Footprint of Financial Crisis in the Media

MOLDOVA country report
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Economy

In recent years the remittances of over 300,000 Moldovan migrants working abroad, which have increased tenfold within the last eight years, have helped to reduce poverty and ensure increased budget revenues. However, despite the economic growth registered in the last eight years (62.9 per cent), Moldova is still the poorest European country. Poverty, prices and unemployment are factors that worry the local population most of all.

In 2009, the economic crisis in Moldova was additionally aggravated by two internal subjective factors.

- On the eve of the election year, the government concealed information about the crisis, although its effects were already felt in the last quarter of 2008.
- The government wrongly considered that the crisis would have its maximum impact in the first quarter of 2009, after which the economy would start to recover.

According to the 2009/2010 National Human Development Report published by the United Nations Development Programme, Moldova was in 117th place in 2009, six positions lower than in 2008, together with Guinea, Vietnam and Mongolia. The rural population constitutes about 59 per cent of the total population and about 66 per cent of the poor.

The number of officially registered unemployed as of 1 October 2009, according to the data of the National Employment Agency, was about 37,000. The number of unemployed according to the definition of the International Labour Organisation was about 83,000 in the second quarter of 2009. The unemployment level doubled in the second quarter of 2009 as compared with the previous year (6.1 per cent compared with 3 per cent). Data from the Labour Force Survey (LFS) for the second quarter show a continuous decline in the employment level, which has reached a historic low of 43.1 per cent.

The financial crisis forced many migrants from Moldova to return home. It should be noted that of the two countries, Russia and Italy, that receive 80 per cent of migrant workers from Moldova, the former was most affected; about 37,000 Moldovan migrants left Russia and about 8,000 left Italy. In the first eight months of 2009, the volume of private bank transfers from abroad diminished by 33 per cent compared with the same period of the previous year.
Media market

The only complex study of the media market was carried out in Moldova in 2007 by the Independent Journalism Centre. According to the study, 420 out of approximately 500 media outlets more or less regularly produce a certain volume of news.

According to the study, editorial teams included 1,880 full-time professionals, the majority of whom worked for the printed press. More than half (54.5 per cent) of media companies are concentrated in Chisinau, the capital of Moldova.

The majority of media companies (258 out of 420) are private. However, there are also organisations registered as state institutions, NGOs, public associations, cooperatives and a party property. Of 72 state media companies, 82 per cent are the printed press, the biggest share acting in rural areas (52 per cent). This fact does not contribute to fair competition and developing a viable media market.

There are 20–30 more influential daily and weekly newspapers. At the regional and local levels, there are around 15 independent weekly newspapers, which have a greater impact on their readers compared with state publications because of their circulation. As a cost-saving measure, daily and weekly newspapers are published in black and white. Their circulations differ and, moreover, are not audited. In the second half of 2009, after a failure in 2006, the Audit Bureau of Circulations and Internet was created. However, there has been no audit yet. Daily newspapers with a print run of more than 10,000 copies (partly in order to be attractive for advertisers), are few in number. According to journalists from local publications, advertising contributes 10–20 per cent to the revenues. The remaining amount comes from sales.

In November 2009, 48 terrestrial TV stations and nine satellite TV stations, including those which had been broadcasting for a long time—TVM International, Prime, EuTV and TV Dixi—held broadcast licences in Moldova. The last three broadcast a minimum volume of news. A new TV channel, Publika TV, was due to be launched in February 2010. It is being financed by private foreign investment (from Romania, see below) and plans to broadcast a significant share of news.

In compliance with the legislation in force, there are two public broadcasters in Moldova: the national one, the National Public Broadcasting Institution (NPBI), Teleradio-Moldova; and the regional one, the Regional Public Broadcasting Institution (RPBI), Teleradio-Gagauzia. Public broadcasters are financed by the state budget, but they are not prohibited from obtaining revenue from commercial advertising, which is their advantage compared with private broadcasters. During the years of their
existence, in particular in 2003–09, public broadcasters were always accused of putting out programmes in favour of the ruling party (PCRM), including during the election campaigns for the 2009 parliamentary elections.

**Media output**

The current situation of the mass media, from the quantitative viewpoint, has not undergone great changes, having attained a certain level of stability generated by two factors: market saturation and exhausted radio and TV frequencies. However, certain qualitative changes took place.

The former ruling party (the Party of Communists of the Republic of Moldova or PCRM) has managed to create a strong press holding with the following most important media companies: the former central-government dailies *Moldova Suverana* and *Nezavisimaia Moldova*, NPBI Teleradio-Moldova, TV NIT, TV N4, radio Antena C, and the press agencies Moldpres and Omega. Moldova lacks transparency in media ownership and in anti-trust legislation. Officially, politicians are not the founders and executives in the mass media; however, they are hidden bosses. During both election campaigns for 2009 parliamentary elections, the corresponding mass media practised open pro-PCRM propaganda, offering mainly official news and discrediting the political opposition. The impact was enormous because the majority of the population, especially in rural areas, had access to Teleradio-Moldova and TV NIT. TV is the most important source of information for 90.3 per cent of rural residents, and for 64.8 per cent the most credible one. In fact, this is the central problem in providing citizens with information. The only central TV channels practising impartial journalism, ProTV, TV7 and TVC21 have small coverage and cannot have a decisive influence on public opinion.

For financial reasons, radio stations, the second important source of information for citizens, cannot maintain their own news service, so they use either services of one or two press agencies or the internet. Political intervention is felt here as well. For example, before the election campaign, the private radio station with wide coverage, Retro, was “recommended” to terminate the re-broadcast agreement with the radio station Europa libera (Radio Free Europe/Radio Liberty). In order to avoid

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1 The concentration of media institutions in Moldova started in 2001, when the Party of Communists of the Republic of Moldova (PCRM) came to power, and intensified after 2005, when PCRM won the second consecutive parliamentary elections. At that time, the opposition raised the problem of the state media being financed by public money and openly supporting the government. The state company Teleradio-Moldova became a public company on paper, and the government newspapers *Moldova Suverana* and *Nezavisimaia Moldova* were privatised; however, TRM and the newspapers continued the same pro-government policy.

2 Barometer of Public Opinion (BPO), November 2009.
FOOTPRINT OF FINANCIAL CRISIS IN THE MEDIA

problems with the authorities, the majority of radio stations decided not to cover the election campaigns.

The situation is even more serious at the local level. Financial constraints made the majority of TV stations reduce their daily and weekly volume of community news, re-run topical programmes and sometimes stop broadcasting (for example, the staff of BasTV, in the Basarabeasca region, had two weeks of compulsory leave; ImpulsTV, Soldanesti raion, stopped producing news for a month, etc). In 2009, for several months, Radio Vocea Basarabiei resorted to fund-raising in order to be able to keep on functioning.

**Media ownership**

Several big media deals were done in 2009, whose aim was to diminish the effects of the crisis,. For the first time in Moldova, there was a merger of the first economics weekly newspaper in the Romanian language, launched five years ago, having 16 pages and a circulation of 6,500 copies, the *ECOnomist*, with the first online publication in Moldova, issued twice a week and distributed free to over 2,500 subscribers in the country and abroad, *Business Expert*. The merger resulted in a new weekly newspaper containing news, comments and analyses related to business, finance, economic policy, information useful for managers and readers interested in economics.

The Romanian media group Realitatea-Catavencu, which plans to launch Publika TV station in Moldova in February 2010, has signed an agreement which includes its acquisition of a majority shareholding in the Moldovan New Media Group, which manages a number of new media resources, the most famous of which is the news portal Unimedia.

**Editorial independence**

The crisis has conditioned a certain reduction of the news flow to the public; however, the quality of news is still the central problem. Pro-PCRM media companies, including those financed by the state, mainly follow the line of the state ideology, and so have no interest in obtaining economic and editorial independence. In 2009, for example, NPBI Teleradio-Moldova received almost $1 million from the state budget, and *Moldova* magazine almost $100,000. By the decision of the District Council of September 2009, the newspaper of the district authorities, *Farul Nistrean*, which massively promoted PCRM in the election campaign, obtained more than $10,000 (MDL 120,000) from the state budget for the last quarter of 2009. This practice promotes unfair competition with the private media and the editorial dependence of state media companies.
The real pro-PCRM media owners are not known and can only be guessed at according to their editorial policies. For example, the director of TV N4 is an ex-counsellor of the ex-President of Moldova, V. Voronin, and the director of PA Omega is a member of the PCRM Central Committee. In addition, the relevant national legislation mentions the word “founder” and not “owner”. That way, anyone can be the founder, and the real owner will stay in the shadows.

Although the independent media institutions, as has been admitted by their representatives (for example the national newspapers *Timpul de dimineata*, *Jurnal de Chisinau*), have built a wall between news and advertising departments in order not to lose advertisers, they sometimes agree to place advertising far from bad news pages.

**Media consumption patterns**

The economic and political crisis has provoked certain changes in people’s media consumption habits. For the first time since the Public Policy Institute (PPI) started publishing the semi-annual survey Barometer of Public Opinion in Moldova twice per year, the share of people interested in politics “much” and “very much” has reached the record level of 31.2 per cent, compared with 10–20 per cent in previous years. In 2009, the internet was, for the first time, at the top of information sources (after TV, radio and newspapers), being considered the most important for 13.6 per cent of respondents, and particularly young consumers (aged 18–29), at 34.5 per cent (in 2008 it was 5.7 per cent and, among the young consumers, 16.9 per cent). The internet is third (after TV and radio) of the most credible sources of information, leaving behind newspapers\(^3\) (4.5 per cent).

The sources of information available to the public are not pluralist and diverse enough. The political crisis divided both society and the mass media into two camps: pro-PCRM and pro-liberal and democratic government. Generally speaking, political events form the editorial agenda of mass media, thus narrowing the topical coverage, which fails to include urgent problems faced by citizens, or does so very seldom. Despite national legal provisions, TV channels, especially pro-PCRM ones, fail to observe social and political balance in their news. This opinion is shared by national and international monitors, such as the Independent Journalism Centre and the Electronic Press Association (APEL).

According to the PPI survey, the economic situation of over 40 pr cent of citizens is “worse” and “much worse” compared with the previous year; while the earnings of 71 per cent of respondents

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\(^3\) BPO, November 2009.
cover only the basic needs—or even fail to cover them. It is one of the reasons why a part of the population decides not to subscribe to cable TV services, especially in rural areas, despite the fact that a survey of 1,029 respondents conducted in 2002 showed that 74 per cent of them had at least one TV set. In the last few years, many households have installed parabolic aerials and have the possibility of watching many TV channels, but they do not get information about the events that take place in the country generally and in their local areas. According to Vladimir Topal, president of an association of cable TV operators, the number of subscribers has been reduced by 45–50 per cent compared with 2008. In addition, the imperfect legislation in the field does not oblige cable operators to include local channels in their offer free of charge. This fact limits the access of citizens benefiting from cable TV services to information of local and national interest.

Because of the economic situation people do not subscribe to the printed press, which was not considered much of a necessity before the crisis either, in fact. In 2009, almost half of respondents (47.1 per cent) declared that within the last three months they had read no newspaper or had read one once or less per month (33.8 per cent in 2008). This indicator is even more worrying in the rural areas, with a figure of 52.7 per cent. It is worth mentioning that young people have the same attitude towards the printed press. This leads to the situation where a good part of the public is poorly informed.

Conclusions

The continuing crisis in 2010 will seriously affect citizens’ access to mass media. Even in better times buying a newspaper was not among the priorities of the ordinary citizen, and now even more so. Remittances from abroad have gone down. The advertising market, which has never been fairly distributed, now faces serious difficulties. According to advertising agencies, their budgets decreased by 65 per cent in January 2010 compared with January 2009. The crisis is clearly seen by the naked eye: there are many white billboards in Chisinau.

During the period of the PCRM government the local public was misinformed by the central mass media and, first of all, by the National Public Broadcasting Institution, Teleradio-Moldova. Now, due to the political changes, it is expected that the central media companies, including Teleradio-Moldova, will not manipulate public opinion to the same extent any more. However, Teleradio-Moldova has a low budget for 2010 and is expected to reduce its volume of news and topical programmes. At the local level, however, without local mass media and, first of all, without radio and television, people risk being deprived of information of community interest. Support and development of news services of such media would improve the situation to a certain extent, because radio and television are
perceived as being free of charge. Newspapers have to be bought, access to the internet is limited and, for the time being, expensive, but radio and TV only have to be plugged in. Local radio and television should survive by producing and offering a guaranteed minimum of local information to the local public.

At the state level, mass media will come out of the crisis in one way or another. It is will be possible by means of changing tactics and strategies, adopting other approaches to the advertising market, implementing investment generation policies and, not least, political support. The local and regional levels lack the management capacity necessary during a crisis, an advertising market and other types of support. However, for the most part the local media companies have managed to preserve, although precariously, their independence from politics and economics.

ANNEX: TABLES

Main economic indicators

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<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
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<tbody>
<tr>
<td>Population, total</td>
<td>3,572,700</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Working population</td>
<td>1,251,000</td>
<td></td>
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<tr>
<td>GDP per head ($)</td>
<td>2,200</td>
<td>2,300</td>
<td>2,500</td>
<td>n.a.</td>
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<tr>
<td>GDP growth (%)</td>
<td>4.8</td>
<td>4.0</td>
<td>7.4</td>
<td>–0.9 (est)</td>
</tr>
<tr>
<td>Unemployment (%)*</td>
<td>8.0</td>
<td>7.3</td>
<td>2.1</td>
<td>2.1 (est)</td>
</tr>
<tr>
<td>Average wage ($)</td>
<td>135</td>
<td>164</td>
<td>201</td>
<td>214</td>
</tr>
<tr>
<td>Internet users (per 100 people)</td>
<td>17.4</td>
<td>18.5</td>
<td>31.4</td>
<td>n.a.</td>
</tr>
<tr>
<td>Broadband availability (% of total)</td>
<td>0.5</td>
<td>1.2</td>
<td>2.8</td>
<td>4.2</td>
</tr>
<tr>
<td>Mobile telephones (per 100 people)</td>
<td>39.6</td>
<td>55.0</td>
<td>67.1</td>
<td>n.a.</td>
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</tbody>
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Sources: 2009/2010 National Human Development Report of Moldova; CIA, World Factbook; IMF.
Author

Bunduchi Ion holds a BA in philology from the University of Moldova. He has an extensive experience in broadcasting journalism and is currently the executive director of the Association of Broadcasters of Moldova.