

SERBIA

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INTRODUCTION

Serbia's transition to democratic governance started in 2000. Reconstruction of the media system – aimed at developing free, independent and pluralistic media – was an important part of reform processes. After 13 years of democratisation efforts, no one can argue that a new media system has not been put in place. The system is pluralistic; the media are predominantly in private ownership; the legal framework includes European democratic standards; broadcasting is regulated by bodies separated from executive state power; public service broadcasters have evolved from the former state-run radio and television company which acted as a pillar of the fallen autocratic regime.

However, there is no public consensus that the changes have produced more positive than negative results. The media sector is liberalized but this has not brought a better-informed public. Media freedom has been expanded but it has endangered the concept of socially responsible journalism. Among about 1200 media outlets many have neither political nor economic independence. The only industrial segments on the rise are the entertainment press and cable channels featuring reality shows and entertainment. The level of professionalism and reputation of journalists have been drastically reduced.

The current media system suffers from many weaknesses. Media legislation is incomplete, inconsistent and outdated. Privatisation of state-owned media, stipulated as mandatory 10 years ago, is uncompleted. The media market is very poorly regulated resulting in drastically unequal conditions for state-owned and private media. The state continues to be one of the key financiers of media outlets. Media ownership is not transparent and safeguards against monopolies are weak. Media business is rarely profitable. Public service broadcasting is on a verge of a financial collapse. Regulatory bodies are weak and their members are often appointed through political bargaining. Journalists' freedoms and professional rights are often restricted. Four journalists have had a 24-hour police protection for years.

Global technological and economic changes have only further aggravated the already difficult transition problems. As a result, most Serbian media outlets are fighting for mere survival. There is a general trend toward commercialisation and tabloidisation of journalism and a lower credibility of news media. News content, in-depth and investigative reporting, diversity of opinion, coverage of controversial topics and respect for ethical standards have all been on the decline.

The graveness of the situation in the media sector stimulated a re-start of media reforms. In 2011, owing to the pressure of media and professional organisations, the government adopted the Strategy for the Development of the Public Information System in the Republic of Serbia until 2016 (the Media Strategy). The Strategy re-affirmed some

formerly established principles aimed at satisfying public interest and included new ones, in order to conform fully to EU norms. It promised many changes.

However, none of the Media Strategy's many objectives had been realized by the end of 2013.

This study aims to answer the following questions: Could the Serbian media function as a democratic institution under present circumstances? What reforms are needed to make the media part of the institutional framework which contributes to the consolidation of a democratic order?

The study aims to analyze a set of indicators of the qualities of the Serbian media system which are crucial for its ability to serve the public interest and democratic processes. The focus of analysis is put on five areas: media policy, ownership structures, media finances, public service broadcasting, and journalist practices. They all bear specific risks for media integrity. Research of these risks was conducted from August 2013 to February 2014, using focus groups with journalists and media managers, in-depth interviews with journalists, media owners, media managers, representatives of professional and media organisations and media experts, and the analysis of publicly available data – government documents, data from media and business registers, reports of relevant bodies and research studies and publications.

The study offers recommendations for increasing the capacity of media to serve as an institution of democracy.

1. MEDIA POLICY: A FORM INSTEAD OF REFORM

The transformation of Serbia's media system started with a decade-long delay in comparison to other Central and Eastern European countries, after the fall of the regime of Slobodan Milošević in 2000. The new pro-democratic and pro-European political majority promised the creation of a market-based democracy and free, independent and pluralistic media as its constitutive part.

However, so far media reforms have never been among the priorities of numerous democratic governments. While at the beginning of the transition process the authorities "did not have any idea about the changes needed,"¹ today as well they "lack the vision of how the media that serve the interests of citizens should look like."²

In the absence of a clear strategic vision, faced with deep social cleavages of a post-authoritarian society and lack of consensus about the course the transition road should take, all post-Milošević governments made partial and incoherent media policy interventions. Yet, these interventions had a permanent common characteristic: they were tailored in such a way as not to eliminate structures that allow for the political influence on the major

media. Journalists' organisations describe the result of media policies in the last decade as a "controlled chaos."³ The Serbian democratic political elite proved to be the strongest obstacle for a reform-oriented media policy. Paradoxically, policy decisions were always justified with the utmost important public interest – consolidation of democracy.

1.1 THREE PHASES OF MEDIA POLICY

The most powerful shaping force of media policy in the past decade was the process of Serbia's integration into the EU and the requirements of this process related to the media sphere. Three distinct phases could be distinguished in this period, each characterized by different relations between Serbia and the EU and a specific policy orientation.

In the early 2000s, a pro-democracy government led by Zoran Đinđić put the EU integration project on the top of its political agenda. Offered a helping hand by international organisations, it optimistically promised a fast accession to the EU, avoidance of mistakes of other transitional countries and a "Serbian economic miracle." In the media field, the government easily accepted the aim to comply with the European regulation standards. Media privatisation was proclaimed mandatory; the press was liberalized and left to self-regulation; independent regulatory bodies and public service broadcasting were to be established. Civil society expertise was invited to draft the laws that would guarantee media freedom. The government, however, was not interested in promoting the independent media, which earned reputation by credible reporting and resistance to political pressures. It preferred to accept political services by the media that served the Milošević regime, which changed their editorial policies literally overnight. In a legal limbo, before institutional changes could be introduced, it left the independent media that contributed greatly to the downfall of autocracy, usually small and without capital, to compete with state-subsidized media and private media friendly to the government.

The initial modernisation process was blocked by the assassination of Prime Minister Zoran Đinđić in 2003. The new governments led by Vojislav Koštunica (2004-2008) marginalized the EU integration process. Disputes with the EU over Serbia's cooperation with The Hague Tribunal for war crimes and over the status of Kosovo dispelled all dreams of a fast EU accession. Amid strong conflict between pro-European democrats and anti-European nationalists, the national democrats' government was interested in media as promoters of its "third road" of development. Media policy became restrictive. It did not allow any of the new institutions to develop their democratic potentials. New laws directly contradicted old ones. Media privatisation was frozen. Independence of newly established regulatory bodies was constantly reduced. Public service broadcasters were similar to rather than different from state-run institutions. Big media companies were allowed to flourish as long as they served the interests of the establishment (*tv Pink*), and quickly shut down

or outlawed when dared to change political alliances (*TV BK Telecom*, the daily *Kurir*). The only positive development was a fast growth of the media market. However, it remained non-transparent, unregulated and overcrowded. An enormous number of media inherited from the 1990s⁴ were left to compete under unequal market conditions distorted by an arbitrary allocation of state funds. Media policy was formulated within hidden circles of power. Many political interventions in media regulation were accomplished through an urgent parliamentary procedure, during summer, away from the public eye.⁵

The third phase in the formation of media policy began when Serbia applied for the EU candidate member status in December 2009. A new political consensus on EU membership was established, after the radical nationalist party split in two and its fraction (reformed nationalists) took a pro-EU stance. The new centre-left ruling coalition led by Boris Tadić's Democratic Party (2008-2012), accepted the terms of the EU's conditionality policy. Although its actions in the media field were slow, re-active rather than proactive, and more formal than substantial, the government set strongly on the course of harmonizing domestic legislation with the EU *acquis* and standards of the Council of Europe. The European Convention on Transfrontier Television was finally ratified (2009); the Digitisation Strategy (2009), the Law on State Aid Control (2009) and the Law on Electronic Communications (2010) were adopted. The highlight of these efforts was the adoption of the first strategic plan for the development of the media sector, Strategy for the Development of the Public Information System in the Republic of Serbia until 2016 (Media Strategy), in 2011. The Strategy re-affirmed some formerly established principles aimed at satisfying (finally defined) public interest and included new ones. It promised an overhaul of the entire legal framework for media operation, abolition of state ownership, fair market competition, limitations on ownership concentration, financial stability of public broadcasting and neutrality of state aid based on a project-financing model. The Media Strategy was widely debated. Civil society participation in the formation of media policy was welcome again. A new, centre-right government, established in 2012 by the Serbian Progressive Party, accepted the same course.

Despite noticeable progress in the last few years, the shaping and implementation of media policy falls short of the creation of conditions for a free and pluralistic media system. By the end of 2013, none of the 2011 Media Strategy's many objectives had been realized. First deadlines, set for September 2012 and March 2013, passed without adequate actions and without anyone held responsible for a delay.

Regardless of differences in media policy orientations in the three phases described, the media policy development suffered from the same weaknesses all along. It lacked a clear vision of interests that should be best served by a reformed media system, of its driving forces and shape. It missed an effective methodology for public policy formulation. In the absence

of systemic proceedings and elaborated policy goals, powerful actors were able to intervene in any phase and skew the process to meet their interests depending on the balance of power at a given moment. Particular political or business interests of the emerging economic elite thus managed to make many surprises in media legislation,⁶ to leave some issues completely unregulated or omit operational solutions for legally arranged issues.

Policy measures were taken not only without proper expert studies and analysis,⁷ but also in the absence of basic data about the media sector (the number of media and their employees, the ownership structure, media finances, state funding). While media players found a way to influence policy decisions through proposals and actions organized by media and professional organisations, no one lobbied for the interests of citizens and their rights to information.

1.2 CRITICAL MEDIA POLICY ISSUES

For more than a decade, media reform has been stumbling over one and the same issues: the state ownership of media, editorial independence from political influences, treatment of hate speech, insult and defamation, and safeguards for journalists' safety. Since recently, and especially because of the economic crisis, issues related to the media economy (economic sustainability, transparency of ownership, anti-concentration measures, state funding) have become very important, along with digitisation. Largely ignored, on the other hand, are the effects of technological changes on journalism, the effects of the economic crisis on media consumption and pluralism, labour and social rights of journalists, self-regulation, and development of civil media.

Many media observers agree that the greatest failures of media policy so far are unfinished privatisation and state's persistence as a large media financier, the lack of a functional media market with transparent media ownership, and unsuccessful depoliticisation of the broadcasting regulatory body and public service broadcasting.

Media policy made two shifts concerning the privatisation issue in a decade. In 2002-2003, media privatisation was defined as a major reform step and stipulated as mandatory. Firstly, the deadline was prolonged from 2005 to 2007 and in 2007 it was practically frozen by laws which allowed local governments to own media outlets in their territories (2007). In the phase of resuming a reform course, the starting point – mandatory privatisation – was reinstated by the Media Strategy (2011), but the deadline for implementation was postponed to 2015 at the latest. Critical events proved to be the national elections in 2008 and 2012. The driving force behind the delay of privatisation was the interest of the ruling political majorities to secure the support of state-owned media during the election campaigns.

Until today, the media policy has not developed a sustainable media business model aimed at pursuing the public interest. The lack of investment, unregulated market,

inadequate number of broadcasting licences, non-transparent ownership, uncontrolled concentration, partisan state funding, unknown media industry data, inadequate media resources for market operations – all these issues are hidden behind a dilemma whether state or private ownership would better serve the public interest in the communication field. All democratic governments avoided to develop mechanisms for market regulation and control, which would ensure equal business conditions for all media regardless of the type of ownership. They left intact the issue of state funding of media, with the state bodies free to make arbitrary decisions while favouring the state-owned media and friendly private media. The optimal strategy for the economic survival of media proved to be state-ownership and a positive coverage of the ruling parties in the private media.⁸

The lack of trust in the willingness and capacity of the state to develop a functional, regulated market and to stop the arbitrary use of budget funds to reward desirable media contents has resulted in a strong support for the preservation of state ownership among a considerable number of journalists. A delay in the Media Strategy implementation shows that the controversy over state media ownership has not yet been resolved.

Free market competition and media monopolies are the least regulated aspects of the media system. Media finances are non-transparent. Neither a comprehensive anti-monopoly law nor adequate regulations on transparency of media ownership have been put in place as yet. The Broadcasting Law includes some measures against illicit ownership concentration among broadcasters and among broadcasters and print media. However, the inadequate legal solution preventing the identification of owners – owners are legal persons as founders of media outlets, not actual individuals behind them – as well as the lack of procedure for the verification of data on owners rendered the scarce legal measures even more ineffective. The inbuilt flaws of administrative solutions allow media owners to remain secret for a number of years. According to the Anti-Corruption Council's report of 2011, the ownership structure of 18 out of 30 most important media was not transparent. Hidden owners are usually business tycoons and political groups. Media policy ignores potential detrimental influences of their interests on the public interest and the consequences of concentration on media pluralism. After the 2009 attempt to regulate the concentration issue met with strong opposition from large media owners, the government never again tried to deal with it, despite indications that five televisions with national frequencies were owned by two owners in 2012.

Political influence on media content is another unresolved policy issue. It continues to be the pretext and context of any debate on media regulation. A deficit of media independence is so widespread and so prolonged that a great number of journalists do not believe any more in the possibility of fair and balanced reporting in the public interest. This is the case with many audiences as well.⁹ The media policy has never set to establish firm

legal and institutional guarantees of independent editorial policy. The media legislation is particularly lacking with regard to the autonomy of the state-owned media and the minority language media whose founders are councils of ethnic minorities.¹⁰ The institutional structure of the state influence on publicly owned media (budget funding and appointments of management bodies) has remained intact since the fall of the communist regime. However, codes of conduct or contracts between owners and journalists, defining conditions for journalists' independence do not exist in private media outlets either.

New institutions in the media system – the independent regulatory body and public service broadcasting – are not sufficiently protected from political influences either. The critical issue of independence of the broadcasting regulatory authority is the procedure for nomination and election of its members. Many revisions of the provisions on the election and composition of its members (2004, 2005, 2006, 2009) in fact steadily increased political influence on the regulator (Kremenjak 2008). Public service broadcasters are not financially self-sustainable and depend on the state for financial help. The procedure for the election of their governing bodies is also insufficiently protected from political influences. In 2013, the government proposed a radical turn in PSB financing from licence fee to budget funding. This opens a way for direct political dependence of PSB on the government.

Digitisation is a new controversial reform issue. The government adopted the strategy for digital switchover in 2009, with a plan to transfer to digital broadcasting on 4 April 2012. Soon it was clear that the plan was unrealistic and that the interests of citizens, service providers and the state in the benefits of digitalisation had been overestimated (Samardzic 2010). Four years later, digitisation is still blocked, although some of the major elements (timeline, gradual instead of immediate switchover, etc.) were changed in order to push its implementation. Some basic legal instruments and by-laws, like final versions of a protocol on the frequency distribution plan and a plan for a switchover, are still missing. No one is held responsible for the delay in the digitisation process.

1.3

MEDIA POLICY ACTORS

Media policy development engages a wide range of actors, with different agendas and different ways of pursuing them. The most powerful among them are political parties whose interests are voiced by the Parliament, the Ministry of Culture and Information and local authorities. Not firmly embedded in the interest structure of Serbian society, political parties rely on media as the central mechanism for the promotion of their platforms. Whatever their political orientation, political parties behave in the same way. When in opposition, they advocate the need for free and pluralistic media; when in power, they are focused on putting the media in the service of mobilisation of popular support for their

policies. Members of the national parliament consider it normal to refuse to convene if the national public broadcaster does not screen their meetings. No ruling political party has so far demonstrated coherent support to media freedom as the key institution of a democratic society.

The most striking example of the instrumental treatment of media is the adoption of amendments to the Law on Public Information in 2009, despite strong opposition from the media community and civil society. Changes to the law imposed severe restrictions on media freedoms and were in contradiction with some other laws.¹¹ These changes were annulled by the Constitutional Court a year later. Paradoxically, the law changes were initiated by G17 Plus, a political party that was a leader of liberal economic policies. When its particular political interests were in danger,¹² the party imposed a rigid course. As revealed later, G17 Plus threatened its coalition partners with overthrowing the government if its proposals were not adopted. Recently, G17 Plus has been, behind the scenes, the strongest supporter of media organisations that oppose privatisation. This party enjoys a strong position in some local communities, like Kragujevac, and provides large funds to media from local budgets that guarantee it a positive image.

The broadcasting regulator, the Republic Broadcasting Agency (RBA), has failed to establish itself as an institution of authority, credibility and competence. Suspicions of its vulnerability to the influences of political and large commercial players have been widespread ever since its inception in 2005. The RBA's allocation of 467 broadcasting licences in 2006-2008 lacked transparency and is widely believed to have served the vested interests of ruling parties and their media allies. The decision to grant such a great number of licences was made without any analysis of the economic sustainability of media. Especially controversial were RBA's decisions on national TV licences: the foreign company RTL, the only potential serious competitor to *TV Pink*, the largest broadcaster close to any government in power, was refused a licence on non-transparent grounds, while licences were given to four private televisions that could not endanger *TV Pink's* leading market position. The RBA's consequent rulings on transfer of ownership (including several national broadcasters) were mired in controversy in terms of unlawful concentration. According to the Anti-Corruption Council, the RBA approved changes in the ownership structures of the national broadcasters *TV Prva* and *TV B92*, despite indications they could be controlled by the same owner. The RBA justifies its decisions by deficiencies in the legislation, but neither the RBA nor other state bodies have put an effort to improve the legislation and thus increase RBA's effectiveness in the protection of the public interest.

The strongest counterbalances to the conservative conduct of ruling politicians and ineffective regulator are international actors, such as the Council of Europe, European Commission, Delegation of the European Commission to the Republic of Serbia, and

OSCE. They monitor and evaluate developments in the media sector and actively participate in the formulation of media policies by providing expertise and finances. Media developments are a regular part of the EU reports on Serbia's progress in the integration process and part of its conditionality policy. However, the EU influences push for an imitation of models developed in the European context, which economically, politically and culturally differs much from the transitional context of Serbia. The Serbian press, for example, has no capacities for self-regulation, while there is a strong pressure from the industry drawing on the European practice to avoid any regulation. The EU's policy of conditionality does not guarantee that progressive changes are taking place. The government, as it were, easily accepts policies harmonized with the European standards but as easily changes the laws or does not implement policy documents after meeting a required demand in the EU accession process. For example, Digitisation Strategy was adopted just before Serbia officially applied for the EU candidate member status (2009), while Media Strategy was accepted before the decision of the European Council on the application (2011). Once status was granted, the authorities reversed to their usual behaviour – slow, re-active, inefficient and irresponsible. None of the main goals of the two strategies have been realized so far.

Media industry is not a prominent actor of media policy, at least not in an open way. It usually acts in the corridors of power. Except for Željko Mitrović, the owner of the largest broadcasting company, Pink International, no major capitalist openly invests in media business.¹³ Two big businessmen, Milan Beko and Miroslav Mišković, have for years operated secretly as respective owners of the dailies *Večernje novosti* and *Press*, hiding behind foreign companies. They publicly admitted that they had stakes in the media when they found it convenient. Serbian businessmen, who have a negative image in the public because of the way they earned their initial capital, are interested in media primarily as a leverage to promote their economic interests, either by producing a positive image of their businesses, or by serving ad hoc interests of their political allies. The voice of media industry is thus represented by small media owners and by managers of a few foreign media companies. The only representative of media owners is the Media Association, which gathers mostly print media. Media owners are in favour of a transparent allocation of state aid, free market competition and liberalisation of advertising but they usually disregard other issues. For example, they refuse to establish a body that could negotiate with trade unions of media workers a separate collective agreement for media industry. Although they never openly advocate against concentration control, they successfully obstructed the 2009 draft law on media concentration by pressuring the ministry in charge to abandon the legislative procedure. Media owners do not require in an organized way from the

government to regulate the market and prefer to care for their particular interests making separate deals with the ruling parties. This is a typical way of behaviour of the most powerful media entrepreneur Željko Mitrović, who never publicly declares or defends his interest in regulations issues.

The most active domestic proponents of reform-oriented media policy are associations of journalists (NUNS, UNS, NDNV) and media associations (ANEM, Local Press), which have recently united in the Media Coalition. They fight for a consistent legal framework, regulation of the market and media concentration, transparency of media funding, politically neutral state aid, guarantees for editorial autonomy and journalism self-regulation. They are the main initiators of particular policy measures and a strong corrector of government moves. Professional and media organisations initiated the first set of media laws in the early 2000s; they pushed for the formulation of anti-monopoly law and for the Media Strategy and actively participated in the preparation of all laws related to the media. These organisations submit their proposals and recommendations for a more successful fight against pirate broadcasters, for a decrease of too high copyright rates, greater transparency and neutrality in the allocation of municipality budgets to local media, etc. However, these organisations have not succeeded in developing a vast professional solidarity that could back their policy interventions. They dispose with limited means to counteract poor policy solutions which are enforced by the ruling political majorities or the pressure of powerful media owners.

Except for media-related professional organisations, civil society is almost absent from media policy preparation and debates. There are no yet specialized CSOs skilled to monitor the media sector trends and represent the voice of citizens, whose interests serve only as a general alibi for all actors involved in media policy development. The involvement of civil society is limited to individual CSOs who are engaged in monitoring media contents (women organisations, human right organisations, journalism training organisations) and organisations lobbying for policy measures in the fields of their particular activities (protection of children rights, for example) as well as to individual academic experts who offer their expertise to professional associations.

The most effective protectors of the public interest in the media sector proved to be Information Commissioner, Ombudsman and Anti-Corruption Council. The first two have been very successful in stopping inadequate legal regulation and in making the state bodies accountable to the public for their policy decisions. The Anti-Corruption Council revealed forms of state funding of media that are not regulated by any laws and described the work of informal influence structures in political, business and media circles.

1.4

MEDIA POLICY ACHIEVEMENTS

Considering the level of devastation of the Serbian society at the beginning of the 2000s, the past 13 years could be considered a necessary minimum period needed to establish the foundations for a thorough transformation of the media system that will be governed by the public interest.

Despite weaknesses and inconsistencies of media policy, the new media system is in place. The changes made so far are irreversible. The system is pluralistic, predominantly in private ownership and operates in a legal environment of defined rights and responsibilities, according to regulations implemented by bodies separated from executive state power. The academic expert Rade Veljanovski considers the development of this new system, which overcame the chaos inherited from the 1990s, the greatest policy success so far, in addition to the establishment of the broadcasting regulatory body, transformation of the state radio-television into a public service broadcaster and at least formal respect for European democratic solutions in the media legislation. In the view of the president of the Independent Association of Journalists in Serbia, Vukašin Obradović, the success is the establishment of the Media Coalition, uniting several journalists' and media associations, which proved to be an effective means to oppose political voluntarism.

Hopes of the media community for substantial changes are pinned on the Media Strategy, which lists all of the major problems of the media system and offers solutions for overcoming them. Despite a number of shortcomings of the Media Strategy and a delay in its implementation – which brings to mind obstruction on the part of the government – it introduced several new elements in media policy that cannot be overlooked in the future, especially regarding the involvement of non-government actors. Many professional organisations were actively involved in the preparation of the Strategy along with domestic and international civil experts. Alternative solutions were widely debated in public consultations.

1.5

CONCLUSIONS

The restructuring of the media system has been slow, incoherent and inadequate to the goal of making the media a functioning democratic institution. In a fragile Serbian democracy, the media are more a function of the political will of new elites than a factor of democratisation of the whole societal system. Although the media policy development has been most encouraged by the EU integration process, in trying to accept European standards the Serbian media industry continues to lag behind not only in the European but also in the regional context.

The process of media policy shaping is still insufficiently transparent and democratic. All social actors hold that the media matter a lot in almost every aspect of social life.

However, non-political actors have no way to place media reforms higher on the political agenda. In 2013, professional and media organisations protested often against a delay in the implementation of the Media Strategy, but without any result. In the media community it is widely believed that, unfortunately, an effective pressure on the government can come only from the EU authorities.

The Serbian media sector differs from the European model mostly in regard to the operation of media on the market and the protection of media from political influences. The legal arrangement of these issues is contradictory and incomplete, while the provisions that are applicable are often violated. The lack of economic viability of the media (due to an enormous number of media operating in a poor market), non-transparent and unfair market competition, arbitrary allocation of subsidies and state advertising funds are all consequences of the reluctance of the ruling political majorities to dismantle the structures of media's financial dependence on the state. Media policy and regulation favour the interests of big capital, but only as long as they are aligned with those of the government.

Even when they introduced liberal forms of media legislation and regulation, all democratic governments in the last decade obstructed substantial media reforms that would restructure the distribution of power. The 2011 Media Strategy, giving so much hope to the media community, is a new effort to solve the problems which remained unsolved for the entire decade.

2. MEDIA OWNERSHIP PATTERNS VS. PUBLIC INTEREST

There is a widespread belief in the public that the media are the “messengers of the powerful.” In public discourse, the ownership structure of the media industry figures as an important reason for the failure of media to act as agents of social democratisation: ownership is an important factor affecting a diversity of media content and quality of journalism. It is largely believed that there exists a direct relationship between media ownership and the content produced.

Information on the types of media ownership, their presence in more than 1200 media outlets and their effects on media performance with regard to public interest is very scarce and fragmented. After the first comprehensive review of these issues 10 years ago (Đoković 2004),¹⁴ there has almost been no research on these topics. This text analyzes the effects of different media ownership structures on journalists' independence and their ability to resist instrumentalisation for particular interests of their owners, while pointing out the developments in the past 10 years.

Media ownership is not sufficiently transparent. The lack of transparency is often considered a characteristic feature of the Serbian media system and one of its central problems. In 2011, the Anti-Corruption Council (ACC) indicated that real owners of 9 out of 11 nationwide commercial broadcasters were not known to the public. The ACC also found that 60 percent of the 30 most significant media in Serbia from various market segments (six national TV stations, five national radio stations, twelve daily papers, seven weeklies) did not have sufficiently transparent ownership. Real owners are hiding in order to conceal particular interests that are a driving force behind these media, the ACC concluded (ACC 2011, 3).

The lack of media ownership transparency is sustained by the collusion between the government and the broadcasting regulator. Legal regulation of ownership is highly controversial. State media ownership, for example, is both legal and illegal: pieces of legislation from the early 2000 forbid it, while some other from 2007 allow it. In 2011, the government promised to eliminate conflicting rules by 2015. Furthermore, regulations on owner identification in media registration and broadcast licensing procedures are non-existent, incomplete, non-mandatory or disrespected.¹⁵ Registration of media ownership involves only minimal information. Owners are registered as natural and legal persons, not as individuals behind legal persons. The sources of investment and the origin of capital are not checked. The regulatory body does not check if broadcasting companies meet the legal provision that foreign organisations registered in countries where it is not possible to establish the origin of the founding capital cannot apply for a broadcasting licence (Broadcasting Law, Article 41).

Illicit concentration of the market is also weakly addressed. Specific anti-concentration rules pertain to broadcast media and to cross-ownership of broadcast media, daily newspaper publishers and news agencies. There is no yet any regulation on cross ownership between the media and the players on the advertising market, distribution networks or telecommunications operators.

Inadequate regulation prevents effective control of illicit market concentration and blankets its detrimental effects on media pluralism. It enables media owners to remain hidden for years. It enables the legalisation of shady capital through the media, hiding of domestic owners behind a complex network of related foreign companies, disguising of over-the-limit (above 49 percent) foreign capital behind domestic front companies, and infiltration of business oligarchs and politicians in the media in a non-transparent way.

The 2009 effort to regulate the transparency of ownership and market concentration in all market segments in a separate law failed due to the opposition by the Media Association gathering owners of print media. The Media Association pressured the government and managed to stop the adoption of the already prepared bill.¹⁶

A new step towards better regulation of ownership and market concentration was taken in 2011, with the adoption of the Media Strategy. The Strategy promised new legal solutions on the transparency issue, including mandatory information on natural and legal persons that are part of the media ownership structures, on the nature and scope of their shares, ultimate owners of capital, information on their stakes in other media and other economic enterprises, on other natural and legal persons that could have significant influence on editorial content, and information on state aid to media outlets. Both the general anti-monopoly body and the ministry in charge of media will control media concentration. New regulation should have been drafted by March 2013, but in December 2013 it was still in the process of preparation, expected to be enforced in 2014.

2.2 MEDIA OWNERSHIP PATTERNS

On the basis of available data, several ownership patterns could be observed in Serbian media: state ownership; foreign ownership; (hidden) ownership by business tycoons; (hidden) ownership by politicians; small businessman ownership; journalists' ownership; media mogul's ownership; and civil society ownership.

These ownership patterns influence media independence and content diversity in different ways. They differ in their approaches to the market and profit as well as in the way they stimulate or hinder critical investigative journalism.

2.2.1 STATE OWNERSHIP

State ownership of media is a remnant of the previous media system and an anomaly of the present one. The initial media reforms included a mandatory privatisation of media by 2007. Privatisation was stopped on the eve of a 2007 deadline, prior to 2008 presidential, parliamentary and local elections. New media laws, expected to be adopted in 2014, will again make media privatisation mandatory.

The current number of state-owned media is publicly unknown. It is estimated at about 100 (less than 10 percent of about 1200 media) in all market segments except national radio and television segment. The state is the owner of some of the most significant media (news agency *Tanjug*, dailies *Večernje novosti*, *Politika* and *Dnevnik*, TV and radio stations in major urban centres). State broadcasters make about 30 percent of all regional TV stations and 25 percent of regional radio stations.

State ownership is not market- or profit-driven. Its main goal is to influence public opinion. State bodies, dominated by the ruling parties, have two efficient channels to influence the performance of the media they own: budget funding (subsidies) and human resources policy (appointment of general managers, editors-in-chief, hiring and sacking of journalists). Controlling finances and helped by politically affiliated directors,

editors-in-chief and some journalists, the ruling parties exploit media resources to pursue their particular interests – ensure positive publicity for the authorities, mobilise support for their policies, discredit political opponents, and suppress critical voices. The watchdog function of media is completely disabled. Journalists in state-owned media have little ability to manoeuvre and defend themselves against political interferences in editorial competences. They are prone to self-censorship while some accept the occupational ideology of state employees.

Since state owners are primarily interested in shaping political news, other types of content are not subject to strict control nor forced to commercialize. In comparison to commercial media, state media usually have more human resources¹⁷ and better protect labour rights of journalists. Generally, their overall production is greater and more diversified. Although they are perceived by both the state bodies and the audience as official voices of the ruling political groups, they also enjoy the reputation of pursuing public interest in other than politically-related areas of coverage.

2.2.2

FOREIGN OWNERSHIP

Foreign capital displayed low interest in the Serbian media industry. Of all the big international players, only Murdock's News Corporation, WAZ, Gruner und Jahr and Ringier entered the market, but only Ringier remained. News Corporation withdrew from the television sector in 2009, WAZ from the daily press in 2012, and an international group¹⁸ left the entertainment magazines market in 2013. Foreign capital is today present in two of the four commercial national TV broadcasters (*TV Prva* and *TV B92*), two national dailies with the highest audited circulation (*Blic* and *Alo*) and some online portals (*infostud.com*, *sportske.net*). No foreign capital is present in regional or local media. Foreign investors are currently interested in the (unregulated) cable market and in the Balkan rather than Serbian audience.

Positive effects of foreign ownership on the media industry include economic revival, technological modernisation, diversification, Western-style management and marketing. However, it did not have a strong positive impact on journalistic culture. Its pronounced profit drive contributed to strong media commercialisation. Foreign capital did not launch any new quality media but preferred tabloid and semi-tabloid journalism. Foreign-owned media do not protect labour and social rights of journalists in a better way than domestically-owned ones.

Foreign owners fell short of the expectation that they would be more resistant to outside pressures and corrupt practices. They adapted their strategies to the "Wild East" conditions of media business, characterized by political instrumentalisation and clientelist relations. There are many indices that they sought political support for their business operations and offered political support to the government that provided it. For example,

German-Swiss company Ringier Axel Springer Serbia, the technological and financial leader in the press market,¹⁹ dismissed editors-in-chief of its two publications (the *NIN* magazine and the tabloid daily *Alo*) in 2010 and 2011 when they published critical texts about the policies of Serbian President Boris Tadić. *TV B92*, owned by a Cyprus-registered company, suddenly stopped airing two humorous shows in 2013 that spoke critically of Vice Prime Minister, Aleksandar Vučić.

Rather than expanding, foreign capital restricted the mission of the service of public interest in the media outlets with an established tradition of critical reporting and investigative journalism. Under foreign ownership, *RTV B92*, which was a symbol of independent media in the most difficult times of the 1990s repression, has turned into an average commercial television and lost its identity as a source of reliable and responsible journalism in the service of the community.

Many media analysts think that foreign capital comes to Serbia on the basis of non-transparent deals with the authorities.²⁰ For example, the investment of the German media group WAZ in the press market was directly arranged by Serbian Prime Minister Đinđić in 2001. WAZ, in turn, did not object to continue its co-ownership status with the state in two big publishing enterprises (*Politika* and *Dnevnik*) when state ownership in these enterprises became illegal. The easiness with which the regulatory authority approved non-transparent investment by two Cyprus-registered companies in *TV Prva* and *RTV B92* also raises doubts about the deals behind the scenes. Foreign owners do not restrain from accepting government advertising or other forms of state funding although it implies the purchase of positive publicity. The 2011 report of the Anti-Corruption Council pointed out several controversial cases of the government funding of Ringier editions and characterized these financial deals as Ringier's acceptance of government influence on its editorial policy. Ringier's editions indeed were leading the way in presenting a positive image of the ruling party during the 2012 election campaign.

The autonomy of journalists in foreign-owned media is firmly determined by a corporate logic of expansion and modernisation. Generally, foreign media keep a low level of political coverage and give priority to verified profit-stimulating production formats based on light content, human-interest stories, and opinionated instead of investigative journalism. Although foreign investors keep their tabloids and reality shows within much stricter limits of decency than domestic ones, they in general have not decreased media integrity risks.

Business tycoons hide their ownership behind companies registered in off-shore zones or behind a network of companies established across the world. Three of the largest businessmen were revealed as real media owners behind companies registered in Cyprus,

Austria and Russia. Milan Beko admitted in a TV interview in 2010 that he had a stake in the publishing company Novosti, partly owned by the state. Miroslav Mišković disclosed his role in the tabloid *Press* in 2012 in a press release, a month before he was arrested for investigation of crimes in other business areas and three days before the paper closed down due to large debts. Miroslav Bogičević was indicated as the person behind a purchase of WAZ's shares in the partially state-owned dailies *Politika* and *Dnevnik*; the Vice Prime Minister Vučić claimed that Bogičević was forced to make a purchase by the Democratic Party so that the party could preserve the influence on the newspapers.

Hidden owners are not driven by profit. They finance the media with profits earned in other business activities. Their media usually make losses.²¹ Obviously, their gains of another kind are important enough to compensate for financial losses. They hide their owner status in order to conceal the true goals of media operations. They use the media to improve their own unfavourable public image,²² to pursue business interests in their main areas of activity (including pressure on their business competitors), and to promote their own political agendas or make services to political groups which can in turn secure for them various concessions.

The key unknown aspects of this type of ownership are informal alliances of businessmen and political forces and the way they establish common interests that the media should satisfy. In the cases cited above, businessmen invested in partially state-owned media or allegedly had deals with party officials. It is reasonable to assume that their owner status was not a secret to certain state bodies. Yet, it could remain hidden for years because the media were used to meet mutual interests of media owners and state or party bodies. The extent of journalists' autonomy in this type of ownership is highly dependent on the primary interests of their owners and on relations and ties they have with other power centres.

Hidden ownership by tycoons is usually connected with tabloid papers. Since 2000, the market has seen the appearance and disappearance of at least 19 daily papers, 17 of which were tabloids. None was planned as an ambitious business endeavour, with a solid financial basis and significant human resources. One third did not live even one year. As a rule, neither the owners nor the origin of initial capital of these many newspapers were known. Most often they were launched before the elections (2004, 2007, 2008, 2012), or in times that were judged as important for the political situation in the country.

The ways in which journalists are instrumentalized for particular aims of their hidden owners remain hidden. Journalists involved in these practices never talk publicly about them, deny any personal responsibility and even create the image of their independence from particular interests. Some journalists do not know who the real owners of their media outlets are. Those who do know the owners and their interests seem to be well paid to keep the facts hidden. In the past 10 years, an entire class of journalists emerged who move from

old to newly established tabloids. They have no sense of public or professional responsibility and often break ethical rules and other codes in order to reach the wide audience.

2.2.4

(HIDDEN) OWNERSHIP BY POLITICIANS

Political actors have not developed effective mechanisms for communication with voters other than the media. In the absence of a stable social embedding of political parties in the interest structure of society, the political elite is obsessed with influencing the entire population and frantically searches for ways to shape public opinion on every issue of political importance. Media legislation bans political parties from owning media outlets, but not also individual party officials. In order to circumvent the legal ban on media possession, political organisations often resort to ownership by their members or affiliated individuals as a mechanism for influencing public opinion.

A number of media are currently actually owned by politically influential individuals, usually former or current high officials of political parties. Their ownership is often hidden behind members of their families, off-shore companies, publicly unknown individuals or journalists as registered owners.

Hidden political ownership is used for the promotion of ideologies, policies, views and political figures of parties or other political groups the actual owners belong to or are affiliated with in order to maintain or increase political power of political organisations. Real owners are hidden in order to conceal the political nature of sources of finances, not so much the political nature of content their media produce. The functioning of these media is especially important during election periods.

Politically-related media owners are not primarily market-driven. They usually manage to make their media financially viable by getting financial support from political circles they serve. Hidden ownership by politicians or politically-related individuals is present in all types of media and at all levels – national, regional and local.

The extent of political bias in the news content varies from mild to open propaganda. The national *Radio Fokus*, the daily *Pravda*, the regional TV stations *TV Most* and *TV Palma Plus* are the most known examples of media operating as propaganda tools of party politics. They change their editorial policies in accord with the changes in political orientations of parties that own and finance them. For example, *Radio Fokus* and the daily *Pravda*, originally established by the Serbian Radical Party (in 2005 and 2007), openly promoted the party's nationalistic political platform. After the part of the leadership left this party in 2008 and established a new one, the Serbian Progressive Party (SNS) with a pro-European orientation, these media outlets immediately switched to propagating a new political agenda of the SNS. In "politically corrupted" media, editors are appointed by high party officials who usually have a final say on editorial matters. According to Predrag

Popović, editor-in-chief of the daily *Pravda*, in the period 2007-2010, most important editorial decisions in the newspaper were taken by the Vice President of the SNS, Aleksandar Vučić, who never had any formal relation with *Pravda's* publisher (Popović 2013). Some journalists in these media are party members. According to one description, *Radio Fokus* was “a unique national broadcaster in Serbia and probably in the region and wider, in whose programs news presenters boast loudly of their own party inclination or membership (in SNS), openly and without reservations propagate the ideas of one (and only one) political organisation, and glorify its leaders.”²³

Some politically aligned media try to keep their influence using an opposite tactic – they do not show an easily observable political bias and do not hire politically affiliated journalists, but never question the policies of particular political groups. *Radio S*, the leader among national radio broadcasters, with a great part of music programming, belongs to this group of media. It was established by the SPS when it was the ruling party, then transferred to its high official Zoran Anđelković (a former General Secretary of SPS, a former Minister and Vice President of the Parliament) and now it is owned by Anđelković's family members. A quality weekly magazine on economic matters, *Ekonomist*, is another example. Its formal majority owner was Media International Group registered in the American off-shore zone of the State of Delaware, while the actual owner was Božidar Đelić, a high official of the Democratic Party and a former Deputy Prime Minister. The *Ekonomist's* journalists had a wide editorial autonomy, but the magazine never conflicted with the interests of its owner.

A financial destiny of media (secretly) owned by politicians does not depend on their market operation but on the ability of political groups behind them to provide finances. *Radio Fokus*, the *Pravda* daily and the *Ekonomist* magazine collapsed financially, while *Radio S* and *TV Palma Plus* are expanding.

2.2.5

SMALL BUSINESSMAN OWNERSHIP

This type of ownership involves small-scale businessmen with primary interests in other industries. It is dominant in local media. A majority of small owners launched their media during the chaos of the 1990s, some after 2000, and a minority acquired them through privatisation. Their main problem is economic sustainability because of unfair competition with the state media and the low potential of local advertising markets. The estimates are that the advertising revenue constitutes 30-35 percent of the local media total revenues.²⁴ A majority of these media are not profitable or have low profit margins. They survive thanks to small amount of own production, low costs of in-house production, low pays to employees, contracts with local authorities, and donations.

Small businessmen treat their media in different ways. A small, extreme group (“predator-owners”) sees the media as a source of financial gains. These owners were prominent among privatisation buyers (Serenčič and Isakov 2010). They had no knowledge about the media business or socially responsible journalism. They abused the purchased resources (premises, equipment and real-estate) to advance their business interests in other areas. Today, they treat the media as a source of advertising income and as a tool for getting budget funds allocated by local municipalities. They keep a low number of journalists, exploit them to a high degree and easily compromise the media coverage for any financial gain, either from other business circles or political networks they may be affiliated with. Conflicts between owners and journalists often end up in strikes.

At the other end of the spectrum are successful businessmen who finance the media in order to contribute to the development of their local communities. They are interested in a market success of their media but do not restrict their autonomy for the sake of profit. Yet, autonomy is allowed as long as it does not conflict with the main business interests of owners. Some of them can sustain the pressure from political circles if their business does not depend on local authorities. If it does, they make it clear to journalists what the limits of their independence are.

Self-censorship among journalists in these media is rather widespread. Some of them admit they accept the primary goal of the owner, i.e. an increase in revenues, as their own. Even without being pressured by the owner, who often does not have enough capital to sustain the business, they focus on the profitability of their work and yield to the interests of outside financial forces. They take care to satisfy the publicity interests of their sources of finances and easily ignore other social actors that cannot provide revenues.

2.2.6

JOURNALISTS' OWNERSHIP

Quite a number of local radio stations and newspapers are owned by journalists (a group of them or an individual), and the same pattern also persists in some national media (the news agencies *Beta* and *Fonet*, the daily *Danas*, the news magazine *Vreme*). Some media are registered as owned by journalists although they are believed to have hidden real owners (the tabloids *Informer* and *Naše novine*, the magazine *Novi magazin*).

Some of these media were established as part of journalists' endeavours in the 1990s (*Beta*, *Fonet*, *Danas*, *Vranjske*, *Radio 021*, etc.). They were helped by foreign donors as the providers of credible information in the service of the community. In some cases, journalists became owners through privatisation. The interest of employees to purchase their media organisations was in fact quite high but they had no enough financial power or assistance from any side. A whole set of new print media was established by journalists

who were not satisfied with the privatisation results: they considered their new owners inappropriate and left the privatized media organisations to create their own ones (*Zrenjaninske novine*, *Pančevac*, *Press*, *Niške novine*, *Kragujevačke*, etc.). However, a small number of them survived.

A number of journalists favour journalists' media ownership over other types because of wide autonomy, importance given to news coverage and commitment to critical and investigative journalism. Journalists-proprietors work in the media they own and keep the highest managerial and editorial positions. Of all the owners, they know best what quality journalism is. They treat other journalists more like colleagues than employees.

The media owned by journalists, however, struggle for financial viability. The economic crisis has severely aggravated their economic troubles and some are on the edge of survival. Regardless of the quality of journalism, media owned by journalists have to cope with numerous deficiencies of the current models of media financing. Financially vulnerable, they have to make various kinds of compromises in order to survive.

2.2.7

MEDIA MOGUL'S OWNERSHIP

Serbia has one typical media mogul. It is Željko Mitrović, the owner of the Pink Media Group (PMG), the largest media conglomerate in the Balkans, involved in radio, television, satellite and cable broadcasting, entertainment production, film production, music recording, optical disc replication and charter air service provision. The company includes the leading national commercial television *TV Pink*, regional *Radio Pink* in Belgrade, TV stations in Montenegro (*Pink M*) and Bosnia and Herzegovina (*Pink BH*), and 35 cable channels.

Mitrović created his empire in the 1990s owing to a high position in the Yugoslav Left party and close personal relations with its leader, a wife of Slobodan Milošević. The success of *Pink* was a state or a party project: *TV Pink* was awarded frequencies in order to cover the national territory at the time when no independent media could obtain them and was given the equipment owned by state television (financed by citizens for decades) for a small compensation.²⁵ In the period of wars, international isolation and massive impoverishment of the population, *TV Pink* promoted escapism-stimulating glamour and entertainment, with an emphasized patriotic note. With the change of government in 2000, the editorial policy of *TV Pink* changed literally overnight. It started serving a new government with the same enthusiasm as the former one. The 2006 allocation of national broadcasting licences helped *Pink* to strengthen its leading market position. The only potential competitor, RTL company, did not obtain a licence, while four other commercial players did not count as a serious challenge. After the change of the government in 2012, Mitrović broke off his affiliation with the formerly ruling Democratic Party and made *TV Pink's* news program the mouthpiece of new rulers.

“The Balkan media mogul” severely abused his owner status in *TV Pink* several times to defend his business and very personal interests. In 2002, he launched a disqualification campaign against a member of the Anti-Corruption Agency who said that the legality of construction of *TV Pink*’s building should be examined. In 2011, he threatened to stop hosting Croat singers on *TV Pink* and started reporting nationalistic incidents in Croatian tourist regions after Croatian authorities had blocked his yacht. In 2013, he ran a campaign against the editors of the *Blic* daily because of its coverage of a fatal traffic accident caused by Željko Mitrović’s son. *TV Pink*’s journalists allowed their autonomy to be abused without any protest.

2.3 CHANGES IN THE MARKET

There are no data on the distribution of various ownership patterns across the media. They are the result of a chaotic evolution of the media market, controversial privatisation process and incoherent regulation attempts. Several general trends in the development of media ownership structure could be observed in the past 10 years. State ownership declined in 2003-2007, then stabilized but is expected to be abolished by 2015. Foreign ownership was introduced later than in other countries of Central and East Europe, first in the press, but is currently moving intensively towards television and cable markets. Hidden ownership by tycoons was established at the beginning of transition and has been rising with the increasing intensity of the economic crisis. Hidden ownership by politicians was present at all times and is on the rise before every election period. Journalists’ ownership increased with the departure of big international donors and in the privatisation period but remained volatile. Small businessman ownership is widespread but has declined with the economic crisis due to media bankruptcy. Moguls are just few in number, but their ownership is expanding. Civil society ownership remains negligible, but is on the rise in online media.

Particular market segments see different combinations of media ownership patterns. Structural pluralism is greater in local media than in national media that show tendencies towards horizontal concentration.

The national TV and daily press markets display the lowest degree of ownership pluralism. Several important changes took place in these market segments in the past decade due to changes in ownership structures, none in favour of informed citizenry.

In 2003, the national TV market was topped by three state channels (*RTS 1*, *RTS 2*, *RTS 3*) and two television stations owned by media moguls (Željko Mitrović’s *TV Pink* and Bogoljub Karić’s *BK Telekom*). It is dominated today by a public service channel (*RTS 1*), mogul Mitrović’s channel *TV Pink* and two stations in foreign ownership (*Prva* and *B92*). The changes over 10 years did not strengthen media pluralism or service in the public interest. The transformation of the former state television, *RTS*, into a public service

broadcaster did not result in politically neutral news coverage. Mitrović's *Pink* is the same as it used to be – a leader of entertainment and a reliable political ally of the ruling majority. The novel market elements are *Prva* and *B92* televisions, both owned by foreign capital. If it is true that *Prva* and *B92* have the same owner (the Greek ship-owner, Minos Kiryaku), as claimed by the Anti-Corruption Council, foreign ownership in the national TV market can be blamed for illegal market concentration. The most important market turn, however, is a radical change of the identity of *B92* as a source of public interest journalism. In 2003, *TV B92* ranked sixth among national TV stations, with about 4 percent of audience share. However, it was only three years old and soon earned popularity following the traditions of *Radio B92*, known for its credible, investigative, critical and courageous news coverage. In 2006 and 2007, *B92* ranked third with over 9 percent of audience share. Although formally owned by American Media Development Loan Fund, *TV B92* was in fact run by journalists. Under a new ownership structure from 2010 onwards, the news program of *TV B92* has kept shrinking in favour of commercial programming (soap, sport, sitcom, reality shows). Many viewers consider the disappearance of the “old, courageous *B92*” the greatest negative consequence of media transition in Serbia.

Table 1 OWNERSHIP STRUCTURES OF TOP 5 NATIONAL TV CHANNELS

MEDIA OUTLET	AUDIENCE SHARES		OWNERS IN		TYPE OF OWNERSHIP
	2003	2013	2003	2013	
PINK	23.94%	21.42%	ŽELJKO MITROVIĆ, 100%	ŽELJKO MITROVIĆ, 100%	LOCAL MOGUL
RTS 1	21.68%	19.97%	REPUBLIC OF SERBIA, 100 %	REPUBLIC OF SERBIA, 100 %	PUBLIC
PRVA	0%	16.21%	ESTABLISHED IN 2006 BY NEWS CORPORATION	NOVA BROADCASTING, 51% WARRANER LTD, CYPRUS, 49%	LOCAL/ FOREIGN
B92	3.92%	7.74%	MDLF, 48.06% B92 TRUST, 42.38% EMPLOYEES, 9.54% AKCIJSKI FOND, 0.02%	ASTONKO, 84.99% B92 TRUST, 11.36% SMALL SHAREHOLDERS, 2.33% FOKS TV, 1.32%	LOCAL / FOREIGN
HAPPY	0%	4.07%	ESTABLISHED IN 2006	MD INVEST, 95.01% 2. IDEOGRAM, 4.99%	LOCAL BUSINESSMAN

Sources: Nielsen Audience Measurement and Republic Broadcasting Agency.

Important changes happened in the daily press market as well. Although partial,²⁶ circulation data show a great decline in readership which opts for tabloid and semi-tabloid press. A high quality press lost much of its significance. There are only two quality general papers (*Politika* and *Danas*) among 12 national dailies, plus an economic paper (*Pregled*). *Politika*, which ranked third in 2003, with cca 115,000 copies, is not among the first seven today, with the last audited 56,000 copies in 2011.

The daily press market is dominated by foreign ownership and hidden ownership, be it by tycoons or politicians. The leading daily publisher is a Swiss-German Ringier Axel Springer, which publishes two of the three most circulated dailies, semi-tabloid *Blic* and tabloid *Alo*, in addition to a free paper *24 sata*. It is the only publisher which recorded rises in revenues, net profit and number of employees in the past four years. The third ranked audited paper is *Večernje novosti*, owned partly by the state and by companies which are a front for the businessman tycoon Milan Beko. Tabloids *Kurir*, *Informer* and *Naše novine* are not taken into account in this review, despite their popularity, because their circulation is not audited. Their owners (an individual owner in *Kurir*, journalists in other cases) are widely believed to be only formal representatives of the interest groups behind them. *Kurir* and *Informer* are associated with the interests of the ruling Serbian Progressive Party, while *Naše novine* is ascribed a link with tycoons. Tabloids, which spread in the second half of the last decade, greatly decreased the credibility and reputation of journalism. They largely trivialized and personalized serious social issues. Tabloids massively violate professional ethics, especially with regard to discrimination of minority social groups, hate speech, and privacy rights, and decrease the quality of the public sphere.

Table 2 OWNERSHIP STRUCTURES OF TOP 3 DAILY NEWSPAPERS

MEDIA OUTLET	CIRCULATION		OWNERS IN		TYPE OF OWNERSHIP
	2003	2013	2003	2013	
BLIC	150.000 CCA	118.739	RINGIER SRBIJA. 100%	RINGIER AXEL SPRINGER SRBIJA. 100%	FOREIGN
ALO	DID NOT EXIST	106.438		RINGIER AXEL SPRINGER SRBIJA. 100%	FOREIGN
VEČERNJE NOVOSTI	210.000 CCA	101.033	SMALL SHAREHOLDERS. 63.33% SERBIA AND MONTENEGRO. 29.52% PIO FOND RS. 7.15%	REPUBLIC OF SERBIA. 29.51% TRIMAX INVESTMENTS. 24.99% ARDOS HOLDING. 24.90% KARAMAT HOLDINGS. 12.54% PIO FOND RS. 7.15% SMALL SHAREHOLDERS. 0.91%	STATE / TYCOON

Sources: ABC Srbija and Business Registers Agency.

State ownership is also significantly present in this market. The state preserved ownership stakes in two most powerful media groups of the pre-privatisation period, *Politika* and *Novosti*. Their non-transparent privatisation, first involving WAZ and then controversial businessmen Miroslav Bogićević in *Politika* and Milan Beko in *Novosti*, made these companies lose much of their economic strength. They barely survive today due to huge accumulated losses. The state bodies firmly hold to their governing rights in the dailies *Politika* and *Večernje novosti*, especially to the right of appointment of directors and editors-in-chief, who are selected on political grounds.

None of ownership types in the daily press market - foreign, state and hidden- is devoted to the care for public interest. The tradition of high quality journalism in the national daily press is almost lost. Despite the high number of dailies, the audience is growingly dissatisfied with the information offered. Instrumentalisation of the press by their owners is clearly seen in the election coverage and the coverage of controversial social issues.

Like quality dailies, top news magazines became marginal, with small circulation (around 10,000) and a low profit margin. The most circulated one in 2003, *Nedeljni telegraf*, with 90,000 copies, disappeared from the scene. The oldest one, *NIN*, which stood for decades as a symbol of quality journalism, became part of Ringier Axel Springer in 2010. It is gradually changing its target group from the intellectual elite to the business elite, losing its traditional audience and dropping below the 2003 circulation of 20,000. The news magazine *Vreme*, a leader of the independent press in the 1990s, lost its patron, a human-rights lawyer, and donor support to become the property of its employees. Although under no pressure of an owner with particular interests, *Vreme* is forced to make compromises in order to survive. *Vreme's* editor-in-chief explained publicly that between the two evils - borrowing ever-needed capital from political or business sources - it opted for the latter, lesser evil. It received a loan from the businessman tycoon Miroslav Mišković, which earned it the image of the mouthpiece of big business interests. Several new weeklies appeared on the scene (*Nedeljnik*, *Pečat*, *Akter*), as endeavours by journalists, but they have small professional resources and do not follow the tradition of analytical journalism of old news magazines.

Local news weeklies are widespread. They are owned by small businessmen, journalists and politically-related individuals. The local press is more sensitive to public interest than local radio and television but has small audience and faces serious financial challenges.

Radio lost on importance as a source of news. The leading radio broadcaster, *Radio S*, which increased its 2003 audience share of 4.25 percent to 22.4 percent in 2013, is a typical commercial, music-oriented station. The next most popular, *TDI Radio*, with a much smaller audience share (4.4 percent) is also music radio. The 2003 market leader, now the public broadcaster *Radio Beograd 1*, is ranked third. It preserved a diverse programming, but now has half the audience share (3.1 percent) it had in 2003, when it was state-owned. Ownership patterns in top five national radio broadcasters include a hidden ownership by a politician (*Radio S*), small businessman ownership (*TDI Radio*), and two cases of insufficiently transparent foreign ownership (*Radio B92* and *Radio Index*). Foreign ownership in *Radio B92* (same as in *TV B92*), the most influential independent media outlet of the 1990s, has made this radio less relevant than ever, due to the owner's commercialisation tendencies. *Radio Index*, which used to be an independent student radio, also turned into a music and enter-

tainment station. Regional and local radio stations include very diverse ownership schemes, with a strong presence of state media and media owned by small businessmen.

2.4

CONCLUSIONS

Although quite diverse, all types of media owners are interested in control of the editorial content of their media. Journalists, on the other hand, are not equipped with defence mechanisms against owners' interferences in daily editorial decisions.

Yet, the analyzed patterns of media ownership display differences in the ways they allow journalist autonomy and performance of media roles in a democratic society. Moguls and "predator" type of small businessman push hard for commercialisation and owners' financial gains. Journalists' rights in these media are severely limited by their owners' perceptions of how media should function. Foreign owners lean towards prioritizing profit benefits over social gains for the public. If they find balance, it is achieved by avoiding the coverage of the most controversial news topics.

The State, tycoons and politicians as media owners do not base media operations on the market logic. Their primary interest is to influence audiences, even at the price of financial losses. Media with these kinds of owners do not produce critical and investigative reports that conflict with owners' interests but are stimulated to harm their political or business opponents. They usually present the material they obtain from hidden sources, such as judiciary institutions, state secret services or other allies of their owners, as their own investigative reporting. Journalists in these media tend to accept the interest frameworks of their owners either by agreeing with their ideological platforms or through self-censorship and rarely protest the abuse of their professional rights.

Journalists and part of small-businessmen as media owners give preference to social gains. Their operation is market-driven but they cannot secure enough financial sources for a business growth in the current economic environment. Their professional autonomy is limited to cheap production. Civil society ownership also allows wide professional autonomy and also suffers from the lack of finances.

In everyday routine work, different types of owners adopt different strategies in treating the public interest, depending on many circumstances in the media environment. According to five interviewed media experts and representatives of professional organisations,²⁷ none of the analyzed ownership structures clearly stands out as the most suitable one for the public interest role. Each displays a number of weaknesses which are aggravated by the economic non-sustainability of media and the economic crisis.

A majority of interviewees hold that, rather than ownership, it is the way the media are financed that crucially determines their treatment of the public and other interests. They

admit, however, that media financing models are related to ownership patterns. The media economy expert, Goran Cetinić, thinks that “media ownership is one of the most efficient channels of influence on the media. However, the public interest is not endangered by the type of ownership per se but by a policy that abuses ownership types.” Experts and professional organisation representatives blame poor regulation of the media system, especially in regard to ownership structures and media finance structures, for journalists’ excessive dependence on particular interests of owners. Dominant ownership structures and dominant ways of media financing do not allow for the development of a business media model capable of supporting the media that serve the public interest.

3 MEDIA FINANCES: ECONOMIC LEVERS IN THE HANDS OF POLITICAL LORDS

According to several surveys, the majority of journalists see the main threat to media freedom in the unfavourable economic position of media companies. Media business indeed is characterized by turbulent economic conditions. After a short golden age of revenues increase (2007-2008), a vast majority of media “shifted their approach to survival mode.”²⁸ Today, most media companies are chronically underfunded and operate at a loss. In 2010-2012, seven dailies (*Borba*, *Glas javnosti*, *Press*, *Pravda*, *Nacionalni građanski*, and *San*) and a broadcaster with national frequency *TV Avala* went bankrupt. According to official 2012 balance sheets, six of 10 daily newspaper publishers did not have any profit, while some accumulated millions of euros losses (*Politika* NM – about 35 million euro, *Novosti* Company – around 5 million euro). The leading commercial TV broadcaster, *TV Pink*, had to apply with tax authorities for a special program for a delayed payment of nearly 7 million euro debts.

Like in other countries, the economic position of traditional media worsened because of increased competition from the online media and global economic recession. However, there are many indices that digital technology and world economy are not the main causes of unsuccessful media business in Serbia. The development of new communication technologies in Serbia is much slower in comparison to developed parts of the world. In 2011, official statistics recorded that 53 percent of citizens aged 16-74 years have never used the Internet. The Internet access was available to 41 percent of households (8 percent more than three years earlier), while only 31 percent had fast access. The economic crisis significantly cut media revenues. However, after a drop in the value of the advertising market in 2009, it increased in 2010 and has kept at about the same level in the last three years.

Business challenges caused by new communication technologies only added new problems to the already existing ones²⁹ that remained unsolved by media reforms. Negative trends in the media industry – a chronic lack of investment, difficult access to capital, operations on the edge of liquidity, decreasing newspaper circulations, lay-offs of journalists – had been there before the spread of the Internet and before the global economic crisis. They are constant characteristics of the media system transition.

Media reforms after 2000 have not succeeded in making a stable economic foundation for media development. The unfavourable economic position of media, which threatens media freedoms and journalist rights, is the result of the nature of the media finance structures that persist for more than a decade. They continue to make the media prey to particular interests of finance holders and controllers. The characteristic features of media finance structures include:

- poorly regulated, non-transparent and distorted market;
- politically-motivated acting of the state as a market player;
- political affiliation of marketing agencies.

3.1 UNREGULATED AND DYSFUNCTIONAL MEDIA MARKET

The media market is poor, yet oversaturated; it is concentrated but dynamic. It is fairly developed at the national level but underdeveloped at the local level.

The advertising market is one among the poorest ones in Europe and the Balkan region, with about 170 million euro value in the last three years. At the time of its peak in 2008, its value (206 million euro) was three times smaller than that in Croatia (630 mil euro)³⁰ and 2.5 times smaller than in Slovenia (522.5 million euro).³¹ The number of active commercial advertisers is small, estimated at about 250.³² Most local economies are underdeveloped and local advertising markets are exceptionally poor, in some places almost non-existent.

Table 3 CHANGES IN ESTIMATES OF TOTAL ADVERTISING MARKET NET VALUE (IN MILLION EURO)

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
50	65	80	95	115	175	206	161	175	172
	+ 30%	+ 23%	+ 19%	+ 21%	+ 52%	+ 18%	-22%	+9%	- 2%

Source: Nielsen Audience Measurement.

The market is overcrowded with more than 1,000 operational media, including about 350 radio and TV broadcasters. Each media outlet relies on about 7,000 people as average audience, who have a low purchasing power (GDP per capita is slightly over 4,000 euro). A too great number of media on a small and poor market makes them commercially unsustainable.

Particularly vulnerable are the press, whose constant low share in the advertising market keeps thinning, and the local media, because of underdeveloped local advertising markets and advertisers' focus on national media. The largest domestic advertiser, Telekom, did not place a single advertisement in any local media in 2012.³³ Local media earn 30-35 percent of revenues from advertising.

Table 4 SHARE OF MEDIA IN THE ADVERTISING MARKET (%)

	2008	2009	2010	2011	2012
PRINT	25	22	23	23	21
TV	55	59	56	55	56
RADIO	4	4	5	5	5
INTERNET	1	2	3	5	7
OTHER	15	13	13	12	11

Source: Nielsen Audience Measurement.

The unfavourable economic climate is the main obstacle for business growth. However, the real enigma of the media economy is the way in which a too great (and growing) number of media outlets survive on the market that has no capacity to sustain them all. The answer to this puzzle lays in the fact that the market is not the main factor that determines the economic destiny of media. Many media entrepreneurs are not entrepreneurs at all. They run the media in order to get influence on media production and audiences, and do not base their operations on the work of market forces. In fact, there is no as yet a regular and functional media market in place. Media companies do not operate under equal conditions and political deals and vested interests distort the distribution of market punishments and rewards.

The media market is very poorly regulated. The press sector is completely liberalized; the online media are not mentioned at all in media laws; cable operators are not subject to any regulation except the licensing regime, with licences guaranteed to all applicants. Media ownership is not transparent and there is no a comprehensive anti-monopoly law. Regulation of broadcasting, the only market segment that is subject to regular control, is so inefficient that a regulatory body in charge of its supervision for years cannot solve the problem of illegal operators: 48 pirate broadcasters were identified in October 2012.³⁴

The prevailing culture of media business is non-transparency and secrecy. Even the basic industry data is lacking - the number of media, press circulation and readership, radio and TV ratings and audiences, media shares in the advertising markets, types and sources of revenues, structure and wages of workforce. Several agencies are engaged in market data gathering,³⁵ but their data is incomplete and susceptible to doubts because they hold a monopolistic position in their fields.

The way individual media perform their business operations is obscure. They are obliged only to submit annual financial reports to the Business Registers Agency, like all other business enterprises. These reports do not reflect specific features of media economy. Crucial information on their business success is not presented. It is considered a business secret.

Poor regulation allows some media to survive by violating the laws or by relying on the power of informal interest groups behind them. The former owner of the tabloid *Kurir*, Radislav Rodić, used to declare a bankruptcy and close down the publishing enterprise registered in an off-shore zone in order to avoid debt paying and immediately register a new enterprise that would continue old business with the same people. Some media survive for years despite debts to printing companies, distribution networks, power and telephone companies or tax administration, thanks to the deals concluded by their powerful owners.

The strongest characteristic of the market is the lack of free and fair competition. A non-discriminatory environment is most blatantly distorted by the position of state-owned versus private media. Only the former receive subsidies from the national, provincial or municipal budgets, on the basis of their status of public companies. Subsidies cover the operational costs of the state media – according to some sources, from 66 percent up to 100 percent. The subsidized media compete with private media for commercial income in the same market. Guaranteed their (large) revenues in advance, state media easily resort to dumping market prices. In order to adapt to unequal business conditions, private media are often forced to cut their staff and their pay, to commercialize their content, develop self-censorship or submit to pressures of financial sources.

Neither a precise number of media getting state subsidies nor the amount of subsidies is publicly known. There are about 100 state-owned media among a total of about 1,200. If we include public service broadcasters that receive indirect subsidies, they are present in all market segments. Subsidies accounted for 77 percent of the 2012 republic budget for media. According to a 2011 survey by the Balkan Investigative Reporting Network (BIRN) on media funds in 33 local communities, 64 percent of local communities paid subsidies to local media. The subsidies made up 60 percent of all local budget funds for media.³⁶

A discriminatory nature of the market is clearly seen in the operations of two news agencies, the state-owned agency *Tanjug* and the private agency *Beta*. The agencies are comparable in terms of production output. According to their 2012 official balance sheets, business revenues of *Tanjug* and *Beta* excluding donations were also comparable – around 1.05 million euro for *Tanjug* and 984,000 euro for *Beta*. *Beta* has less than half the number of employees *Tanjug* has (90 compared to 212). However, as a state-owned enterprise, *Tanjug* received 1.8 million euro subsidies from the republic budget. Owing to state aid, *Tanjug*'s net profit (11.485 euro) was 19 times higher than that of *Beta* (607 euro), although *Tanjug* is twice less productive. If *Tanjug* did not receive the subsidies, it would operate with a financial loss.

State media get other types of hidden or indirect subsidies in the form of tax breaks, loans without or with interest rates below commercial ones, annulment of debts to public companies etc., which are additional ways of distorting competition conditions.

The poor, unregulated, non-transparent and distorted market prevents media from operating as sustainable independent businesses. They are forced to compete severely for any source of income and in many cases the first victim of the struggle is journalists' welfare. A constant lack of financial sustainability and a pervasive financial crisis (due to global recession and the structural crisis of the Serbian economy) makes their position hardly bearable and forces them to endanger their integrity.

3.2 THE ROLE OF THE STATE AS A MARKET PLAYER

Although there is no precise information on the total amount of state spending in the media industry, the sources and forms of funding, partial available data show that the state is a very important source of media revenues.

According to official data, state financial support to the media sector amounted in 2011 to about 25 million euro – 5 million from the national budget, 3.5 million from the province of Vojvodina's budget, and 16.5 million from local self-governments' budgets. A lion's share of these funds was spent for subsidies to state media. However, the official data does not include all sources of budget funds, such as advertising by state bodies and public enterprises and the funds recorded as "contracted services" and "specialised services." With these amounts – the media associations' estimates put them at no less than 20 million euro – the overall share of state spending in the media market is considerably higher. It ranges between 23 percent³⁷ and 40 percent, even more if the revenues from radio and TV licence fees and other types of state funding are included.

With worsening economy, the importance of state funds for media is growing. According to a 2013 survey by the Association of Local Print Media *Local Press*,³⁸ a typical local newspaper gets 30 percent of its revenues from state funds. About 35 percent comes from commercial activities (sales and advertising), 15 percent from donations and 20 percent from other activities (publishing, catering). Since advertising involves advertising by public companies, the structure of local papers' revenues shows a great extent of dependence on public funds.

The media have no equal access to state funding. Although Serbia is a member of the Council of Europe, which demands the states to treat the media in a fair and neutral way when distributing direct or indirect financial support, the government does not apply this standard. According to media organisations, competition on equal footing in 2011 was made possible for only 15-20 percent of state funds earmarked for the media sector (Matic 2013).

State funding of media is unregulated, unmonitored, and non-transparent. The largest part of state financial aid is allocated arbitrarily, i.e. on political grounds, and without supervision. None of the forms of distribution of public funds to media is clearly regulated. Some regulation pertains to financing of media projects only, which is the smallest part of state aid. Subsidies are effectively exempted from regulation on state aid by a special 2011 government decree that allowed uncontrolled aid of up to 30 million euro, a sum much higher than current subsidies. Other financial streams are not even considered forms of the state aid. Current media laws do not treat state funds in the context of their impact on economic competitiveness and editorial independence or potential abuse by decision makers. In practice, however, the arbitrary allocation of budget funds has very important consequences precisely for free market competition, journalists' autonomy and usage of finances in a politicised way.

Budget subsidies are given to state media only. They are a long-used instrument to impose political limits to journalists' professional competences. Decisions on subsidies are made by executive state bodies and formally approved by legislation bodies. It is no one's concern that by providing subsidies to state media, the state prevents free market competition instead of promoting a non-discriminatory environment for the media industry development. The news agency *Beta* filed a complaint with the State Aid Control Commission in 2012 against market discrimination in relation to state-owned agency *Tanjug* that annually gets about 2 million euro in subsidies. The Commission twice rejected the complaint as groundless. *Beta* filed a suit before the Administrative Court of Serbia in December 2012, which has not yet been processed (Matic 2013).

State advertising also undermines free competition on the media market. Given the lack of financial sustainability and poor commercial advertising market, advertising contracts with state bodies or public enterprises are highly important for many media outlets. However, the lack of regulation allows the state bodies to use advertising contracts to elevate or downgrade the financial performance of media on their own will and to reward or punish their editorial policies.

The Advertising Law addresses state advertising in a single of its 111 articles. It does not specify any rules regarding the scope, criteria or manner of allocation of state bodies' advertising budgets, release of data or control against abuse. The Public Procurement Law is ambiguous whether state advertising falls under its scope. Even if it does, advertising services worth up to 3,000 euro are exempted from a public procurement procedure, while those valued up to 30,000 euro are categorized as low-value procurements that are carried out according to the less strict procedure. At any rate, in practice, the value of a majority of state advertising contracts is lower than 30,000 euro. According to BIRN survey, of the 15 local self-governments which signed advertising contracts in 2011, only 3 carried out

public procurement procedures. Others directly negotiated with the media they selected on their own. The total value of contracts concluded through direct negotiations was five times higher than the value of contracts concluded through a tender procedure.

The abuse of state advertising for influencing media editorial policies was first documented by the Anti-Corruption Council in the “Report on Pressures and Control over Media in Serbia” in 2011. The report demonstrated that advertising contracts on public campaigns often required media outlets to publish interviews with state officials or print as news PR articles on the work of state bodies. These contents were not marked as paid. The Council documented that 50 of the most important state bodies and large public enterprises spent at least 15 million euro for advertising and promotion purposes in 2009. Professional media organisations estimate that the state advertising in 2011 amounted to about 20 million euro, which corresponded to 12 percent of the whole advertising market.

Local self-governments use an additional financial instrument to influence the media content. It is rooted in a specific interpretation of two obligations of local self-governments stipulated by the Law on Local Self-Government: “to inform the public about their work through public media” (Article 71) and to take care “of informing the public on issues of local interest” (Article 20, paragraph 34). Many local authorities translate these two tasks into a single one, resulting in budget funding for the media service of providing “information on the work of local government and public enterprises.” Service contracts very often clearly define which areas and which specific activities of local authorities the journalists should cover.

An illustrative example of the nature of relations between the “information service” contracting parties is the 2011 contract between the Municipality of Arandelovac and local *Radio Television Fleš*. The contract obliged the local authorities to compile the “list of persons authorized to provide information,” to “provide information for broadcasting” and to “provide accurate and full information”. The local broadcaster was obliged “to broadcast the information in the provided (original) form,” to broadcast, apart from regular TV and radio news, “additional news programmes, if needed, at the request of the ordering customer,” and to “report on events in the territory of the municipality of Arandelovac, in order to provide a positive promotion of the municipality of Arandelovac.”

The service contracts thus often expect the local media to perform as a mere channel for the dissemination of information selected and produced by the authorities. Even if contracts are not so blatantly abusive of media role, as the one presented above, they directly stimulate the media to produce a positive image of the activities of local authorities and perform as a service of the local government, absent any critical reporting and investigative journalism. This kind of “special purpose” reporting is presented to the media audience as the product of regular, professional work of journalists monitoring the events and topics of public interest and is not marked as paid content.

Local authorities have broad powers to decide how to distribute funds intended for the described “information services.” Very few allow the media to compete under equal terms in a tender. In BIRN’s survey of local information service budgets in 2011, tenders were used by six out of 26 local self-governments, while 20 self-governments signed contracts with the media whose selection was not based on any publicly acknowledged criteria.

In the absence of appropriate regulation, all forms of state financial interventions in the media sector are used for pursuing particular interests of bodies that make decisions on distribution of public funds, i.e. the ruling political parties.

3.3 POLITICALLY AFFILIATED ADVERTISING AGENCIES

A characteristic feature of the advertising market is a close connection between political parties and leading agencies that purchase media advertising space, which serves as an efficient channel for exerting influence on the media.

Media-space buying agencies recorded a strong growth with the expansion of the advertising market from 50 million euro in 2002 to 206 million euro in 2008. In the meantime, the intermediary market in advertising has grown into a typical oligopoly, controlled by very few agencies. The most successful among them are Direct Media and Universal McCann, both owned by high ranking official of the Democratic Party. Direct Media is led by Dragan Đilas, the mayor of Belgrade (2008-2013), vice-president of the ruling party 2008-2012 and since 2012, president of the same party, now in opposition. The owner of Universal McCann, Srđan Šaper, was a member of the party’s presidency, designer of its election campaigns, and a close friend of Serbian President Boris Tadić (2004-2012). There are estimates that at the peak of the market concentration, the market share of the two agencies ranged between 70 and 80 percent. In 2012, Đilas’ agency was the market leader in terms of revenues (46 million euro) and profits (7 million euro). The next most successful among 17 agencies had half of the revenues of Direct Media, and only one generated profits over 1 million euro.³⁹

A study of business results of advertising agencies shows that these two saw their greatest success during the government led by the Democratic Party, when their owners held important government posts (Antonić 2010). Revenues of Direct Media in 2005 grew two thousand nine hundred and thirteen percent compared to 2003, and in 2006 four thousand four hundred and sixty percent compared to 2003 (ibid, 339). Clients of Direct Media in that period were some of the largest government companies, dealing with telecommunications, oil processing and insurance. Universal McCann increased its revenues 52 times and its net profit 43 times in the 2005-2008 period.

Politically affiliated owners of advertising agencies influenced the media content by signing or withholding advertising contracts with particular media, i.e. by rewarding

desirable and punishing critical views on the Democratic Party. The 2010 IREX media report included testimonies by journalists that these two advertising agencies blackmailed the media and had “undue influence on editorial policy.” According to the editor-in-chief of the daily *Pravda*, this daily entered a financially lucrative period only when Direct Media began to secure for it advertising contracts, after Dragan Đilas established strong political connections with *Pravda*’s actual head Aleksandar Vučić (Popović 2013). The Anti-Corruption Council revealed that advertisers were willing to be clients of politically affiliated advertising agencies hoping to protect their business interests through connections with their owners who were highly positioned in decision-making bodies.

Since the Democratic Party lost the 2012 election and Đilas lost the position of the Mayor of Belgrade, his advertising agency has been losing clients.⁴⁰ In the meantime, the advertising agency *Block & Connect*, led by persons close to the president of the new ruling Serbian Progressive Party, gained many new clients and increased its annual revenues forty-eight fold in comparison to 2011.⁴¹

3.4

CONCLUSIONS

A majority of media are financially unviable and thus vulnerable to financial pressures. In a poor and overcrowded yet unregulated and non-transparent media market the strongest pressures come from business circles and from political centres. The levers of media finance structures, however, are in control of political lords. They keep the market dysfunctional, impose unfair competition, allow unlawful market operations and additionally act as a strong source of finances. All forms of state financial interventions in the media sector – subsidizing, state advertising and local media “information service” contracts – are vehicles for translating financial power of state bodies into political influence on media, i.e. as mechanisms of indirect, soft censorship (Matic 2013). The unregulated, uncontrolled and non-transparent budget spending in the media sector continues to be an effective source for financing media obedience.

The media have no mechanisms to resist the economic captivity. The number of advertisers is small and shrinking. The audience is impoverished and disinterested. The main media-space buying agencies are politically affiliated. Donors are few. Some journalists speak of media industry as no industry at all, but as a space for exerting new ways of state influence on the media.

In 2011, the government promised new media reforms that should bring substantial changes to the structures of media finances by 2015. They include abolition of state ownership and subsidies, free and fair market competition, transparency of ownership, neutrality, fairness and transparency in state aid allocation and its consistent control. Allocations of public funds for advertising should be conducted in a non-discriminatory manner through public competitions.

None of the promised changes has happened yet. Deadlines for preparing new media laws have passed in 2013. Despite a delay, it is expected that a new legal framework will be adopted in 2014 and will bring a significant change in the way media are financed.

4 PUBLIC SERVICE BROADCASTING: A SHORT OR LONG-TERM CRISIS?⁴²

The introduction of public service broadcasting was one of the key elements in the reform of the media system inherited from the one-party state. The concept of public service broadcasting was defined in 2002 by the Broadcasting Law, which stipulated the transformation of the former state-run broadcaster *Radio Television of Serbia (RTS)* into two equal public broadcasters – a national and a provincial one. They were designed in the same way, resting on a licence fee funding system in order to avoid the dependence on the state. Their tasks and programming obligations are the same, with the provincial broadcaster having an emphasized role in serving numerous ethnic minorities living in Vojvodina. The Public Service Broadcasting Institution of Serbia (*RTS*) and Public Service Broadcasting Institution of Vojvodina were formally inaugurated in 2006.

Public service broadcasting has managed to become a unique and popular media institution. The *RTS* Channel One was the most watched TV station in the country from 2006 to 2012, with the exception of 2010, with a 20-26 percent audience share. In 2013, 10 of the 20 most popular TV shows were aired by *RTS* (including the central news bulletin *Dnevnik*). National public service radio (*Radio Belgrade 1*) has been among the top three most popular radio stations for years. The provincial broadcaster, burdened by insufficient technical resources,⁴³ records increased audience share since 2011 owing to a greater amount of original programs, which attract a national audience as well.⁴⁴

However, in 2013 it became obvious that the very institution of public service broadcasting is in crisis. Both *RTS* and *RTV* were on a verge of a financial collapse. Political pressures on the programming came to the fore,⁴⁵ along with other unresolved issues – a too large staff, non-transparent decision-making, a privileged position of *RTS* over *RTV*, a better position of television compared to radio, low programming diversity, inadequate personnel policy, etc.

A research study on problems of public service broadcasters and their causes⁴⁶ identified the following issues as the main problems of both *RTS* and *RTV*:

- deficient legal concept of PSB;
- lack of financial sustainability as the basis for financial and editorial independence;
- non-transparent management in the service of sources of political pressure.

Legal regulation of public service broadcasting was deficient from the very beginning. Only 19 of 131 articles of the Broadcasting Law deal with public service broadcasting. They do not provide a clear definition of the public interest that public service broadcasters should serve. Programming requirements are not defined as verifiable and measurable obligations. The law lacks procedures for an assessment of the fulfilment of the PSB remit and sanctions for failures. Elaborated regulation of the jurisdiction of management bodies and competence of their members is missing, as are the guarantees of their independence. Regulation of the collection of licence fees, as the principal financial source, is too deficient to be effectively exercised. The law does not stipulate mechanisms for transparency of financing and business operations of *RTS* and *RTV* or procedures for accountability and control of the financial and programming policy. Public service broadcasters, in fact, are not accountable to anyone for their success or failure.

Guarantees of editorial independence of public service broadcasters were not established either in the law or in their internal acts. From the very beginning, *RTS* and *RTV* were criticized for clientelist ties with the ruling political structures. Despite numerous amendments to the Broadcasting Law, the legal concept of public service broadcasting, defining main elements of its structure, financing, management and supervision, remained incomplete. An ambitious attempt to elaborate this concept initiated in 2008, involving various working groups, government and international experts, ended without success because it did not have the support of the government.⁴⁷

The 2011 Media Strategy provided a new impetus for legislative changes, stipulating that deficiencies of the public service broadcasting concept will be corrected in a new Law on Electronic Media. However, the Ministry of Culture and Information suddenly decided to draft a separate law on public service broadcasting. In early August 2013, a Draft Law on Public Service Broadcasting, by unknown authors, surprisingly appeared on the Ministry's website. Following the protests of civil society, the document was quickly withdrawn. The Ministry then formed a working group that drafted a new bill in October 2013. Negotiations on the draft were going on for several months and its final version is still unknown. These events indicate a lack of political consensus on the regulation of public service broadcasting.

The most contentious issue in the new regulation of public service broadcasting is its funding. Incomplete legal regulation of this issue has affected the financial stability of public broadcasters from the very beginning.

4.2

LACK OF FINANCIAL SUSTAINABILITY

The Broadcasting Law distinguishes between the activities of public service broadcasters related to the public interest and other activities as part of regular operations. The law specifies that the first type of activities is funded from licence fees, while others are financed from specifically listed five types of revenues, none of which is related to the state budget.⁴⁸ However, the incomplete regulation of decision-making procedures, reporting, accountability and oversight of business operations has led to a complete lack of transparency of financial flows within public service broadcasters.

The last publicly available detailed financial report on the operations of *RTS* originates from 2008. There are no public documents from later years that show the shares of licence fees and advertising in the revenues of *RTS* and the way they are spent. The available balance sheets from recent years present only financial indicators used by all other economic entities, which do not show specific features of public service broadcasting economy. The only source of information on financial operations of *RTS* after 2008 was its Director General Aleksandar Tijanić, who held the post until his sudden death in October 2013. He made decision what information to release and what to withhold. According to the Anti-Corruption Council, *RTS* Director General refused to provide the information requested by the Council in 2011 on *RTS* business operations. He preferred to pay a fine for violating the Law on Access to Information. In 2008-2010, Tijanić acted in the same way against eight orders of the Information Commissioner (ACC 2011, 36).

Regardless of the variety of financial sources, which include commercial advertising, public service broadcasters have failed to become financially stable. Both *RTS* and *RTV* have operated with a loss for many years. In 2012, by official balance sheets, *RTS* recorded the loss of about 11 million euro, while *RTV* was 1.3 million euro in the red.

Warnings about the lack of financial sustainability of public service broadcasters appeared in 2007, just a year after their formal inauguration. The same assessment of an independent auditor, that financial indicators of the *RTS* “might give rise to suspicions about the ability of *RTS* public broadcasting institution to carry on its business in accordance with the principle of stability of business operation”⁴⁹ was repeated in 2008, at the time of the largest advertising boom and largest *RTS* revenues. According to *RTS* Director General media statements, *RTS* needs about 100 million euro annually for normal functioning, while in 2011 it disposed with 75 million, a year later with 70, and in 2013 with 66 million. During 2013, *RTS* was supported with 200 million dinars budget funds a month, which covered only part of its expenses.

RTV was in an especially difficult financial situation during 2013. Underfunded by licence fees, it was left without any financial support for 18 months,⁵⁰ which in August 2013

led its Governing Board to announce it would be forced to stop airing the programming. The solution was found in an urgent financial intervention from the budget.

The main cause of reduced revenues is a constant decline in the amount of collected licence fees, the principal financial source. The collection rate started dropping after the 2008 economic recession, when it was below 50 percent. A normal functioning of public service broadcasters, by some estimates, requires a collection rate of 75 percent. In 2010-2011, only 44 percent of fees were collected, 36 percent in 2012 (Subotički 2013), and further dropout was recorded in 2013.

The income from licence fees decreased for a variety of reasons. The single strongest one is the impoverishment of the population. Many people find a monthly fee of 4-5 euro a financial burden. Another important reason is a poorly regulated, non-transparent and inefficient collection system.

Public service broadcasters always blame external factors for a poor collection of licence fees. They never perceive it as the consequence of their failure to demonstrate to citizens how their payments were spent and to build the identity of the public service broadcaster as the institution in the service of citizens, which depends on their trust and willingness to provide public funding. Since the first signs of crisis in the collection of licence fees, managers of public service broadcasters turned to the state expecting it to provide the missing funds from the budget.

Financial instability of public service broadcasters also has roots in their non-transparent commercial operations.⁵¹ The 2011 Anti-Corruption Council's report on *RTS* contained many indications of corrupt activities in *RTS* commercial operations, which could not be proved because *RTS* did not provide the required documentation. They included abuse of office, corruption, conflicts of interest, personnel manipulation, financial fraud, violations of the Labour Law and the Law on Public Procurement. The Council pointed out examples of extraordinary large financial compensations given by *RTS* for broadcasting rights, seeing them as a result of clientelist ties between *RTS* management and political and business circles. Among them was a reality show "48 hours wedding", produced by the Emotion Production, owned by Dragan Đilas, at that time mayor of Belgrade and a senior official of the Democratic Party. The Council additionally stressed as problematic the way *RTS* fulfilled its obligation to have 10 percent of programs produced by independent companies. Independent programs are selected at annual public competitions. Decisions on these competitions raised the suspicion of the Council that they provide great financial benefits to "certain interest groups". This suspicion was confirmed by high-ranking managers of both public service broadcasters in in-depth interviews. They asserted that centralized and non-transparent decision-making on co-production projects and selection of independent programs was a common practice of *RTS* ("*RTS* Director General made all the

decisions on his own"). They also indicated that the quota system for independent productions was abused by a complex web of interest-based relations between production companies, political parties and *RTS*. Some of these "independent" production companies were in fact close to certain parties; sponsorship money donated to these companies ended up with political parties. Some of the projects selected in competitions have never been aired. *RTS* did not meet a quota obligation in 2010, 2011 and 2012,⁵² but the law does not contain any sanctions for this failure.

Public service broadcasting has been in a search of a new solution for the problem of funding for a long time. In the public debate on the issue, two camps with opposing views were established. Representatives of the state and the management of public service broadcasters advocated a transition to direct state funding (temporary or permanent), while advocates of the public interest were strongly against this solution. Some *PSB* managers argued that a well-regulated funding from the budget would be more transparent and would provide a greater autonomy to public broadcasters than a reliance on uncertain collection of licence fees. Opponents of budget funding were afraid that it would only increase political interference in the work of public service broadcasters.

The conflict of the two camps has, for the time being, been resolved by a proposal that a licence fee will remain, but it could be supplemented by funds from the budget. The Draft Law on Public Service Broadcasting from December 2013 specifies that the state would contribute to stable operations of public service broadcasters with budget funds "if the annual collection rate of licence fees is below 80 percent, in the amount corresponding to the difference between the actual collection rate and 80 percent collection rate" (Article 37).

If the bill is passed, and the collection rate remains at a current level, it is estimated that budget would provide about 50 million euro annually for *RTS* and another 10 million euro for *RTV*.⁵³ This allows the government to have a significantly greater impact on public service broadcasters than it has had so far.

4.3 NON-TRANSPARENT AND IRRESPONSIBLE MANAGEMENT

RTS journalists describe its management as non-transparent, irresponsible and inappropriate for meeting the public service remit.

The lack of management transparency is the consequence of inadequate regulation, which does not specify clearly the competencies and supervision of the highest governing body, the Governing Board, and sets unclear and superficial criteria for member selection. Members of the Board are to be elected from among journalists and prominent experts on media, management, law and finances, as well as other prominent figures. The current composition of the Governing Board of *RTS* (appointed in 2011) includes two journalists, one expert on TV production and no experts on management, law or finances. Two

members are historians and others are a sociologist, a political scientist, a psychologist and an economist (most are university professors).

Employees know very little about their actions, ideas or interests they represent, but it is clear to them that the Board members are not accountable to anyone. They share the opinion that members of the Board protect some particular (especially political) interests and influence the appointment of other responsible people who are also close to certain political forces. They see it as a body that elects a general director, appoints radio and television directors and chief editors, and later uncritically supports their decisions. The managerial cadre is generally considered not sufficiently equipped for managerial jobs and for making appropriate financial decisions but interested in the editorial control through various channels.

RTV saw four replacements of its general director since its formal transformation in 2006.⁵⁴ According to focus group participants, “each appointed its own team, and brought new personnel to already overstuffed and inefficient broadcaster.” Constant reorganisations resulted in more harm than improvement in the efficiency of the production process. *RTS* employed a different approach: it did not change general directors, but members of the Governing Board. From 2006 to the end of October 2013, its general director was Aleksandar Tijanić. According to an interviewed *RTS* manager, Tijanić “made decisions about everything, including the selection of members of the Governing Board.”

According to journalists’ accounts, Tijanić’s management was based on a division of organisational units and *RTS* programs into “important” and “unimportant”, according to expected outside pressures. The result was a neglect of radio compared to TV, neglect of educational, cultural and children’s programs, the lack of critical reporting and investigative journalism, and low program diversity. *RTS* was competing with commercial televisions for ratings, while neglecting its specific program obligations. Tijanić fostered a “politically neutral” program by distributing publicity to political parties in accordance with their participation in the ruling coalition and by producing “protocol news” that satisfies political interests of the major political players. Director General contributed to the “entertainmentisation” of the image of public television and “raised a generation of young, incompetent, superficial journalists who provide scarce and colourless information, without a critical stand and distance.” He favoured 500 among 3,500 employees and rewarded them with large but unknown salaries: two-thirds of the sum for salaries went for rewards to a few “*RTS* stars,” all of whom were chosen by the Director General.

A positive practice of *RTS* is that it is careful not to put the programming in the service of specific commercial interests. It has very strict standards for the avoidance of direct or hidden advertising and forbids favouring of certain products or manufacturers over others. *RTS* journalists praise this characteristic of *RTS* programming as very positive

and explain that it was achieved thanks to a clear program orientation, training, as well as warnings concerning violations coming from the regulatory body.

4.4

CONCLUSIONS

The popularity of public service broadcasters is rather a result of their large-scale production capacities (with 3,250 employees *RTS* is the largest media company in Serbia, in terms of technical and human resources and of finances, followed by *RTV* with 1,200 employees), than of a high quality and variety of programs designed by good business and programming policy.

Financially unstable from the outset, legally incomplete, non-transparent in making and implementing decisions, public service broadcasters have not managed to develop into financially viable, editorially independent (politically neutral) institutions that would provide a program substantially different from commercial stations, intensively communicate with the audience and cultivate analytical and investigative journalism and good taste in all program segments.

Unstable finances and lack of transparency and accountability of public service broadcasters require urgent solutions. They will determine if the current crisis is a short-term or a long-term one, questioning the survival of this new media institution. A change from licence fees as the principal source of revenues to the full budget funding, supported by government bodies and some *RTS* and *RTV* managers, entails the risks of the institutionalisation of the state influence on public service broadcasters and further weakening of their already weak independence. Transparency of funding and accountability for spending money provided by citizens is an as yet unexploited chance for creating a strong identity of public service broadcasting as the institution in need of citizens in the first place.

5

DEFENDING PROFESSIONALISM – CHALLENGES AND OPPORTUNITIES

The number and professional characteristics of journalists, main social providers of information, is a dark area of the media industry. Some estimates speak of 15-20,000 employees in the industry,⁵⁵ comprising about 1,200 media outlets in 2013, with the unknown number of journalists among them. None of the largest journalists' employers makes public the data on education, experience, gender or age of their human resources. Journalists' professional organisations keep data on their members only, but they are partial. Judging by a specialized database containing data on 3,987 media workers who voluntarily provided their professional data,⁵⁶ a majority of media professionals in 2011 were males (55

percent), with high-school education (53 percent), aged between 35 and 49 years (43 percent). About 1,400 were associated with television, 1,200 with radio, 400 with the daily press, 800 with the periodical press and 60 with internet media.

Journalism is a disrespected, undesirable and unprosperous profession in Serbia today. It is associated with manipulation, tabloidisation, a lack of ethics, and also with a low pay, insecurity and high stress. The public has for years been criticizing journalism as unfree, politicized and corrupted, barely touching on issues of citizens' main concerns, especially in an investigative way (NUNS and Strategic Marketing 2007). Journalists see their roles downgraded to "dictaphone holders", a "post box", or a "megaphone" of the most powerful groups in the society (Medija Centar 2005). The lack of self-confidence seems to be widespread across professional ranks. A majority of journalists today have "given up on the belief that they can make change in society or can influence anything".

An extensive literature on the position and work of journalists rarely touches on the crucial issue – to what extent are journalists today the victims of the existing structures and relations that undermine free, critical and responsible journalism and to what extent are they part of these structures allowing them to persist through their own behaviour? This text aims to identify conditions of journalistic work that influence the ability of journalists to confront relations and practices which instrumentalize the profession for particular group interests. It partly rests on interviews conducted with ten journalists from different media across Serbia who testified about their professional experiences and challenges in everyday work.⁵⁷

5.1

A PROFESSION IN CRISIS

Nominally, Serbian journalism rests on a liberal concept of a profession in the service of the public interest protection. However, empirical realities are far from the ideals of providing credible and balanced information, giving voice to a variety of views and holding public institutions accountable. Journalists do not only lack tradition of journalism as the fourth estate but also lack safeguards for media autonomy that will enable them to fulfil their public interest role.

The 2012 study of media, based on indicators of the Council of Europe for the assessment of media freedoms, demonstrated that the Serbian media system drastically fails in four areas – media economy, independence of media from political influences, labour-related and social rights of journalists and their safety (Matić 2012a). Journalists do not hold themselves responsible for these constraints to their profession, imposed from outside. However, self-critical assessments are rarely heard in their conversations about the state of the profession in regard to a whole set of factors that determine the quality of professionalism, such as professional self-organisation and self-regulation, collective protection

of journalist rights based on professional solidarity, creation of a favourable micro-climate in newsrooms and stimulation of professional achievements, self-education and upgrading of personal capacities. Another missing spot in conversations about the profession are structural changes in journalism as a social institution brought about by the development of new communication technologies (Milivojević 2011a). Journalists in Serbia are still occupied with finding solutions for problems typical of the 20th, not the 21st century.

5.1.1

EXTERNAL CONSTRAINTS

A majority of journalists singles out a poor economic and social protection of the profession as the key limiting factor in the performance of their important societal roles. Research insights into the labour rights of journalists indicate that their economic position is the biggest victim of the media system transition in the past decade. Main elements of the unfavourable position of journalists have been persistent for a long time: job insecurity, small salaries, poor health care and retirement insurance, low social prestige. An average journalist's monthly wage is about 300 euro, lower than the country's 2012 average of 415 euro. There are neither general nor separate collective agreements valid for media professionals. Collective agreements with individual employers exist only in some large public companies. Journalists work a lot, get their pays irregularly, live under high stress and pressure; they are frustrated, worried about their future, forced to take additional jobs outside journalism (Milivojević 2011b). Many journalists wish to change profession, most often because of a low pay.⁵⁸

The low economic status of media professionals severely undermines freedom of media. With a prolongation of the economic crisis, journalists more often talk about a "collapse of the profession" and warn that its present-day position is worse than ever in the past decade. It stimulates obedience, "do-not-make-waves" approach, self-censorship and apathy among journalists. As critics point out – journalists with unprotected labour and social rights cannot be expected to protect the public interest.⁵⁹

Another factor undermining the sense of public interest responsibility is a poor protection of journalists' safety. Three journalists were murdered in the past 20 years, and only in the case of Slavko Ćuruvija, killed in 1999, one of alleged perpetrators was arrested in December 2013.⁶⁰ Four journalists were under 24-hour police protection in 2013, some of them since 2005, others since 2009. In December 2013, four serious attacks on journalists and threats were recorded, and three in November. In 2011, the media reported nine physical attacks on journalists and eighteen threats to their safety. Attacks and threats came from hooligans and bodyguards but also from state officials, party leaders, directors of state-owned companies and sports officials.

Severe constraints to professional work are also created by constant pressures coming from outside the newsrooms. They take a wide variety of forms: cuts in subsidies or other forms of financial aid, cancellation of advertising contracts, personnel lay-offs and replacements, stop of information flow, prevention of attendance at public events, inspection visits, favouring of competition, lawsuits and court rulings.⁶¹ Demands by sources of pressures are rather direct – “to publish, and more often not to publish certain information,” “to change information or deny it,” “to avoid dealing with certain topics and persons,” “to run a negative campaign against someone,” “to assign information to anonymous sources,” but often take the form of advices on the most suitable approach in the coverage of specific issues for achieving a “greater good.” Pressures on national media most often come from the top positions of power (“cabinet of the state president,” “media advisor of the state president,” “people in charge of media in all kinds of state agencies,” “mayor of Belgrade”), from ruling and opposition parties, businessmen and PR officers of advertisers. Local media are exposed to pressures from local authorities, high party officials, directors of public companies, local businessmen, “police officers and criminal groups through their contacts in politics, business and police.”

Safety risks and the persistence of the “culture of pressure” are strongly shaking journalists’ belief in the possibility of media autonomy and independent journalism in the framework of Serbia’s “consolidated non-consolidated democracy.” Moreover, they make journalists believe “that the extent of journalism independence does not depend on them.”

5.1.2

JOURNALISTS’ SELF-ORGANISING

Although difficult and deteriorating, the economic position of journalists has not stimulated them to defend their labour rights through trade unions. Partial data indicate that about 10 percent of journalists are members of trade unions.⁶² Trade unions exist in 22 percent of news media outlets (Matći 2012a, 44), solely in state media and in some privatized outlets. They are absent in foreign-owned media.

Journalists’ self-organising also yields humble results as regards the protection of professional rights and building of a strong collective professional identity and solidarity.

Journalists are organized in two national professional organisations - the Association of Journalists of Serbia (UNS) and the Independent Association of Journalists of Serbia (NUNS). They protect professional rights by various activities. They record all forms of violations of media freedoms, especially physical attacks, safety threats, harassment and discrimination of journalists, point to perpetrators and require reactions from relevant state bodies. They provide free legal assistance to journalists, especially in court trials. Also, they monitor the respect of the Professional Code and warn of drastic violations of professional ethics, organize trainings for journalists and studies of professional issues, etc.

Despite numerous activities, professional organisations UNS and NUNS, with regional associates (like Independent Association of Journalists of Vojvodina, NDNV) failed to develop a strong professional identity of journalists and professional solidarity based on common understanding of societal roles of journalism. Journalists pursue different occupational ideologies, despite a common ground provided by media legislation. Media laws treat the media independence as indispensable for fulfilling the public's right to know about issues of public importance and participate in democratic processes. Some journalists accept these normative predispositions and wish for media to become the guardians of the public interest, controllers of the government and institutions free of personal, political or corporate agendas. Others, however, view the media as important agents of state-building and nation-building. They hold that elections give legitimacy to the government's versions of reality, since media could never be equally accessible to all competing social actors and interests. In addition to the separation of "journalists" from "propagandists," a new divide has recently developed between "journalists" and "sensationalists." The latter became evident with the development of tabloid press and commercial television. They perceive the media as a commercial business; their main task is to attract as wide audience as possible and get a profit, regardless of social consequences of violation of ethical rules, which they consider unnecessary.

One of major reasons for the failure of UNS and NUNS to unite journalists behind a common understanding of professional responsibilities is an antagonistic relationship between them that originated in the 1990s and persisted for many later years. The split between UNS and NUNS followed a split between "regime-controlled" and "independent" journalists in the Milošević regime. The former acted as propagandists of the regime's policies. They developed a model of "patriotic journalism," which allowed most severe forms of violation of elementary professional norms for the protection of state and national interests. Among the "independent" there existed two groups – those that fully sided with the political opposition and those who, under extreme conditions, tried to adhere to professional ideals of detachment, balance, and diversity of opinion, promoting a change of the regime to a democracy. UNS supported patriotic journalism. Independent journalists left the organisation and formed a new one, NUNS in 1994. In 2000, UNS had 1,514 members and NUNS had 1,410, while about 3,000 were not members of any association.⁶³

Polarisation between UNS and NUNS persisted long after the regime change in 2000 and after eight leading figures that supported war-mongering and patriotic journalism were expelled from UNS. The two organisations continued to operate separately and still have different stands on a number of issues, particularly on the role of journalists during the 1990 wars. For example, NUNS filed charges with the Prosecution for War Crimes against journalists of some media for inciting war crimes in 2009, resulting in preliminary

investigation by the Prosecution. UNS is strongly opposed to putting journalists' conduct in the framework of war crimes, calling it a witch-hunt and restriction of media freedom. It offered free legal assistance to any journalist related to NUNS' charges.

Political polarisation as well as small capacities of professional associations to influence significantly the protection of journalist professional rights stimulated a low journalist's interest in membership. In 2007, 61 percent of surveyed journalists were not members of any professional association.⁶⁴ In November 2013, UNS had 2,295 members who paid membership fees, while NUNS had 3,293 registered members. Some journalists are members of both organisations.

A number of journalists think that UNS and NUNS, politically opposed since the 1990s, contribute to further divisions among journalists. Both organisations are often criticized by non-members for disregarding professional issues ("Neither is primarily concerned with the problems of the profession") in favour of political ones ("I left the organisation when it became 'a wing' of certain political circles") and for a strong political colouring of their agendas.

The divided journalist community accepted a common Professional Code as late as 2006. However, a significant progress in professional self-organising and overcoming antagonistic interactions took place in 2010-2011, when UNS, NUNS and NDNV united with media associations – Association of Independent Electronic Media (ANEM) and Association of independent local print media (Local press) – and established an informal organisation, the Media Coalition. This organisation produced a common platform in the process of formulation of the Media Strategy, a strategic document for a new wave of media reforms. In a long-lasting debate on the Media Strategy, the Media Coalition took common stances and defended the interests of journalists in negotiations with the government that formulated the Strategy.

Professional organisations managed to unite their efforts because the need for media reforms stands high on their agendas. Both UNS and NUNS see media reforms as essential for the change of the position of journalists and a higher degree of collective professionalisation. They both treat the state as the main obstacle to media transformation.

Yet, even united, professional organisations have no effective power to protect the rights of journalists – "they can only bark, i.e. issue press releases." Their releases are not even published by a majority of media. They did not manage to unite journalists in support to reforms proposed by the Media Strategy. Their pro-reform orientation caused a new split and antagonism between supporters and opponents of state ownership in media that goes across the already existing divisions.

The orientation of the profession towards self-regulation is still weak. Self-regulatory mechanisms are in the early phase of development. The sole self-regulatory body, the

Press Council, was established in 2009, but became operational only in 2011, due to the lack of finances. The Press Council deals with complaints regarding the respect of the Professional Code in 79 media outlets which are its current voluntary members (13 dailies, 27 magazines, 34 local newspapers, 2 news agencies and 3 web portals). Its sanctions are moral: a media outlet in breach of professional ethics is obliged to publish the decision of the Press Council that violation has taken place. In the first year of work, the Council received 38 complaints and about 60 in the next, which shows an increase in its credibility. However, the Press Council is financially unsustainable. It depends on foreign donations. Media owners did not show readiness to help the work of the Press Council financially and contribute to the development of the industry on strong professional grounds.

5.1.3 NEWSROOMS' CULTURE OF PROFESSIONAL INTEGRITY

Journalists' descriptions of their work atmosphere demonstrate that their newsrooms rarely play a strong positive role in the development of professional integrity. In the absence of legal regulation specifying the owners', managers' and editors' domains of authority, and institutionally weakly protected conscience clause (the right of journalists to disobey a work order which violates professional rules), the newsroom professional culture is built on collective values, tradition, social composition of employees and their social relationships. It is determined by the way editors are elected, other journalists are employed, journalists are protected by their superiors from outside pressures and the way professional achievements are valued. Only rarely, however, these elements create a professional climate that strengthens the professional ethos.

While the interviewed journalists thought that journalists can resist instrumentalisation "only if they are backed by a brave editor-in-chief, who is backed by a brave director," a majority of them admitted that they have no say in the selection of editors. Newsrooms have not managed to establish a practice of selecting editors-in-chief on the basis of their professional competencies. This is a practice only in media outlets owned by journalists. Journalists describe their editors at best as experienced but unmotivated or slow in accepting any change. Some editors "get scared in front of their bosses and are reluctant to watch the backs of their colleagues" or are "often prone to self-censorship." In the worst case, editors are direct backers of outside political interests: "With the appointment of a new editor-in-chief, my paper became a mouthpiece of the ruling party. Its main purpose is to act against the opposition parties. Other editors were selected for their closeness to the new editorial line."

The appointment of "politically appropriate" managers and editors-in-chief is a regular practice in media in state ownership. Not rarely a change of parties in power brings the appointment of a new editor-in-chief and a change of the editorial line, along with the

employment of new journalists, who are awarded for their contributions in serving the party interests. In extreme cases, the employment of new staff follows party quotas, according to their participation in the ruling coalition. Newly appointed directors and chief editors, easily replaceable, serve as a direct channel of political influence on media products in line with the interests of those who appointed them.

In the majority of private media as well, editors in chief are intermediaries between the owners and journalists, protecting the interests of owners rather than those of journalists. With owners-employees relations prevailing being of financial nature, owners are able to keep in strategic positions those individuals who, in their judgment, best serve their needs. Instead of defending journalists against pressure, editors who are appointed because of their “instrumentalisation capacities” become the source of pressure on journalists. They, for example, openly tell the journalists “which topics and persons are not allowed to be tackled.”

Generally, journalists do not know much about the way their editors and owners deal with most severe pressures. These matters are not widely discussed in the newsrooms, but “can be heard through the grapevine.” Journalists speak with respect about editors-in-chief of *TV B92* (Veran Matic) and daily *Politika* (Ljiljana Smajlović) who resisted the pressure from the most powerful businessman Miroslav Mišković at the cost of a substantial loss of advertising revenues. However, they are aware that very few media can afford financial losses of this kind.

By journalists’ accounts, the micro socio-professional environment of journalistic work is a source of integrity risks rather than its defence. It has lost its positive socialising functions. Editors-in-chief are rarely a role-model. More experienced journalists have no time to work with younger ones. Competition-based relations among journalists prevail over team-based work. The system of awarding professional achievements is ineffective because salaries are small (“The financial award or punishment is about 10 euro”) or not regularly paid. Some newsrooms reward the exclusivity of stories, not their quality.

5.2 DETRIMENTAL MEDIA PRACTICES

Journalists are fully aware of practices detrimental for their professional integrity. The interviewed journalists listed a long string of negative practices used in their newsrooms, such as “limitation of reporting to a mere stating of facts and statements,” “fear that revealing the background and causes of events will make someone angry,” “fear of losing a big advertiser or making the ruling party angry,” “surrendering to outside pressures,” “hidden advertising,” “not giving a chance to the other side to be heard if it differs from political views of the editor-in-chief,” “sensationalist reporting.” In most cases they noted that their potential to change these practices is small, most of all because of financial incapacity.

For a great number of journalists, the media whose practices are most detrimental for public interest and also for reputation of journalism are tabloid newspapers.

Two tabloids, *Informer* and *Kurir*, stand out among the tabloid papers in the present and past for their manner of covering the official fight against crime and corruption. They often announce the arrests of accused persons before the arrests actually happen and bring various kinds of details about charges before these are officially released. Even more, the publishing of news on future arrests or official charges is preceded by defamation campaigns that may last for days, even weeks, in a row. In recent times, particularly extensive defamation campaigns in two tabloids were run against several officials of the former government led by the Democratic Party and several businessmen, including the richest one, Miroslav Mišković. The campaigns are designed in such a way that the tabloids act as prosecution bodies, take the role of courts by pointing potential sentences for persons in question and simultaneously perform important political roles: they mobilize public support for the actions of the government, stimulate popularity of the person in charge of anti-corruption actions, Vice Prime Minister Aleksandar Vučić and his party, and foster a negative image of the opposition Democratic Party.

Vučić on several occasions claimed he had nothing to do with the coverage in *Informer* and *Kurir* and praised their behaviour as typical of the free press. In journalists' circles, however, tabloid campaigns are referred to as "tabloid lynchings." They are based on anonymous sources within government bodies, sensationalist wording and unconfirmed information that often turns out to be untrue. It is widely accepted that the two papers get the leaks about future arrests from institutions or individuals in charge of criminal investigations and that their role is carefully planned. Professional organisations criticize the practice of the two tabloids for violation of professional rules and for establishing a model of unprofessional behaviour as a desirable and useful one in an effective fight against crime and corruption.

The 2013 annual report by the Ombudsman Saša Janković indicated the leaking of confidential information in possession of state officials to "certain, always the same media" as a problematic practice. He referred to information from ongoing investigations, personal data, and information from private lives "which can be accessed only by systematically and deeply encroaching on privacy and databases, which are kept by certain state bodies for very specific purposes."⁶⁵ In his view, tabloidisation of media got a new swing during 2013 and grew into "tabloidisation of the state."

The Ombudsman's report pointed out two additional media-related problems characteristic for 2013 – "constant pressures and influences on media from political and state circles of power" and self-censorship. Both are difficult to check and prove, and even more difficult is to pinpoint which one of the two compels the media to omit reporting on

some important and influential social issues. One such example is a scanty coverage of the problems related to 2013 local election in communities with majority Serb population in Kosovo, which was part of the Brussels Agreement for normalisation of the relations between Serbia and Kosovo. Especially scarce was the coverage of the Kosovo Serbs' reactions to this agreement, while negative reactions were almost never heard. Political analyst Slobodan Antonić testified in a TV show on *B92* in March 2014 that his name was on the list of political analysts who should not appear in live debate programs on public service broadcaster *RTS* because of his critical stance on the Brussels Agreement. In an interview for this study, a TV journalist said that a story on Kosovo Serbs, in which one of collocutors said he did not feel secure, was waiting for 45 days to be broadcast, because of an editor who feared to include it in the program. Another important issue that was omitted in media reporting was a conflict between Minister of Economy Saša Radulović and Vice Prime Minister Aleksandar Vučić. Radulović became Minister in September 2013 as an economic expert not belonging to any party, following a call from Vučić. Radulović resigned in January 2014, on the day it was clear that the strongest ruling party, SNS, would demand extraordinary parliamentary elections. In his resignation letter, Radulović criticized the government for obstructing the plan for economic reforms it had adopted and named the office of the Vice Prime Minister Aleksandar Vučić the main hindrance to reforms. A majority of media published the text of Minister Radulović's resignation, which was posted at the website of the Ministry of Economy, but after that the media door was closed for him and his criticism of the government and Vučić in particular. Except for several interviews with Radulović immediately after resignation, there was no significant analysis or investigation of the conflict, its causes and consequences. Radulović appeared in the media again in March 2014 during the election campaign, as a head of a group of citizens competing in the elections, when he said that the direct and indirect pressures on media during the campaign were similar to media censorship of the nineties.⁶⁶

5.3

CONCLUSIONS

The analysis of structural and institutional constraints of journalistic work points to the insufficient capacity of journalists to oppose relations that prevent them from serving as a democratisation force. Due to a highly unfavourable economic environment, but also the journalists' inability to unite and effectively defend their professional interests, the media are captured by much more powerful political and economic actors. Re-arrangement of the media system, which would enable conditions for the economic sustainability of media business and regulation of financial flows to the media which could provide them some economic independence, along with a more effective self-organising, seem to be the only solutions for rescuing the profession from the current crisis. Judging by the way the

media reforms outlined in the Media Strategy are implemented, a necessary change will not come easy and will not come soon.

In the meantime, journalism can survive and develop only owing to individual enthusiasm and rising of individual capacities for defending the professional ethos. There are many proofs that the forces that bring desirable changes are individual capacities and individual beliefs that what journalists do and can do matters. One of such proofs are the authors of the B92's investigative TV program *Insider* (*Insajder*). In a recently published book *Insider – My story*, the editor of this program, Brankica Stanković, described how her team of just two persons (Miodrag Čvorović and Mirjana Jeftović) managed to produce a highly demanding, investigative TV serial, which repeatedly shocked Serbia and documented real causes behind many social problems. *Insider* was the first to provide credible and multi-layered explanations on many topics: how the tycoons acquired their wealth during the 1990s, the period of the international isolation of Serbia and economic sanctions; problematic privatisation cases and systemic corruption in the state that made tycoons even richer; corruption within the judiciary and “judiciary mafia;” the background of the assassination of Prime Minister Zoran Đinđić and operations of special unit forces that organized the assassination; cigarette smuggling; “football mafia;” causes for a systematic failure of the police to solve the problem of sport hooligans; business malpractices in the coal production company Kolubara; financial frauds in the governmental policy of helping Serb population in Kosovo, etc. Some *Insider* serials prompted the government to take measures against perpetrators of crimes revealed by *Insider* journalists.

Insider has become a symbol of investigative journalism and the team and Brankica Stanković received many journalistic awards. At the same time, she was constantly exposed to harassment and threats, so in 2009 she was given a permanent police escort that continues to this day. Stanković explains in the book that her only motivation was to explain to the audience the things that it deserves to know because they affect their lives. The journalistic team of the *Insider* had no special benefits, in terms of special work conditions or a good pay, or special technical conditions, or other forms of assistance, except for the unreserved support by B92's management and editorial board. *Insider* earned popularity and respect owing to a painstaking work of journalists, who insisted on checking every piece of information, on searching for right sources for a long time, on investigating every aspect of the story while not fretting over who might be enraged by their revelations. During the work, Brankica Stanković invested a lot of effort in increasing her knowledge of investigative journalism and never stopped believing that her work was important. Despite dangerous circumstances of work, she managed to expand the journalistic team of her famous program and include young journalists.

Insider's success and its high reputation both among the audience and journalists shows that free and high-quality journalism in the public interest is desirable, respected and possible.

6

GENERAL CONCLUSIONS

More than a decade-long media reforms in Serbia have not created conditions for the development of media as an institution of democracy. The Serbian media are the captives of the system of funding that makes them dependent not on the audiences who they are made to serve but on the financial sources located outside the media market – business and political groups – who have their particular interests. Economic levers are in the hands of political lords, who still control the major economic processes in the country. Political lords are the ones who prevent the establishment of a functional market, favour non-transparent media ownership that allows them to make informal alliances with media owners for the sake of pursuing their common interests, corrupt the advertising market by making alliances with marketing agencies and obstruct transparency in the formation of media policy. None of the democratic governments that succeeded the autocratic regime of Slobodan Milošević in 2000, was ready to abolish the state ownership in media as an institutionalized form of political influence on media, and none restrained from limiting the democratic potential of new institutions in the media system established as part of the process of European integration, such as a broadcasting regulator and public service broadcasters.

Journalists have little power to resist structural dependences and so far have not found an ally in their struggle for autonomy, except in a weak civil society. The media system has to be re-reformed in order to allow space for the development of free and pluralistic media that will have a sense of public responsibility.

MEDIA POLICY

- (1) The government and National Assembly of the Republic of Serbia should, without further delay, ensure the full implementation of the Strategy for the Development of the Public Information System (the “Media Strategy”) and observe the still attainable deadlines of its Action Plan.
- (2) The new media legislation envisaged by the Media Strategy should primarily ensure as follows:
 - a non-discriminatory business environment ensuring equal development opportunities for all media;
 - transparency of ownership and prevention of media ownership concentration in order to stimulate media pluralism;
 - neutrality, fairness and transparency in all forms of state aid, its allocation through public competitions under equal conditions for all media supervised by an independent and non-partisan commission;
 - financial and political independence of broadcasting regulatory authorities, to ensure their efficiency, transparency and accountability;
 - an elaborate merit system for the election of members of regulatory authorities and governing bodies of public service broadcasters;
 - financial stability, financial independence and editorial independence of public service broadcasters, transparency and accountability of their work;
 - a mechanism for editorial policy independence of all media;
 - safeguards for journalists' safety.
- (3) The government and National Assembly of the Republic of Serbia should, without further delay, draft and adopt a new Advertising Law that will be compatible with principles of the Media Strategy.
- (4) The National Assembly’s Culture and Information Committee should organize annual discussions on the situation of media freedoms in the country.
- (5) The Ministry of Culture and Information should elaborate a democratic and transparent procedure for drafting media legislation that involves all relevant stakeholders. A public hearing of a draft law in the Serbian Parliament’s Culture and Information Committee should be part of this procedure. A drafting process should be preceded by analytic studies of relevant issues.
- (6) The Ministry of Culture and Information should establish regular channels of dialogue with relevant stakeholders that will effectively influence its agenda.

- (7) The Republic Broadcast Agency should introduce public hearings as a method of its work, with participation of all relevant stakeholders. Public hearings should be mandatory before RRA makes final annual plans of work, before it submits annual reports of work to the parliament and before RRA takes decisions concerning media with national frequencies.
- (8) The Republic Broadcast Agency should increase its capacities for making qualitative analysis of trends in the media sector and studies of the effects of its regulatory decisions.
- (9) The Republic Broadcast Agency should make qualitative assessments of the fulfilment of PSB remit by *RTS* and *RTV* (for example of political neutrality, pluralism of voices and ideas, coverage of activities of CSOs, satisfaction of needs of ethnic minorities).

MEDIA OWNERSHIP AND FINANCES

- (1) The Commission for Protection of Competition should make a study of concentration trends in the media market on the national and regional level as soon as possible.
- (2) The Ministry of Culture and Information should provide clear by-laws for privatisation of the remaining state media. Journalists should be assisted to become media owners by reduced taxes for media enterprises in their ownership for three years after privatisation.
- (3) The Ministry of Culture and Information should create a database on all relevant aspects of the media industry, that are currently unknown.
- (4) State aid to media should support long-term development of quality news content.

PUBLIC SERVICE BROADCASTING

- (1) Governing bodies of public service broadcasters should make annual plans on the fulfilment of the PSB remit, including clear financial and programming activities and measurable goals. These plans should be presented to the audience and should be a reference in the assessment of the work of public service broadcasters by the Republic Broadcast Agency.
- (2) Governing bodies of public service broadcasters should launch a campaign on educating the audience on the unique nature of public service broadcasting and on the importance of licence fees as its major source of revenues. An element of the campaign should be regular reports to audiences on the way subscription fees are spent.
- (3) Governing bodies of public service broadcasters should use the existing research capacities of *RTS* and *RTV* and launch regular and extensive surveys of citizens' expectations about public service broadcasters. They should also take measures to increase effective communication with audiences and analyze the audience feed-back on the programming.

JOURNALISTS AND JOURNALISM

- (1) Professional journalists' associations should launch a public campaign for the promotion of socially responsible journalism, coordinated with the already launched campaign against harassment of journalists. It should involve public discussions with all relevant stakeholders, especially representatives of the audience.
- (2) Broadcast media, owners and journalists should establish a self-regulatory body for monitoring respect of the Professional Code in broadcast media. It should be financed from licence fees paid by broadcast media.
- (3) Professional organisations should initiate talks with media owners in order to find a way for financing the Press Council, the only self-regulatory body.
- (4) The government should initiate a process for signing a collective agreement for media industry workers that should protect the rights of all sides.
- (5) The Media Coalition (an informal organisation of several journalists' and media organisations) should initiate efforts to establish a new National Trade Union of Journalists, not connected to any existing professional organisation, free of political agenda and aimed exclusively at the protection of labour and social rights of journalists through collective agreements and labour agreements with media owners. The new trade union could engage volunteers, retired journalists with high professional reputation, as promoters of the initiative. The new trade organisation should apply for initial funds with foreign donors, especially the EU funds and ask for help from foreign media owners.
- (6) Training programs should be focused on the media management and marketing.

CIVIL SOCIETY, ACADEMIC RESEARCH AND INTERNATIONAL SUPPORT

- (1) Civil society organisations, as the authentic ally of media working in public interest, should increase their capacity of overseeing media policy mechanisms and representing the voice of citizens.
- (2) Civil society organisations should examine the reasons for low effects of participation of citizens' and CSOs' representatives in the work of the regulatory body and in counselling bodies of public service broadcasters, and formulate concrete proposals to improve them.
- (3) A strong academic centre specialized for media research should be established, with the help of the Ministry of Culture and Information, university institutions, media industry and donors.
- (4) International organisations should provide support and financial assistance to news media in Serbia, especially those that practice socially responsible and investigative journalism.

ENDNOTES

- 1 Rade Veljanovski, an expert and a prominent member of civil society groups that pushed for initial reforms in 2002-2004, testifies that in the early 2000s the authorities “did not know at all what to do with the media market and an enormous number of state-owned media, nor did they have any knowledge about European standards they pledged to adopt” (interview on 7 October 2013).
- 2 This is a conclusion of Dragana Solomon, former head of the Media Department of the OSCE Mission to Serbia, stated in October 2013, after seven years of dealing with media reforms in Serbia. Source available at: <http://nuns.rs/info/news/20252/nema-vizije-kako-ce-izgledati-mediji.html>. Accessed 15 October 2013.
- 3 Interview with Independent Journalist Association of Serbia’s chairman Vukašin Obradović on 30 October 2013.
- 4 In the late 1990s, between 900 and 1,200 broadcasters operated in Serbia. In 2000, their number was estimated at 580 and in 2002 at 758 (Matić 2012a, 97).
- 5 This was the case with amendments to the Broadcasting Law in August 2005 and in July 2006, amendments to the Public Information Law in August 2009 and with adoption of the Law on Self-governments and the Law on Capital City in 2007.
- 6 The national news agency was exempted from privatisation on the very day the law that stipulated mandatory privatisation for all the media was adopted (2003). Unconstitutional amendments to the Law on Public Information were submitted for the adoption procedure without relevant institutions or the public being acquainted with them (2009). A fully prepared bill on media concentration was withdrawn without any explanation (2009). In consultations on the Media Strategy (2011), the political party of the minister obstructed some of the solutions in the draft proposed by the Ministry of Culture (Savović 2013).
- 7 The preparation of the Media Strategy was the only activity that included some kind of expert analysis (funded by the EU). The analysis of the media industry, however, was not thorough enough to be of help in drafting the document. The broadcasting regulator has recently improved its analytical capacities, but its analyses are usually only quantitative and are not used as a basis for adequate regulation measures.
- 8 State-owned media persist regardless of financial losses they make. According to official balance sheets, public broadcaster *Studio B* (Belgrade) made a loss of about 13 million dinars in 2012; *RTV Kragujevac* made losses of 8-10 million dinars in each of the last three years. In 2008-2011, a Niš-based daily *Narodne novine* received two thirds of budget funds earmarked for 10 local private media, seven times more than TV 5, known by its critical stand towards the local government. Source available at: <http://www.juznevesti.com/Istrazujemo/Niski-mediji-pod-kontrolom-vlasti.sr.html>. Accessed 27 January 2013.
- 9 In a 2011 survey, 77 percent of citizens considered the traditional news media manipulative and unrealistic. Source available at: http://business.benchmark.rs/biznis_vesti/graani_srbije_imaju_najvishe_poverenja_u_vesti_na_internetu. Accessed 25 January 2013.
- 10 In 2009, founding rights in the media of ethnic minorities were transferred from state bodies to the councils of ethnic minorities, which are dominated by political parties of ethnic minorities. Founding rights include appointment of managers and interference in editorial policy through them.
- 11 For example, several new media offences were introduced and fines for some already existing offences were increased manifold so that they could lead to closures of fined media outlets. Violations of some professional journalist norms, such as the presumption of innocence and the protection of juveniles, were qualified as commercial offences and the authority to judge them was given to commercial courts, which had never before dealt with cases related to media operations.
- 12 The official explanation of legal changes was that they were designed to introduce a higher degree of responsibility in public discourse. The actual reason was the intention of the G17 political party to curb persistent negative coverage of its leader and Minister Mladan Dinkić in the tabloid *Kurir*,

- which indeed involved severe violations of ethical norms of journalism.
- 13 A prominent media owner used to be businessman Bogoljub Karić but he left the country in 2006, after being accused of economic crimes.
 - 14 Research on media ownership in Serbia was part of a broader research on the effects of ownership structures in 18 post-communist countries in Europe (Petković 2004).
 - 15 The procedure for identifying broadcast media owners is not prescribed in law. The regulatory body set up the procedure and opted for registering only legal persons, not the individual owners behind them. A special Register of Public Media, which was introduced in 2009, was declared unconstitutional a year later. The creation of a new register is expected in 2014, while the media are not obliged to register in the existing one. Data in the Register are inaccurate and obsolete.
 - 16 “Members of the Media Association did not participate in public consultations on the bill. They asked for a meeting with the drafting group. At the meeting, they did not propose any changes to the provisions in the bill. They were against the bill en bloc. The President of the Association, Manojlo Vukotić, director of Novosti Company, told us: ‘I can assure you that this will never be adopted’. They worked behind our back and put a pressure on the government to stop the bill” (interview with Rade Veljanovski, head of the drafting group, 24 December 2013).
 - 17 An average private local TV station has one available crew for following daily events, while a public station has three (interview with the chair of the Association of Local Print Media “Local Press” Snežana Milošević on 25 December 2013).
 - 18 This is Adria Media, established in 2006 by Gruner und Jahr, Sanoma Magazines International and Styria Media Group, a publisher of 12 internationally branded magazines (*Elle*, *Cosmopolitan*, *Burda*, *Men’s Health*, etc.), which sold its assets to a domestic publishing company.
 - 19 The company owns two most circulated paid dailies (*Blic*, *Alo*), the only free paper (*24 sata*), the news magazine *NIN* and several other weekly editions (*Puls*, *Blic Žena*, *Auto Bild*), the most popular news portal *Blic* and other popular portals. Of the twelve publishers of daily newspapers, it was the only financially successful one for several consecutive years, with 15 million euro profit in the last three years
 - 20 Interview with the secretary of the Independent Association of Journalists of Vojvodina, Nedim Sejdinović on 23 December 2013.
 - 21 According to official balance sheets, Beko’s *Večernje novosti* ended 2012 with a net loss of 96.3 million dinars and accumulated the loss of 136 million above the value of capital. Mišković’s *Press* accumulated a loss of 325.5 million dinars before it closed down in 2012. Accumulated losses of Bogićević’s *Politika* in 2012 were 3,900 million dinars above the value of capital.
 - 22 Big businessmen have a predominantly negative image in the public. They usually “earned their first million” during the 1990s, in a war-based and isolated economy with an extremely high inflation rate, owing to murky business operations (smuggling of deficient goods, possession of exclusive rights for import, etc.), when the majority of population was drastically impoverished. They do not boast their business success but keep a low profile.
 - 23 Malbaški, N., “Fokus’ u fokusu, ili šta će biti kada ovi dođu na vlast,” *NSPM*, 4 May 2011. Available at: <http://www.nspm.rs/politicki-zivot/fokus-u-fokusu.html?alphabet=l>. Accessed 14 December 2013.
 - 24 Interview with the chair of the Association of Local Print Media “Local Press” on 25 December 2013.
 - 25 Anastasijević, D., “Dokumenti o nastanku imperije Pinka,” *Vreme*, 18 June 2003. Available at: <http://www.vreme.com/cms/view.php?id=343421>. Accessed 12 December 2013.
 - 26 The press market is not transparent because many publishers do not participate in the auditing regime of the only audit agency (ABC Serbia).
 - 27 Media experts Goran Cetinić, Rade Veljanovski and Slobodan Kremenjak and representatives of the Association of Journalists of Vojvodina (Nedim Sejdinović) and the Association of Local Print Media (Snežana Milošević) were interviewed on the issue of media ownership in December 2013.
 - 28 IREX, Media Sustainability Index (MSI) report, 2012. Available at: <http://www.irex.org/system/>

- files/u105/EE_MSI_2012_Serbia.pdf. Accessed 11 January 2014.
- 29 This is common for other developing countries, as shown by the 2011 WAN-INFRA study on financial viability of media.
- 30 Source available at: http://www.unesco.org/new/fileadmin/MULTIMEDIA/HQ/CI/C1/pdf/IPDC/croatia_report_final.pdf, accessed 6 January 2014.
- 31 Milosavljević, M. and Vobič, I., *Media Landscape: Slovenia*, European Journalism Centre. Available at: http://ejc.net/media_landscapes/slovenia. Accessed 6 January 2014.
- 32 <http://www.abcsrbija.com/blog/newsletter/broj85/newsletter.htm>, accessed 8 January 2014.
- 33 IREX, MSI report, 2013. Available at: http://www.irex.org/sites/default/files/u105/EE_MSI_2013_Serbia.pdf. Accessed 11 January 2014.
- 34 Source available at: <http://www.anem.rs/sr/aktivnostiAnema/AktivnostiAnema/story/14116/IZVE%5%AOTAJ+SA+ANEM-OVOG+OKRUGLOG+STOLA+O+NELEGALNOM+EMITOVANJU+RTV+PROGRAMA.html>. Accessed 12 January 2014.
- 35 TV audience is surveyed (daily) only for national broadcasters, by a sole agency that is also the only source of data on TV advertising market (*Nielsen Audience Measurement*). Radio audience is measured only on a monthly basis, also for big broadcasters. The sole auditing bureau of circulation, ABC Srbija (Audit Bureau of Circulations) did not manage to include all of national daily newspapers in its audit system.
- 36 Source available at: http://javno.skockajtebudzet.rs/index.php?page=project&lab=home&project_id=5&cl=da. Accessed 12 January 2014.
- 37 This percentage was calculated as a share of subsidies and state advertising (45 million euro) in the total advertising market size increased by the subsidies amount (172+25).
- 38 Interview with the chair of the Association of Local Print Media "Local Press" Snežana Milošević on 2 February 2014.
- 39 Source available at: <http://www.taboomagazine.org/code/navigate.asp?id=17>. Accessed 15 January 2014.
- 40 Šetić, V., "Todorić diže ruke od Đilasa," *Akter*, 10 February 2013. Available at: <http://akter.co.rs/weekly/32-ekonomija/30420-todori-di-e-ruke-od-ilasa.html>. Accessed 15 January 2014.
- 41 Obradović, S., "Država I medijska reforma," *NUNS*, 4 July 2013. Available at: <http://www.nuns.rs/reforma-javnog-informisanja/reforma-javnog-informisanja-prolazno-vreme/19608/drzava-i-medijska-reforma.html>. Accessed 15 January 2014.
- 42 This report was supported by the Open Society Fund Serbia.
- 43 RTV never recovered from the 1999 NATO bombing, when its modern building was completely destroyed and all transmitters damaged. It still does not have adequate technical-technological resources needed for complex operations of a multi-language media outlet.
- 44 The audience accepted very well a new format of RTV, an everyday humours miniature "A state job" which treats critically the mentality of employees in the public sector (1,250,000 viewers were registered on 8 January 2014).
- 45 RTV was a target of several critical attacks by political parties and extreme nationalistic groups during 2013. In May 2013, its Director General resigned. According to focus group participants, his resignation was enforced by political pressure.
- 46 In addition to desktop research, two focus group discussions were held in December 2013 (with seven RTS journalist and with six managers on different management levels from RTV and RTS) and six in-debt interviews (two RTS and two RTV managers, two journalists).
- 47 The Ministry of Culture formed an expert working group to draft amendments to the Broadcasting Law in 2008. However, in summer 2009, another group, acting behind the scene, managed to push through the Parliament highly restrictive amendments to the Public Information Law. The expert group stopped cooperation with the Ministry but continued its work under the auspices of the OSCE. A draft law, after a successful public debate, remains deposited in a drawer at the Ministry until today.
- 48 These are the production and broadcasting of advertisements, production and sale of audiovisual programs (shows, films, serials, etc.), production of other program services (teletext, etc.), organi-

- sation of concerts and other events, and other activities specified by the statute.
- 49 Source available at: <http://www.rts.rs/page/rts/ci/javniservis/story/286/Финансијски+извештаји/67332/Финансијски+извештаји.html> (<http://www.rts.rs/page/rts/sr/javniservis/story/287/Finansijski+izve%C5%A1taji/67333/Finansijski+izve%C5%A1taji.html>). Accessed 9 January 2014.
 - 50 The extremely severe financial crisis in *RTV* broke off in May 2013, after first announcements from government officials that a licence fee would be cancelled. The central government provided assistance to *RTS* only.
 - 51 Commercial operations are more important for *RTS* than *RTV*. In 2010, a ratio of *RTV* licence fees revenues to advertising revenues was 94 to 6.
 - 52 According to the monitoring of *RTS* programming done by the regulator, independent productions accounted for 6.56 percent of its programming in 2012, 6.27 percent in 2011, and 5.99 percent in 2010.
 - 53 See “Programski odbor: Rešiti finansiranje *RTV-a*,” *RTV*, 27 August 2013. Available at: http://www.rtv.rs/sr_lat/vojvodina/novi-sad/programski-odbor-resiti-finansiranje-rtv-a_417034.html. Accessed 9 January 2014.
 - 54 The first director was a journalist Dina Kurbatvinski-Vranješević (2006-2008), followed by a journalist Blažo Popović (2008-2011), and a technical manager engineer Siniša Isakov (2011-2013). The current director is a financial manager Srđan Mihajlović, who served as CEO of Transnafta company and director of Vojvodina Bank.
 - 55 See “Medijska slika Srbije,” *NUNS*. Available at: <http://nuns.rs/reforma-javnog-informisanja/Medijska-slika-Srbije.html>. Accessed 16 November 2013.
 - 56 Source available at: www.novinari.rs. Accessed 14 February 2012.
 - 57 Ten journalists from different media were interviewed during October and November 2013. They included a private news agency, two national dailies (one in mixed and the other in private ownership), a regional daily and a local private paper, public service radio and TV, local private and local public TV, and a private local radio. All quotes in the text not attributed to other sources come from the interviewed journalists.
 - 58 In 2007, 25 percent of journalists wished to change profession. Surveyed journalists perceived their social position as worst among 11 professions, including doctors, teachers, engineers, judges, economists, bankers, lawyers, traders and farmers (*NUNS* and Strategic Marketing 2007).
 - 59 Čabarkapa, D., “Koga štiti Medijska koalicija?” *SRNOS*. Available at: <http://www.sinos.rs/koga-stiti-medijska-koalicija>. Accessed 22 November 2013.
 - 60 This happened owing to intensive work of a special commission, established in 2012 on the initiative of journalists.
 - 61 In 2011, at least on nine occasions journalists were prevented from attending public events by officials who were dissatisfied with their coverage; 34 percent of 240 surveyed news media were denied access to information of public importance; 30 percent received unequal treatment, compared to other media, from the sources of information; 27 percent had their advertising contracts cancelled; 26 percent experienced direct interference in editorial policy. The Higher Court in Belgrade alone received 242 civil lawsuits against journalists (Matić 2012a).
 - 62 Source available at: <http://www.tvojstav.com/results/EeqEAKwRjhmULrW6nvxn/novinari-i-novinarstvo-u-srbiji>. Accessed 17 November 2013.
 - 63 Source available at: <http://uns.org.rs/sr/o-nama/istorijat.html>. Accessed 17 November 2013.
 - 64 Out of all surveyed journalists, 17 percent were members of *UNS*, 16 percent of *UNS* and 2 percent of *NDNV* (*NUNS* and Strategic Marketing 2007).
 - 65 Source available at: <http://www.ombudsman.rs/index.php/lang-en/2011-12-25-10-17-15/3237--2013->. Accessed 27 March 2014.
 - 66 Source available at: <http://www.novimagazin.rs/izbori2014/radulovic-cenzura-kao-devedesetih>. Accessed 27 March 2014.

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LIST OF INTERVIEWS

Rade Veljanovski, professor at the Faculty of Political Sciences, Belgrade, on 7 October 2013 and on 24 December 2013.

Vukašin Obradović, chairman of the Independent Association of Journalists of Serbia, on 30 October 2013.

Nedim Sejdinović, secretary of the Independent Association of Journalists of Vojvodina, on 23 December 2013.

Snežana Milošević, chair of the Association of Local Print Media, on 25 December 2013 and on 2 February 2014.

Goran Cetinić, media economy expert, on 3 January 2014.

Slobodan Kremenjak, media law expert, on 29 December 2013.

10 anonymous journalists from: a news agency, two national dailies, a regional daily, local newspaper, public service radio, public service TV, two local TV stations, local radio station.

2 anonymous managers from *RTS*.

2 anonymous media managers from *RTV*.

2 anonymous journalists from public service broadcasters.

FOCUS GROUP DISCUSSIONS

7-member focus group with journalists of *RTS*, Belgrade, 14 December 2013.

6-member focus group with managers of *RTV* and *RTS*, 21 December 2013.