (i.e. false statements about competitors in order to ruin their business); convincing of employees to breach their contract with a competitor and hiring those employees in order to gain a competitive edge. In reality, however, breaches of these provisions are a common practice.

5. PARALLEL MARKETS

One feature of the post-socialist media markets is the existence of parallel markets divided along linguistic (and ethnic) lines. Parallel markets operate as part of the internal market or, in some cases, they are the result of a special form of media “intrusion” from another (neighbouring) country. Take, for example, the Moldovan media market. It is di-
vided into the Romanian-language and Russian-language markets. The *Komsomoliskaia pravda Moldova* is an eight-page publication inserted in the periodical published in Moscow and distributed in Moldova. The Russian radio stations in Moldova “inform the Moldovan audience about weather forecasts for the Moscow region, decisions of Russian leaders, books published in Moscow which the Moldovans cannot buy, ... and even about traffic jams on Moscow streets.”¹² However, the audience for these radio stations are the citizens of Moldova, many of whom have never been to Moscow or will never go to Moscow. Newspaper supplements and inserts, radio and television programs broadcast by foreign television stations and re-transmitted in Moldova, are characteristic features of the Moldovan parallel media system. Another feature is two speeds of development: a slow pace of development characterising national daily newspapers and broadcast media with national coverage, and a faster pace for weekly newspapers, local media and publications owned by political parties. A conviction held by Moldovan businessmen (mainly ethnic Russians) is that “a good business is a Russian language newspaper.” But the polarisation of the Moldovan media market into the Romanian- and Russian-language markets has another consequence too: it obscures the presence of other ethnic minorities that remain unheard and unseen.

In some countries, the existence of parallel (language) markets cannot be said to promote pluralism, but the effect is just the opposite: exclusion, or media ghettoisation. In Estonia, for example, approximately 400,000 Russian-speaking citizens can choose from among 20 newspapers in Russian. After the Government decided, in 1993, to stop translating television programs, the Russian-speaking population formed consumer cooperatives, bought satellite dishes and started to watch Russian channels by satellite. It is possible to say that the television sector in Estonia is divided between the Russian and Estonian ethnic groups, with each of the two viewing programs exclusively in its native language. The information and media markets in Latvia are similarly polarised along linguistic (ethnic) lines. The number of Russian print media has been on the increase, in contrast to the Latvian print media market that experienced consolidation. The print media in Bosnia and Herzegovina are faced with strong competition from newspapers published in Croatia and Serbia and distributed across Bosnia and Herzegovina. The Montenegrin radio and television market was directly influenced by political events, i.e. relations between Serbia and Montenegro. In 1990, there was only one, state-run broadcaster in Montenegro. The only competition it faced was that from *RAI UNO* and *RAI DUE* that were watched more than the programming offered by the state broadcaster. Today Montenegro has a number of its own radio and television programs and their strongest competitors are Serbian channels. In fact, virtually every Serbian television station, except *B92*, is present in Montenegro, either broadcasting on temporarily acquired frequencies or as part of the programming of
Montenegrin radio and television stations. One should add that Serbian print media are also regularly distributed in Montenegro. By contrast, no Montenegrin radio or television station broadcasts its programming in Serbia.

The public service broadcaster in Macedonia broadcasts in Albanian, Turkish, Romany, Serbian, Vlach and Bosniak, that is to say, in the languages of various ethnic minorities living in Macedonia. Of the 54 local commercial TV stations, 13 air programs in Albanian and two in Romany; of the 67 local commercial radio stations, ten air programs in Albanian, three in Romany and one in Turkish. One radio station in Skopje broadcasts a bilingual program (in Macedonian and Albanian). It is obvious that there are several parallel language markets in Macedonia. But when determining whether a certain company abused its dominant position on the print media market, the Macedonian monopoly authority decided that the notion of the relevant market should also include newspapers in Albanian, explaining that the readers of Albanian-language newspapers are also able to read newspapers in Macedonian. It thus ignored the basic characteristic of parallel markets i.e., language differentiation, as well as the fact that it is disputable whether the Macedonian-speaking population can also read newspapers in Albanian.

Finally, let us mention the case of Kosovo/a, where parallel media markets mainly consist of the Serbian- and Albanian-language media. Zeri and Java are the two Albanian weekly newspapers with the largest readerships; Jedinstvo is the only weekly in Serbian, Alem the only weekly in Bosniak and Yeni Donem in Turkish. The needs of the Serbian readership have been addressed by OSCE which has been providing distribution of some Belgrade dailies and other print media to the Kosovo/a Serbs.

One could say that, in addition to the public broadcasters that address ethnic minorities living in various countries, it is mainly the parallel markets, which operate as separate (closed) markets, that target their products exclusively at specific ethnic groups. Most problems arise from the fact that the neighbouring (native language) countries intrude with their media that are supported by larger readerships and consequently bigger advertising markets.

6. SIGNIFICANT INDIVIDUALS

A quick look at the media owners in almost every country covered by this study reveals prominent individuals. An overview of their profiles allows us to identify several types of strong individual media owners.

The first group would thus include owners or co-owners of big companies from fields other than the media industry, e.g. oil trade, construction, real estate, banking, even the
arms trade. All of these individuals also control several media outlets. Frequently, they are cross-owners of newspapers, radio and television stations and in some cases, family members represent co-owners in their businesses. In Albania, for example, Koco Kohedhima owns the Spekter company, which publishes three daily newspapers and a weekly. He also has shareholdings in a television station and an advertising agency. The co-owner of the company that owns A1 television is Koco Kohedhima’s brother. Kohedhima also owns companies that deal with construction, advertising, oil refining, etc. In Estonia, Hans H. Luik is the head of the large media concern, Ekspress Group, which owns one weekly and co-owns a daily newspaper that in turn owns three free newspapers. Express Group’s other businesses include a printing plant and a book publishing company and, in addition, it is a joint-owner, along with the second-strongest media group, Eesti Media, of the most popular tabloid, 20 journals and a door-to-door delivery service. Luik also has business interests in other industrial sectors like real estate and waste management. In Poland, Zygmunt Solorz-Żak is the owner and chairman of the Polsat group whose flagship is Telewizja Polsat. This group owns a range of other broadcast media in Poland and Lithuania, a digital platform and more. In addition, Polsat invested in a pension fund, a life insurance company, in banking, and has a shareholding in a cellular telecommunication network operator. In Serbia, the brothers Bogoljub and Sreten Karić are the owners of a television station with national coverage which also broadcasts via satellite; they own a radio station and several magazines, and through the Astra company, they are the owners of a cellular network operator, construction companies, a bank, a college etc.¹³

In most of these cases, business interests of media owners find expression in the programming of these media, in their manner of reporting and their selection of advertisements.

The second group would include individual media owners with distinct political affiliations, past or present positions within political parties, governments or parliaments. Such an example would be Nikolle Lesi in Abania, the owner of the media publishing house, Koha, which publishes two daily newspapers. Lesi and his wife are the owners of a radio station, and in the past, Lesi owned a television station and a magazine. Nikolle Lesi has been a member of two successive parliaments. Formerly affiliated with the Socialist Party, he is now the leader of the Democratic Christian Party. He is also a member of the Parliamentary Commission on Media.

In Serbia, the most widely known representative of this group would be the owner of the Pink television station, Željko Mitrović, who was affiliated with the party led by Mira Marković, Slobodan Milošević’s wife. In Slovakia, it is Pavol Rusko, the Minister of Economy in the present Slovakian Government, and the leader of the ANO party (claiming liberal orientation), which is a member of the Government coalition. He indeed disposed of his shareholding in the country’s strongest and most influential media outlet, tv Markíza,
before he entered politics, but he sold his interest to a friend whom he then appointed as his consultant. In addition to tv Markíza, the Markíza Group also owns a weekly newspaper, a daily newspaper and the Okey radio station. Markíza has been criticised for skewing reporting to favour the interests of Pavol Rusko and his party. In Macedonia, this group of significant media owners would include Ljubisav Ivanov, a Socialist Party member and an MP, and Boris Stojmenova, the former Minister of Finance. In Moldova, Iurie Rosca, the leader of the Christian Democratic Popular Party is the owner of the Flux daily. In Bosnia and Herzegovina the owner of the largest newspaper publishing house, nik Avaz, Fahrudin Radončić, was allegedly affiliated with the SDA party for many years.

The third group comprises strong publishers, owners of printing plants, distribution and sales networks, who do not have significant business interests in other industrial branches or obvious political functions. However, they control a significant portion of the media market. In Croatia, this group would include Ninoslav Pavić, a co-owner of one of the largest newspaper publisher, Europapress Holding; in Kosovo/a, Veton Surroi, the owner of a daily newspaper, a television station, a printing house etc.; in Bosnia and Herzegovina (Republika Srpska), Željko Kopanja, the owner of daily newspaper, a radio station and a printing house; in Romania, Adrian Sarbu and Ioan Tiriac, with shares in a television station, a radio network, a news agency, regional weekly magazines and a national press distributor; in Montenegro, professor Miodrag Perović, with stakes in a weekly newspaper, the Antena M radio station and a printing house, and in a daily newspaper in which his daughter is co-owner. In some countries, these media owners do not (yet) yield big profits, but their potential for control and influence is indisputable.

However, the categorisation of concrete individual media owners in the three groups is certainly not definite since their profiles change according to changes of their economic and political interests.

7. MEDIA INDEPENDENCE

Editorial independence with respect to the publishers and owners, as well as the need to ensure elaborate mechanisms and safety valves that would protect journalists against the influence of media owners, are the two issues confronted by the media communities of all countries covered by this study.
7.1 LEGAL PROVISIONS PERTAINING TO MEDIA INDEPENDENCE

In many countries studied here, media legislation does not include provisions that would explicitly address editorial independence from the publisher or owner, nor mechanisms for ensuring such independence.

In Poland, one among the group of new EU member states with a large media market, rich media activity and large journalistic community, media legislation does not include explicit provisions pertaining to independence. Other legislations only touch upon editorial independence, like the Albanian Broadcasting Law which includes only the following sentence: "Editorial independence is guaranteed by law." However, mechanisms for the implementation of this provision have never been elaborated and the Broadcasting Council has never intervened on the basis of this provision.

It should be added, however, that provisions pertaining to independence are more frequently found in broadcasting legislation than in press laws. For example, Macedonian and Polish broadcasting laws include general provisions that broadcasting activity shall be based on independence and autonomy of broadcasters and broadcasting organisations.

On the other hand, the Moldovan Press Law, the Slovenian Mass Media Act and the Croatian Media Law stipulate that the relations between publishers and editorial offices shall be regulated by statutes. Moreover, the Croatian media law is quite precise in stipulating that editors have the right to resign if the publisher changes its editorial policy. The Mass Media Act in Slovenia stipulates that the publisher must seek the opinion of the editorial office prior to implementing any radical change to the concept, as well as prior to the appointment or dismissal of the editor in chief. The internal acts of some Slovenian media go even further by requiring that the publisher obtain approval from the editorial board prior to the appointment or dismissal of editor in chief. However, such participation of editorial boards in the appointment of editors in chief – through opinions or even approvals – is rare and not found in other media legislations in the region. Media laws of the cantons and entities in Bosnia and Herzegovina include provisions according to which editorial independence is regulated by way of collective agreements and internal agreements between journalists and publishers.

7.2 COLLECTIVE AGREEMENTS

Collective agreements on the national level regulating professional and social relations among publishers, editorial boards and journalists are rare in the countries studied here. For example, Albania, Bosnia and Herzegovina, Bulgaria, Kosovo/a, Serbia, Romania, Croatia, Macedonia, the Czech Republic, Latvia, Estonia, Hungary, etc. do not have collective agreements. Montenegro has a general collective agreement on the national level that is also applicable to journalists. In Croatia, negotiations between the journalists’ trade un-
ion and publishers concerning collective agreements on a national level are still underway. In Moldova, the trade union of journalists drafted a law in 1999 on journalistic activity that would include provisions pertaining to professional and social rights, the mechanisms of implementing editorial independence and more. However, the Government pruned and modified this draft law turning it into a collective agreement for the period 1999–2001, signed between the umbrella trade union and the Ministry of Work and Social Protection. The document was ignored by both the journalistic community and publishers.

In Slovenia, a collective agreement on the national level was concluded in the mid-1990s, but recently it has been implemented only rarely. Certain media companies openly ignore the provisions of this agreement and restrict journalists’ rights. “Journalists have been diminished to items on the publisher’s costs sheets perceived as an obstacle in generating or increasing profit,” says Iztok Juraničič, the President of the Trade Union of Journalists in Slovenia.¹⁴ The union indeed drafted a new agreement and has been announcing the start of negotiations with publishers since the beginning of last year. One novel feature of this agreement is that it addresses the relations between publishers and freelance contributors.

In many countries journalists work without signing any individual contract. A 2003 survey of the daily newspapers in Albania showed that 46 percent of journalists have not been offered such a contract; in Moldova, the figure is 36 percent, according to a similar survey conducted in 2002; in Bosnia and Herzegovina, 58 percent of the 190 journalists who participated in one such survey stated that they did not conclude any contract, and those who stated that they concluded such contracts were mainly journalists working for the public radio or television broadcasters.

The unregulated status of journalists working for private media companies is also characteristic of Romania, where there are no trade unions or agreements, and where every attempt by journalists to oppose this state of affairs has so far proved futile. One argument frequently used by publishers to fend off such attempts is the availability of young journalists seeking jobs. The majority of Romanian journalists earn less than the average monthly salary which amounts to roughly EUR 100; journalists working for local media are in the worst position as regards their autonomy and social protection.

The weak position of journalists frequently arises from their inadequate education and the lack of professional attitude. In Slovenia, for example, there are more stipends and seminars available to journalists than journalists interested in applying for these. These options are simply ignored unless they yield personal advantages. In many countries (e.g. Bulgaria) the expanding media market increased demand for journalists, so its needs are now filled by individuals without sufficient professional qualifications or skills needed to develop professional attitude, and identify and resist publishers’ attempts to use them to further political or economic agendas.
Internal acts regulating the rights of journalists and relations with publishers are found only in some of these countries and mainly in media companies whose owners or co-owners are foreign media corporations. In Croatia, for example, such an act is found in Europapress Holding, which is partly owned by WAZ. In Lithuania, such a collective agreement is offered by the *Kauno Diena* daily, whose publisher is the Norwegian Orkla. This same corporation offers such an agreement in its media companies in Poland where in the autumn of 2003, the representatives of the journalists’ unions established the Forum of Orkla Media Employees. Trade unions in Estonia and some other countries began to establish contacts with trade unions in parent media companies abroad in order to harmonise the protection of their rights and social rights with regard to their owners.

### 7.3 JOURNALISTS’ ORGANISATIONS

There are several journalists’ organisations in many of the countries studied here, but most of these do not cooperate or are even antagonistic towards one another. In most cases, at least one of these organisations dates back to the previous system and is opposed by another, independent one. In Montenegro, for example, there are two journalists’ associations and two journalists’ trade unions. The situation in Serbia is similar. In these countries, another dividing line is the issue of who supported the war in the former Yugoslavia (who cooperated with the ruling party at that time) and who condemned it. Estonia also has two professional organisations, one dating from the Soviet era and the other a more recent development. The two do not cooperate and each has its own press council. In Bosnia and Herzegovina, post-war circumstances and ethnic divisions resulted in a fragmented journalistic community with six journalists’ associations. In the Czech Republic and Slovakia there is one trade union of journalists but without significant influence. On the other hand, such organisations in Albania are virtually non-existent and all attempts to establish one have been aborted.

### 7.4 PRESSURES, CORRUPTION AND ETHICS

Reporters from all countries emphasised pressure on journalists, particularly economic pressure, and also drew attention to the reduction of their social rights and autonomy. In a survey conducted in Poland, more than 40 percent of respondents stated that their journalistic freedom was restricted through “pressure exerted by owners, editors in chief, stations, and direct supervisors”. Many media owners in Albania, Bulgaria, Macedonia and Romania are also owners of large companies involved in other businesses unrelated to the media industry, and many were politically active in the past or are currently involved in politics. Needless to say, media operating in such environments are frequently exploited for the promotion of commercial or political goals of their owners, or for negative PR
aimed at their business competitors or political opponents. Many of these media survive only thanks to the external funding i.e. funds provided through other businesses. Their owners cover their losses and keep these media alive only in order to secure for themselves a voice that will promote their economic and business interests and help them fight their competitors. This phenomenon of media division between competing economic and political groups is not unknown in Latvia either, or to the Czech Republic. In the latter, two television companies protect the economic interests of their significant owners in such a way that they do not cover events which throw unfavourable light on their owners. Moldova knows another phenomenon i.e. “independent sponsored media”. Although sponsoring may account for as much as 30 percent of the total revenue, the relationship with the sponsor is not publicly known, so it may be described as “hidden ownership”.

In some cases, the fact that journalists are co-owners of the media for which they work may become a source of potential or realistic conflict of interest. For example, when selecting the topics to be covered, these journalists may succumb to self-censorship and give priority to business interests over journalistic objectivity. The best known examples of media owned by journalists are the Polish Gazeta Wyborcza (the media group Agora), and, until recently, the main political weekly in Hungary, HVG (last year the journalists with shareholdings in HVG sold most of their shares to WAZ). These renowned media are sometimes accused of giving priority to business interests when setting their agendas. HVG tried to prevent the conflict between owners’ interests and editorial independence by introducing a statute that was designed to protect editorial independence.

In some countries it is the relations between advertisers and media that are problematic. In November 2003, the Polish Chamber of Press Publishers condemned advertisers’ attempts to intervene in editorial content. Advertisers frequently exert pressure on editors by threatening to withdraw their advertisements if the media refuse to publish favourable articles about their work or products. The practice in Romania is just the opposite: media extort advertisers. For example, one of the largest daily newspapers in Romania offers advertising space at two rates – a lower price for an ordinary advertisement and a higher price for an article not marked as an advertisement. To be more precise, a full page advertisement costs EUR 1,400 and an “advertising story” EUR 3,190. Of course, it is journalists who are asked to write such article-advertisements. This practice even provoked intervention by the International Advertising Association that accused the Romanian media of blackmailing international corporations advertising their products in Romania by asking for payment in order not to feature unfavourable articles about these corporations. Some Romanian advertisers pay money to those media critical of strong institutions, but do not place their advertisements in these media out of fear of being associated with their critical attitude. Covert advertising and advertorials are not typical of Romania exclusively but are
also present in other countries covered in this book, for example, Hungary, Slovakia (despite Press Watch, a weblog monitoring the main Slovak press media) and Slovenia, where there is an ongoing Media Watch project including a Media Watch journal, book series, leaflets, panel discussions and a web page.

### 7.5 INVESTIGATIVE JOURNALISM

Investigative journalism aimed at disclosing corruption, illegal or other activities contrary to the public interest, has not been a traditional practice among journalists in post-socialist countries. There is also a misunderstanding as to what investigative journalism is, so in some cases even articles based on information supplied by a specific interest group, about the allegedly questionable moves of an opponent, are categorised as investigative journalism. Certain efforts have been made to educate journalists in these countries in the techniques of investigative journalism. The SEENPM network of media training centres in SE Europe, with the help of the Danish school of journalism, provided training for teachers of investigative journalism in 11 countries and encouraged them to establish a network. One of the trainees, Saša Leković from Croatia, made an attempt at developing an investigative team within Europapress Holding, but the project was unsuccessful. In general, publishers as well as media owners mainly do not encourage investigative journalism, so attempts at developing this practice are mainly supported by NGOs and foreign donors. In Estonia, for example, the publishing of a textbook on investigative journalism was funded by the American embassy. A foreign media owner in Estonia provides an award of EUR 2,900 for investigative articles selected by an independent commission; Hungary has a similar award.

### 6. RECOMMENDATIONS

We have already pointed out that media systems in the countries covered in this study differ from one another. However, certain development trends are common to all, and these alert us to the fact that media concentration and its impact on media pluralism and independence is one area that deserves special attention. Below are several measures that can be employed in approaching this issue.

1. Legislation regulating media concentration.
   Media concentration has an impact on the pluralism of media content. Media legislation should include provisions stipulating restrictions of concentration. Experience shows that the application of general competition legislation alone is insufficient, as
competition laws do not take into account the special role of media in society – the creation of space for public debate.

2. Transparency of media ownership data.
Publicly accessible data about media owners enable citizens to freely decide whether conflict of interest is involved in specific cases. Transparent data further prevent the holders of political and economic power from abusing media for the promotion of their own interests.

3. Active intervention by the state with the aim of ensuring media pluralism.
Restrictive measures are just one mechanism of ensuring media pluralism. The state should practice active policies in this field in order to support content that would otherwise be unable to “survive” on the media market. The state support should be allocated on the basis of clear and precisely formulated criteria. It is particularly necessary to prevent the situation in which the state exploited this channel in order to exert pressure on those media critical of the government.

4. Support for public service media.
Public service media in most of these countries are experiencing a crisis that is the result of insufficient funds and continual interference of the state with their operations, or simply of the lack of political will to transform the former state-run media into the public service media.

5. Independent sources of circulation figures, readership, viewing and listening shares.
Clearly presented and credible data on the circulation of print media, readership, viewing and listening shares represent important information for all market players, state agencies that formulate their media policies on the basis of this information, as well as media employees, researchers and citizens.

Legislation should stipulate the mechanisms that should be developed by the media in order to ensure editorial independence. These mechanisms should be elaborated on the level of individual media groups or media companies, and should include separation of the position of media owner from the position of editor in chief.

7. Regulatory and self-regulatory mechanisms aimed at preventing the abuse of journalism and media in order to advocate political and economic interests of the owner.
Legislation, internal acts and codes of ethics should include the principles and mechanisms for the prevention and sanctioning of the attempts to use media as instruments for advocating political and economic interests of the owner. The codes adopted by journalists’ associations do not fully satisfy this requirement, as these provisions should be binding for publishers and owners as well. The mechanisms of lodging complaints and ruling on these complaints should also be enhanced in such a way as to include journalists, publishers and the public as equal participants.

8. Strengthening of professional and media monitoring organisations.
   It is necessary to enhance the capacities of media organisations and associations. These organisations should cooperate, discuss and make agreements regarding interests that they represent. Their common goal should be the achievement of a modern, clear, and successful media operation that serves the interest of the public.

9. Clear and stable relations between employers and employees in the media industry.
   Social conditions of work within the media industry influence the quality of work and professionalism of journalists and other media professionals. Given the role of the media, orderly social conditions in which media professionals are able to perform their work undisturbed is in the interest of society as a whole. The clarity and stability of social conditions should be achieved through agreements on the national level, in-house and individual contracts, which employers and employees should be obliged to conclude by law.
NOTES

5 Here we paraphrase Karl Marx’s sentence in the preface to the first German edition of Capital. “If, however, the German reader shrugs his shoulders at the condition of the English industrial and agricultural laborers, or in optimist fashion comforts himself with the thought that in Germany things are not nearly so bad; I must plainly tell him, ‘De te fabula narratur!’”
6 For example, the Yugoslav law on public information from the 1980s prohibited the dissemination of “untrue” news, while the state (via its institutions) had the monopoly over “arbitration” i.e. deciding which information published in the media was true and which untrue. Rastko Močnik, 1984, “V boju za svobodo javne besede – danes” (Fighting For the Freedom of the Public Word – Today), a foreword in Marx, Karl and Engels Friedrich, Cenzura in svoboda tiska, Ljubljana. KRT, pp. 7–25.
7 See report by Beata Klimkiewicz in this book.
8 Ilze Nagla, Anita Kehre, an interview with Zigmars Liepins.
9 This is obviously an official standpoint of News Corporation relating to “newspaper business” in Central and East European countries. A similar statement by Martin Pompadur can be found in the report by the European Journalists’ Association, Eastern Empires, Foreign Ownership in Central and Eastern Media: Ownership, Policy Issues and Strategies (2003: 7): “We are not interested – it’s too political to own newspapers in some European markets.”
10 Dragan Đoković, an interview with Željko Mitrović, December 2003.
11 See report by Tarik Jusić in this book.

14 Neva Nahtigal: “Ne smemo se izgubiti v tej peni” (We must not get lost in this foam), E-novinar, no. 13/ 2003, p. 6.