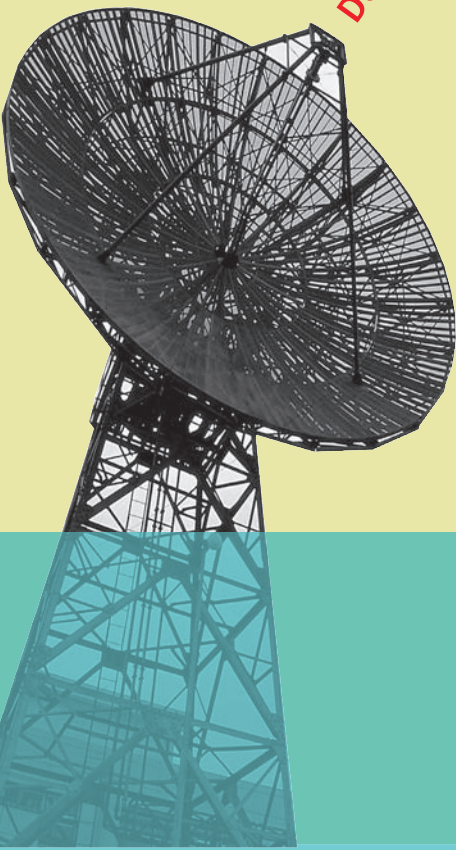


MEDIA SUSTAINABILITY INDEX

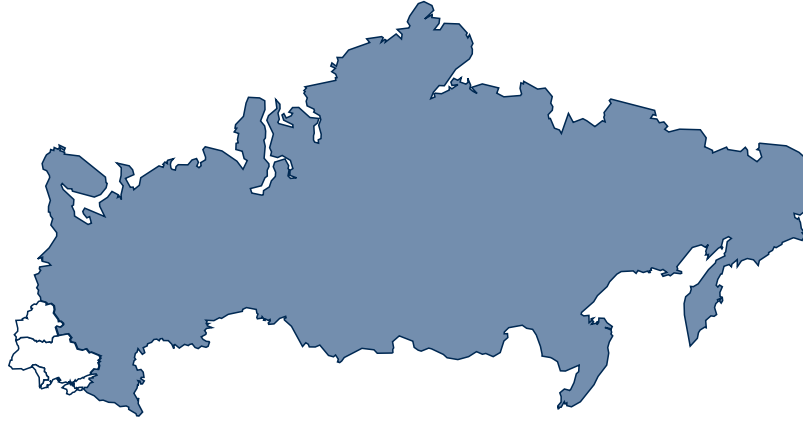
2003

Development of Sustainable Independent Media in Europe and Eurasia





“In Russia, there is a thin layer of truly independent media,” said one panel member. **“They include some regional publishing houses and several broadcasting companies. Competing in difficult conditions with state-run and corrupt media, independent companies have managed their business using the best Western practices and adapting to a Russian context. This has been the only way to survive.”**



Introduction

The Russian media situation has some stability, but not enough to give advocates of a strong independent media much comfort. As measured by the panel members, little changed for the worse during 2003—but neither did the threats recede.

Some observers suggested that Russia simply adjusted to the limits of a mixed state and non-state media, with obviously highly politicized media at one pole and some professional independent media struggling to emerge at the other. This situation allows some to pretend and others to believe that, as the Russian saying goes, “both the wolves are fed and the sheep are safe.”

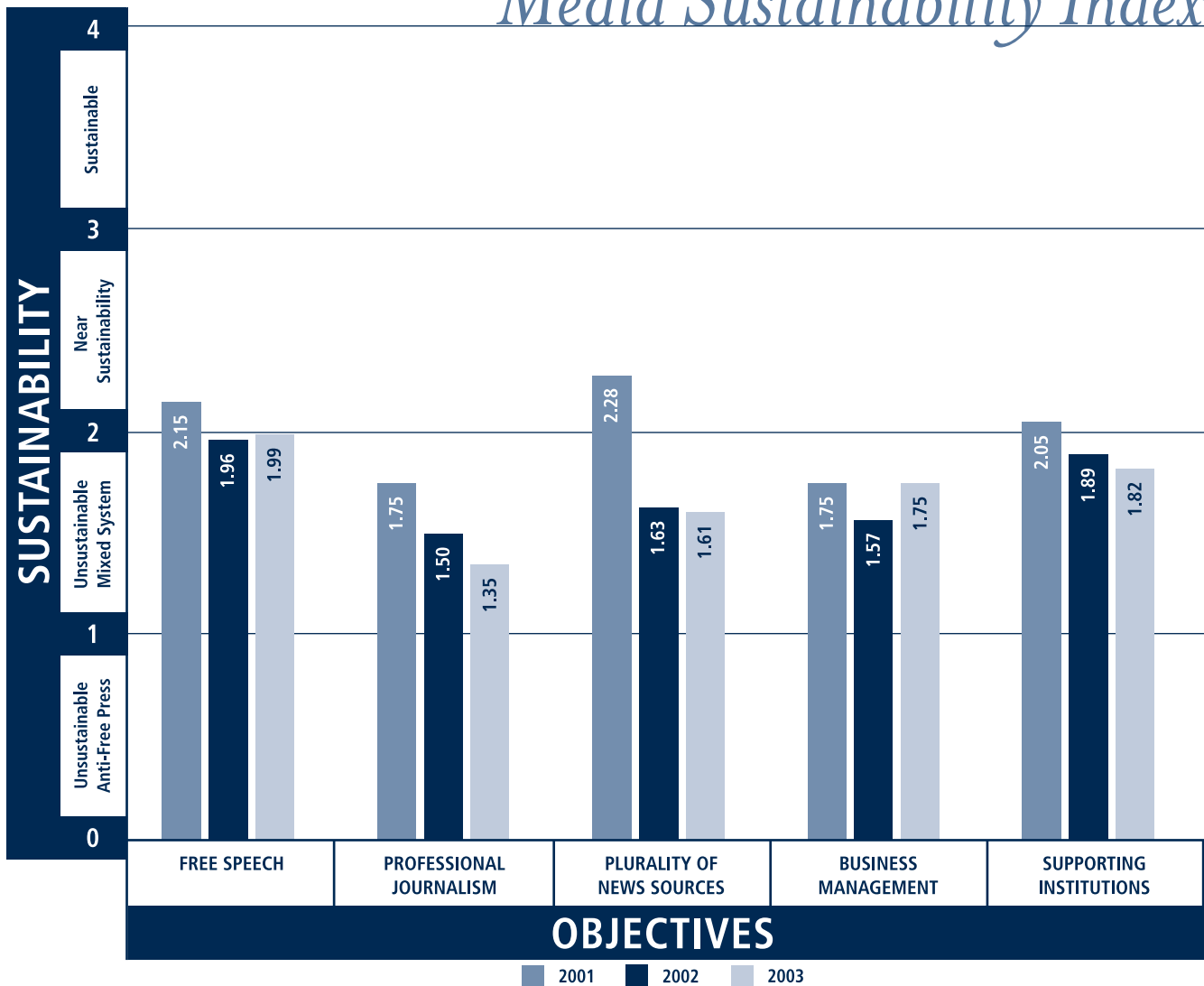
There was muted reaction when the last quasi-independent national television station was shut down, ostensibly for its business failings. There was virtually no action after the second successive editor of the *Togliatti Review* in southern Russia was murdered. Important elections were conducted without assertive coverage of the records of incumbents or candidates. Conflict in Chechnya continued largely out of sight of journalists. Some activists and foreign observers cautioned that information was increasingly being manipulated by the state as part of an overall retreat from democracy, but there were few signs of any public concern.

Nonetheless, independent publishers and journalists continued to struggle to establish themselves as viable media businesses providing credible information to their audiences. They sought training in new skills, fought harassment in the courts, struggled to identify their readers, and searched for the content mix that would make them indispensable.

Information continued to be closely held by those in power who possessed virtually no sense of accountability to voters and taxpayers. Expectations were correspondingly low, and there was little public concern evidenced about limitations on a free press. Some of the lack of interest was self-inflicted, with journalists willing to sell their credibility or simply give it away through poor reporting or sensationalism.

Russia

Media Sustainability Index



Objective Scoring

The averages of all the indicators are averaged to obtain a single, overall score for each objective. Objective scores are averaged to provide an overall score for the country. IREX interprets the overall scores as follows:

- 3 and above:** Sustainable and free independent media
- 2–3:** Independent media approaching sustainability
- 1–2:** Significant progress remains to be made; society or government is not fully supportive
- 0–1:** Country meets few indicators; government and society actively oppose change

Indicator Scoring

Each indicator is scored using the following system:

- 0 =** Country does not meet indicator; government or social forces may actively oppose its implementation
- 1 =** Country minimally meets aspects of the indicator; forces may not actively oppose its implementation, but business environment may not support it and government or profession do not fully and actively support change
- 2 =** Country has begun to meet many aspects of the indicator, but progress may be too recent to judge or still dependent on current government or political forces
- 3 =** Country meets most aspects of the indicator; implementation of the indicator has occurred over several years and/or through changes in government, indicating likely sustainability
- 4 =** Country meets the aspects of the indicator; implementation has remained intact over multiple changes in government, economic fluctuations, changes in public opinion, and/or changing social conventions

While professing support for independent media, the government of President Vladimir Putin continued to take on a clear role. Press Minister Mikhail Lesin has been appointed a member of the board of state-controlled Channel One Television, along with the culture minister and a deputy prime minister. A succession of actions has closed the national independent stations in recent years—NTV in 2001, TV-6 in 2002, and TVS in June 2003.

Outside Moscow, local and regional administrations continue to exercise their power through media they subsidize, with some moving aggressively against private outlets and others cloaking their actions in the “rule of law” through inspections and suits. Still others simply distort the fledgling media industry by offering below-market-rate advertising and inflated audiences.

Coverage of the conflict in Chechnya remained minimal. In fact, the region was deemed virtually off limits to the press. The Organization for Security and Cooperation in Europe (OSCE) concluded that the state media “failed to meet its obligation to provide objective information to the electorate” during the late 2003 parliamentary elections, according to an official quoted by *The Moscow Times*.

Advocates of independent press looked warily ahead to possible changes in the media law, enacted in 1991 and legitimately in need of updating to reflect the requirements of a modern media industry. And in the courts was the case against Mikhail Khodokovsky, the hugely wealthy head of the Yukos oil company who had begun to give money to opposition political parties, buy media holdings, and engage in philanthropy until he was arrested and jailed in late 2003.

Even as democracy activists criticized a chilling atmosphere, the economy and the advertising market continued to strengthen. Such advertising growth could support independent media outlets run as businesses rather than PR machines. At the same time, publishers and managers refined their skills and learned new ones, as did their editors and journalists.

“In Russia, there is a thin layer of truly independent media,” said one panel member. “They include some regional publishing houses and several broadcasting companies. Competing in difficult conditions with state-run and corrupt media, independent companies have managed their business using the best Western practices and adapting to a Russian context. This has been the only way to survive.”

Objective 1: Free Speech

Russia Objective Score: 1.99/4.00

All panelists agreed that in Russia there is a formal law that guarantees freedom of speech. For the most part, this law meets international standards. There are no limitations for creating print media outlets. Regulations for starting broadcasting businesses also are similar generally to those accepted internationally. However, as one panelist said, “Although the Constitution declares freedom of speech, it does not guarantee it.”

Russian political support and judicial enforcement regarding freedom of speech is weak. Journalists, like many other Russians, are not sure they can rely on the courts to review cases fairly, reject partisan attempts to influence the outcome, and protect their rights. There is little judicial precedent for defending freedom of the press, and few lawyers have experience in media law.

Legal and social norms protect and promote free speech and access to public information

FREE SPEECH INDICATORS	■ Legal/social protections of free speech exist and are enforced.
	■ Licensing of broadcast media is fair, competitive, and apolitical.
	■ Market entry and tax structure for media are fair and comparable to other industries.
	■ Crimes against journalists or media outlets are prosecuted vigorously, but occurrences of such crimes are rare.
	■ State or public media do not receive preferential legal treatment, and law guarantees editorial independence.
	■ Libel is a civil law issue; public officials are held to higher standards, and the offended party must prove falsity and malice.
	■ Public information is easily accessible; right of access to information is equally enforced for all media and journalists.
	■ Media outlets have unrestricted access to information; this is equally enforced for all media and journalists.
	■ Entry into the journalism profession is free, and government imposes no licensing, restrictions, or special rights for journalists.

“Although the Constitution declares freedom of speech, it does not guarantee it.”

tion, much as do words such as *perestroika* and *glasnost*. Mainly, this reflects the cynicism of a disappointed society more focused on immediate economic problems—and lacking clarity about how economic, political, and judicial development are linked to the independent flow of information. A recent study by the ROMIR polling organization suggested that 76 percent of those surveyed feel censorship is needed for control of the mass media, while 19 percent are opposed and 5 percent undecided. Only 9 percent of those polled listed the mass media as the public institution they most trusted, tied with the military and lagging well behind the presidency at 50 percent, churches at 14 percent, and “none of the above” at 28 percent.

Crimes against journalists cause no serious outrage among the public, politicians, or law enforcement. The authorities may ascribe such acts to some domestic dispute or random hooliganism, rather than relate them to journalists’ work. However, several media advocacy organizations suggest that Russia is a dangerous place to be a journalist and that physical intimidation is a method used to limit freedom of the press.

In July, Yury Schekochilhin, a well-known investigative journalist for the independent newspaper *Novaya Gazeta* in Moscow, died of what was officially called a severe allergic reaction. Colleagues expressed skepticism about the finding. Schekochilhin, who had been investigating corruption in the public prosecutor’s office, was also a deputy in the state Duma for the opposition Yabloko Party, a blurring of the political and journalistic functions that is not uncommon in Russia.

In October, Alexei Sidorov became the second editor-in-chief of the *Togliatti Review* to be murdered in two years. Sidorov, 31, had vowed, “They can’t kill us all” when he took over the newspaper following the shooting death of the previous editor, Valery Ivanov, 32, in April 2002. The newspaper had built its reputation on investigations of the circle of gangs, corrupt officials, and business owners who hold sway in the southern Russian industrial city. According to the *Washington Post*, four other journalists also have been murdered in Togliatti since 1995. After Sidorov’s murder, the *Post* quoted Interior Minister Boris Gryzlov as promising that “solving

The vocal public demand for a free press is largely absent. The phrase “freedom of speech” often generates a negative reac-

this crime is a matter of honor for us.” Similar comments were made after the Ivanov slaying, but by early 2004 there was no resolution of either case—or of other killings and dozens of nonfatal attacks.

It was a measure of the distrust of political intentions toward the media that many advocates of press independence hoped no action would be taken to reshape the existing media law, even though it had become in some ways outdated since its 1991 enactment. New versions of the media law were circulated during 2003 for debate by the Duma after the 2004 presidential election. The leading version was seen as creating a more business-like approach to the mass media as an industry, but at the same time giving additional powers to the press ministry and the government.

Also scheduled for debate in the Duma during 2004 was the reduced rate for the value-added tax (VAT) provided to print media companies. The tax break was abolished for broadcasters in 2003, but extended until January 1, 2005, for newspapers.

Some panelists believe the existing system of broadcast station licensing follows international models and is administrated fairly for the most part.

Although the Federal Licensing Committee is linked closely with the press ministry, these supporters say oversight is provided by those members who represent nongovernmental organizations (NGOs). Detractors suggest there is political bias. “Fair competition in issuing licenses only exists in a limited number of cases, when the state is not interested in the outcome of a particular bidding. The law does not guarantee fairness of licensing,” said one panelist. The competitive bidding process is tainted, critics say, by consideration for the preferences of local authorities in the area where a station will broadcast. However, it is the national broadcasters who are considered most important to the government, and they remain firmly under state control.

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For print media, state-run outlets have clear advantages over their private counterparts, though not as a result of the media law. Instead, the official media receive financial subsidies, breaks on rent and printing, and revenues from preferential—often compulsory—subscription schemes. In many regional cases, a symbiotic relationship exists between governors and mayors who formally own newspapers and the businesses that subsidize them. This kind of deal allows political figures to have friendly media outlets, and business owners to have “friends” in high places.

In addition, various government organs may intervene in the media industry by influencing advertising by businesses, steering revenues to certain favored outlets. Private media owners also complain that inspections, threatened or executed, by tax, health, safety, and other authorities are used to exert pressure. “The existence of a quite acceptable law is in no way a guarantee against the imbalance that exists between state-run and private media, with government having the advantage while freedom of speech suffers,” said one panelist.

There are no true public media outlets that can be viewed as above the political or commercial battle. Moreover, state-run media often try to pass for public media even though there is no wall between public officials and editorial content.

The criminal code controls libel, but plaintiffs seldom resort to this because it is relatively difficult to prove in court compared with a more favored route—the suit for “violation of non-property rights.” These are damages to moral standing, business reputation, and the like governed by the civil code. Thousands of such suits are filed every year, and virtually every newspaper has some experience with the daunting prospect of defending itself against the accusations of a powerful local political or business figure in a potentially biased court. The cost and time of the process alone may do much to encourage self-censorship or replace aggressive news coverage with more “acceptable” subjects such as entertainment.

In theory, access to information is protected by law, but other statutes create obstacles for journalists, including those on state and commercial secrets and on the “ownership” of information by the government, rather than the public. More generally, there is little or no sense that public officials are in any way obligated to be accountable to the public through the media or that elected political leaders want to build their constituencies.

As a result, there is little impetus to support the principles of free access to information or to mature its mechanisms.

A particularly difficult area is coverage of the political process. An October 30 decision by the Constitutional Court overturned elements of a law on allowable coverage of election campaigns by the media. Although the law was pre-

presented as a mechanism for controlling the manipulation of the media by political forces, critics argued that its limits were so broad that it made it almost impossible for news outlets to report on the 2003 parliamentary campaign and 2004 presidential election. The law, enacted in mid-2003, gave the government the right to go to court to close news organizations that were viewed as having violated the rules. Such acts opened the possibility of selective enforcement against media outlets that crossed a local power base. The court ruled that parts of the law were too broad but did not strike it entirely, leaving a confusing situation for editors and what critics viewed as a general damper on informed news coverage.

Under the guise of smoothing the path for contacts with journalists, there has been a mushrooming of government press services that often appear instead to insulate public officials. To obtain information, one needs a stack of letters and faxes and the patience for many days of waiting. This is primarily a burden for reporters from private media, as those for state media generally do not inconvenience the authorities by pressing for release of sensitive material.

Although there are no legal restrictions on who can become a journalist or requirements for membership in professional associations, the growing use of compulsory accreditations for reporters covering government activities at all levels serves to limit access and provide an element of control over the media.

“The existence of a quite acceptable law is in no way a guarantee against the imbalance that exists between state-run and private media, with government having the advantage while freedom of speech suffers,” said one panelist.

Objective 2: Professional Journalism

Russia Objective Score: 1.35/4.00

Although even the most professional and dedicated reporter or editor might likely have trouble working effectively in the Russian independent media environment, panelists said it was undeniable that the lack of skills and failure to adhere to accepted standards add to journalists' woes. This is true both in the editorial and business sides of independent media operations. Although some professional training is available to journalists, editors, and media managers, it is still limited to a minority and intermittent at best. University journalism faculties are numerous but are not viewed as having moved forward significantly from Soviet-era theory to modern methodologies for independent media.

For the Russian media supported by various government organs, it generally is not a requirement that fair, objective, and well-sourced coverage be produced. It is well understood that the fundamental principle of virtually all state-owned media is the exchange of subsidy for conveying state-ordered information disguised in the form of "news." In the private media, the suggestion that providing credible information trusted by readers is a business model that will provide financial returns in the

form of increased circulation and advertising is viewed with skepticism by all but a few owners.

Suits against journalists for damage to reputations are a favorite recourse by public and business figures who do not wish to be examined in the independent media. These court actions—or the threat of them—plague news organizations. However, the failure of many media outlets to establish ethical codes and encourage journalists to follow them leaves both vulnerable to adverse rulings in these suits. Additionally, it was the widespread practice of "black PR," where journalists sell their coverage, that generated support for the severe strictures included in the law governing media coverage of campaigns, a statute that had a chilling effect well beyond that specific issue. Similarly, the failure of media managers to follow codes on issues such as copyright and taxation leave their organizations open to intimidation through "inspection."

Although there is some discussion of ethical codes in the media industry, the underlying principles and purpose are not well understood or widely accepted. Some media managers will acknowledge openly that they cannot imagine how their organizations would survive were it not for the financial opportunities presented by election campaigns.

The same goes for individual journalists whose relatively meager salaries—perhaps \$100 a month in a regional city—are supplemented by coverage paid for by its subjects. In the regions, it is common to print paid-for promotional materials as news reporting. In many places journalists do not know that it is considered an ethical violation to run advertising materials not marked as such, and think it is illogical to print a story about a local business without collecting a fee. Reporters are often authorized to broker their own such agreements, or they may share a percentage of the proceeds going to the news organization.

While salaries in the media sector are not high, they often are still better than the local average. In addition, the profession still has a measure of prestige.

"In many cases, reporters know how to get information, but rather than using legitimate methods, they utilize their contacts and bribe officials...because the law doesn't work," said one panelist.

Journalism meets professional standards of quality

PROFESSIONAL JOURNALISM INDICATORS

- Reporting is fair, objective, and well sourced.
- Journalists follow recognized and accepted ethical standards.
- Journalists and editors do not practice self-censorship.
- Journalists cover key events and issues.
- Pay levels for journalists and other media professionals are sufficiently high to discourage corruption.
- Entertainment programming does not eclipse news and information programming.
- Technical facilities and equipment for gathering, producing, and distributing news are modern and efficient.
- Quality niche reporting and programming exists (investigative, economics/business, local, political).

Self-censorship to protect one's job therefore becomes a natural reaction—especially because neither the “rules of the game” nor the lines that should not be crossed are particularly subtle in most Russian cities. Self-censorship also is prevalent among editors who stand in for their outlets' owners, be they state organs or businesses that see the outlet as a vehicle to further their interests.

Some professional organizations have formally endorsed ethics codes based on European media models, but they have not been widely accepted, at least in part because the organizations themselves are not well respected in the professional community.

The difficulty of obtaining information through legitimate channels also leads journalists to abandon ethical coverage. “In many cases, reporters know how to get information, but rather than using legitimate methods, they utilize their contacts and bribe officials...because the law doesn't work,” said one panelist.

The limited resources available to many media organizations contribute further to the lack of depth, breadth, and balance in their coverage. It simply is too expensive or too time-consuming to seek out multiple, verifiable sources or provide a range of viewpoints. It costs money to make calls, go to meetings, and wait for answers, all for a few lines of copy. “Quoting two opinions in an article is more of an exception than a rule

“Quoting two opinions in an article is more of an exception than a rule in professional practice,” said a panel member.

and editors also may favor the exclusive exposé too often based on too little reporting and editing—or other forms of “got you” journalism over well-researched investigations as part of broad coverage provided to readers on a range of subjects such as health, culture, and community news. This kind of “niche” reporting is not well developed outside of Moscow-based newspapers, some of which offer fairly sophisticated business coverage.

Experts from both print and broadcast also report a declining interest in generating original news coverage. A panelist who works with a range of regional publications said, “Newspapers don't produce news, they process news. Their main information sources are

television, radio, and the Internet. They have lost a sense of the news story.”

Broadcasters, in turn, are reducing the information component of their programming, according to panel members. As one noted, “You can provide information

with a little entertainment, or provide entertainment with a little information. Today, we are seeing the latter.” Some panelists saw this trend as not only reflecting a business decision but also a more subtle effort to control information in Russia. As one panelist pointed out, substituting news for entertainment is in the interest of a government if it wants to control excessive *glasnost* in a country.

The media companies' technical capacity—especially among broadcasters—is viewed by panelists as outstripping their professional capacity. Television stations in Moscow and the regions are fairly well equipped, thanks in part to past Western donor assistance. This is less true at regional newspapers, where panelists noticed that in addition to the use of pirated software—a practice that could prove disastrous should there be a crack-down in the future—many outlets have never invested in computer networks, e-mail, or the Internet. This is true, one noted, although even a modest supermarket company in the same region might have substantial computer equipment for inventory and sales.

Despite all the hurdles, however, there are publishers, editors, and journalists who are aware of the value of maintaining professional media standards and providing their audiences with credible and useful information. They are moving their organizations toward better practices, and some of them are serving as business success stories that may provide encouraging models to others. At the same time, the market is beginning to dictate that publications using dubious information and failing to present alternative viewpoints—even state-subsidized regional newspapers that have many competitive advantages—are falling out of favor and beginning to lose circulation.

“Newspapers don't produce news, they process news. Their main information sources are television, radio, and the Internet. They have lost a sense of the news story.”

Objective 3: Plurality of News Sources

Russia Objective Score: 1.61/4.00

Russians undoubtedly have available an ever-increasing number of voices and views in the media, despite all the limitations imposed by government policy and practice. Other barriers include weak judicial enforcement of access to information guarantees, lack of professional skills and experience, and scant financial resources.

Several national television channels reach the entire country. They are considered the key information source for most Russians and are all controlled by the state. Channel One, for example, has the minister of press and several other ranking federal government officials on its board of directors. In Russia's many regional cities, there are a number of television news programs reflecting mostly local stories, including some private stations generally offering coverage with more sources and a higher degree of independence. However, rural areas may receive only state broadcasts because of the limited transmission range of the private stations.

News radio is expensive for Russian regions. Even in Moscow there is essentially only one news radio station. Nonstate radio stations providing local news coverage in their programming exist, but they are not spread

uniformly across the country and also may have limited transmission capacity.

There are many newspapers in every city—a mix of state and private and of those that represent special interests and those that attempt a degree of independence. The press ministry shows registration of 23,000 newspaper titles in Russia, a country with a population of about 140 million. A study by the ministry suggests that 70 percent of Russians at least read a weekly newspaper, and that newspapers had a total average daily circulation of 22 million in 2003. The study predicted a growth in newspaper circulation of just over 6 percent during 2004. The multitude of publications may well be weakening the independent media market, and some observers hope for a consolidation that will leave the remaining editions stronger.

The circulation of non-state newspapers is limited by a number of factors. For example, the price of such papers may be out of reach for a significant portion of the population. In addition, distribution systems mainly are divorced from the newspaper companies, leaving publishers at the mercy of the Russian post office and other near-monopoly mechanisms that tend to be closely linked with the authorities. Another issue is the compulsory subscription scheme, where rural people and those working for government institutions are pressured by local authorities to subscribe to official publications.

The Internet is increasingly available across Russia, although not yet broadly and practically not at all in rural areas. Many newspapers in major and mid-sized cities have electronic versions, and there are numerous information sites in Russian. There are no overt restrictions on access, but it is limited significantly by the cost and the underdeveloped information technology infrastructure. Approximately 10 percent of Russians are considered to be making use of the Internet.

“In Russia, there is a distorted and unbalanced system of capital flow to one city (Moscow). This is why some media become “major,” while other—regional—media remain minor, even though they are more real outlets, as they care more about their readers.”

Multiple news sources provide citizens with reliable and objective news

PLURALITY OF NEWS SOURCES INDICATORS

- A plurality of affordable public and private news sources (e.g., print, broadcast, Internet) exists.
- Citizens' access to domestic or international media is not restricted.
- State or public media reflect the views of the entire political spectrum, are nonpartisan, and serve the public interest.
- Independent news agencies gather and distribute news for print and broadcast media.
- Independent broadcast media produce their own news programs.
- Transparency of media ownership allows consumers to judge objectivity of news; media ownership is not concentrated in a few conglomerates.
- A broad spectrum of social interests are reflected and represented in the media, including minority-language information sources.

While access to Western and other international media for ordinary citizens is not formally limited, it still cannot be characterized as free. Western press is only available in Moscow and large cities. It is not feasible to transport Western periodicals to remote areas. Satellite television is too expensive for ordinary people. Additionally, most Russians lack the foreign-language skills to make use of available foreign media.

The influence of media in Russia is heavily weighted toward Moscow. Many ambitious journalists migrate to the capital, and state support for its news outlets and private investment in non-state media businesses are highest in Moscow. However, observers note that there is not inconsiderable effort against substantial odds by newspaper and broadcast companies and their staffs in many regional centers. The energy of the regional media should not be ignored, one panelist said, adding: “In Russia, there is a distorted and unbalanced system of capital flow to one city (Moscow). This is why some media become ‘major’, while other—regional—media remain minor, even though they are more real outlets, as they care more about their readers.”

State-run media outlets claim to reflect a wide range of views and to act in the public interest. But panelists reject that assertion. As one panelist put it: “State-run media do not reflect the whole political spectrum. They serve narrow political interests of different groups. State-run media don’t present alternative points of view, and if they do, only to ridicule it.”

In addition to the national media owned by the government, especially the television networks, many regional news outlets depend on direct subsidies or other “breaks” from local authorities. Each interest group in an area—the mayor, the governor, and the regional council, for example—may have its own pet outlet. Most Russians do not focus clearly on the result: Tax revenues going to fund news media do not foster accountability on the part of elected officials but rather the vested interests of these officials.

Numerous international, national, and regional news agencies are available in Russia. The largest, ITAR-TASS and RIA Novosti, are run by the state. Interfax, the largest private news agency, concentrates on economic and business information. Subscriptions to news agencies are expensive, however, and most regional print media do not use them. Nor can regional television companies afford to buy footage from international agencies or national channels. Both newspapers and broadcasters can skirt this problem to some degree by ignoring copyright and accessing the Internet or broadcast sources.

In many cases, regional media concentrate on local issues and either do not find such coverage from news agencies or do not have the editorial capacity to use less narrow information to enhance their regional coverage. There are regional information agencies, some of which are reasonably independent, but others depend on local governments and report accordingly.

Ownership of news organizations is not transparent for audiences, especially in the regions. A knowledgeable consumer might be able to analyze the style, content, and bias and compare this with the power distribution in a region to understand a particular outlet’s backers. But this safeguard against unwitting consumption of slanted or incomplete information does not exist for most Russians.

Media licensing and registration regulations require that ownership information be disclosed, but this is easy to avoid by omitting the names of backers who provide funding. Reporters know the hand that feeds them and whose interests they should not cross, but such information is unofficial and not available to readers. Private media owners see their outlets not as media businesses but as tools to further their political and/or business ambitions. Owners freely intervene in the newsroom, hiring and firing editors and journalists and requiring that their interests be reflected in the content. The late 2003 and early 2004 elections spurred some renewed interest, but generally the media have become somewhat less interesting to such self-interested investors recently because media’s ability to influence the political situation is ebbing and it is a complicated business that does not provide easy profit.

News coverage often focuses on political struggles and, for diversion, entertainment and celebrities. Social issues are covered, but not extensively nor necessarily responsibly. Cultural and ethnic diversity is not well represented in general-interest publications. As a result, there has been some growth of limited-circulation newspapers, funded by individuals and aimed at and circu-

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lated among narrow groups. There are also newspapers run in the national languages of some minority groups, but most are state run and do not reflect their interests or concerns in any profound way.

Objective 4: Business Management

Russia Objective Score: 1.75/4.00

Late in 2003, Russian President Vladimir Putin, in a rare comment on the mass media, proclaimed that media “should not depend on rich people and businesses,” and that some outlets had become “self-suffi-

“The local press looks cleaner, more honest, and, as a result, attractive.”

cient, economically effective,” and the “first examples of the future independent press of Russia.”

However, it is the dependence

of much of the media industry directly or indirectly on national, regional, or local authorities—with the Putin administration’s tacit endorsement of state-controlled television setting the tone—that hinders the success of independent news organizations. Those companies that

do see their business objective as being a well-managed media outlet as opposed to a mechanism for promoting the owner’s interests go up against media that do not have to work in the marketplace for advertising or audience. State-subsidized outlets trade their editorial independence for consistent funding and then distort the industry by offering lower rates for advertising that comes with the added bonus of pleasing the authorities. State print media can have lower cover prices and get better treatment with the printing and distribution service.

Most independent media owners regard state involvement in the industry as the primary impediment to business success. Another major factor is the advertising market, which is relatively underdeveloped, especially regionally. It does grow every year, however, and the Russian Association of Advertising Agencies predicts continued rapid increases. As an example, print media, lagging well behind television as a preferred medium for advertising with about a 15 percent share, nonetheless were expected to record an annual growth rate of 27 to 29 percent in 2003, and another 22 to 23 percent in 2004.

Advertising is heavily weighted toward Moscow media, but the share going to media in regional centers is increasing steadily due in part to the expansion of business outside of Moscow. Even the press ministry noted this recently, saying in a study that businesses and political forces have not fully realized the potential of the regional media. The ministry report said it based this conclusion on world trends as well as the extent to which advertisers had exhausted the potential of the national media, including television—and the degree to which trust in it had waned. Although it did not distinguish between government-subsidized and independent media, the report said: “The local press looks cleaner, more honest, and, as a result, attractive.”

For now, however, independent newspapers are unable to get enough advertising and depend more heavily on circulation than is generally accepted as a modern business model for print media. A Press Media survey said that approximately 75 percent of print media company revenues come from circulation. This is a particular problem because most newspaper managers see their involvement with the product ending when it is printed. Managers believe their company is divorced from the distribution process, and are unable or uninterested in managing the allocation of the press run to different markets, the placement at a kiosk, or even the selling price.

For the most part, media organizations are forced to deal with the remnants of the Soviet distribution monopoly, including subscription services often linked

Independent media are well-managed businesses, allowing editorial independence

BUSINESS MANAGEMENT INDICATORS

- Media outlets and supporting firms operate as efficient, professional, and profit-generating businesses.
- Media receive revenue from a multitude of sources.
- Advertising agencies and related industries support an advertising market.
- Advertising revenue as a percentage of total revenue is in line with accepted standards at commercial outlets.
- Independent media do not receive government subsidies.
- Market research is used to formulate strategic plans, enhance advertising revenue, and tailor products to the needs and interests of audiences.
- Broadcast ratings and circulation figures are reliably and independently produced.

“Although you can sue them if you like, you waste your time and resources.”

Rospechat, claiming 50 percent of subscription sales, was recently bought by a company that dominates television advertising and is closely linked by many to the powers that be. It is alleged that Rospechat has refused to distribute certain publications. One panelist said, “Although you can sue them if you like, you waste your time and resources.” Overall, this situation does not allow media companies to mature as competitive businesses, and it also subjects them to potential pressures.

Kiosks making single-copy sales also are a business separate from newspapers, and may be monopolistic in a town. The profit margin is small on newspapers, and kiosk owners may think it more profitable to display prominently and sell mobile phone cards or candy. Publishers do not even establish the final price for their product; that right goes to the sellers who add their markup.

Some more advanced independent media are considering how to develop their own distribution systems as part of their overall business development. However, there is little available experience, the initial costs are high, distances are far, and transport infrastructure is poor.

Few non-state newspapers can afford the capital investment required to have their own printing presses and therefore do not have the unfettered access or quality they would like. They also lack the ability to supplement their revenues through commercial printing.

Independent media industry managers also face the same problem of corruption that makes entering and surviving in the market a complicated process for all Russian companies. Since the idea of running a newspaper as a business is new, there are very few trained media managers or sources of education. Media management is not taught in business schools or journalism faculties.

Media market research is more advanced for television, but newspapers have a growing understanding of the need. Formal research is expensive, and so some media use their own “soft” techniques, such as meeting readers, publishing questionnaires, and assessing readers’ letters. There are some examples of strategic planning based on research—a newspaper in Rostov-on-Don launched a youth edition based on extensive interviews of young people—and these are studied avidly by others.

formally or informally to government structures. Postal workers sell and deliver newspapers on their routes. One company,

Broadcast ratings are used by the bigger stations, but newspaper circulation audits are uncommon. No industry standards have been established for either, and generally the whole media market research field is not well regarded, especially in the regions. Media managers assume that the results are tainted and can be bought. As a result, advertising is placed without hard data.

Objective 5: Supporting Institutions

Russia Objective Score: 1.82/4.00

Although a range of media industry organizations exist in Russia, particularly for print media, as yet none can be said to have significant weight in supporting the interests of independent media on a wide scale. Some are seen merely as fronts for state media, while others do not represent broad-enough constituencies with enough strength to influence national or regional authorities.

For broadcasters, the National Association of Telebroadcasters represents 413 companies and has a stated mission to lobby for the electronic mass media.

Progress can be seen in the newspaper industry. In July 2003, some of the largest non-state regional publishing houses became the charter members of the Association of Independent Regional Publishers. These 19 publishing companies put out 79 newspapers and

Supporting institutions function in the professional interests of independent media

SUPPORTING INSTITUTIONS INDICATORS

- Trade associations represent the interests of private media owners and provide member services.
- Professional associations work to protect journalists’ rights.
- NGOs support free speech and independent media.
- Quality journalism degree programs that provide substantial practical experience exist.
- Short-term training and in-service training programs allow journalists to upgrade skills or acquire new skills.
- Sources of newsprint and printing facilities are private, apolitical, and unrestricted.
- Channels of media distribution (kiosks, transmitters, Internet) are private, apolitical, and unrestricted.

A multitude of journalism departments exist throughout the state university system. However, these programs are widely seen as mired in the Soviet past, when the media was seen as a propaganda tool and “journalists” were taught to use it as such.

18 magazines, and operate in 26 regions across Russia. The goal of the association is to allow for the exchange of expertise and best practices among the publishing houses, to chart media market trends, to develop industry corporate standards, and to lobby for laws promoting the development of the independent press.

Another newspaper industry group, the Guild of Periodical Publishers, also is gaining strength in a similar mission to strengthen independent newspaper publishing as a business and raise the professionalism of media management. The guild lists as members 126 companies drawn from a somewhat different constituency than the regional publishers association, with which it has done some joint activities.

In July 2002, representatives of major broadcasters and publishers, as well as information agencies, trade unions, advertising agencies, and others formed the Industrial Committee. Although the structure is billed as an effort to bring self-regulation to the industry, it has been greeted with considerable skepticism by many from the independent sector. It has been criticized for not representing the interests of those outside Moscow, and concerns have been raised about the degree of independence possible when government-linked members are included. The Industrial Committee drafted one version of the new law on the media for consideration by the national Duma in 2004, and it is viewed by some as giving substantial powers to the Press Ministry while at the same time creating a more modern media business environment.

The Union of Journalists is not considered to be very proactive in support of independent media, although there are regional branches that play more significant roles locally. These and other existing associations are criticized for not protecting the labor interests

of journalists, establishing ethical or professional norms, or conducting other activities that would attract enthusiastic membership.

The Glasnost Defense Fund is seen as being a resource for those seeking assistance in defending freedom of the press. A small number of media law specialists also practice, mainly through various NGOs. However, there is a clear need for additional resources to protect the public’s right to know.

A multitude of journalism departments exist throughout the state university system. However, these programs are widely seen as mired in the Soviet past, when the media was seen as a propaganda tool and “journalists” were taught to use it as such. Mostly well advanced in age, the faculty members generally are not capable of providing their students with any practical skills for modern journalism. Many editors report that the graduates arriving for jobs at their news organizations would have been better off had they never attended any journalism “courses.”

The training gap, therefore, is wide, and news managers increasingly are realizing the need for employees from all departments in the news organization. This demand can only be filled partially by the limited funds provided by international development donors to media-assistance NGOs. Several such organizations provide support to independent media, including the IREX media program, Internews, the Eurasia Foundation, the Media Viability Loan Fund, and the Foundation for Independent Radio. These organizations offer seminars and consultations on journalism practice, media management, and business development, but they find that demand for their services far outstrips their resources. Another organization, the Interregional Institute of Media Consulting, represents the fledgling industry of commercial newspaper business consultancy.

Although printing presses may have been privatized technically, most operations remain close to the regional authorities. However, the main issue for independent publishers is not preferential treatment for government publications, but rather the poor technical state of the antiquated equipment for which there is little prospect of the massive technical upgrade required. Newspaper distribution systems also tend to be monopolistic and outdated. Transmitters and towers can be owned privately, but the government tightly controls broadcasting rights.

Panel Participants

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Manana Aslamazian, executive director, Internews-Russia

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Veronika Dmitrieva, regional director, Media Development Loan Fund

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Moderator

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