

Economic influence on the independence of Macedonian media

PRESSURE OR AUTOCENSORSHIP?

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Specific traits of the media market

The way of liberalization of the Macedonian media after 1991 has had profound influence on the present situation in the printed and electronic media and the position of journalists. In the first years (up to 1997) the general opinion among politicians and the journalistic community was that this process should unfold freely, without any laws restricting the media, since that would be restriction of the freedom of expression guaranteed in the 1991 Constitution. In such an environment, the founding of a private media house, legally speaking, was the smallest problem. It was sufficient to have a little money and find some space to turn into a private radio station, or turn your video rental store into a TV station with the main studio in your living room, and then register your media company appropriately. If you wanted to publish a daily paper or a weekly magazine, the situation was a little more complicated, since for a long time the only printing press available was that of the state publishing house. The first larger and more professional TV stations were established by individuals who had developed their own private businesses or were affiliated with certain political groups, and as of today, they are still a prominent presence in the media. By 1997, when the Law on broadcasting was adopted, there were already more than 300 radio and TV stations on the air in Macedonia. Hence, the fact that pluralism in the media was created before the regulations significantly influenced the later development of the broadcasting industry and the specific traits of the Macedonian media market.

Therefore, several aspects of Macedonian media space can be discussed which are results of the circumstances in which the media were becoming more democratic and liberal: 1) a highly fragmented media market; 2) parallel markets due to language difference; 3) the affiliation of the largest and most influential media houses with

powerful local businesses and/or political parties; 4) a vast number of smaller, non-professional local media; 5) the general environment is economically underdeveloped, with very little advertising money flowing into the media sector.

There are several reasons due to which the market is still so fragmented, despite expectations that the number of electronic media will diminish in time (based on beliefs that the market will do the selection). The first is that the media were not treated as businesses all these years, but as a means to achieve certain political or economic goals. Second, actual market relations are very hard to establish in practice, or rather, even today there is no market logic in the media. This refers to the distribution of money acquired from advertising, the actual means through which the media gain their value on the market. Third, all this time there have been different kinds of financial interventions in the market, whether in the form of foreign investments and grants in some of the media, or budget subventions and funds from broadcasting taxation, which are according to law given to commercial media (and independent producers) for the production of new and original radio and TV programs. The fourth reason is the severe restrictions of the Law on broadcasting, especially the fact that the broadcasting license, once acquired cannot be transferred or sold to others. This generated great pressure for new licensees, since anyone wanting to enter the broadcasting business would have to create a new media house, being unable to acquire an existing one.

The characteristics of media environment

The present number of electronic media is too large for such a tiny market and this is another unfavorable factor in the work of any commercial media. In December 2004, there were in total 132 commercial broadcasters, of which seven are nationwide (4 TV and 3 radio stations), and 125 are local (73 radio and 52 TV stations). Except for the commercial stations, there is a public broadcasting service, the Macedonian Radio and Television (with 3 TV and 3 radio networks) and 29 public local radio stations (12 of which also have TV stations). Beside domestic terrestrial broadcasters, the audience has access to many foreign programs of 65 cable operators. If we can say quantity has been well covered in the Macedonian media, the same cannot be said of the quality of contents. Generally, the media have no funds to create or purchase quality programs, so the total offer is quite dull and of lower quality. What is primarily shown in the programs

of commercial stations, with some rare exceptions, is soap operas, lottery games and music talk shows. The piracy of feature films is still very common in the local media. The situation is made even worse by the decrease in quality of the overall program of the national radio and television, which instead of offering various genre of quality national programs, opts for going for profit with a part of the program, airing fortune and lottery games and programmes of a dubious quality, such as the TV reality show called “That’s Me” (a “Big Brother”-esque show).

In the information services, the situation is a little better. There is a great variety of news programs, especially after three larger TV stations were given national broadcasting concession. Now the audience in Macedonia has access to all kinds of national and foreign information, and is able to see the news from many different angles. Judging by the afternoon and evening prime time schedule on the four national commercial TV stations (the fifth one, Alsat, which will broadcast in Albanian, is not operational yet), the primetime on TV has been extended – starts at 5 p.m. and ends around 11 p.m. No one can deny that professional standards of informing have improved and that, at least in the news division, there is effective pluralism.

There are 8 daily papers, 21 weekly, 10 fortnightly, about 20 monthly magazines, and 21 periodicals and 21 children’s magazines. Seven daily papers are printed in Macedonian, one in Albanian. Of the weeklies, six are in Macedonian, one in Albanian. Undoubtedly, the number of daily papers is too large for this market and at least all sides are fairly represented here in quantity. In contents, the daily papers are pretty much alike, with the tabloid formats as best selling (Dnevnik, Vest, Vecer), but the more seriously analytical papers (Utrinski Vesnik) also have their readers. The total average print of daily papers in Macedonia is about 120 000 to 150 000, which means we are dealing with a minor market here. The greatest number of copies sold so far by a daily paper (Dnevnik) was about 102,000. The private printed media were initially established by individuals or smaller groups of journalists mostly recruited by the state-owned publishing house “Nova Makedonija”. The arrival of the media company WAZ in 2003 and their purchase of the three best-selling papers Dnevnik, Utrinski Vesnik and Vest is the first larger merger of printed media in the 13 years of development of media pluralism in Macedonia.

Economic position of the media and journalists

The general economic crisis in the country is reflected in the work of the media, and therefore bears upon the economic position of journalists. For instance, the Broadcasting Council of Macedonia, which also monitors the economic working conditions of the electronic media, has concluded that 2003 and 2004 were especially unfavorable for this line of work, as a result of the drop in industrial production, the cutting of the funds meant for advertising and the malfunction of market relations in media advertising. The gross amount invested in broadcasting, which means the amount of advertisements broadcasted calculated according to official media price lists, was around 35,5 million euros in 2003. Out of that, 33,6 million were set aside for television only. As a result, only a small fraction of broadcasters was financially viable, and most were national.¹ On the other hand, the public radio and television is in extremely bad financial situation, primarily because of lack of funds from the collection of the broadcasting fees, which is the main source of its financing. The advertising source of income is additional (legally there is a limit of 4 minutes and 20 seconds of ads per hour), so ads are a minor part of its income structure. Local public radio stations have the greatest financial problems, questioning their very survival. The problem with them is that the legally established payment mode is not being carried out at all, i.e. they don't get any funding for their programs from the municipalities for which they provide programme.

As of printed media, published general analyses and indicators of their economies can seldom be found, so in this article we use information acquired from interviews with media owners and other media professionals. In the editorial for the latest edition of Kapital magazine, the editor, Ljupco Zikov, while explaining the reasons of raising the price of the magazine, gives his own analysis of these matters. According to him, "... since the appearance of the first independent daily paper Dnevnik in 1996, the printed media market has not evolved at all, despite the "explosion" of new publications. The basic business principle of publishing houses has all this time been to enter the market with a minimal price, trying to win the readers in this way.

In this analysis, but in those of other media professionals as well, there is the opinion that the selling price of newspapers and magazines is lower than the expenses for their

¹ Report on the work of the Broadcasting Council of Macedonia for 2003 and 2004.

printing, so the companies are forced to work, if they want to survive, with minimum expenses and a minimum number of reporters. For instance, the minimum expenses for printing a daily paper are not below the figure of 15 denars (0,25 euros) per copy, while the selling price is artificially maintained at unrealistic 10 denars (0,15 euros). The situation is similar with weekly, biweekly and monthly magazines. The worst effect of this, according to the editor of Kapital, is that it creates "...distortion of the market, evident in the loss of stamina of the publisher in picking the right topics, the lack of will for that, the diminished capacities of publishers, the decrease in number of readers, decrease in income and shutting down of firms." Although not all printed media are not affected by this kind of condition right now, in the long run it is harmful for everyone, since it generally leads to minimized quality of content, a crisis in journalism and in publishing. The ultimate result is further deterioration of the reading habits of the people, which are on a quite low level already.

Although the finances of the media have a tax relief rate of 5%, the general opinion is that the state has developed no policy of media incentive. Up to 2003, the state policy was to subsidize mostly printed media with some budget funds. But the independent media and journalist associations were criticizing because those funds were mostly going to cover the expenses of the state-owned publishing house and were allocated according to not very transparent criteria. The Association of Printed Media was clear that the state should, instead of subventions, come up with systemic supportive measures equal for everyone in the market (lower phone bills, subventions for newspaper distribution to remote areas, various relief measures and funding assistance in investing in major projects, financing non-commercial editions etc.²). In 2003, budgetary subventions stopped, and there were no measures introduced for media incentives.

It is very obvious that this general condition of both printed and electronic media unfavorably influences the status of the journalistic profession in Macedonia. An important indication of the financial condition of journalists is their working status and their monthly salary. According to a survey commissioned by the Association of

² Interview with Erol Rizov, editor of Utrinski Vesnik, 11/02/2005

Macedonian Journalists³, the largest category in the profession are freelance reporters. Namely, out of 325 reporters surveyed, 41,3 % have declared themselves as full-time employees (reporters/editors), while 58,7 % are freelancers. The average monthly income of an editor are something above 20,000 denars (about 330 euros), of the full-time reporters between 10,000 and 15,000 denars (125 to 190 euros), and the beginner reporters, mostly freelancers and most numerous in the profession – under 10,000 denars (under 125 euros).

The second important factor in the economic status of a journalist and his social security is how regularly his employer pays his health and retirement insurance fees and whether he pays them along with the full monthly income of the employee. Many reporters in Macedonia complain that their bosses have the policy of paying these sums while reporting a minimum monthly income of the employee, which negatively reflects on the pensions according to the data from the survey, the full-time journalists have confirmed that their health insurance and pension benefits are paid, but half of them said their full income is not accounted for by the bosses before the respective state authorities.

What is important is that with the arrival of WAZ in Macedonia, there was a certain turn in the fulfillment of social rights of journalists by the commercial media.⁴ To all full-time reporters and editors in the three daily papers that it bought, WAZ pays the full benefits according to all regulations. Aside from that, since September 2003, the average income of the employees has been raised for about 34%⁵. So is the number of reporters, for about 30%, and most of them are young people. The general working conditions have been improved, computer equipment has been renewed, the software fully legalized, a new printing press purchased to significantly enhance WAZ publications, as well as other technological improvements in the production of the papers⁶.

This practice is followed by other newfounded papers, such as Vecer, where the employees are also paid full benefits. Vecer Press, the company publishing this

³ The “Journalistic profession in 2004” survey has been conducted by the Center for strategic research of Forum magazine, on a sample of 325 reporters and editors in 95 electronic and printed media.

⁴ In this regard, the state radio and television separates itself from privately owned media, but the economic position of journalists working there is very difficult due to low and irregular income.

⁵ Interview with Srdjan Kerim, PhD (manager of Media Print Macedonia), 13/02/2005.

⁶ WAZ is the first commercial company to introduce an optical network (Metro Ethernet) at work, as well as purchase the newest equipment for photographers etc.

newspaper, has joined the "Global Compact" initiative which binds companies to respect key values in the area of human rights, work standards and workforce, the environment and fighting corruption.

Forms of influence by media owners

It was already pointed out that in the current structure of media ownership in Macedonian broadcasting, there are two characteristics: 1) behind the largest and most influential media houses there are owners of powerful trade, manufacturing, mining or other companies, or those who are close to certain political parties and 2) most local media are own by individuals, some of whom also own other smaller local businesses, so the media work is not their primary occupation. For instance, behind A1, the first private TV station that went national, there is Velija Ramkovski, the businessman owning trade companies "Uniprokom Vemaks" and "Stratus". Behind another national TV station, Sitel, is Ljubisav Ivanov-Dzingo, leader of the Socialist Party and owner of Sileks, a mining company consisting of a number of smaller companies and officially the owner of this TV station. Though his name is not formally mentioned, the man behind the third national TV station, Kanal 5, is politician and businessman Boris Stojmenov, ex-Minister of finance in the government of the largest opposition party VMRO-DPMNE. As the owner of 50% of the television, the BS company appears, with its founder Emil Stojmenov, son of Boris Stojmenov. The other dominant proprietor of this TV station is the trade company "Metal Sivas". The owner of the fourth national TV station, TV Telma, is not an individual but the trade company Makpetrol, dealing in petrol and its derivatives.

The first thing to notice in the relations of these media and their owners is that television is used for the marketing of their companies' businesses. The common characteristic of these TV stations is that the products of the companies behind them are regularly advertised in their programs. Another more troublesome aspect, from the point of independence of the media and their journalists, is the influence the companies and their owners have over the editorial TV policy. This issue has not been systematically observed or researched in Macedonia, and it's hard to find publicized indicators or proof of such influence. Exceptions are reports from media coverage of election campaigns done by domestic or foreign institutions. There are positive indications in such reports of

the use of media by their owners for political purposes during elections. A typical example is TV Sitel, which during several election campaigns so far has designated far longer time for the Socialist Party and its leader, Ljubisav Ivanov Dzingo⁷.

Another case of the sway media owners have is the fact that their media never critically address the controversies and affairs related to their owner companies. Even the opposite happens: when there is a public debate over such matters, they either completely fail to inform the public or they use their media houses to inform in a selective and biased manner. The instance of this would be the coverage by TV A1 of the dispute between the New York-based Media Development Loan Fund and "Uniprokom Vemaks"⁸.

A third, perhaps most elusive aspect can be discussed in the influence of media owners over the editorial policies of their TV stations. Some of them, aware of the power of their media, attempt to influence political or economic processes on a wider scale, constructing events directed against certain institutions of government or some companies. However, such information is still on the level of speculation. There are almost no known instances of journalists reacting publicly to pressure from their bosses on their ways of informing the public. Although such cases are often discussed among reporters, there is but one such publicly known instance⁹.

In the case of printed media, the situation is a little different, primarily due to the fact that until recently, journalists themselves were major owners of the media. So one cannot talk of any form of direct influence of the newspaper owner over the paper itself (the owner himself is also a journalist), since he has no other business interest. As for the editorial independence from politics, it should be noted that printed media are not as strictly regulated as the electronic ones, and even by European standards are allowed a

⁷ Such indications can be verified by viewing the results of the observation by the Broadcasting Council of Macedonia of media coverage during the parliamentary elections 1998 and 2002.

⁸ It's a Court Case known by the synonym "American chicken meet". USA - Foundation is suing Uniprocom Vemaks because they received credit for technical professionalisation of A1 TV, but instead of that they used the money for other business.

⁹ In Dnevnik, 6 November 2003, former A1 editor Aco Kabranov publicly acknowledges that the reason of his departure from A1 is a "row" between him and the owner.

certain degree of political inclination¹⁰. Some newspapers, prior to the arrival of WAZ, were known as close to certain political parties or individuals, but for most of them, there was no mention of any obvious political inclination. In 2003, the printed media ownership structure has changed considerably with German WAZ corporation purchasing the three best-selling newspapers. Suddenly public debates were open on the possible influence of WAZ over the image of the three papers, whose editorial policy had been quite different until then. Most expressed concerns were those that in time, the new owners will only keep the viable publications (profitable and tabloid formats), and that the mostly insolvent Utrinski Vesnik will soon be shut down. From the present standpoint, we can see those fears were not well founded, since all three publications are still available in the market, with completely different editorial policies and improved layout and design. Representatives of this company¹¹ themselves claim that for them, maintaining the three papers with different contents and formats is more convenient and there is no possibility of any kind of influence exertion.

Advertising companies and the media

As mentioned before, the proper market relations between people who want to advertise, advertising agencies and the media began to work only several years ago, mostly due to pressure from foreign advertising companies insisting to buy ad time/space on the pretext of having publicly valuable information. Commercial media themselves until recently hardly even recognized the principles of selling the advertising time, and there is still hardly a specially assigned person, not to mention a whole department, working on media marketing¹². Advertisements and sales were dealt with by the owners or editors-in-chief. Basically, this is the main reason why for years there was a practice of invisible influence of the great advertising companies over the editorial policies of media. This was most evident in the fact that the protected media were reluctant to criticize those companies, or would not bring up the subject at all. Thus it is very difficult to determine whether this is a form of economic pressure or voluntary autocensorship. The most powerful companies today have even more sophisticated means of controlling the media, like elaborate public relations policies, establishing

¹⁰ In the explanation memo of the EC Recommendation (99) 15, it is written "... as a result of the different nature of printed and broadcasted media, the press has the freedom of a discernable political inclination"

¹¹ Conversation with Srdjan Kerim, PhD, general manager of Media Print Macedonia, 13/02/2005

¹² Mostly with national broadcasters, and larger, more professional local media.

media clubs, special perks for journalists writing in their area (free mobile phones, etc.). Some media professionals elucidate that "the very appearance of a reporter or an editor at the office of an influential CEO can be considered as a kind of extortion, or make way for autocensorship or subtle forms of influence"¹³. According to them, it is inexcusable to mix the journalistic profession with procuring money from commercials or any other kind of sponsorship. This automatically creates ground for 'autocensorship' in the journalism, even for covert forms of corruption. In this regard, of special concern is the fact that the managerial board of the Macedonian Radio and Television in June 2004 enacted an internal document which allows all employees, both editors and reporters, to obtain advertisements and sponsors. Criticizing the general commercial trend of the public broadcasting service and the "vision" of the managerial team for transformation of the house, the editor of Utrinski Vesnik says in a comment: "MTV has chosen the wrong way into a clandestine and base form of pursuit of money and viewers, such as a reality show way below the standards of a national television, and the decision to let reporters seek out ads and sponsors... MTV wants to inform us that in the morning reporters will go hunting for ads in banks, various companies, political parties, medicine trade companies, and in the afternoon they will inform the public of the high interest rates, bad privatization, partition of the country, conditions in public health etc."¹⁴ This decision of the managerial board of the MRT is made even more difficult by the fact that the marketing department, after having worked for many years, is now terminated.

Instead of the national public service setting the highest standards in professional ethics, this lesson in Macedonian journalism is provided by WAZ. Immediately after purchasing the three papers, this company has relieved the editors of the obligation of handling sales and ads, and left them "only" with the job of content editing. The managerial team of this company says this is not accidental, on the contrary, it is a well thought out business policy applied everywhere by WAZ and which is the very result of following the rule on not mixing journalism and marketing and hunting for ads and sponsorships. This is also the attitude of the managerial team of Vecer, who also see that the reporters and editors are fully dedicated to their work. In this regard, it would be good to remind of the statements of Bodo Hombach about these issues: "The condition of the media in

¹³ Interview with Erol Rizaov, editor-in-chief, Utrinski Vesnik, 11/02/2005.

¹⁴ Utrinski Vesnik, 9 February 2005, Erol Rizaov: "Reality show and public service"

Southeastern Europe is quite difficult, but where we are, the media are stable. We watch the backs of journalists, and they can focus on their work."¹⁵

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¹⁵ Dnevnik, 1 November 2003, article "VAZ guarantees its newspapers independence", <<http://www.dnevnik.com.mk>>

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