

Footprint of Financial Crisis in the Media

SERBIA country report

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FOOTPRINT OF FINANCIAL CRISIS IN THE MEDIA

General state of the media sector

There are two depressing aspects to the global financial crisis as far as the media in Serbia are concerned.

First, in terms of the economy and business generally, it has not brought any significant new challenges for the reason that most of the problems facing these go back much further and are endemic: long delays in paying bills; the absence of effective legal means to enforce payment; the practice of barter; and the fact that the government is the largest debtor, with a reputation for "bloodsucking". All this impacts on cash flow, with the result that companies go bankrupt and employees are laid off. With the process of political and social reform at a standstill, the weak transitional economy is left burdened by unconsolidated institutions and an oversized ruling apparatus and there is little progress towards meeting EU standards. The business environment is therefore unfavourable for most kinds of legal, competitive enterprises, even with foreign investment, and sustainable development is nearly impossible without outside help.

The particular problems of the media in Serbia are similarly of long standing. They include the failure to complete new legislation, which was further hampered in 2009 by retroactive measures imposed by the ruling coalition; the endless stalling of privatisation; the existence of more than 500 licensed broadcasters, tainted by piracy, which depress advertising rates through their competition; regulatory bodies that are a bureaucratic drain on the state but lack transparency and are largely inactive; copyright agencies of dubious legitimacy; and a highly privileged public-service broadcaster-in-waiting. This over-saturated media market far exceeds both the commercial potential of the country and the consumption capacity of the public, so many outlets keep going by money-laundering, shady deals and biased reporting. Undue competition is killing off professional and independent news carriers, and the infrastructure offers little protection for free speech and editorial balance.

But if the crisis has not introduced any new factors into the situation, what it has done is worsen media business performance dramatically, endangering primarily the professional news media.

Secondly, there are no early solutions to the media's problems. Even when the financial crisis is over globally, its effects will continue to be felt in Serbia. The fall in the amount of advertising, cheaper campaigns, delays in renewing or the cancellation of annual contracts etc have shrunk the media's cash turnover by roughly half. The print media, which are the main source of in-depth reporting and analysis, and provincial media outlets have been the hardest hit. Recently established in Serbia, the Audit Bureau of Circulation noted a fall in sales of up to 13 per cent for daily publications and as much as 21 per cent for weeklies in May/June 2009 on the same period a year before.

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Media content

The measures taken by most media owners and managers to deal with the crisis are the conventional ones, which will sooner or later prove damaging: cutting running costs; reducing promotional activity, investment, development and programme acquisitions; outsourcing activities; re-scheduling current bank loans and taking new ones (something that gets harder all the time, because of the meagre collateral which most outlets can offer); restructuring on-air schedules; and reducing staff or shifts. Together with general inflation and increased taxes and prices, these measures have led to shorter daily broadcasts, less output overall, lower salaries, layoffs of part-timers, fewer productions and poorer news content. Inevitably, jobs have been lost and some media outlets have closed.

Here are some comments from media professionals interviewed for this report:

- RTV B92: "The same quantity of news is now produced by fewer staff, inevitably leaving some gaps. We are now covering 20 per cent fewer events with our own journalists/crews and using more agency material. No doubt some events regarded as of lower importance are not covered at all."
- PG Mreza: "In-depth information has been replaced by short statements from "responsible persons", "those in charge" or "experts", so coverage of even the most complex issues has become superficial."
- Vreme weekly: "The whole media industry is turning towards easily digestible content, attractive to advertisers, while neglecting in-depth and essential information. Already precarious, the media have been dealt new blows by this crisis."
- RTV B92: "The number of investigative stories in the news has decreased, because there are fewer reporters available. So there may be negative social trends that have gone unnoticed."
- PG KCM: "Insufficient information leads to wrong conclusions. Among the obvious and important consequences of reduced funding, newsrooms do not have enough specialist journalists able to provide thorough coverage based on their own knowledge. Today that is a luxury which the media cannot afford."
- PG Mreza: "Lack of money has hampered travel, both abroad and within Serbia. Out-of-capital news has diminished in quantity, even though the audience is interested in regional matters."

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- RTV B92: “All things considered, the deteriorating situation of the media and journalists leads to either closing down or reducing news programmes and growing dependence of newsrooms on sources of funding, whether marketing agencies, banks, government agencies or tycoons.”
- PG Mreza: “The editorial policy of media outlets is very often harmonised with advertisers’ interests.”
- Vreme weekly: “Another danger is that the media are giving more space to the activities of ministries, public companies, state monopolies, various government and related agencies, etc. This is seriously limiting media freedom. When the state becomes a partner of the media, something is wrong.”

As the most expensive and complex element of media activity, day-to-day current affairs output has been worse affected by the pressures mentioned above than others. The flight from the state control of the communist period towards, supposedly, a regulated market seems to have ended, at least for the time being, at the door of a costly government and greedy bureaucracy. The financial crisis has caused the news media to focus their reporting on the places where they are based – in most cases the capital, Belgrade -- and increasingly to draw on other readily-available sources, such as the state-owned news agencies, PR firms, statements put out by political or administrative entities, and press conferences.

The result has been to make coverage more uniform and to diminish diversity, for, as the channels of communication fall under official influence, independent voices, minority issues, the NGO sector and vulnerable groups are pushed to the margins. Indeed, the dream of politicians and bureaucrats everywhere to be able to operate unaccountably while voters are denied the basic right to be informed well enough to make educated choices is coming true in Serbia. At the same time, the demanding but underpaid journalistic profession is being undermined by bribery, journalists are migrating to PR jobs, and news editors and producers have to bow increasingly often to their companies’ financial interests by compromising their policies and content -- circumspectly choosing the topics and issues to be covered, avoiding analysis and investigation etc. Even the most able media outlets in Serbia nowadays lack vision, let alone ideas for redefining business models so as to survive in the changing global media landscape.

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Meanwhile, the Serbian Government is introducing censorship-like legal provisions. The privatisation of formerly state-owned media outlets has been blocked politically with the lame excuse of continuing broadcasts in minority languages. Marketing agencies and media organisations are concentrated in the hands of a few party colleagues and counsellors close to President Boris Tadic and control the majority of advertising budgets in the country. Conflict of interest is still an unfamiliar concept in Serbia, while dangerously high corruption and behind-the-scenes manipulation by tycoons cast a shadow over the media

The scope for public feedback on media content is still confined to old-fashioned “letters to the Editor” columns, with no independent consumer organisations even in respect of the public service stations. The Press Council and ethics committees are embryonic and ineffective, leaving the field largely open to crude propaganda, PR stunts and sophisticated spinning, while practices like the unwarranted invasion of privacy or the identification of minors continue despite legal prohibitions. At the receiving end, the slowly-recovering middle class, which nearly became extinct during the previous decade, is deprived of the information and insight it needs if it is to become a social basis for reforms to bring Serbia in line with the rest of Europe, for business development and for functioning democratic institutions.

Conclusions

With the arrival of the digital age the Serbian media still find themselves with mostly outdated technical equipment and software that is inadequate and often legally dubious. Indeed, at a time when it should be diversifying and catering for different target groups, Serbia’s media output is becoming uniform and bland, like the political options on offer, while right-wing violence and organised crime are eroding its society from the inside. The proverbial requirements for a democracy of free speech, critical thought and public debate, which in turn need independent professional media, are increasingly disregarded. There is little reason to hope that 2010 will prove any better than the previous year as far as the economy generally and that of the media are concerned, and with the trends pointing only downwards, those media organisations that survive the current crisis will take years more to recover.

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ANNEX: TABLES

Table 1. Main economic indicators

Population, total					7.498 m
Working population					4.75 m
	2006	2007	2008	2009	
GDP per head (EUR)	7800	8600	9400	n.a.	
GDP growth (%)	100	7,50%	5,60%	-4.1%	
Unemployment (%)	n.a.	18.01%	13.06%	17.1% ¹	
Average wage (EUR)	n.a.	484	561	458 ²	
Internet users (per 100 people)	n.a.	n.a.	20.3	32.1	
Mobile telephones (per 100 people)	n.a.	n.a.	115	131	
Households with at least one TV set (%)	n.a.	n.a.	n.a.	98.6%	

Table 2. Main economic indicators of the media sector

	2006	2007	2008	2009
No. dailies	n.a.	n.a.	19	19
No. regional newspapers	2	3	3	2
No. weeklies	n.a.	n.a.	28	58
No. state-funded broadsheets	1	1	1	1
No. public TV channels	c 55	c 40	c 25	c 15

¹Data by 1 October 2009

²Data by 1 December 2009

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No. public radio channels	c 80	c 55	c 35	c 20
No. commercial TV stations	c 180	c 150	c 105	c 90
Commercial radio stations	700	c 650	c 550	c 530

Sources: Statistical Office of the Republic of Serbia; The Vienna Institute for International Economic Studies; SMMRI/Strategic Marketing & Media Research Institute; IREX, MSI/Media Sustainability Index; ABC/Audit Bureau of Circulation

Author

Dragan Kremer has 20 years of experience in print and broadcast journalism. Since 1999, he has been working as a trainer and consultant. Dragan Kremer has helped to establish and develop A-Media, a one-stop advertising sales shop aimed at supporting independent media. Dragan Kremer has worked on various projects for USAID/Serbia and the US Embassy in Belgrade, among others. In 2007, he joined the Swiss-based media development agency Medienhilfe and is currently the program manager and consultant for the west Balkan and Roma media programs.

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